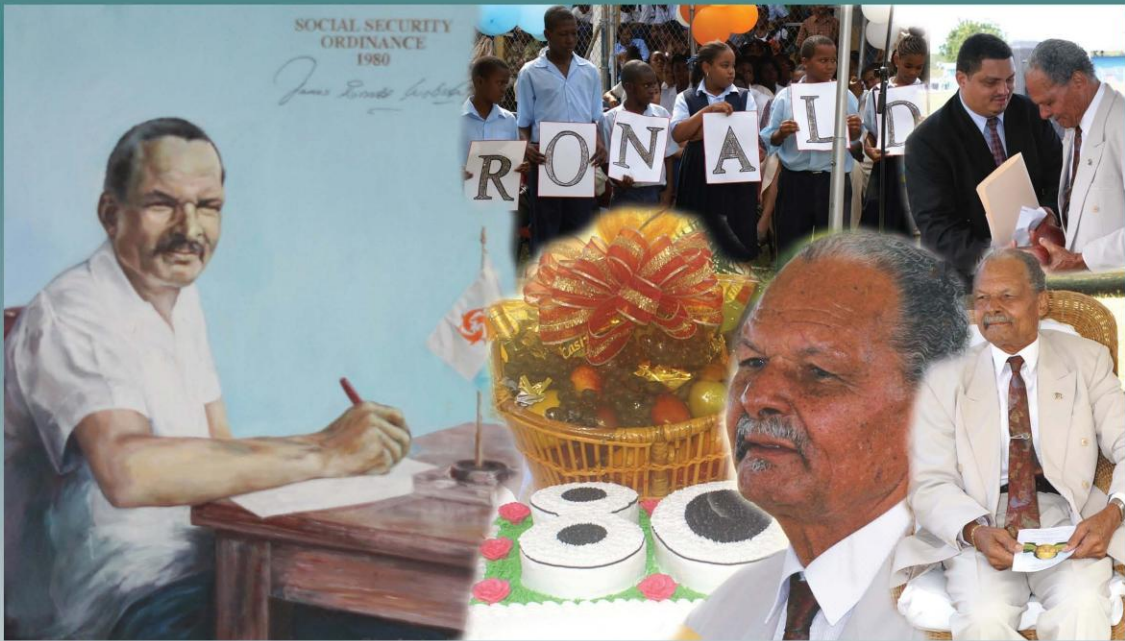
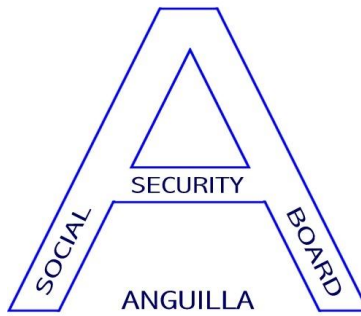




2006 ANNUAL REPORT



SOCIAL SECURITY - IMPROVING THE QUALITY OF LIFE FOR ALL



Improving the quality of life for all

VISION STATEMENT

Anguilla Social Security Board has improved the quality of life for all Anguillians by providing universal social security coverage. It is a sustainable social, economic and financial services organization with excellent service delivery by a customer-focused, knowledge-based and motivated staff; forging strategic alliances and engaging a well-informed public.

MISSION STATEMENT

Anguilla Social Security Board exists to improve the quality of life in Anguilla by providing meaningful social security to workers and beneficiaries, financial services to stakeholder institutions and socio-economic development for our community.

We will achieve this by being customer-oriented, strategy-focused and technology-driven; with competent and committed staff, high standards of corporate governance, and prudent financial management.

CORE VALUES

Accountability

Customer-focus

Teamwork

Integrity

Visionary-leadership

Excellence

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PREFACE

The performance of the Anguilla Social Security System in 2006 was characterized by phenomenal growth in registrations, general revenues and investments, thus making it the most successful year of operations to date. Such performance was as a result of strong and focused management and dedicated staff – supported by a strong and vibrant economy. This report provides a review of the operations of the Board for the financial year under review. It includes the audited Financial Statements, statistical analyses and tables with details on the overall performance of the Social Security System.

