

The cover features a dark blue background with large, overlapping geometric shapes in shades of teal and light blue. Several photographs of hibiscus flowers are integrated into the design: a large red flower in a diamond shape, a smaller red flower in a smaller diamond, a light blue flower in a circle, and a large pink flower with water droplets in a large diamond. The year '2019' is displayed in a white circle on the left side.

2019

Condensed

# Annual Report

SOCIAL AND HEALTH INSURANCES  
IMPLEMENTING BODY - SINT MAARTEN (SZV)



"Success is not how  
high you have  
climbed,

but how you make  
a positive  
difference

to the world."  
*(Roy T. Bennett,)*



## TABLE OF CONTENTS

FOREWORD	Page 3
QUICKVIEW	Page 4
OUR FOUNDATION	Page 5
WHO WE ARE	Page 6
ORGANIZATIONAL STRUCTURE	Page 7
BUSINESS HIGHLIGHTS	Page 8
FINANCIAL HIGHLIGHTS	Page 13
INVESTMENTS	Page 14
KEY FIGURES PER FUND	Page 15
CONDENSED FINANCIAL STATEMENT NOTES	Page 17
BALANCE SHEET	Page 19
INCOME STATEMENT	Page 20
STATEMENT OF CASH FLOWS	Page 21
FINANCIAL STATEMENTS PER FUND	Page 22
AUDITOR'S REPORT	Page 24





## Annual Report 2019 | SZV; Social &amp; Health Insurances - St. Maarten

## FOREWORD

The 2019 financial year of the Social and Health Insurances Implementing Body of Sint Maarten, SZV, encompasses several operational developments and activities related to the strategic goals of structurally improving services to customers and stakeholders. SZV has been preparing for the change in the global economic infrastructure, which has become increasingly dependent on information technology. With this knowledge, SZV has been adapting its operations and services to align itself with the digital world.

In 2019, SZV took a robust approach towards automation. The automation trajectory was fast-tracked and the process of revamping and securely automating all business processes and procedures of SZV was initiated. This proactive approach provided an advantage to the present reality brought about by the COVID-19 pandemic. Great strides were made in this endeavor, resulting in minimizing our operational costs, promoting greater efficiency, and, streamlining our tasks and activities.

The service to SZV customers was enhanced by the implementation of the One-Stop-Shop service principle. This ensures that 80% of the requests are handled via the front-office, while 20% of the requests are handled by the back-office. The public service was also optimized by providing key information, such as the rights and obligations of the insured, via various channels: online, telephone and in-person. This effort was combined with the ongoing public relations campaign of SZV, which was intensified to highlight the improved accessibility, stakeholder and community engagement activities.

While we are proud of our achievements as it relates to improving the customer experience, we do recognize that there is more that can be done and remain committed to further developing this area. Our team of professionals, within the various units and departments worked tirelessly on executing the established unit and department year plans in 2019. Their efforts are elaborated on in the explanatory notes of this Annual Report.

In closing, management would like to emphasize that even though SZV's combined financial net result was ANG 24.6M in 2019, an unqualified auditor's opinion will be not issued by SOAB. This is primarily due to the outstanding total debt of approximately ANG 100M owed by the government of Sint Maarten to SZV. This debt is based on the fact that SZV also manages the OZR administration on behalf of the government of Sint Maarten. SZV has had to pre-finance a substantial amount – tens of millions of ANG – to the OZR fund over the years. SZV and the government of Sint Maarten have concluded that drastic measures are necessary to address this serious situation. Both entities will be working together to find a sustainable solution.

On behalf of Management,  
Philipsburg, Sint Maarten,  
October 30, 2020

G.A. Carty,  
Director of SZV



# 2019 ANNUAL REPORT

**QUICKVIEW**



**9.1**

**SOLVENCY RATIO:**

**Your ability to pay your liabilities in the long term.**

A Solvency Ratio of 2 is considered to be healthy.

**NET RESULT 2019**

**+24.6 M**

**NET RESULT 2018**

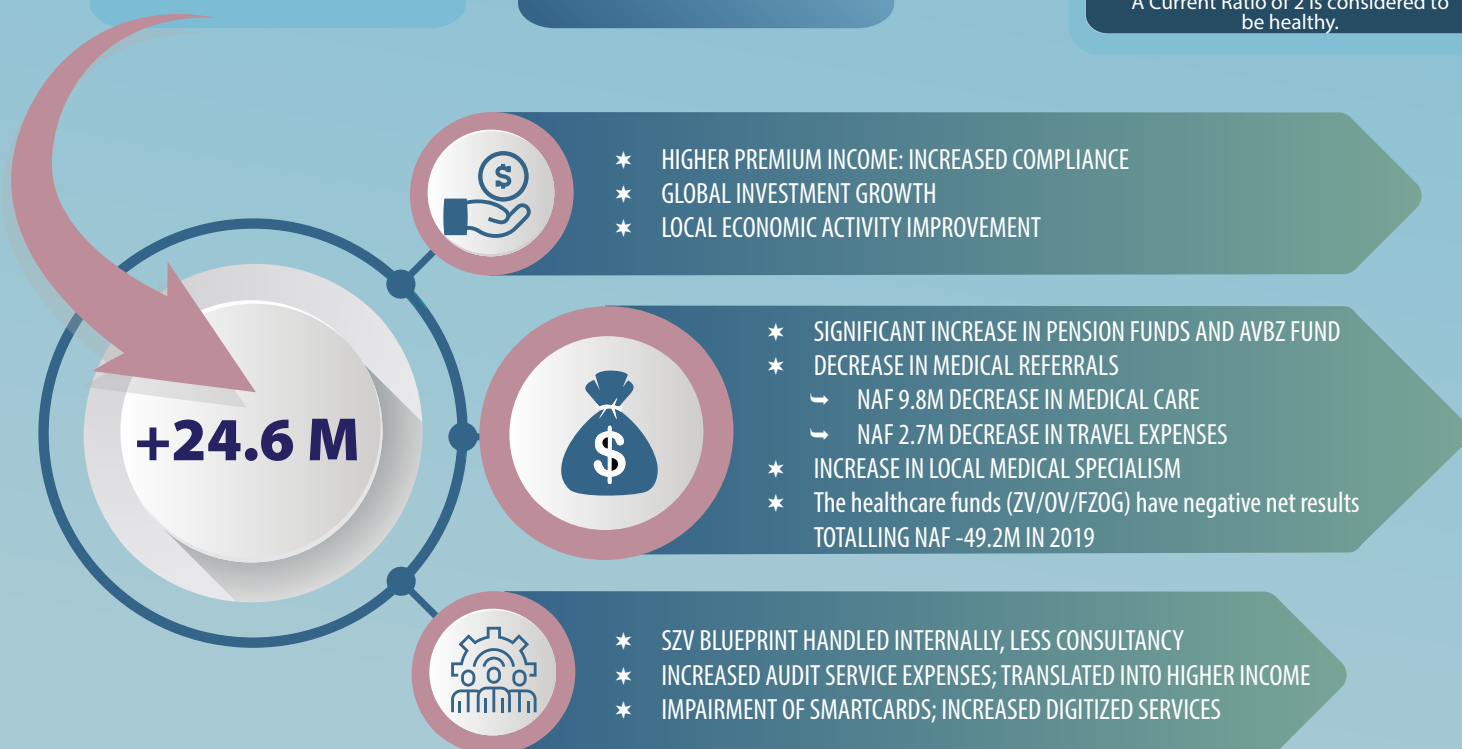
**-57.6 M**

**6.5**

**COMBINED CURRENT RATIO:**

**Your ability to pay your liabilities in the short term.**

A Current Ratio of 2 is considered to be healthy.



M = Figures mentioned in million Naf guilders.

## Premium collection

- Further cooperation of Tax Office with ATS to be able to audit AOV/AWW and AVBZ.
- Enhanced data analytics to predict business premium payment behavior.
- Increased cooperation with Economic department and CoCi.
- Implement new levy and collection system in the coming years.

