



2018

Condensed

Annual Report

SOCIAL AND HEALTH INSURANCES
IMPLEMENTING BODY - SINT MAARTEN

"There are no dreams
too large, no innovation
unimaginable and no
frontiers beyond our reach."

–John S Herrington



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Foreword

Introduction

SZV has been constantly revamping the processes and procedures of the Social and Health Insurances (SZV). The new manner of working within SZV has been internalized and the implementation of the strategic targets of the comprehensive master plan has continued in 2018.

The year 2018 was a dynamic year for SZV, and undoubtedly so for country Sint Maarten. With the passing of hurricanes Irma and Maria in 2017, the country and its people had to shift its priorities, become flexible and show its resilience. This was also the case for SZV, we had to shift certain priorities, some had to be postponed or placed on hold while others had to be expedited. It became clear that automation within SZV had to be expedited.

Digital transformation can seem like a lofty overwhelming goal to an organization that isn't on that path. SZV has already taken the step to adopt a culture of continuous transformation. Automating our services by using innovative technology to execute recurring tasks or processes of SZV, will lead to minimizing operational cost, promoting greater efficiency, and streamlined processes.

Subsequently, this will improve accountability, transparency and enable accurate data recording, which can be accessed by relevant stakeholders when necessary. Clear accountability, customizable notifications, valuable insights, and faster turnaround times will make it easier to eliminate wasteful activities and focus on enhancing all tasks of SZV, that add value and customer satisfaction.

Strategic goals

SZV is constantly improving the social and healthcare system on Sint Maarten. Our SZV 3.0 plan is imbedded in our daily operations. Despite the traumatic experience in the aftermath of hurricanes Irma and Maria, we were able to adapt ourselves without losing sight of our vision and mission, to consistently contribute to improving the social and healthcare systems on Sint Maarten.

By reorganizing and sharpening our priorities for in 2018, the key targets areas of attention were stakeholder engagement,

automation, customer service, cost containment and financial management.

Our stakeholder engagement was geared towards meeting and discussing on a structural and proactive basis with the Minister and the Ministry of Public Health, Social Development strategic healthcare topics. In 2018 SZV invested and participated in the execution of the following projects: the New General Hospital, the Manpower Planning, the Pharmaceutical Cost Containment Project, the Sint Maarten Training Foundation, the implementation of the Health Information System and the Pharmacy Information System and the Restructuring of the Medical Referrals Abroad.

Being involved in these important projects makes it possible for SZV to take the necessary steps in adjusting our processes and procedures to accommodate an efficient and effective administration for our customers and stakeholders.

Organization

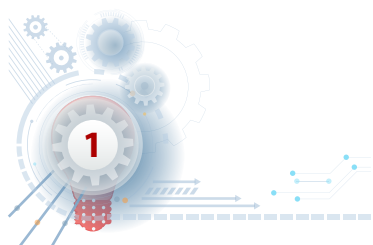
During 2018 the organization continued implementing the transformation program that was established in the master plan, in a phased trajectory. With this transformation, emphasis was placed on the updating of the IT landscape (including updates in hardware, new/updated applications and replacement of legacy systems). These activities will continue into 2019 and 2020.

Our team of professionals, each individual unit and underlying departments were resilient and motivated to carry out their formalized year plans, but with even more focus on the priority target areas. How each unit/department performed in 2018 will be elaborated in the explanatory notes of this Annual Report.

In closing, I would like to reiterate the words of Mr. John S. Herrington, "There are no dreams too large, no innovation unimaginable and no frontiers beyond our reach"!

On behalf of Management, Philipsburg, Sint Maarten,
August 7th, 2019

G.A. Carty,
Director of SZV



OUR FOUNDATION



Vision

To provide accessible, quality health insurance and social security systems to the people of St. Maarten.



Mission

SZV provides high-quality, affordable insurance and advisory services to our customers and the greater community through continual needs assessments and by adapting our services to meet the demands of an ever-evolving society.



Core Values

- Customer Focused
- Focused on Solutions
- Honest
- Collaborative & Co-operative



1

Deliver efficient, effective services in carrying out the social, pension and health insurances in accordance with the law.

2

Maintain a healthy financial position, including solvency of funds, through transparent reporting of earnings and expenditures.

3

Utilize the knowledge of our team's experts to provide optimal advice on issues affecting our stakeholders.

4

Communicate responsibly and transparently, and continue to build strong relationships with our staff, customers and stakeholders.

5

Conduct customer-based needs assessments and address concerns promptly and innovatively to maintain a high-level of customer satisfaction with our health care, pension and social security systems.

6

Collaborate with government institutions to ensure that the people of St. Maarten are afforded optimal social, pension and health insurances.



WHO WE ARE

Regulation & Services

The Social and Health Insurances Implementing Body of Sint Maarten (SZV or USZV, used interchangeably) is an independent administrative body that was established on October 10, 2010, and is charged with the implementation of a number of social insurances established by national ordinance AB2010, GT no.59. The following regulations & services are executed by SZV:

ZV**National Ordinance:**

Sickness Insurance (ZV), Previously P.B. 1966 no. 15, now AB 2013, GT no. 802

OV**National Ordinance:**

Accident Insurance (OV), Previously P.B. 1966 no. 4, now AB 2013, GT no. 801

The Sickness and the Accident funds provide a contribution to the insured for coverage of medical treatments, nursing, disability due to illness, and employees or their survivors who are affected by a company accident.

The premium percentage for the ZV fund was 8.3% for the employers, while the contribution for the employees was 4.2%. For the OV fund, the premium is dependent on the risk class in which the employer is grouped. The premium percentage varies from 0.5% to 5.0%.