HIGHLIGHTS

2006 PERFORMANCE HIGHLIGHTS

- Employee registrations totaled 1,469, reflecting an all-time high, and a record increase of 67.5% over those for 2005.
- Assets stood at \$160.5M, an increase of \$20.0M (14.3%) compared to 2005.
- Contribution Income totaled \$20.3M, increasing by 20.8% over \$16.8M in 2005.
- Investment Income totaled \$8.9M, increasing by 14.3% over \$7.8M in 2005.
- Net Income stood at \$19.4M, an increase of 22.5% over 2005.
- Claims received during the year totaled 2,909, a decrease of 1.4% compared to 2005.
- 53 new Self-Employed registrations were received, bringing the total on register to 294.
- Administrative Expenditure as a percentage of Contribution Income plus Benefit Expenditure declined to 15.9%.

2005 AT A GLANCE

- Assets of the Fund reached \$140.5M, an increase of \$15.6M (12.5%) over 2004.
- 877 new employed persons, 132 new employers and 113 new self-employed persons were registered.
- Benefit expenditure totaled \$5.0M compared to \$4.5M in 2004.
- 2,950 benefit claims were received; 2,310 were paid; 400 were denied and 240 were pending.
- Investment Income totaled \$7.8M.
- Contribution Income increased by 19.1% from \$14.1M in 2004 to \$16.8M.
- Total Income increased by 14.4% from \$21.6M in 2004 to \$24.7M.

CHAIRMAN'S STATEMENT



The financial performance of the Anguilla Social Security Board (ASSB) was quite vibrant in 2006 in line with strong economic growth for the island, with 2006 registering the third consecutive year of double-digit growth rates. The improvement is apparent in the growth of Contribution Income reflecting growing employment and wage and salary increases.

Contribution Income in 2006 grew by 20.8%, exceeding the 19.3% GDP growth rate. Investment income grew by 14.3%. Overall Income grew by 18.7%. It is expected that strong income growth will be maintained over the medium-term as the growth prospects for the Anguillian economy are quite good. This bodes well for the sustainability of the Social Security System.

The 6.7% increase in Benefit Expenditure was significantly lower than the growth rate of Contribution Income. This should not be unexpected, because the Social Security System going into its 25th year of operations is still relatively young, consequently benefit demands are not yet onerous.

The financial efficiency of the administration of the Social Security System can be gauged by the ratio of Administrative Costs to Total Income. Administrative expenditure as a ratio of total income was 14.2 per cent. The comparable figure for 2005 was 14.5 per cent. This suggests that Management and the Board as stewards of the system are being successful in holding the line against increased administrative costs.

Overall, the Social Security System continued to effectively discharge its mandate during 2006 and to be an active player in the social sector through its support of projects funded through the Development Fund. In noting that the consolidated reserves of the ASSB had reached EC\$158 million by the end of the year, the Minister of Finance, who has responsibility for Social Security, commented that this made the Social Security Board the island's largest institutional investor, with a need to invest reserves strategically based on sound diversification principles until such time as they are required to pay benefits. The Minister of Finance went on to say that the Social Security Board is therefore both a guardian and mobilizer of national savings and has the potential to have a huge impact on Anguilla's development going forward. But in order to do so "we have to put the necessary mechanisms and structures in place; we have to provide the architecture, the superstructure to build on our successes with the Social Security system". One such mechanism is an investment and development company, as a subsidiary of the Social Security Board. This would allow the Board to invest in social development infrastructure, housing, economically targeted investments (ETI's) and other areas of need while providing acceptable rates of return on such investments. This is a priority area for advancement during 2007.

While overall performance was robust, there are areas however, where improved performance is required. Coverage of the self-employed continues to be a challenge. This is disappointing in an economy where the self-employed constitute a significant segment of the labour force. Failure to achieve high participation in the self-employed could negatively impact the Non-contributory Age Pension programme in the long-run, because self-employed outside of the Social Security System could end up requiring financial support in their old age.