## Cost containment benefits

- Automating the whole health care sector (E-health) and enhancing data analytics to improve quality and compliance.
- Further streamlining of Medical Referral process and by organizing a bid.
- Implementing the price control on pharmaceuticals.
- Improve control of AOV benefits through cooperation with the Tax Office
- Performing of elderly survey.

## Sustainable solutions

- Cooperation with Ministry of VSA regarding implementation of possible Health Care Reform.
- Sending in proposals to the Ministry for changes in the current legislation deficiencies.
- Automation of SZV processes and communication channels with customers in order to reduce operational cost.
- Enhance customer experience.



## 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 is 8.3% for the employers, while the contribution for the employees is 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.

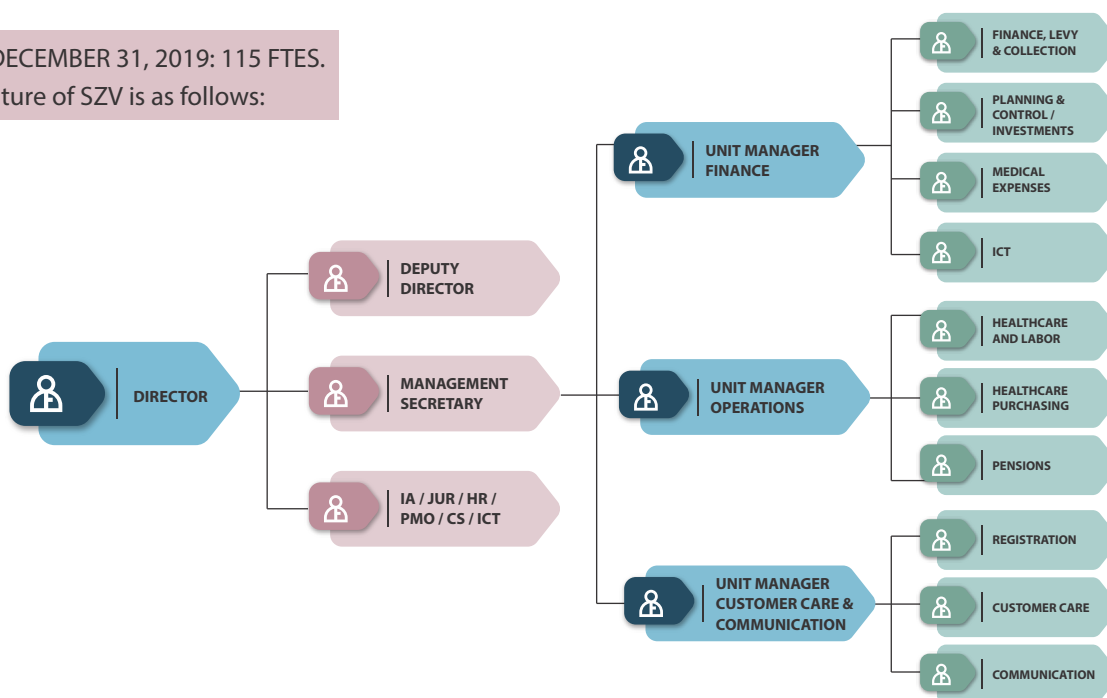
The organization is charged with other activities on behalf of the country of Sint Maarten, specifically the administration of the medical expenses (Government Medical Expenses Regulation), and acting as a controlling medical advisor.



## ORGANIZATIONAL STRUCTURE

STAFFING LEVEL AS AT DECEMBER 31, 2019: 115 FTES.

The organizational structure of SZV is as follows:



## Directorate

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 Directorate – see table to the right – that oversees the daily management and operations of SZV, together with a Management Team.

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

## The Supervisory Council

Supervision of the management of the funds and property of SZV and general affairs is commissioned to the Supervisory Council (SC). The members of the Supervisory Council are nominated by the Supervisory Council. However, they are officially 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 Council 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.

The table to the right illustrates the composition of the Supervisory Council during 2019.

Supervisory Council	Function	Board Term (Start date)	Board Term (End date)
Mr. D. D. Williams	Chairman	December 28, 2017	December 27, 2020
Mrs C. M. Henderson -Marica	Vice Chair	February 9, 2017	February 8, 2020
Mr. B Deher	Member	February 9, 2017	February 8, 2020
Mr. W. R. Johnson	Member	December 28, 2017	December 27, 2020
Ms. S. D. Daniel	Member	July 13, 2016	July 12, 2019
Mr. A. L. Gumbs	Member	December 28, 2017	July 31, 2019

According to the National Ordinance article 15, sub 4: The SC meets at least once per quarter, and furthermore, as often as the chairman or members of the SC or the Executive Council deem such desirable. For 2019, the SC met on six occasions.

## BUSINESS HIGHLIGHTS

The reporting year revealed a magnitude of operational developments and main activities. We aim to structurally improve our services to our customers and stakeholders, supporting our organizational goals outlined in our vision, mission and core values.

### Secretariat of the Directorate

The Secretariat is responsible for the coordination and execution of all contacts with internal as well as external customers & stakeholders in an efficient and effective manner.

In addition to internal organizational meetings, structural strategic meetings are regularly held with the Supervisory Council, the Minister and other members of the Ministry of Public Health, Social Development and Labour, as well as with the Management Team of SMMC.

Furthermore, the Directorate also met on several occasions with local stakeholders and care providers that included, the Consumer's Association, the Chamber of Commerce, the General Practitioner's Associations, Paramedical Care Providers, the Mental Health Foundation, and, the White & Yellow Cross Foundation. Crucial meetings were also held with the Ministry of Finance to discuss the outstanding debt, the OZR liquidity situation, and, an "intention" declaration. The content of the latter covered the amount of the outstanding debt, and was signed in the month of August 2019.

During the year, the Directorate received visits from delegations of the International Monetary Fund (IMF), the World Bank, Information Technology experts, as well as other foreign experts to discuss medical & financial overviews, IT-related solutions and cyber security.

### Unit Customer Care & Communication

The main objectives of the Customer Care & Communication Unit are to ensure that SZV's customers can assert their rights to social insurance and pensions by providing the correct information through the chosen service concept of the One Stop Shop principle. This principle entails that 80% of the requests can be handled via the front office, and 20% of the requests will be handled by the back office.

The unit Customer Care & Communication includes: Registration, Customer Care, Communication and Customer Experience. The main goals for these departments in 2019 were:

- Better structure of the service delivery by introducing the concept of making appointments online or by phone. This eliminates the need to come to the SZV office in person to make an appointment;
- Further optimizing the One Stop Shop concept;
- Continuation of the aggressive PR campaign; and,
- Preparing to switch over to a digital working process.

During 2019, a milestone project commenced to redesign the complaint procedure within SZV. It will be supported by a centrally managed automated system which provides management information needed to make improvements.

Another initiative was the introduction of the drop box for mutation forms, eliminating the waiting time for employers to submit mutation forms.

Departments of the Customer Care & Communication Unit are highly involved in automation projects and digitized services to customers. This includes the Employer Portal and the replacement of a legacy system used to manage insured data.

An overview of the 2019 communication landscape is provided below:

## 2019 COMMUNICATION LANDSCAPE



**BUSINESS HIGHLIGHTS cont.****Unit Operations**

Several key activities surrounding health and medical processes of the funds are carried out within the Unit Operations.

**AVBZ**

In 2019, the AVBZ Indication Committee (IC) handled 197 requests for services or products which entailed a total 152 persons.

The Indication Committee consisted of:

Function	Name member	Name Replacement member
Chair	Dr. T. Bell	Dr. A. Swanston
Member	B. Weewee	H. Bell-Gullin
Member	E. Baptiste-Boasman	E. van Arneman

**Health: Medical Referrals**

In 2019, the Medical Referral Department adjusted the medical referrals rules to exclude General Practitioners (GP's) from referring abroad. With this measure GP's are only allowed to refer to medical specialists at the Sint Maarten Medical Center (SMMC). The medical specialists at SMMC will then assess if they can provide the medical treatment locally, and if not, only then can they refer abroad. This measure has resulted in a decrease of medical referrals abroad.