FZOG**National Ordinance:**

Medical Expenses Fund for Government Retirees (FZOG), Previously P.B. 1975 no. 249, now AB 2013, GT no. 644

The retired government civil servants, their equivalent and their family members are insured for the costs of medical care through the Medical Expenses Fund for Government Retirees (FZOG).

AVBZ**National Ordinance:**

For General Insurance for Exceptional Medical Expenses (AVBZ), Previously P.B. 1996 no. 211, now AB 2013, GT no. 613

General Insurance for Exceptional Medical Expenses (AVBZ) covers the costs of treatment, nursing and care of individuals who are chronically ill (i.e. an individual who can no longer function independently in society and requires full assistance). The AVBZ premium has been set at 2% (1.5% for the employee and 0.5% for the employer).

AOV**National Ordinance:**

General Old-Age Insurance (AOV), Previously P.B. 1960 no. 83, now AB 2013, GT no. 520

The Old-Age Fund pays a retirement pension that takes effect upon reaching the age of 62 years. The premium percentage for the AOV is 13%, of which 7% is borne by the employer and 6% by the employee.

AWW**National Ordinance:**

Widow/ Widower's and Orphans Insurance (AWW), Previously P.B. 1965 no. 194, now AB 2013, GT no. 522

The Widow/Widowers and Orphans Fund pays a pension to the widow/widower as long as she/he has not yet reached the age of 62 years, and to the surviving children until they have reached the age of 15 years (or until the age of 25 years for children engaged in a study program and/or mentally disabled children). The premium percentage for the AWW is 1%, of which 0.5% is borne by the employee and the other 0.5% by the employer.

CESS**National Ordinance:**

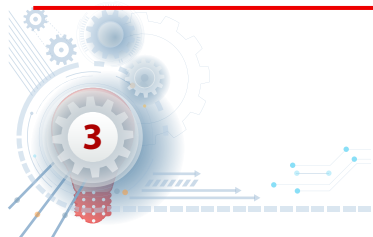
(CESS), Previously P.B. 1983 no. 85, now AB 2013, GT no. 529

Cessantia includes a monetary one-time payment, which the employer must pay to its employee upon termination of the employment contract of that employee, not due to a fault of the employee. This payment is based on the number of years of service of the employee. Employers must deposit NAf 40.00 per employee in the Cessantia Fund, annually.

OTHER

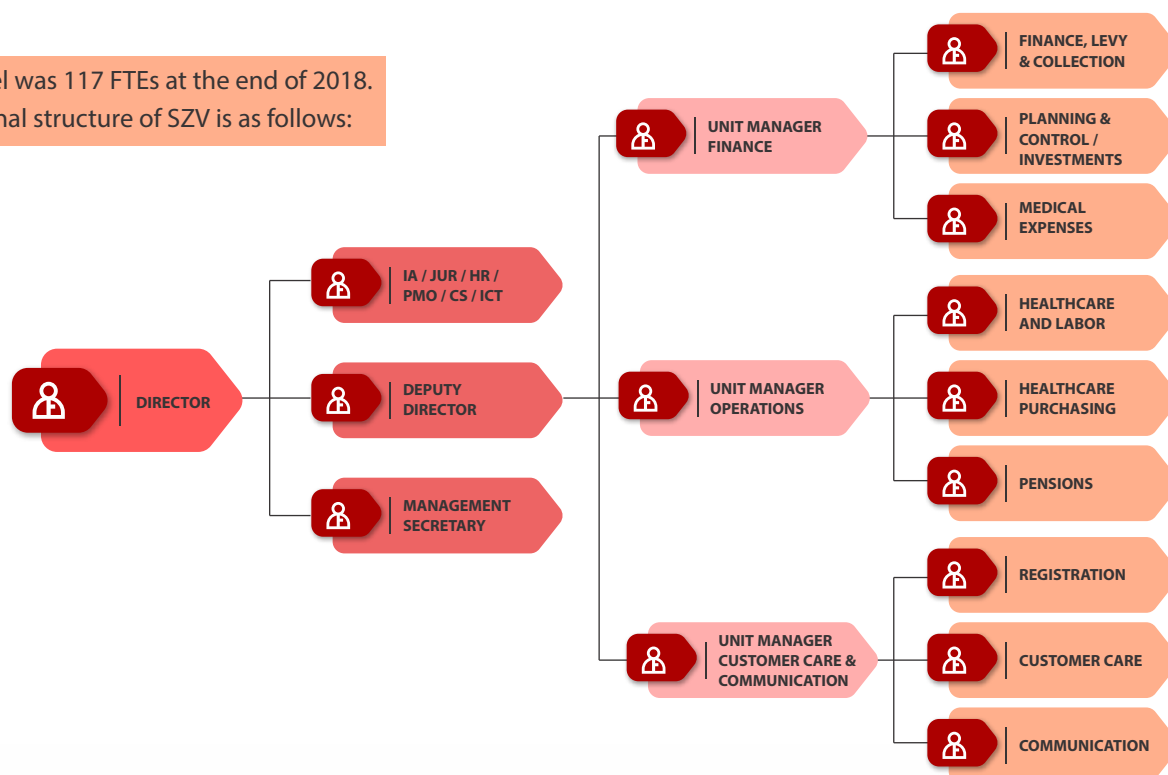
SZV provides administration of medical expenses for civil servants, employees of the Court of Justice, and, PP-cardholders.

The organization is charged with other activities on behalf of the country of Sint Maarten, specifically the administration of the medical expenses (Government Medical Expenses Regulation), and acting as a controlling medical advisor.