There is also need for improvement in the performance of the overseas investments portfolio. The Investment Committee and the Board continue to explore new avenues to optimize the performance of the overseas investments keeping in mind overall objectives of the growth, safety and stability of funds invested.

With the 2002-2006 Strategic Plan coming to an end, during 2006 the Management and Staff of the Anguilla Social Security Board, in conjunction with the Board of Directors, worked on a Strategic Plan to cover the period 2007-2011. The theme of the 2007-2011 Strategic Plan is "Improved Quality of Life for All". As part of the process the mission of the ASSB was reformulated to state:

"We exist to improve the quality of life in Anguilla by providing meaningful social security to workers and beneficiaries, financial services to stakeholder institutions and socio-economic development for our community. ASSB will achieve this by being customer oriented, strategy focused and technology driven, with competent and committed staff, high standards of corporate governance and prudent financial management".

Briefly, the priorities for the 2007 – 2011 Strategic Plan include Business Processing Re-engineering, a Performance Management System with incentive compensation, a system of monitoring and reporting, a revised system for selecting social development projects for funding through the Social Security Development Fund, and the development of a comprehensive programme to build stakeholder relationships.

Finally, 2007 will be a special year as the ASSB will celebrate 25 years of existence, Social Security having been formally introduced in Anguilla on January 1st 1982. The occasion will be aptly captured by the celebratory theme "25 Years of Achievement; A Lifetime Commitment". We invite all to join us in the events planned throughout the year to celebrate the occasion and as we re-commit to ensuring that the ASSB remains a centre of excellence in Anguilla and the Caribbean.

Dr. Aidan A. Harrigan

MESSAGE BY THE DIRECTOR OF SOCIAL SECURITY



On December 31st, 2006, the Anguilla Social Security System completed twenty-five years of service to the workers of Anguilla and indeed to the entire Anguillian community. The twenty-fifth anniversary of any institution is an appropriate occasion to celebrate its accomplishments over its formative years, and we will indeed celebrate this institution's silver anniversary throughout 2007. The chosen anniversary theme "Social Security: 25 Years of Achievement; A Lifetime Commitment" aptly sets the stage for those celebrations – not just as a reflection on the past, but also in the context of this System's promises of a secure future.

2006 was in many ways an excellent capstone for those first twenty-five years. The 2006 Business Plan's theme was "Optimize, Strategize, Celebrate!" as a representation of a race - like the race to complete preparations before Christmas Day, to clean up and even discard where necessary, enhance and restore where appropriate, and generally seek to get everything in tip-top shape in preparation for

celebrating. It was the final year of the Board's five-year Strategic Plan "Strengthening Social Security" which set out the ten major Goals for the period 2002-2006 on which the Board needed to focus its resources over the Plan's duration if it was to successfully achieve its Vision and Mission. Those goals, which have all been substantially achieved, were:

1. Develop and Institutionalize Strategic, Operational and Business Plans;
2. Strengthen the "social" in Social Security, review products/services, strengthen coverage;
3. Strengthen Human Resource Management Systems;
4. Review and revise the Organization Structure;
5. Develop and implement enhanced Marketing/Public Relations/Education Strategy;
6. Strengthen the Operational Systems especially the Knowledge System;
7. Strengthen the IT Platform and Application;
8. Strengthen the Management/Leadership Culture;
9. Strengthen the "security" in Social Security;
10. Strengthen the Financial Management System.

The following 2006 programme proposals were pursued by the Board:

- Maintain compliance as number one priority; improve Self-Employed coverage.
- Make Research, Marketing and Public Relations the second area of focus.
- Introduce the Balanced Scorecard as a management system.
- Pursue the formation of a Social Security Investment and Development Corporation.