In the following table, the amount of persons referred abroad per fund and the average amount of referrals per fund is shown. Overall, in 2019, a person was referred 1.3 times per year. This is a decrease compared to previous years

**Number of individual persons referred**

Fund	2019	2018	2017
<b>FZOG</b>			
Number of persons	97	131	102
Number of referrals	131	200	172
Average	1.35	1.53	1.69
<b>OZR</b>			
Number of persons	381	503	398
Number of referrals	510	813	597
Average	1.34	1.62	1.5
<b>ZV</b>			
Number of persons	754	1085	836
Number of referrals	968	1635	1298
Average	1.28	1.51	1.55
<b>Total number of persons</b>	<b>1232</b>	<b>1719</b>	<b>1336</b>
<b>Total number of referrals</b>	<b>1609</b>	<b>2648</b>	<b>2067</b>
<b>Average</b>	<b>1.31</b>	<b>1.54</b>	<b>1.55</b>

The subsequent table illustrates the top ten medical specialisms that SZV's patients are referred to. As is depicted, the number of medical referrals for the top ten has been reduced drastically (69%) due to more availability of medical specialisms at the SMMC.

<b>Top 10 specialism referred to</b>			
Specialism	2019	2018	2017
Orthopedics	136	484	313
Neurology	112	343	197
Neurosurgery	103	239	269
Radiology	93	76	48
Ophthalmology	69	202	188
Cardiologist	52	67	83
Maxillofacial surgeon	36	44	0
Surgeon	27	85	95
Pediatrician	26	32	50
Child Cardiology	21	63	50
<b>TOTAL</b>	<b>675</b>	<b>1635</b>	<b>1293</b>

**Care procurement; local**

In 2019, 7 care contracts were signed with the following care providers:

- Mental Health Foundation (MHF) AVBZ 2019-2020
- MHF FZOG-ZV-OZR 2019-2020
- MHF OZR 2019-2020
- White Yellow Cross Foundation FZOG-ZV/OV-OZR District nursing, Rehabilitation and Hospice 2019-2020
- Speech Therapists 2019 – 2020
- Physical Therapists 2019- 2020
- Occupational Therapist 2019- 2020
- Dietician 2019- 2020
- Psychologist 2019- 2020

In 2018, the tender project for medical artificial aid and appliances was finalized whereby two suppliers were chosen. In 2019, further negotiations were continued and culminated in contractual agreements for medical aids and prosthetics.



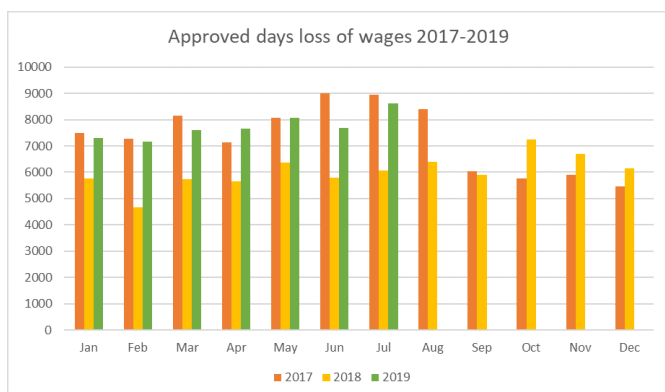
**BUSINESS HIGHLIGHTS cont.****Care procurement; abroad**

In 2019, the process for a tender for medical services and other services in connection with medical referrals abroad was started. The management of SZV envisioned a transparent process that will result in good quality care at an affordable price. The process is scheduled to be finalized by the third quarter of 2020.

**Labour Department**

The Labour Department is responsible for the implementation of the sick leave and loss of wages control, according to the ZV and OV laws.

In the following graph, the development of approved days for Loss of Wages from 2017 to July 2019 is shown. As can be discerned in the graph, 2019, is reaching the levels of 2017 before hurricane Irma. The low rate of approval in 2018 is due to the effect of hurricane Irma, which resulted in many hotels being closed for the last quarter of 2017. This trend continued through 2018. As such, employees could not be "unfit for work" due to unemployment.



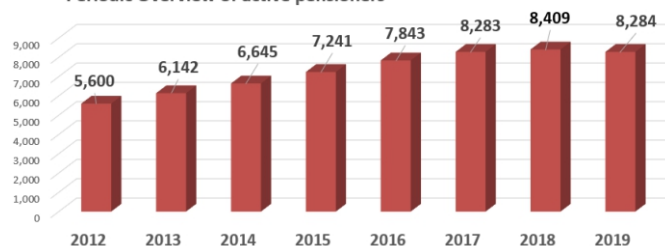
In 2019, the Occupational Nurse assisted 80 employees with the reintegration process. The Occupational Nurse started the reintegration process for 92.5% of those employees, of which 33.8% are civil servants, and 66.2% in the private sector.

**Pensions and Cessantia [Seniors & Benefits]**

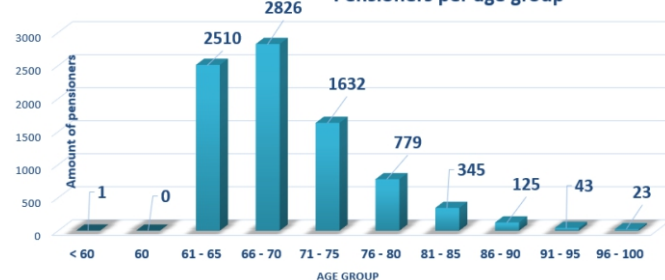
The pension age raised from 60 years to 62 years, effective January 1, 2018.

The increase in the pensionable age has had significant effects on the growth factor of pensioners over time.

Periodic Overview of active pensioners



Pensioners per age group

**Cessantia**

During 2019, fifteen (15) persons from four (4) different companies were paid via the Cessantia fund for severance pay. Three of those companies relate to requests from prior years, while one concerns 2019.

**BUSINESS HIGHLIGHTS cont.****Unit Finance**

Within the finance unit, several activities were carried out during the reported period.

**Finance, Levy & Collection**

With the aim to increase efficiency in the Levy and Collection process of social premiums, the Finance Administration, Levy & Collection Department (FAHI), continued to work towards the enhancement of the quantity and quality of collection measures taken.

Compliance is a focus point for the department in order to increase revenues to guarantee sustainability of the funds. Therefore, in collaboration with the Control and Inspection department and the Audit Team Sint Maarten (ATS), the FAHI Department increased the inspection on compliance. The aim of this proactive approach is to focus on delinquent employers in order to minimize fraudulent actions, and consequently motivate employers to be compliant with their obligations. The total ZV/OV revenues for the year 2019 increased with 8.5% in comparison with the year 2018. The total AOV/AWW revenues for the year 2019 increased with 13.6% in comparison with the year 2018 and the AVBZ revenues with 11.9%.

**Information Communication & Technology (ICT): Information and Automation**

Within SZV, automation has been achieved through various means. The ICT department has provided organizational support and improved numerous technological components within the organization through automation. Some noteworthy developments are as follows:

- Improve data collection and reporting of registration data through the Dynamics 365 project;
- The Pension department in collaboration with ICT are in the final phase of testing the newly integrated pension system, in order to better accommodate the pension payment process;

- The ICT department has embarked on Microsoft Office in the Clouds to support business continuity in the wake of any type of disaster;
- Facilitation (planning phase) of the digitalization of SZV's Case Management;
- Facilitation (planning phase) the digitalization of SZV's Sick Leave & Loss of Wages Process;
- E-Health Project (Pharmacy, GP Systems);
- Improving ICT's Service Catalog;
- Customer Care in collaboration with ICT has initiated a new appointment and queuing system;
- Improved ICT infrastructure components: security, auditability & reporting.