ORGANIZATIONAL STRUCTURE

The staffing level was 117 FTEs at the end of 2018.
The organizational structure of SZV is as follows:



The Supervisory Board

Supervision of the management of the funds and property of SZV and general affairs is the responsibility of Supervisory Board (RvT). The members of the Supervisory Board are nominated by the Supervisory Board and appointed, suspended and dismissed through a national decree of the Minister of Public Health, Social Development and Labor (VSA). The members are appointed for a period of three years. The Supervisory Board is composed of up to seven members, comprising members appointed from the employee circles, employer circles, and other societal circles than those of the employers and employees. In 2018, the Supervisory Board consisted of the following persons:

 Supervisory Board	Function	From	Until
 Ms. S. D. Daniel	Chair Lady	July 13, 2016	Present
 Mr. B Deher	Vice Chair	February 9, 2017	Present
 Mrs C. M. Henderson -Marica	Member	February 9, 2017	Present
 Mr. A. L. Gumbs	Member	December 28, 2017	Present
 Mr. D. D. Williams	Member	December 28, 2017	Present
 Mr. W. R. Johnson	Member	December 28, 2017	Present

The Supervisory Board meets at least four times per year, in addition to meetings with the Directorate.

Directorate (Management Board)

The overall management of SZV is executed by a director, who is responsible and accountable to the Minister of Public Health, Social Development and Labor (VSA). The director established a management board. The management board of SZV oversees the daily management and includes the director, as well as the interim deputy director.

 Directorate	Function	From	Until
 Mr. G. Carty	Director	December 1, 2014	Present
 Mr. E. Felisie	Interim Deputy Director	December 1, 2014	Present

FINANCIAL HIGHLIGHTS

The changes in the 2018 combined operational net result are attributed to the following financial highlights:

Premium

The premium income fell by NAf 12.2M over the course of 2018 from NAf 215.2M to NAf 203M (5.7% decrease). The premium income of most funds, with the exception of the OV fund, were lower than 2017. The largest decrease of NAf 10.6M can be observed in the AOV Fund. The main reasons for the decrease was the passing of hurricane Irma and Maria in 2017. Fortunately, the financial impact on premium collections was not as drastic as anticipated in the budget (30% decrease). Measures to minimize impact on premium income were taken, such as compliance projects carried out to stimulate collections, with a special focus on the construction industry.

Benefits

The benefits in most funds, with the exception of the CESS and AWW, were higher than 2017. The benefits increased with NAf 13.2M in 2018, which is a 6.4% increment compared to prior year. The largest increase of NAf 5.8M can be observed in the AVBZ Fund. The main cause for this is the reallocation of prior years' expenses (mainly subsidy paid to healthcare providers) to other funds in 2017. The Benefits of ZV, OV and FZOG has also increased mainly due to substantial increase in medical referral expenses of NAf 19.7M in 2018. This increase is due to several factors such as the backlogged referral of Q4 in 2017 were processed in 2018, airlift hiked prices, elimination of backlog in processing medical referral declarations and accessibility to three additional healthcare provider in Colombia which has reduced waiting time for referrals. The benefits of the AOV fund had a slight increase on NAf 3.6M in 2018.

Operations

The premium income fell by NAf 12.2M over the course of 2018 from NAf 215.2M to NAf 203M (5.7% decrease). The premium income of most funds, with the exception of the OV fund, were lower than 2017. The largest decrease of NAf 10.6M can be observed in the AOV Fund. The main reasons for the decrease was the passing of hurricane Irma and Maria in 2017. Fortunately, the financial impact on premium collections was not as drastic as anticipated in the budget (30% decrease). Measures to minimize impact on premium income were taken, such as compliance projects carried out to stimulate collections, with a special focus on the construction industry.

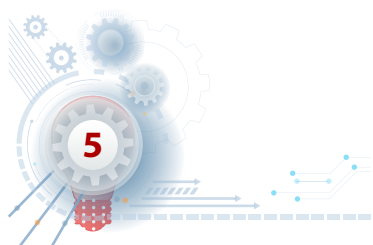
Investments

SZV had a negative result of NAf 16M on its investments in 2018. The international investments accounts for 100% of the negative results as they were NAf 21.2M negative. Compared to the year 2017 the investment results decreased with 49.8M. This accounts for 86% of the net combined result of SZV for the year 2018. The SZV has significantly limit the negative investment result by increasing its local portfolio (mainly in investment properties) which has accounted for positive result of NAf 4.6M in 2018. Overall, the portfolio performed in line with its benchmark.

The benefits, divided by medical expense category, is as follows:

Benefits per category,	2018	2017
<i>(amounts are in 1,000 Antillean guilders)</i>		
Primary line care	4,994	6,172
Secondary care	36,572	50,472
Tertiary care	48,677	26,306
Facilitating care	27,071	25,391
Long-term care	14,541	12,704
Grand Total	131,855	121,046

¹See note on page 9 for composition of the benefits categories.



INVESTMENTS

Investments climate

Despite solid economic growth, 2018 was a disappointing year. The economy grew worldwide and interest rates remained low. Geopolitical tensions kept playing an important role. Mainly in Asia (North Korea) and the Middle East. In the prior year investors focused on central banks, especially those in Europe and the United States.

Central Banks

In previous years all eyes were on the various central banks in the world. Their policies are still very accommodating. The economy is in a very healthy condition worldwide and a further rise of interest rates might be appropriate. The Federal Reserve of the United States (FED) is very conservative with regard to raising rates too quickly, as this has the potential to effect the economic recovery.

In the Eurozone, the central bank is not ready yet to raise rates. At the end of the year the European Central Bank (ECB) ended their quantitative easing program (QE). This means that the ECB has stopped buying bonds to bring more money into the system.

US Dollar

With the expectations of an increase in interest rates, the dollar is anticipated to strengthen. The dollar gained 4.5% to the Euro.

Investment Mix

The graphs below display the actual and strategic investment mixes by the end of 2018.