- Prepare a new 5-year (2007-2011) Business Plan to help the SSB move to a higher plane as a key Financial/Social/Developmental institution in Anguilla.
- Name a Committee to plan activities to commemorate the 25th Anniversary.
- Sponsor and organize the 3rd Biennial National Development Conference in 2007.
- Invite CAOSA to hold its Spring 2007 meeting in Anguilla.
- Pursue a review of the Social Security legislation.
- Play a significant role in the proposed National Health Fund.
- Adopt new ISSA Investment Guidelines, improve in-house investment capabilities.
- Implement recommendations from the 7th Actuarial Review Report.
- Implement HIV/AIDS, Corporate Governance, Employee Health and Safety policies.

In addition to pursuing the above objectives, the Board achieved the following in 2006:

- Organized the March 2nd 2006 celebration of the 80th birthday celebrations of Mr. Ronald Webster, father of the nation and social security pioneer.
- Hosted a regional Social Security Systems' training seminar in Customer Service.
- Conducted a mid-term review of its investment consultancy relationship with Citigroup/Smith Barney in New York; met Fund Managers and visited the New York Stock Exchange trading floor.
- Agreed to the "Native Migration" of its database software and the purchase of the source code from GSI of Canada.
- Obtained approval of increases in the contribution ceiling, and 10% increases in pensions in payment for implementation in January 2007.

In financial terms, 2006 was another excellent year for the SSB. Contribution Income grew by 20.8% over that in 2005, and Investment Income grew by 14.3%. Benefit Expenditure increased at a lower rate than did Contribution Income, and it is noteworthy that 2006 was the second consecutive year of surpluses in the Short-term Benefits Branch after some years of deficits. Administrative Expenditure as a proportion of Income has continued to fall, leading to a higher than budgeted surplus of income over expenditure. Fund Reserves therefore increased by \$19.4 million, the highest amount to date.

The SSB engaged the firm of Growth Facilitators from Jamaica as Consultant in the development of the 2007 – 2011 Strategic Plan using the Balanced Scorecard format. The balanced scorecard approach provides a clear prescription as to what companies should measure in order to 'balance' the financial perspective. The balanced scorecard is a management system (not only a measurement system) that enables organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. When fully deployed, the balanced scorecard transforms strategic planning from an academic exercise into the nerve center of an enterprise, and is thought to be an ideal management system for social security organizations.

The Board and staff along with the Consultants commenced work on the strategic plan in July and development of the plan continued through to December. The focus question was "What specific targeted actions must we take to provide social security services to delight the people of

Anguilla?” New Vision and Mission Statements were developed, and five core values were chosen to guide the Board as it pursues its Mission under the theme “improving the quality of life for all.”

The balanced scorecard suggests that we view the organization from four perspectives, and to develop metrics, collect data and analyze it relative to each of these perspectives: Learning and Growth; Internal; Customer; and Financial. A number of “ideal future states” were agreed under each of the four perspectives and incorporated into a map of strategies (page 10) which feed into the activities to be pursued in the business plans over the next five years and work toward the achievement of the overall goal of improved quality of life for all.