**Medical Expenses & Declarations**

Within the organization, the focus area of Medical Expenses covers the processing and controlling of medical expenses and related declarations for both local and international care/service providers, in addition to medical reimbursement requests for SZV insured.

In 2019, SZV continued to expand on the declaration process flow in the HECINA declaration program, with the aim to improve declaration processing time and transparency. Thus far, all local laboratories and the majority of paramedical providers are using the new process flow. The transitioning of local GPs and SMMC to the automated declaration flow will follow in the next stages.

As part of the goal to improve overall processing of declarations, the focus is on increasing automated controls, which allows the organization to improve on its remittance obligation in a more consistent manner (less manual workload, more timely payment processing). Next steps in the automation process include more in-depth declaration content analytics, allowing for a more proactive approach in providing medical cost trends.

## BUSINESS HIGHLIGHTS cont.

**Reporting, Planning and Control**

The Reporting, Planning and Control department is responsible for the coordination and execution of the annual audit for the organization, as well as the preparation of the annual budget. Amongst others, they also provide financial and administrative support to the other departments within SZV.

The organization is continually collecting data, which helps SZV to gain better understanding and improve decision making. Below is an example of one of SZV's financial dashboards:

**Other Operations****Legal Affairs**

The Legal Affairs Department is primarily responsible for providing legal advice on a diverse range of substantive and procedural questions of the law, arising from the administrative functioning of SZV as well as ensuring that official objections and/or appeals, as mentioned in the National Ordinance Administrative Procedure, are properly dealt with by SZV.

*Noteworthy developments in 2019*

Noteworthy developments in 2019 for the Legal Affairs Department were: the hiring of a new General Counsel in January, the negotiations with other institutional investors for the possible partnership in the New Government Building, and, a cybercrime case.

**Human Resources & Facilities**

The Human Resources & Facilities team accomplished various activities with the support of management. To mention a few:

- Human Resources Information System;
- Training & Development;
- Recruitment/Staffing (attract and retain top professionals);
- Reviewed and implemented the sick leave procedure; and,
- Outsourced the 4th day Doctor Control for SZV staff;

**Internal Audit & Compliance (IAD)**

During 2019, various assignments carried out by this department included:

- Inspections and investigations based on requests of other departments;
- Inspections based on internal risk analysis;
- Inspections based on external complaints;
- Retrieval of insurance cards from persons that did not have rights to the insurance cards;
- Joint inspections carried out in collaboration with departments of the government.

In 2019, a total of 71 new wage audits were carried out at companies in different industries.



## FINANCIAL HIGHLIGHTS

The changes in the 2019 combined operational net result are attributed to the following financial highlights:

## Premium

The premium income increased by NAf 22.5M in 2019 from NAf 203M to NAf 225.5M (11.1% increase). The premium income of most funds, with the exception of the CESS and FZOG fund, were higher than 2018. The largest increase of NAf 12.9M in premium income can be observed in the AOV Fund, which accounts for 57.6% of the total premium increase. An important reason for this increase is the considerable efforts, which have been made since last year, in the improvement of the compliance of the employers. Another important reason for the premium increase was that the Island's economy was starting to pick-up again. An increase of 815 employees was observed in 2019 by comparing the average monthly amount of employees in 2019 to that of 2018.

## Benefits

The benefits in most funds, with the exception of the ZV and OV, were higher than 2018. The total benefits increased with NAf 3.7M in 2019, which is a 1.7% increment compared to prior year. The largest increase of NAf 3.1M can be observed in the AVBZ Fund, which was primarily due to an increase in production; the number of clients treated. Only the ZV and OV benefits have decreased in 2019. The main reason for this is due to the substantial decrease in total medical referral related expenses of NAf 12.5M (NAf 9.8M medical care & NAf 2.7M travel) in 2019. This decrease is due to the increase in medical specialism at the local hospital, which has also resulted in a yearly additional NAf 6M in expenses. The benefits of the AOV fund had a slight increase of NAf 1.2M in 2019.

An overview of the benefits, divided by medical expense category, is as follows:

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

Benefits per category,	2019	2018
<b>Medical expenses:</b>		
Primary line care	5,379	4,994
Secondary care	45,181	36,100
Tertiary care	36,548	49,490
Facilitating care	28,761	26,730
Long-term care	17,675	14,541
<b>Total Medical expenses</b>	<b>133,546</b>	<b>131,855</b>

<sup>1</sup>See note on page 18 for composition of the benefits categories.

## Investments

SZV had a positive result of NAf 46.1M on its investments in 2019. The international investments accounts for 91% of the positive results as they were NAf 42.2M. Compared to the year 2018, the investment results increased with 62.1M. Overall, the portfolio performed in line with its benchmark.

## Operations

The increase in operating expenses of NAf 1M can be explained as follows. This increase is primarily due to the impairment of the smart cards of NAf 0.9M. The reduction of consultancy expenses, in addition to the review of compliance tactics, that were implemented in 2018 as a new temporary strategy, were kept in 2019. The implementation of the new SZV blueprint was mostly led by SZV personnel in 2019. Therefore, there was no major difference in other operational expenses in the year 2019.

There is a significant increase in the professional services fees (approx. NAf. 1.2M) during 2019, due to increased audit services and projects executed by ATS. Although these expenses were high, these increased audit services assisted the organization with increased premium income. During 2019, there was a significant cost savings of approximately NAf.1.7M due to SZV winning an appeal court case against an external third-party consultant for professional services. As a result, the accrual that was reserved has been subsequently released.

## Balance Sheet

The Government of Sint Maarten owes SZV NAf 67.1M, which consist of the following;

- the division of assets after 10-10-10;
- the legal obligation of the Government to contribute to specific funds;
- services provided to the Government;
- pre-financing of (medical) expenses of civil servants (OZR); only the portion listed via the current accounts of the funds. The complete OZR administration is a separate service, not inclusive in this Combined annual report.

In August 2019, SZV signed a letter of intent with the Government of Sint Maarten regarding the amount of the outstanding Government debt. The actual repayment plan is still pending. Once this is done it will further optimize SZV's investment return.

## INVESTMENTS

### Economic & Geopolitical Developments

After much of the developed world, ex-U.S., had shown declining or negative GDP figures in 2018, we saw a positive trend develop in 2019 with global economic activity and GDP growth rates returning to an expansionary scenario. By the end of 2019, the large majority of countries had GDP growth rates projected between +1% to +3.5% for 2020. The recessions in Japan, Germany, and much of Europe had ended, or were ending.

### Interest Rates & Central Bank Policy

After a one to two-year period of tighter monetary policies in many countries, excluding Japan and Europe, which included both interest rate hikes, (four rate hikes in the U.S. in 2018), and the reduction in global Central Bank quantitative easing and their balance sheet size, the course reversed dramatically in 2019. We saw widespread interest rate cuts globally in 2019, led by the Federal Reserve Bank's three unexpected rate cuts.

At the end of 2019, the 10-year U.S. Treasury bonds had a yield of 1.92%, however, globally roughly forty percent of all sovereign debt bonds had near zero or negative interest rates.

The lower interest rates supported greater economic activity in 2019 and promoted greater risk taking to earn enough returns from other asset classes to compensate for the low relative yields from high-quality fixed income.

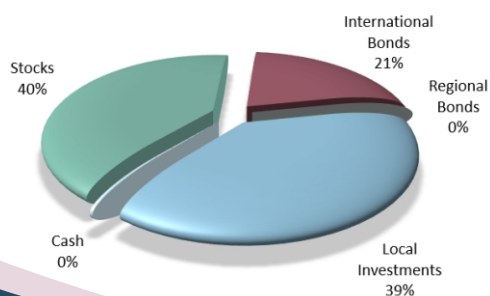
### US Dollar

The U.S. Dollar is the reserve currency of the world. As such, the majority of goods and services globally are priced and traded in USD. In times of uncertainty countries and people will hold USD to protect their purchasing power against devaluation.