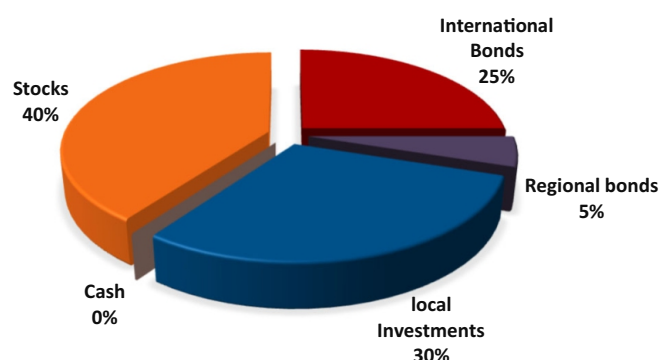
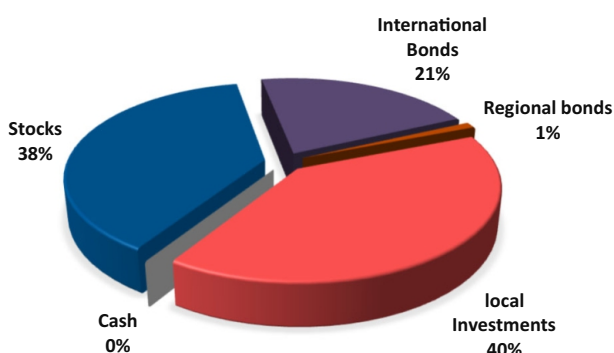
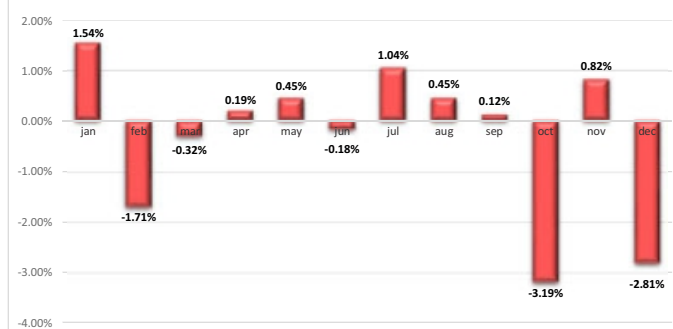
Low yields on bonds

Yields on bonds remained low in 2018. Yields in the US started rising because of economic growth and slightly rising inflation. 10 year yield fluctuated a lot and ended the year slightly higher compared to the beginning of the year at 2.7%. In Europe yields fluctuated as well, but ended the year lower. The German 10 year Bund ended the year at 0.42%. These levels are still very low.

Portfolio SZV

Approximately 60% of SZV's portfolio is invested internationally and 40% locally. The return of SZV's total portfolio amounts to Naf – 14.5M for 2018. This translates to a portfolio performance of - 3.7% versus the benchmark - 1.9%.

Monthly Returns 2018



KEY FIGURES PER FUND

ZV

KEY FIGURES	2018	2017	UNIT
Premium	66.5	66.6	Mill.
Benefits	97.3	95.4	Mill.
Benefits/Premiums	146	143	%
Average Benefit	2.8	2.7	K
Reserves	-136	-93.25	Mill.

OV

KEY FIGURES	2018	2017	UNIT
Premium	8.1	7.7	Mill.
Benefits	13.4	12.6	Mill.
Benefits/Premiums	166	162	%
Average Benefit	92.1	93.2	K
Reserves	-31.0	-24.8	Mill.

AOV

KEY FIGURES	2018	2017	UNIT
Premium	95.0	105.7	Mill.
Benefits	76.5	72.9	Mill.
Benefits/Premiums	81	69	%
Average Benefit	9.1	8.8	K
Reserves	386.0	386.7	Mill.

AWW

KEY FIGURES	2018	2017	UNIT
Premium	7.3	8.1	Mill.
Benefits	4.6	4.9	Mill.
Benefits/Premiums	64	61	%
Average Benefit	8.6	9.4	K
Reserves	121.0	121.3	Mill.

AVBZ

KEY FIGURES	2018	2017	UNIT
Premium	19.2	20.1	Mill.
Benefits	15.3	9.5	Mill.
Benefits/Premiums	80	47	%
Average Benefit	41.0	52.7	K
Reserves	90.0	90.2	Mill.

FZOG

KEY FIGURES	2018	2017	UNIT
Premium	6.3	6.3	Mill.
Benefits	12.4	11.3	Mill.
Benefits/Premiums	197	178	%
Average Benefit	14.1	13.4	K
Reserves	-24.0	-16.9	Mill.

CESS

KEY FIGURES	2018	2017	UNIT
Premium	0.7	0.7	Mill.
Benefits	0	0	Mill.
Benefits/Premiums	0	0	%
Average Benefit	0	0	K
Reserves	14.0	13.7	Mill.

LEGEND

Mill. Millions NAf
 % Percent NAf
 K Thousands NAf



CONDENSED FINANCIAL STATEMENT NOTES

This condensed financial overview is a summarized version of the financial statements of the Uitvoerings Orgaan Sociale en Ziekte Kosten Verzekering (SZV) as recorded in the SZV annual report 2018. SZV is charged with the implementation of a number of social insurances established by national ordinance AB2010, GT no.59.

This condensed financial summary does not contain all the information as in the full financial statements. For more insight; this condensed financial summary should be read in combination with the complete financial statement.

The condensed financial overview includes a financial snapshot in which the combined Financial Statements of SZV and the social insurances ZV, OV, AOV, AWW, FZOG, CESS and AVBZ, established by national ordinance, are presented as one reporting entity.

General

If no specific principle of valuation is mentioned, valuation takes place at the acquisition cost.

In the application of the principles and rules for the preparation of the Financial Statements, the Directorate of SZV forms different judgments and may make estimates, which can be essential for the amounts included in the Financial Statements.