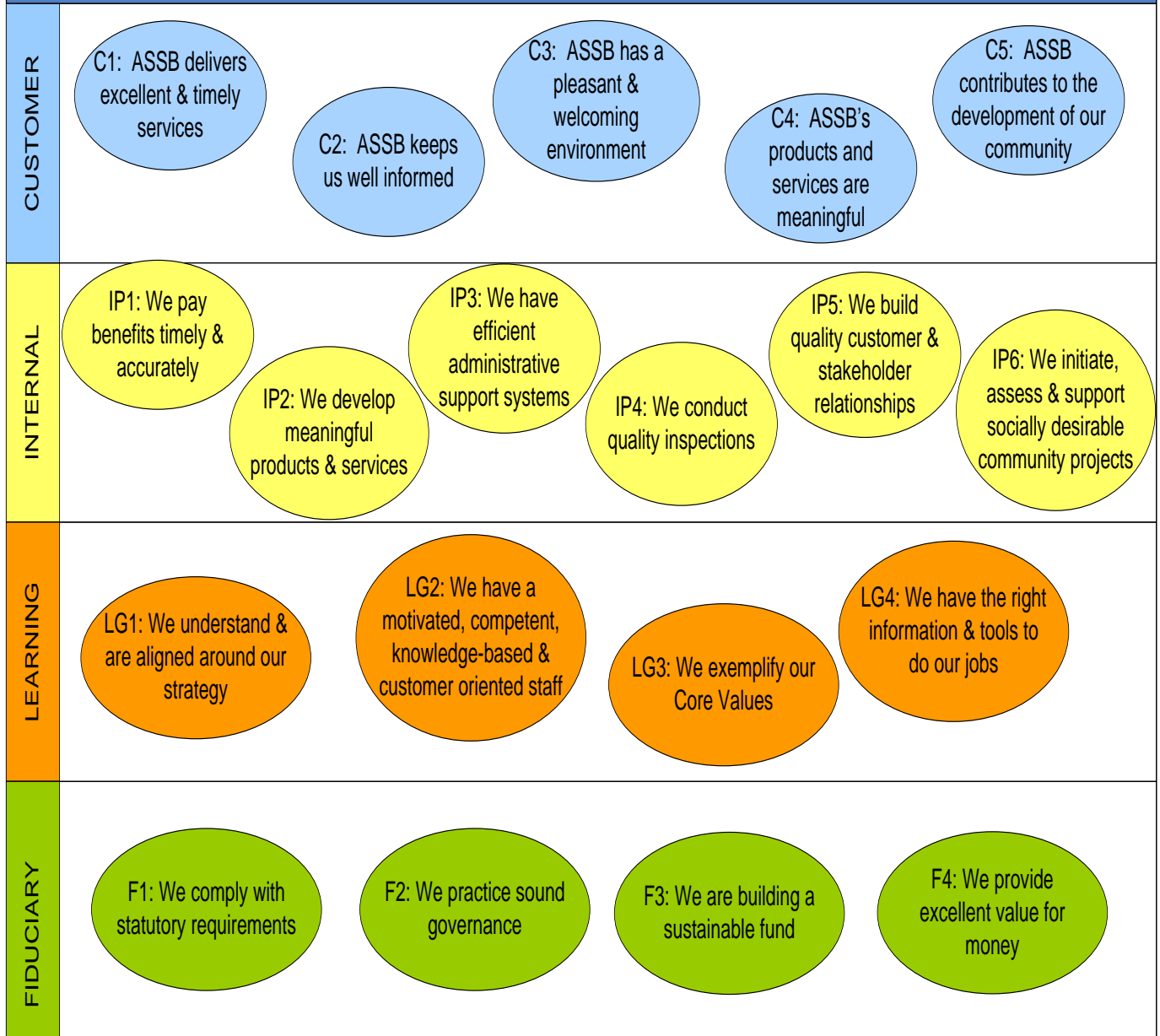
It would be extremely remiss of me if I were to fail to mention another significant event in the life of our System which took place in 2006 - the retirement of Mr. Fabian Marcel Fahie as Chairman of the Board. I must record here my personal appreciation to him for the services he rendered, both as the first Chairman from 1981 to 1986 and then again from 2001 to July 2006. When I began working with this institution I was still a teenager and have learnt much from him, so both from a personal and institutional standpoint I wish to say thanks and all the best in his future endeavours. We are fortunate to have one who has also had the benefit of Mr. Fahie’s tutelage and example to succeed him - in the person of Dr. Aidan Harrigan. I welcome him and wish him all the best as well in this very key position as Chairman, Social Security Board. I also welcome our other new and returning Board Members and trust that together we will have a very successful and productive term of office. As the Social Security Fund continues the rapid accumulation of reserves, the work of the Investment Committee will also grow and their results will be increasingly relevant to the System’s success. I am pleased that the Board is rapidly developing a professional staff, with a high percentage of its staff possessing tertiary-level education and an appreciation of their role in ensuring that the System meets its objectives. I am also pleased that our Minister the Hon. Victor Banks continues to have a deep interest in, and abiding support of, the Social Security System. The support of all these key players, along with the continued collaboration of workers, employers and other stakeholders, will serve the institution well as it faces a challenging but exciting future.