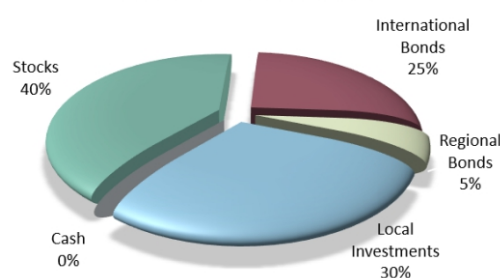
### Investment mix

The graphs below display the actual and strategic investment mixes of SZV's portfolio by the end of 2019.

**ACTUAL Investment Mix**



**STRATEGIC Investment Mix**



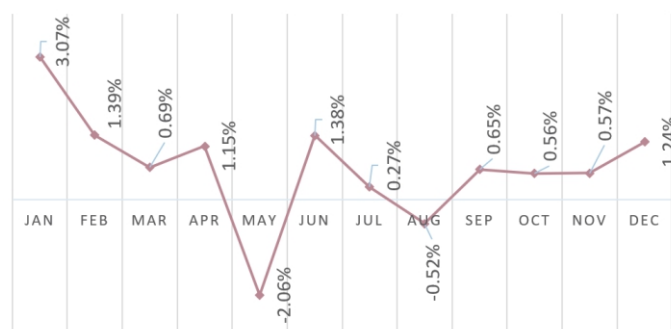
The relative value of a currency vs. other currencies is determined by three factors; 1) the relative strength of one country's GDP vs. the other's; 2) the relative interest rates in each country, with the higher interest rates making that currency more attractive; and 3) safe haven properties. In 2019, the U.S. had superior values for each of these three determinates and the U.S. Dollar gained in relative value throughout 2019, gaining roughly +4.7% versus the Euro. The Year 2019 ended with a conversion rate of 1.10 Dollars to 1.00 Euro.

### Portfolio SZV

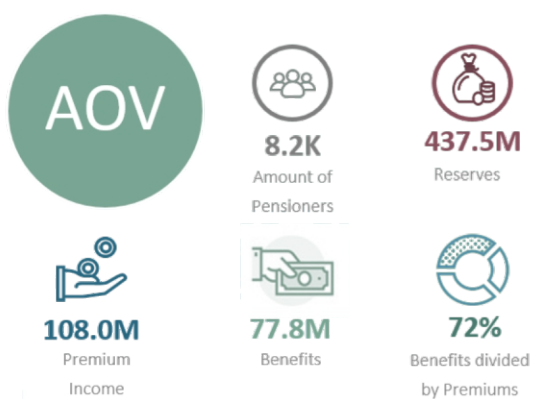
Approximately 60% of SZV's portfolio is invested internationally and 40% locally. The return of SZV's total portfolio amounts to circa Naf 46.4M for 2019. This translates to +10.42% versus the benchmark +15.66%.

The return over the past 12 months is displayed graphically in percentages below.

**MONTHLY RETURNS 2019**

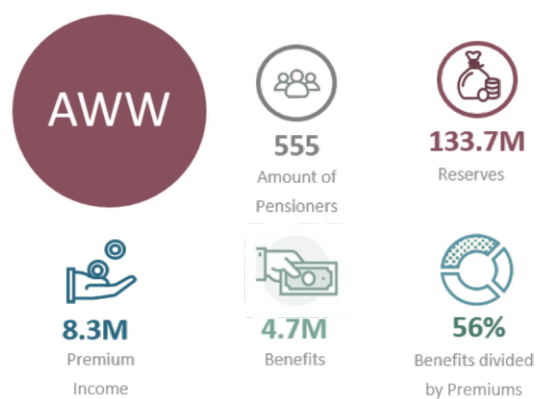


## KEY FIGURES PER FUND



## KEY FIGURES - AOV

	FY19	FY18	FY17	FY16
Premium	108.0M	95.0M	105.7M	105.0 M
Benefits	77.8M	76.5M	72.9M	68.9M
Benefits/Premium	72%	81%	69%	66%
Number of pensioners	8.2K	8.4K	8.3K	7.8K
Average Benefit per pensioner	9.4K	9.1K	8.8K	8.8K
Reserves	437.5M	386.1M	386.7M	342.2M



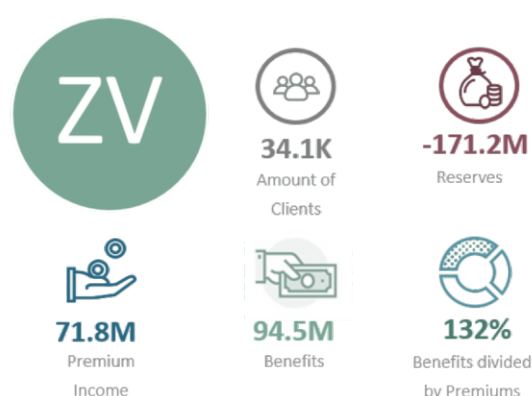
## KEY FIGURES - AWW

	FY19	FY18	FY17	FY16
Premium	8.3M	7.3M	8.1M	8.2M
Benefits	4.7M	4.6M	4.9M	5.4M
Benefits/Premium	56%	64%	61%	65%
Number of pensioners	555	539	521	551
Average Benefit per pensioner	8.4K	8.6K	9.4K	9.7K
Reserves	133.7M	121.3M	121.3M	110.7M



## KEY FIGURES - CESSANTIA

	FY19	FY18	FY17	FY16
Premium	578.9K	609.4K	671.3K	784.6K
Benefits	121.7K	0.0K	0.0K	0.0K
Benefits/Premium	21%	0%	0%	0%
Number of beneficiaries	15	0	0	0
Average Benefit per beneficiary	8.1K	0.0	0.0	0.0
Reserves	15.5M	13.9M	13.7M	11.9M



## KEY FIGURES - ZV

	FY19	FY18	FY17	FY16
Premium	71.8M	66.5M	66.6M	65.3M
Benefits	94.5M	97.3M	95.4M	80.8M
Benefits/Premium	132%	146%	143%	124%
Number of clients	34.1K	34.3K	34.7K	35.5K
Average Benefit per client	2.8K	2.8K	2.7K	2.3K
Reserves	(171.2M)	(136.0M)	(93.3M)	(51.1M)

## LEGEND

M Millions NAF  
% Percent  
K Thousands



## KEY FIGURES PER FUND cont.



**9.1M**  
Premium  
Income

**196**  
Amount of  
Clients



**13.4M**  
Benefits



**147%**  
Benefits divided  
by Premiums

**-36.1M**  
Reserves

## KEY FIGURES - OV

	FY19	FY18	FY17	FY16
Premium	9.1M	8.1M	7.7M	7.8 M
Benefits	13.4M	13.4M	12.6M	9.3M
Benefits/Premium	147%	166%	162%	119%
Number of clients	196	146	135	139
Average Benefit per client	68.5K	92.1K	93.2K	56.3K
Reserves	(36.1M)	(31.0M)	(24.8M)	(18.7M)



**6.2M**  
Premium  
Income



**1.1K**  
Amount of  
Clients



**14.5M**  
Benefits



**-33.6M**  
Reserves



**232%**  
Benefits divided  
by Premiums

## KEY FIGURES - FZOG

	FY19	FY18	FY17	FY16
Premium	6.2M	6.3M	6.3M	6.2 M
Benefits	14.5M	12.4M	11.3M	8.3M
Benefits/Premium	232%	197%	178%	134%
Number of clients*	1.1K	1.1K	1.0K	1.0K
Average Benefit per client	12.7K	11.3K	10.9K	8.1K
Reserves	(33.6M)	(24.5M)	(16.9M)	(11.1M)

\*The query for number of insured clients was adjusted to include co-insured



**21.5M**  
Premium  
Income



**454**  
Amount of  
Clients



**18.4M**  
Benefits



**86%**  
Benefits divided  
by Premiums



**98.3M**  
Reserves

## KEY FIGURES - AVBZ

	FY19	FY18	FY17	FY16
Premium	21.5M	19.2M	20.1M	22.2 M
Benefits	18.4M	15.3M	9.5M	16.1M
Benefits/Premium	86%	80%	47%	72%
Number of clients	454	373	180	170
Average Benefit per client	40.5K	41.0K	52.7K	94.7K
Reserves	98.3M	90.0M	90.2M	77.8M

## LEGEND

M Millions NAF  
% Percent  
K Thousands



## CONDENSED FINANCIAL STATEMENT NOTES

This condensed financial overview is a summarized version of the financial statements of the Uitvoerings Orgaan Sociale en ZiekteKosten Verzekering (SZV) as recorded in the SZV annual report 2019. 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

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 reliably determined.