Recognition of asset, liability, revenue or expense

An asset is recognized in the balance sheet when it is likely that the future economic benefits will flow to the organization and the value thereof can be determined reliably.

An obligation is recognized in the balance sheet when it is likely that the settlement of such will be accompanied by an outflow of resources and the magnitude of such can be determined reliably.

Revenues will be included in the statement of income and expenses when an increase of the economic potential, related to an increase of an asset or a reduction of an obligation, has taken place, of which the magnitude can be determined reliably.

Expenses will be reflected when a reduction of the economic potential, related to a reduction of an asset or an increase of an obligation, has taken place, of which the magnitude can be determined reliably.

Functional currency

The Financial Statements have been prepared in Antillean guilders, being the functional and presentation currency of SZV.

Notes to the Balance Sheet

Assets

The assets consist of, intangible assets, property, plant and equipment, investment properties, financial fixed assets, financial assets, short and long-term receivables and cash and cash equivalents.

Equity and Liabilities

Equity is composed of general reserves, legal reserves and to be funded deficits. Legal reserves take place based on National Decrees containing General measures dated April 21, 1996 and December 23 1966. Establishment of these reserves are determined to be at least 50% and at most 70% of the average payments per year.

To be funded deficits are deficits which could not be covered from the general reserves through the reporting year 2015.

Provision duurtetoeslag and VUT are recognized based on the pension plan that is applicable for some employees. The provision for duurtetoeslag is based on actuarial calculations such as; average increase in AOV 2%, average wage increase 2%; age correction of -2 and expected indexation of 2%.

Benefit Liabilities

Benefit liabilities consist of loss of wages benefits, medical benefits, pension benefits and cessantia benefits.

Other Liabilities

Other liabilities are composed of wage tax and social premium payables, operational expenses payable and withholdings.

CONDENSED FINANCIAL STATEMENT NOTES

Notes to the Profit and Loss

Income Statement

Revenues consist of premium income, government contribution, fines and summoned amounts. Premium income is accounted for on a cash basis and the first three months of the following year is incorporated within these financial statements. The cash basis approach is applied to every fund, with the exception of FZOG, that uses the accrual basis.

Investment Income

Investment income is composed of net income investment held at fair value and maturity. Net income financial assets held to maturity is primarily interest income of bonds and interest income time deposits. Net income held at fair value comprises of income on stock, bonds, realized capital gain (loss) securities and expenses investment held at fair value.

Other Operating Income

Other operating income displays return on division of assets, release of previously reserved benefits with regard to medical expenses and/or pension, and, other income.

Benefits

Benefits are expenses that are paid out to the various funds - AOV, AWW, ZV, OV, AVBZ, FZOG and Cessentia. This includes benefits, such as, e.g. pension, local medical declarations, medical referrals abroad, etc.

Benefits per Category

The medical benefits per category, as termed under primary-line, secondary, tertiary, facilitating and long-term care, are further defined in sub-categories.

Primary line care consists of medical expenses of general practitioners and dentistry. Secondary care includes

expenses for paramedical specialist and hospital. Under the benefit category, Tertiary care is comprised of medical referrals, psychiatric institution, transport and other institution expenses. Facilitating care contains laboratory, medicines and health care devices expenses. Long-term care includes aftercare, elderly and home care expenses.

Administrative Expenses

These are the operational administrative costs of SZV. They consist of personnel expenses, housing expenses, general expenses, depreciation expenses, impairment cost and mutation provision duurtetoeslag.

Cashflow Statement

The statement of cashflow shows how cash and cash equivalents have changed in the course of the year as a result of inflows and outflows of funds. A differentiation is made between cashflows from operating, investing and financing activities.

Re-allocations in Combined Financial Statement (pages 13 & 14):

There has been an adjustment in the allocation of the operational expenses and income from SZV to the individual funds. Hence, the individual values of a number of items in the Condensed Financial Statements of 2018 have changed compared to the detailed Financial Statements of 2018. The effects on a fund level are minimal (as they are approximately ANG 1 million). Although these adjustments have an effect on the presented value per fund, the total combined figures remain unchanged.



BALANCE SHEET



Balance Sheet

ASSETS	December 31, 2018	December 31, 2017
<i>(amounts are in 1,000 Antillean guilders)</i>		
Non-current assets		
Intangible fixed assets	6,958	6,479
Property, plant and equipment	671	1,079
Investment properties	65,744	65,312
Financial fixed assets	-	17,820
Long-term receivables	108,363	105,907
Total non-current assets	181,736	196,598
Current assets		
Financial assets	232,640	252,216
Trades and other receivables	35,425	39,942
Cash and cash equivalents	37,503	54,680
Total current assets	305,568	346,838
TOTAL ASSETS	487,304	543,435
EQUITY AND LIABILITIES		
<i>(amounts are in 1,000 Antillean guilders)</i>		
Equity		
General reserves	564,306	572,773
Legal reserves	63,750	63,750
To be funded deficits	(200,243)	(151,093)
Total equity	427,814	485,431
Non-current liabilities		
Provision duurtetoeslag	3,945	3,723
Other Provisions	1,796	-
Total non current liabilities	5,741	3,723
Current liabilities		
Benefit liabilities	45,547	45,961
Blocked benefits	1,979	2,326
Trade and other liabilities	6,223	5,994
Total current liabilities	53,749	54,282
TOTAL EQUITY AND LIABILITIES	487,304	543,435