I believe that there is much in the achievements of the Social Security System in its first 25 years for us to celebrate. It is only right that when we achieve, when we accomplish, we should celebrate. For me, the celebrations started early with two additional reasons to celebrate in 2006, on February 1st, I celebrated 25 years of employment with the SSB, and on April 16th, I celebrated 20 years as Director of Social Security, and end 2006 as the longest-serving Director of Social Security in the Caribbean. To the members of my Management Team and to all members of Staff, I thank you for helping to get to this point. We have together built an excellent and a blessed institution over the years, with an enviable record of achievements. We will put our institution on display to Anguilla, the region and indeed to the world next year as we celebrate its 25th Anniversary. I call on all of us to do our part to ensure that we pass that scrutiny with flying colours. May God bless us all in our twenty-fifth anniversary year 2007!

Timothy A. Hodge



IMPROVED QUALITY OF LIFE FOR ALL IN ANGUILLA



BOARD MEMBERSHIP

The membership of the Board up to July 2006 consisted of:

- Mr. Fabian M. Fahie - Government Representative, Chairman
- Mr. Jeffrey Carty - Employers' Representative, Deputy Chairman
- Ms. Connie Brooks - Employers' Representative
- Mr. Lynrod Brooks - Government's Representative
- Mrs. Brenda Richardson - Employees' Representative
- Mr. Timothy A. Hodge - Director of Social Security

Mrs. Maglan Richardson, Assistant Director Human Resources and Corporate Services served as Board Secretary.

Board membership from July 2006 consisted of:

- Dr. Aidan Harrigan - Government Representative, Chairman
- Mr. Jeffrey Carty - Employers' Representative, Deputy Chairman
- Ms. Connie Brooks - Employers' Representative
- Mr. Lynrod Brooks - Government's Representative
- Mrs. Brenda Richardson - Employees' Representative
- Mr. Curtis Richardson - Employees' Representative
- Mr. Timothy A. Hodge - Director of Social Security

INVESTMENT COMMITTEE MEMBERSHIP

The Social Security Fund Investment Committee members during 2006 were:

- Mr. Willis Hodge, Independent Member, Chairman
- Mr. Sheldon Rogers, Independent Member
- Dr. Aidan Harrigan, Chairman Social Security Board, Member (from July)
- Mr. Fabian M. Fahie, Chairman Social Security Board, Member (served up to July)
- Mr. Carl Harrigan, Director of Finance, Member
- Mr. Timothy Hodge, Director of Social Security, Member

Mrs. Dorice Fleming, Manager Finance, served as Secretary to the Investment Committee.

ECONOMIC ENVIRONMENT

The Social Security System's performance is closely linked to the overall economic performance of the island. Accordingly, an overview of the economic environment in which the System operated during 2005 is presented below. The information was extracted from the country report for Anguilla in the Eastern Caribbean Central Bank's Annual Economic and Financial Review for

the Financial Year ended 31st March 2007. Anguilla is a member territory of the Eastern Caribbean Central Bank.

Economic activity in Anguilla remained vibrant in 2006. Provisional data indicated that real GDP growth was 12.5%, following increases of 10.9% and 16.4% in 2005 and 2004 respectively. The expansion in 2006 was driven by robust activity in tourism and construction. The consumer price index rose by 10.7% on an end of period basis. An overall surplus was recorded on the central government's fiscal accounts, in contrast to a deficit in 2005. Total outstanding public sector debt fell during 2006. In the banking system, monetary liabilities expanded, influenced by increases in domestic credit and net foreign assets. Liquidity in the commercial banking system fell but remained at a high level. Commercial bank interest rates spread narrowed during 2006. Preliminary estimates indicate a smaller overall balance of payments surplus in 2006 than in 2005, mainly the results of larger outflows on the current account.