### Recognition of assets, 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 can be determined reliable.

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 cont.****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 two 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. A significant part of SZV's income are social premiums collected in 2019.

**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. The investment income is the return on SZV's investment, primarily via investment managers.

**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 benefits 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.

**Note to Cashflow Statement****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.

**Other Notes****OZR (Overheidsziektekostenregelingen)**

'Overheidsziektekostenregelingen', referred to as OZR, is a government health insurance scheme for Civil Servants & PP-Cardholders. This Health Insurance Regulation is a separate service administered by SZV on behalf of Government. The OZR administration is reported separately.

**COVID 19 Impact**

The spread of COVID-19 has severely impacted many local economies around the globe. While there has been some impact on the premium income and investment returns, presently, SZV is still in the position to comply with its financial commitments.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of, and for the year ended December 31, 2019, do not need to be adjusted to reflect their impact.





## BALANCE SHEET



ASSETS	December 31, 2019	December 31, 2018
<i>(amounts are in 1,000 Antillean guilders)</i>		
<b>Non-current assets</b>		
Intangible fixed assets	6,658	6,958
Property, plant and equipment	662	672
Investment properties	64,811	65,744
Financial fixed assets	-	-
Long-term receivables	98,549	108,363
<b>Total non-current assets</b>	<b>170,680</b>	<b>181,737</b>
<b>Current assets</b>		
Financial assets	244,822	232,640
Trades and other receivables	44,047	35,425
Cash and cash equivalents	48,917	37,503
<b>Total current assets</b>	<b>337,786</b>	<b>305,568</b>
<b>TOTAL ASSETS</b>	<b>508,465</b>	<b>487,305</b>
<b>EQUITY AND LIABILITIES</b>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
<i>(amounts are in 1,000 Antillean guilders)</i>		
<b>Equity</b>		
General reserves	629,027	564,307
Legal reserves	63,750	63,750
To be funded deficits	(240,363)	(200,243)
<b>Total equity</b>	<b>452,414</b>	<b>427,814</b>
<b>Non-current liabilities</b>		
Provision duurtetoeslag	4,026	3,945
Other Provisions	322	1,796
<b>Total non-current liabilities</b>	<b>4,348</b>	<b>5,741</b>
<b>Current liabilities</b>		
Benefit liabilities	43,866	45,547
Blocked benefits	3,730	1,979
Trade and other liabilities	4,108	6,225
<b>Total current liabilities</b>	<b>51,703</b>	<b>53,750</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>508,465</b>	<b>487,305</b>

## INCOME STATEMENT



REVENUES AND EXPENSES	2019	2018
<i>(amounts are in 1,000 Antillean guilders)</i>		
<b>REVENUES</b>		
<b>Premium income</b>		
Premium Income	217,655	194,313
Government contribution	6,880	7,928
Fines and summoned amounts	942	768
<b>Total premium income</b>	<b>225,477</b>	<b>203,010</b>
<b>Investment income</b>		
Net income real estate investment	3,919	4,558
Net income financial assets held to maturity	-	741
Net income investment held at fair value	42,180	(21,249)
<b>Total Investment income</b>	<b>46,099</b>	<b>(15,951)</b>
<b>Other operating income</b>	<b>6,783</b>	<b>4,385</b>
<b>EXPENSES</b>		
<b>Benefits</b>	<b>223,339</b>	<b>219,636</b>
<b>NET INSURANCE RESULT</b>	<b>55,022</b>	<b>(28,192)</b>
<b>Administrative expenses</b>		
Personnel expenses	16,917	16,335
Accommodation expenses	2,835	2,998
General expenses	7,883	8,085
Depreciation expenses	1,751	1,741
Impairment	910	-
Mutation provision duurtetoelag	126	267
<b>Total administrative expenses</b>	<b>30,421</b>	<b>29,426</b>
<b>OPERATIONAL RESULT</b>	<b>24,600</b>	<b>(57,618)</b>
Mutation legal reserves	-	-
<b>NET RESULT</b>	<b>24,600</b>	<b>(57,618)</b>
<b>ALLOCATION OF NET RESULT</b>	<b>2019</b>	<b>2018</b>
Mutation general reserve	64,721	(8,468)
Mutation to be covered deficits	(40,120)	(49,150)
<b>NET RESULT</b>	<b>24,600</b>	<b>(57,618)</b>

## STATEMENT OF CASH FLOWS



STATEMENT OF CASH FLOW	2019	2018
<i>(amounts are in 1,000 Antillean guilders)</i>		
<b>Cash flows from operating activities:</b>		
Net revenues and expenses for the period	24,600	(57,618)
<b>Adjustments for:</b>		
Depreciation	2,685	2,450
Increase (decrease) impairment	910	-
Increase (decrease) provisions	(1,393)	2,019
Increase (decrease) equity	-	-
<b>Mutations work capital:</b>		
(Increase) decrease in trade and other receivables	(8,622)	4,517
Increase (decrease) in current liabilities	(2,047)	(533)
<b>Net cash flows from operating activities</b>	<b>16,133</b>	<b>(49,166)</b>
<b>Cash flows from investing activities:</b>		
Net investments in intangible fixed assets	(1,992)	(1,568)
Net investments in property, plant & equipment	(360)	(243)
Net investments in investment properties	-	(1,141)
Net investments in financial fixed assets	-	17,820
Net investments in financial assets	(12,182)	19,576
<b>Net cash flows from investing activities</b>	<b>(14,534)</b>	<b>34,444</b>
<b>Cash flows from financing activities:</b>		
Mutation legal reserves	-	-
Increase (decrease) long term liabilities	9,814	(2,456)
<b>Net cash flows from financing activities</b>	<b>9,814</b>	<b>(2,456)</b>
<b>Mutation cash and equivalents</b>	<b>11,414</b>	<b>(17,178)</b>
Cash and cash equivalents at beginning of period	37,503	54,681
Cash and cash equivalents at end of period	48,917	37,503
<b>Increase (decrease) cash and equivalents</b>	<b>11,414</b>	<b>(17,178)</b>



## FINANCIAL STATEMENT PER FUND

## Breakdown combined Balance Sheet as of December 31, 2019

(Amounts x Naf. 1,000)