INCOME STATEMENT



Income Statement

REVENUES AND EXPENSES	2018	2017
<i>(amounts are in 1,000 Antillean guilders)</i>		
REVENUES		
Premium income		
Premium Income	194,313	205,934
Government contribution	7,928	8,162
Fines and summoned amounts	768	1,129
Total premium income	203,010	215,225
Investment income		
Net income real estate investment	4,558	1,998
Net income financial assets held to maturity	741	865
Net income investment held at fair value	(21,249)	30,973
Total investment income	(15,951)	33,836
Other operating income	4,385	6,224
EXPENSES		
Benefits	219,636	206,437
NET INSURANCE RESULT	(28,192)	48,847
Administrative expenses		
Personnel expenses	16,335	16,830
Accommodation expenses	2,998	2,793
General expenses	8,084	11,161
Depreciation expenses	1,741	2,004
Mutation provision duurtetoeslag	267	607
Total administrative expenses	29,425	33,395
OPERATIONAL RESULT	(57,617)	15,452
Mutation legal reserves	-	-
NET RESULT	(57,617)	15,452
ALLOCATION OF NET RESULT	2018	2017
Mutation general reserve	(8,467)	63,724
Mutation to be covered deficits	(49,150)	(48,272)
NET RESULT	(57,617)	15,452

STATEMENT OF CASH FLOW



Statement of Cash Flow

STATEMENT OF CASH FLOW	2018	2017
<i>(amounts are in 1,000 Antillean guilders)</i>		
Cash flows from operating activities		
Net revenues and expenses for the period	(57,617)	15,452
Adjustments for:		
Depreciation	2,450	2,595
Increase (decrease) impairment	-	-
Increase (decrease) provisions	2,019	563
Increase (decrease) equity	-	-
Mutations work capital:		
(Increase) decrease in trade and other receivables	4,517	(1,213)
Increase (decrease) in current liabilities	(533)	11,431
Net cash flows from operating activities	(49,165)	28,828
Cash flows from investing activities:		
Net investments in intangible fixed assets	(1,568)	(3,061)
Net investments in property, plant & equipment	(243)	(271)
Net investments in investment properties	(1,141)	(4,916)
Net investments in financial fixed assets	17,820	360
Net investments in financial assets	19,576	(10,169)
Net cash flows from investing activities	34,444	(18,057)
Cash flows from financing activities:		
Mutation legal reserves	-	-
Increase (decrease) long term liabilities	(2,456)	(12,857)
Net cash flows from financing activities	(2,456)	(12,857)
Mutation cash and equivalents	(17,177)	(2,085)
Cash and cash equivalents at beginning of period	54,680	56,765
Cash and cash equivalents at end of period	37,503	54,680
Increase (decrease) cash and equivalents	(17,177)	(2,085)

FINANCIAL STATEMENT PER FUND

Breakdown combined Balance Sheet as of December 31, 2018

(Amounts x Naf. 1,000)

ASSETS	AOV 2018	AOV 2017	AWW 2018	AWW 2017	ZV 2018	ZV 2017	OV 2018	OV 2017	CESS 2018	CESS 2017	FZOG 2018	FZOG 2017	AVBZ 2018	AVBZ 2017	USZV 2018	USZV 2017	TOT. 2018	TOT. 2017
<i>(amounts are in 1,000 Antillean guilders)</i>																		
Non-current assets																		
Intangible fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,958	6,479	6,958	6,479
Property, plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	671	1,079	671	1,079
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	65,744	65,312	65,744	65,312
Financial fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,820	-	17,820
Long-term receivables	4,922	7,651	415	429	49,509	49,538	85	88	1,862	1,927	9,155	9,386	24,633	23,513	17,782	13,375	108,363	105,907
Total non-current assets	4,922	7,651	415	429	49,509	49,538	85	88	1,862	1,927	9,155	9,386	24,633	23,513	91,155	104,065	181,736	196,598
Current assets																		
Financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	232,640	252,216	232,640	252,216
Trade and other receivables:																		
Receivables from premium	9,764	15,451	-	-	10,973	8,449	-	-	8	25	676	630	3,242	3,590	-	-	24,664	28,145
Current account Funds and USZV	365,514	358,419	120,826	121,054	(171,860)	(118,887)	(31,042)	(24,862)	11,884	11,679	(33,231)	(25,740)	57,791	51,336	(319,881)	(372,999)		
Other receivables	5,359	5,586	92	78	3,553	2,332	-	-	(8)	(6)	681	1,070	281	1,244	805	1,492	10,762	11,797
Total trade and other receivables	380,636	379,456	120,918	121,133	(157,334)	(108,106)	(31,042)	(24,862)	11,884	11,698	(31,875)	(24,040)	61,315	56,169	(319,077)	(371,506)	35,425	39,942
Cash and cash equivalents	2,726	1,990	(12)	(12)	15,217	7,775	-	-	291	244	214	544	4,370	11,167	14,697	32,971	37,503	54,680
Total current assets	383,362	381,446	120,906	121,121	(142,118)	(100,330)	(31,042)	(24,862)	12,175	11,942	(31,661)	(23,496)	65,685	67,337	(71,740)	(86,320)	305,568	346,838
TOTAL ASSETS	388,284	389,097	121,321	121,551	(92,609)	(50,792)	(30,958)	(24,775)	14,038	13,870	(22,506)	(14,110)	90,318	90,849	19,415	17,745	487,304	543,435
EQUITY AND LIABILITIES																		
<i>(amounts are in 1,000 Antillean guilders)</i>																		
Equity																		
General reserves	357,619	358,243	119,003	119,097	-	-	-	-	13,860	13,701	-	-	90,001	90,196	8,302	8,302	564,306	572,773
Legal reserves	28,500	28,500	2,250	2,250	28,500	28,500	4,500	4,500	-	-	-	-	-	-	-	-	63,750	63,750
To be funded deficits	-	-	-	-	(164,785)	(121,818)	(35,458)	(29,275)	-	-	(24,479)	(16,765)	-	-	-	-	(200,243)	(151,093)
Total equity	386,119	386,743	121,253	121,347	(136,285)	(93,318)	(30,958)	(24,775)	13,860	13,701	(24,479)	(16,765)	90,001	90,196	8,302	8,302	427,814	485,431
Non current liabilities																		
Provision duurtetoelag	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,945	3,723	3,945	3,723
Other Provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,796	-	1,796	-
Total non current liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,741	3,723	5,741	3,723
Current liabilities																		
Benefit liabilities	-	-	(28)	12	43,187	42,525	-	-	106	97	1,965	2,647	317	653	-	26	45,547	45,961
Blocked benefits	1,868	2,119	111	207	-	-	-	-	-	-	-	-	-	-	-	-	1,979	2,326
Other liabilities	298	235	(15)	(15)	490	1	-	-	72	72	8	8	-	-	5,372	5,694	6,223	5,994
Total current liabilities	2,166	2,354	68	204	43,676	42,526	-	-	178	169	1,973	2,655	317	653	5,372	5,720	53,749	54,282
TOTAL EQUITY AND LIABILITIES	388,284	389,097	121,321	121,551	(92,609)	(50,792)	(30,958)	(24,775)	14,038	13,870	(22,506)	(14,110)	90,318	90,849	19,415	17,745	487,304	543,435

FINANCIAL STATEMENT PER FUND

Breakdown combined Profit & Loss statement for the year 2018

(Amounts x Naf. 1,000)

Profit & Loss Statement (amounts are in 1,000 Antillean guilders)	AOV 2018	AOV 2017	AWW 2018	AWW 2017	ZV 2018	ZV 2017	OV 2018	OV 2017	CESS 2018	CESS 2017	FZOG 2018	FZOG 2017	AVBZ 2018	AVBZ 2017	USZV 2018	USZV 2017	TOT. 2018	TOT. 2017
REVENUES																		
Premium income:																		
Premium Income	94,901	105,106	7,300	8,033	58,029	57,997	8,003	7,685	609	671	6,281	6,340	19,190	20,101	-	-	194,313	205,934
Government contribution	-	-	-	-	7,928	8,162	-	-	-	-	-	-	-	-	-	-	7,928	8,162
Fines and summoned amounts	147	557	11	43	533	467	77	62	-	-	-	-	-	-	-	-	768	1,129
Total premium income	95,048	105,663	7,311	8,075	66,490	66,627	8,080	7,747	609	671	6,281	6,340	19,190	20,101	-	-	203,010	215,225
Investment income	(10,004)	21,226	(3,198)	6,786	(3)	-	-	-	(330)	699	-	(1)	(2,416)	5,126	-	-	(15,951)	33,836
Other operating income	2,611	3,159	1,391	1,690	44	449	7	22	(73)	495	10	10	395	399	-	-	4,385	6,224
Total revenues	87,655	130,049	5,504	16,551	66,530	67,076	8,088	7,768	207	1,865	6,291	6,349	17,169	25,626	-	-	191,444	255,285
EXPENSES																		
Benefits:																		
Medical expenses	-	-	-	-	91,549	88,642	12,621	11,767	-	-	12,380	11,159	15,306	9,478	-	-	131,855	121,046
Loss of wages	-	-	-	-	5,782	6,741	821	822	-	-	-	-	-	-	-	-	6,603	7,563
Pension expenses	76,530	72,920	4,648	4,909	-	-	-	-	-	-	-	-	-	-	-	-	81,178	77,829
Cessantia expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total benefits	76,530	72,920	4,648	4,909	97,331	95,383	13,441	12,588	-	-	12,380	11,159	15,306	9,478	-	-	219,636	206,437
NET INSURANCE RESULTS	11,126	57,129	856	11,642	(30,801)	(28,307)	(5,354)	(4,820)	207	1,865	(6,089)	(4,810)	1,863	16,148	-	-	(28,192)	48,847
Administrative expenses:																		
Personnel expenses	6,707	6,352	541	516	6,909	6,958	474	658	26	40	465	421	1,213	1,886	-	-	16,335	16,830
Housing expenses	1,231	1,054	99	86	1,268	1,155	87	109	5	7	85	70	223	313	-	-	2,998	2,793
General expenses	2,986	4,155	242	338	3,140	4,653	210	430	14	30	1,018	291	473	1,264	-	-	8,084	11,161
Depreciation expenses	715	756	58	61	737	828	51	78	3	5	50	50	129	225	-	-	1,741	2,004
Mutation provision duurtetoelag	110	229	9	19	113	251	8	24	-	1	8	15	20	68	-	-	267	607
Total administrative expenses	11,750	12,546	949	1,020	12,166	13,845	829	1,299	48	83	1,625	848	2,059	3,755	-	-	29,425	33,395
OPERATIONAL RESULT	(624)	44,583	(93)	10,622	(42,967)	(42,153)	(6,183)	(6,119)	159	1,783	(7,714)	(5,657)	(195)	12,393	()	-	(57,617)	15,452
Mutation legal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET RESULT	(624)	44,583	(93)	10,622	(42,967)	(42,153)	(6,183)	(6,119)	159	1,783	(7,714)	(5,657)	(195)	12,393	()	-	(57,617)	15,452



INDEPENDENT AUDITOR'S REPORT

To: The Management and Supervisory Board of Social and Health Insurances Sint Maarten

A. Report on the audit of the financial statements included in the condensed annual report 2018

Our opinion on the condensed annual report

The condensed financial statements of Social and Health Insurances Sint Maarten for 2018 (hereafter: 'the condensed financial statements'), based in Sint Maarten are derived from the audited financial statements of Social and Health Insurances Sint Maarten for 2018.

In our opinion, the accompanying condensed financial statements are consistent, in all material respects, with the audited financial statements 2018 of Social and Health Insurances Sint Maarten, on the basis described in the section on 'Condensed financial statement notes' in the 2018 condensed annual report of Social and Health Insurances Sint Maarten.