ASSETS	AOV 12.31.2019	AOV 12.31.2018	AWW 12.31.2019	AWW 12.31.2018	ZV 12.31.2019	ZV 12.31.2018	OV 12.31.2019	OV 12.31.2018	CESS 12.31.2019	CESS 12.31.2018	FZOG 12.31.2019	FZOG 12.31.2018	AVBZ 12.31.2019	AVBZ 12.31.2018	USZV 12.31.2019	USZV 12.31.2018	TOTAL 12.31.2019	TOTAL 12.31.2018
<i>(amounts are in 1,000 Antillean guilders)</i>																		
<b>Non-current assets</b>																		
Intangible fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,658	6,958	6,658	6,958
Property, plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	662	672	662	672
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64,811	65,744	64,811	65,744
Financial fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term receivables	5,162	4,922	469	415	39,376	49,509	96	85	2,098	1,862	9,130	9,155	24,335	24,633	17,884	17,782	98,549	108,363
<b>Total non-current assets</b>	<b>5,162</b>	<b>4,922</b>	<b>469</b>	<b>415</b>	<b>39,376</b>	<b>49,509</b>	<b>96</b>	<b>85</b>	<b>2,098</b>	<b>1,862</b>	<b>9,130</b>	<b>9,155</b>	<b>24,335</b>	<b>24,633</b>	<b>90,015</b>	<b>91,156</b>	<b>170,680</b>	<b>181,737</b>
<b>Current assets</b>																		
Financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	244,822	232,640	244,822	232,640
Trade and other receivables:																		
Receivables from premium	10,771	9,764	-	-	8,723	10,973	-	-	13	8	939	676	5,470	3,242	-	-	25,916	24,664
Current account Funds and USZV	415,462	365,514	133,652	120,826	(196,855)	(171,860)	(36,223)	(31,042)	13,312	11,884	(41,306)	(33,231)	62,243	57,791	(350,282)	(319,881)	2	-
Other receivables	6,583	5,359	100	92	7,404	3,553	-	-	-	(8)	351	681	650	281	3,042	805	18,129	10,762
<b>Total trade and other receivables</b>	<b>432,816</b>	<b>380,636</b>	<b>133,752</b>	<b>120,918</b>	<b>(180,728)</b>	<b>(157,334)</b>	<b>(36,223)</b>	<b>(31,042)</b>	<b>13,325</b>	<b>11,884</b>	<b>(40,016)</b>	<b>(31,875)</b>	<b>68,362</b>	<b>61,315</b>	<b>(347,240)</b>	<b>(319,077)</b>	<b>44,047</b>	<b>35,425</b>
Cash and cash equivalents	3,256	2,726	(12)	(12)	9,498	15,217	-	-	341	291	160	214	7,119	4,370	28,555	14,697	48,917	37,503
<b>Total current assets</b>	<b>436,072</b>	<b>383,362</b>	<b>133,740</b>	<b>120,906</b>	<b>(171,230)</b>	<b>(142,118)</b>	<b>(36,223)</b>	<b>(31,042)</b>	<b>13,666</b>	<b>12,175</b>	<b>(39,857)</b>	<b>(31,661)</b>	<b>75,481</b>	<b>65,685</b>	<b>(73,864)</b>	<b>(71,740)</b>	<b>337,786</b>	<b>305,568</b>
<b>TOTAL ASSETS</b>	<b>441,234</b>	<b>388,284</b>	<b>134,209</b>	<b>121,321</b>	<b>(131,854)</b>	<b>(92,609)</b>	<b>(36,128)</b>	<b>(30,958)</b>	<b>15,764</b>	<b>14,038</b>	<b>(30,726)</b>	<b>(22,506)</b>	<b>99,815</b>	<b>90,318</b>	<b>16,151</b>	<b>19,416</b>	<b>508,465</b>	<b>487,305</b>
<b>EQUITY AND LIABILITIES</b>																		
<i>(amounts are in 1,000 Antillean guilders)</i>																		
<b>Equity</b>																		
General reserves	408,950	357,619	131,499	119,003	-	-	-	-	15,481	13,860	-	-	98,346	90,001	8,302	8,302	629,027	564,306
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	-	-	-	-	(199,735)	(164,785)	(40,628)	(35,458)	-	-	(33,551)	(24,479)	-	-	-	-	(240,363)	(200,243)
<b>Total equity</b>	<b>437,450</b>	<b>386,119</b>	<b>133,749</b>	<b>121,253</b>	<b>(171,235)</b>	<b>(136,285)</b>	<b>(36,128)</b>	<b>(30,958)</b>	<b>15,481</b>	<b>13,860</b>	<b>(33,551)</b>	<b>(24,479)</b>	<b>98,346</b>	<b>90,001</b>	<b>8,302</b>	<b>8,302</b>	<b>452,414</b>	<b>427,814</b>
<b>Non-current liabilities</b>																		
Provision duurtetoelag	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,026	3,945	4,026	3,945
Other Provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	322	1,796	322	1,796
<b>Total non current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,348</b>	<b>5,741</b>	<b>4,348</b>	<b>5,741</b>
<b>Current liabilities</b>																		
Benefit liabilities	-	-	10	(28)	39,463	43,187	-	-	106	106	2,817	1,965	1,469	317	-	-	43,866	45,547
Blocked benefits	3,265	1,868	465	111	-	-	-	-	-	-	-	-	-	-	-	-	3,730	1,979
Other liabilities	519	298	(15)	(15)	(82)	490	-	-	177	72	8	8	-	-	3,501	5,373	4,108	6,225
<b>Total current liabilities</b>	<b>3,784</b>	<b>2,166</b>	<b>460</b>	<b>68</b>	<b>39,381</b>	<b>43,676</b>	<b>-</b>	<b>-</b>	<b>283</b>	<b>178</b>	<b>2,825</b>	<b>1,973</b>	<b>1,469</b>	<b>317</b>	<b>3,501</b>	<b>5,373</b>	<b>51,703</b>	<b>53,750</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>441,234</b>	<b>388,284</b>	<b>134,209</b>	<b>121,321</b>	<b>(131,854)</b>	<b>(92,609)</b>	<b>(36,128)</b>	<b>(30,958)</b>	<b>15,764</b>	<b>14,038</b>	<b>(30,726)</b>	<b>(22,506)</b>	<b>99,815</b>	<b>90,318</b>	<b>16,152</b>	<b>19,416</b>	<b>508,465</b>	<b>487,305</b>

## FINANCIAL STATEMENT PER FUND cont.

## Breakdown combined Profit &amp; Loss statement for the year 2019

(Amounts x Naf. 1,000)