The condensed financial statements comprise:

1. a condensed balance sheet at 31 December 2018;
2. a condensed income statement ('*staat van baten en lasten*') of 2018;
3. key figures per fund, financial highlights and other explanatory notes.

The condensed financial statements

The condensed financial statements do not contain all the disclosures required by the Ordinance AB 2013, GT no. 69 and the articles 3, 5, 18 sub a, f, o and p, 20 sub 1, 21, 23 till 26, 28, 30 sub 1 and 31 sub a and b of the '*Comptabiliteits landsverordening*', AB 2010, GT no. 23 (where '*het uitvoeringsorgaan Sociale- en Ziektelasten Verzekeringen*' should be read where 'Country' is included in the regulation). Reading the condensed financial statements and our report thereon, therefore, is not a substitute for reading the audited financial statements of Social and Health Insurances Sint Maarten and our auditor's report thereon.

The condensed financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our auditor's report on those financial statements 2018 signed on August 8, 2019.

The audited financial statements and our auditor's report thereon

Due to the significance of the matters described in the 'Basis for our disclaimer of opinion' section we have expressed in our auditor's report of August 8, 2019 an inability to form an opinion ('*oordeelonthouding*') about whether the balance sheet and income statement ('*Staat van baten en lasten*') as at 31 December 2018 in the financial statements, give a true and fair view of the financial position ('*getrouwheid*'). Furthermore, we also express an adverse opinion with respect to the financial compliance ('*rechtmatigheid*') with relevant laws and regulations for the audited financial statements 2018 of Social and Health Insurances Sint Maarten in our auditor's report of August 8, 2019.

Basis for our disclaimer of opinion with respect to faithful representation in the financial statement ('getrouwheid')

Receivables

- There is an uncertainty in the accuracy and valuation of the receivables due from the Government of Sint Maarten totaling 84.2 million as denoted in the 2018 financial Statement.

Benefits and related balances sheet item

- There is a lack of sufficient audit evidence available to determine accuracy and completeness of the cost for Sint Maarten Medical center of the ZV/OV and FZOG fund related to the settlements for the year 2018.
- There is an uncertainty in FZOG fund's actual cost due to lack of compliance consideration to Article 8 of the 'Landsverordering Regeling Tegemoetkoming Ziektekosten Overheidsgepensioneerden' (AB 2013, GT no. 644).
- There is an uncertainty in AVBZ fund expense settlement in 2018 for two institutions due to lack of sufficient audit evidence.
- There is an uncertainty in the completeness and accuracy of the expenses for loss of wages paid to individuals in the Accident Insurance Fund (OV fund) due to lack of sufficient audit evidence.

Basis for our adverse opinion with respect to financial compliance with relevant laws and regulations ('rechtmatigheid')

Fund management not in line with laws and regulations

- There are insufficient controls to ensure that former employees still do not meet requirements of *Landsverordering Ziekteverzekering*; AB 2013, GT no. 802 and AB 215).
- Elderly residents who do not meet (the age) requirements as stipulated in the *Landsverordering Ziekteverzekering*; AB 2013, GT no. 802 and AB 2015, no. 9) are provided health insurance (ZV Fund).
- Various previous findings related to financial compliance with laws and regulations remain unchanged:
 - Medical referral expenses are incorrectly expensed as local treatment in ZV Fund in divergence to article 4 of the *Landsverordering Ziekteverzekering*; AB 2013, GT no. 802 and AB 2015, no. 9);
 - No adherence to articles 5 and 7 of *Landsverordening Ziekteverzekering*; AB 2013, GT no. 801 and AB 2015, no. 9);
 - Incomplete adherence to *Landsverordening regeling tegemoetkoming Ziektekosten Overheidsgepensioneerden* (LV FZOG, AB 2013, GT no. 644) and *Landsbesluit beheersregels Fonds Ziektekosten Overheidsgepensioneerden* (LB-beheersregels FZOG; AB 2013, GT no. 683);
 - Incomplete adherence to article 7 of the *Landsverordening Algemene Ouderdomsverzekering* (LV AOV, AB 2013, GT no. 520 and AB 2015, no. 9), Article 11 of the *Landsverordening Algemene Weduwen en Wezenverzekering* (LV AWW; AB 2013, GT no. 522 and AB 2015, no. 9) and the *Landsverordening verhoging ouderdomspensioen en pensioenleeftijd* (AB 2015, no. 31);
 - Unable to verify application of the *Landsverordening Algemene Verzekering Bijzondere Ziektekosten* (AVBZ; AB 2013, GT no. 613 and AB 2015, no. 9);
 - Incomplete application of Article 8 of the *Landsverordening Regeling Tegemoetkoming Ziektekosten Overheidsgepensioneerden* (FZOG; AB 2013 GT no. 644);
 - No adherence to the *Landsbesluit Medisch Tarief Sociale Verzekeringen* (MTSV; AB 2013, GT no. 753) and the 'Lbham Vergoeding Kosten Geneesmiddelen' (AB 2013, GT no. 536).

B. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in the preparation of the condensed financial statements on the basis as described in the section on 'Condensed financial statement notes' in the 2018 condensed annual report of Social and Health Insurances Sint Maarten. The supervisory board is responsible for overseeing the financial reporting process of the organization.

Our responsibilities for the audit of the financial statements

Our responsibility is to express an opinion on whether the condensed financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which we conducted in accordance with Sint Maarten law and our Dutch professional standards, including the Dutch Standard 810 'Opdrachten om te rapporteren betreffende samengevatte financiële overzichten' (Engagements to report on condensed financial statements).

The Hague ('s Gravenhage), October 2, 2020

On behalf of

Stichting Overheidsaccountantsbureau,

Originally signed by

A.H.M. van Tilburg RA MSc
Junior Manager



2018

Condensed

Annual Report

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