Profit & Loss Statement	AOV 2019	AOV 2018	AWW 2019	AWW 2018	ZV 2019	ZV 2018	OV 2019	OV 2018	CESS 2019	CESS 2018	FZOG 2019	FZOG 2018	AVBZ 2019	AVBZ 2018	USZV 2019	USZV 2018	TOTAL 2019	TOTAL 2018
<i>(amounts are in 1,000 Antillean guilders)</i>																		
<b>REVENUES</b>																		
<b>Premium income:</b>																		
Premium Income	107,448	94,901	8,265	7,300	64,591	58,029	9,057	8,003	579	609	6,234	6,281	21,480	19,190	-	-	217,655	194,313
Government contribution	-	-	-	-	6,880	7,928	-	-	-	-	-	-	-	-	-	-	6,880	7,928
Fines and summoned amounts	543	147	42	11	313	533	44	77	-	-	-	-	-	-	-	-	942	768
<b>Total premium income</b>	<b>107,992</b>	<b>95,048</b>	<b>8,307</b>	<b>7,311</b>	<b>71,784</b>	<b>66,490</b>	<b>9,101</b>	<b>8,080</b>	<b>579</b>	<b>609</b>	<b>6,234</b>	<b>6,281</b>	<b>21,480</b>	<b>19,190</b>	<b>-</b>	<b>-</b>	<b>225,477</b>	<b>203,010</b>
<b>Investment &amp; Other income:</b>																		
Investment income	28,920	(10,004)	9,246	(3,198)	(3)	(3)	-	-	953	(330)	()	-	6,984	(2,416)	-	-	46,099	(15,951)
Other operating income	4,652	2,611	618	1,391	657	44	26	7	260	(73)	17	10	553	395	-	-	6,783	4,385
<b>Total Investment &amp; Other income</b>	<b>33,572</b>	<b>(7,392)</b>	<b>9,864</b>	<b>(1,807)</b>	<b>655</b>	<b>40</b>	<b>26</b>	<b>7</b>	<b>1,212</b>	<b>(403)</b>	<b>17</b>	<b>10</b>	<b>7,537</b>	<b>(2,021)</b>	<b>-</b>	<b>-</b>	<b>52,883</b>	<b>(11,566)</b>
<b>Total revenues</b>	<b>141,563</b>	<b>87,655</b>	<b>18,171</b>	<b>5,504</b>	<b>72,439</b>	<b>66,530</b>	<b>9,127</b>	<b>8,088</b>	<b>1,791</b>	<b>207</b>	<b>6,252</b>	<b>6,291</b>	<b>29,016</b>	<b>17,169</b>	<b>-</b>	<b>-</b>	<b>278,360</b>	<b>191,444</b>
<b>EXPENSES</b>																		
<b>Benefits:</b>																		
Medical expenses	-	-	-	-	88,316	91,549	12,384	12,621	-	-	14,456	12,380	18,390	15,306	-	-	133,546	131,855
Loss of wages	-	-	-	-	6,196	5,782	1,035	821	-	-	-	-	-	-	-	-	7,230	6,603
Pension expenses	77,769	76,530	4,672	4,648	-	-	-	-	-	-	-	-	-	-	-	-	82,441	81,178
Cessantia expenses	-	-	-	-	-	-	-	-	122	-	-	-	-	-	-	-	122	-
<b>Total benefits</b>	<b>77,769</b>	<b>76,530</b>	<b>4,672</b>	<b>4,648</b>	<b>94,511</b>	<b>97,331</b>	<b>13,418</b>	<b>13,441</b>	<b>122</b>	<b>-</b>	<b>14,456</b>	<b>12,380</b>	<b>18,390</b>	<b>15,306</b>	<b>-</b>	<b>-</b>	<b>223,339</b>	<b>219,636</b>
<b>NET INSURANCE RESULTS</b>	<b>63,794</b>	<b>11,126</b>	<b>13,499</b>	<b>856</b>	<b>(22,072)</b>	<b>(30,801)</b>	<b>(4,291)</b>	<b>(5,354)</b>	<b>1,670</b>	<b>207</b>	<b>(8,204)</b>	<b>(6,089)</b>	<b>10,627</b>	<b>1,863</b>	<b>-</b>	<b>-</b>	<b>55,022</b>	<b>(28,192)</b>
<b>Administrative expenses:</b>																		
Personnel expenses	6,946	6,707	560	541	7,155	6,909	491	474	27	26	481	465	1,257	1,213	-	-	16,917	16,335
Housing expenses	1,164	1,231	94	99	1,199	1,268	82	87	5	5	81	85	211	223	-	-	2,835	2,998
General expenses	3,208	2,986	257	242	3,345	3,140	225	210	13	14	227	1,018	607	473	-	-	7,883	8,085
Depreciation expenses	719	715	58	58	741	737	51	51	3	3	50	50	130	129	-	-	1,751	1,741
Impairment	374	-	30	-	385	-	26	-	1	-	26	-	68	-	-	-	910	-
Mutation provision duurtetoelag	52	110	4	9	53	113	4	8	-	-	4	8	9	20	-	-	126	267
<b>Total administrative expenses</b>	<b>12,463</b>	<b>11,750</b>	<b>1,003</b>	<b>949</b>	<b>12,878</b>	<b>12,166</b>	<b>879</b>	<b>829</b>	<b>48</b>	<b>48</b>	<b>868</b>	<b>1,626</b>	<b>2,282</b>	<b>2,059</b>	<b>-</b>	<b>-</b>	<b>30,421</b>	<b>29,426</b>
<b>OPERATIONAL RESULT</b>	<b>51,331</b>	<b>(624)</b>	<b>12,496</b>	<b>(93)</b>	<b>(34,950)</b>	<b>(42,967)</b>	<b>(5,170)</b>	<b>(6,183)</b>	<b>1,621</b>	<b>159</b>	<b>(9,073)</b>	<b>(7,714)</b>	<b>8,345</b>	<b>(195)</b>	<b>()</b>	<b>-</b>	<b>24,600</b>	<b>(57,618)</b>
Mutation legal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>NET RESULT</b>	<b>51,331</b>	<b>(624)</b>	<b>12,496</b>	<b>(93)</b>	<b>(34,950)</b>	<b>(42,967)</b>	<b>(5,170)</b>	<b>(6,183)</b>	<b>1,621</b>	<b>159</b>	<b>(9,073)</b>	<b>(7,714)</b>	<b>8,345</b>	<b>(195)</b>	<b>()</b>	<b>-</b>	<b>24,600</b>	<b>(57,618)</b>

## 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 2019

#### Our opinion on the condensed annual report

The condensed financial statements of Social and Health Insurances Sint Maarten for 2019 (hereafter: 'the condensed financial statements'), based in Sint Maarten are derived from the audited financial statements of Social and Health Insurances Sint Maarten for 2019.

In our opinion, the accompanying condensed financial statements are consistent, in all material respects, with the audited financial statements 2019 of Social and Health Insurances Sint Maarten, on the basis described in the section on 'Condensed financial statement notes' in the 2019 condensed annual report of Social and Health Insurances Sint Maarten.

The condensed financial statements comprise:

1. a condensed balance sheet at 31 December 2019;
2. a condensed income statement ('*staat van baten en lasten*') of 2019;
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 '*Comptabiliteitslandsverordening*', AB 2010, GT no. 23 (where '*het uitvoeringsorgaan Sociale- en Ziektekosten 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 2019 signed on November 20, 2020.

#### 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 November 20, 2020 an inability to form an opinion ('*oordeelonthouding*') about whether the balance sheet and income statement ('*Staat van baten en lasten*') as at 31 December 2019 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 2019 of Social and Health Insurances Sint Maarten in our auditor's report of November 20, 2020.



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

### Receivables

- There are uncertainties in the accuracy and valuation of the receivables due from the Government of Sint Maarten (ANG 67.1 million) and White Yellow Cross (ANG 6.7 million), totaling ANG 73.8 million as denoted in the 2019 financial Statement.

### Benefits and related balances sheet item

- There is an uncertainty in FZOG fund's actual cost due to lack of compliance with Article 8 of the 'Landsverordering Regeling Tegemoetkoming Ziektekosten Overheidsgepensioneerden' (AB 2013, GT no. 644). This article states what percentages of costs are to be reimbursed to insured persons;

## 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 insure that former employees meet the requirements of *Landsverordering Ziekteverzekering*; AB 2013 , GT no. 802 and AB 215);
- Elderly residents who do not meet (the age) requirements as stipulated *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 referrals 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 *Landsverordering 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);
  - In complete adherence to article 7 of the *Landsverordening Algemene Ouderdoms-verzekering* (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);
  - 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 for the preparation of the condensed financial statements on the basis as described in the section on 'Condensed financial statement notes' in the 2019 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 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).

### Emphasis of Matter paragraph – subsequent event of COVID-19

We would like to draw your attention to "Other Notes", section "COVID-19 Impact" in the condensed annual report regarding the recent developments and the financial consequences of the coronavirus ("COVID-19"). An impact analysis has been carried out by the management of SZV to estimate the possible financial consequences. The analysis and the aforementioned explanatory notes in the financial statements show that, despite the current uncertainties, SZV expects to have sufficient operational and financial resilience and impact strength to be able to weather this crisis. The financial statements have therefore been prepared on the basis of the going concern assumption. This current situation does not have affect our opinion on the financial statements.

The Hague, December 4, 2020

Stichting Overheidsaccountantsbureau,

*Originally signed by*

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



# 2019

Condensed

# Annual Report

**SOCIAL AND HEALTH INSURANCES SINT MAARTEN**

📍 Harbour View Building,  
Sparrow Road #4,  
Philipsburg, St. Maarten

☎ + 1 (721) 546-6782

✉ [info@szv.sx](mailto:info@szv.sx)

📘 SZV Social & Health Insurances

🌐 SZV Social & Health Insurances

🌐 [www.szv.sx](http://www.szv.sx)