The economy is projected to expand in 2007 on the strength of buoyant activity in the construction sector and expected developments in the tourism industry. On the central government's fiscal accounts, a current account surplus is projected as the economy continues to expand. Downside risks to the projections include shortage of skilled labour, high oil prices, slowdown in the US economy and adverse weather.

HUMAN RESOURCES

The Social Security Board's staff complement in 2006 consisted of 25 employees. The Board, in pursuit of the objectives its Vision and Mission Statements (to deliver excellent service and prudent financial management by knowledge-based, competent and committed staff) continues to facilitate the training of staff at every level in a number of areas. During the period under review, members of staff participated in and attended university education, local, regional and international meetings, seminars, workshops and conferences, as well as other short-term development courses.

Members of the Board and Staff attended and participated in the following during 2006:

Meetings/Seminars/Conferences/Workshops

- Pension Fund Management Workshop & Technical Meeting, St. Lucia, 18th – 20th January.
- Caribbean Corporate Governance Forum, St. Kitts, 8th – 9th March.
- Atlantic Connection Investment Seminar, Bermuda, 4th – 7th April.
- Corporate Governance Workshop, Dominica, 11th – 14th April.
- CAOSA Technical Meeting, El Salvador, 17th – 21st April.
- Caribbean Investment Forum, Barbados, 8th – 10th May.
- ECCB Meeting with Social Security Systems, St. Kitts, 22nd – 23rd May.
- ISSA American Regional Conference & CARICOM Heads of Social Security Meeting, Belize, 29th May – 2nd June.
- Study Tour sponsored by Dept. of Health Services Management, Ben-Gurion University of Negev, Israel, 12th – 16th June.
- ECHMB Annual General Meeting, Grenada, 13th – 14th July.

- Caribbean Regional Meeting on National Health Financing Initiatives, Turks & Caicos, 26th – 28th September.
- XXII Annual Meeting of CISS & CAOSA, Cancun, Mexico, 23rd – 26th October.
- Meeting with the Board's Investment Consultants Smith Barney at Citigroup, New York, 28th November – 1st December.
- ECCB Meeting with Social Security Systems, St. Kitts, 7th – 8th December.

Training Programmes

Short-Term Training Courses & Work Attachments

Operations Clerks Charo Richardson and Melissa Carty were on a one-week attachment at the British Virgin Islands Social Security Office, 19th – 25th March.

Systems Administrator Bertha Gumbs and Research & Development Officer Rosanna Browne were on a one-week attachment at the Grenada National Insurance Office, 26th March – 1st April.

Accounts Officer Donna Gumbs and Operations Officer Jacqueline Reid attended the Paul Douglas Administrative Professionals Seminar, Las Vegas, 17th – 21st April.

Operations Manager Lena Sasso attended a CARICOM Reciprocal Agreement Workshop in St. Lucia, 26th – 29th April.

Operations Clerk Ingrid Richardson and Inspector Mavis Rogers commenced studies in May 2006 in the Executive Diploma in Social Security Management Course with the Centre for Management Development (CMD), University of the West Indies Cave Hill Campus, Barbados.

Assistant Director Yolanda Gumbs attended a Policy & Advocacy Development Workshop in Jamaica, 22nd – 26th May.

Assistant Director Maglan Richardson attended a Professional Development Workshop on Capital Markets and Syndication held in Antigua, 20th – 23rd September.

Internal Auditor Clive Gumbs attended a training course on Internal Audit in the Public Sector held in St. Lucia, 24th – 30th September.

Operations Officer Pauleta Gumbs and Research and Development Officer Rosanna Browne attended a Public Relations Workshop in The Bahamas, 19th – 23rd November.

Inspectors Liston Adams and Elkin Richardson attended a Regional Compliance Training Workshop held in Antigua, 3rd – 7th December.

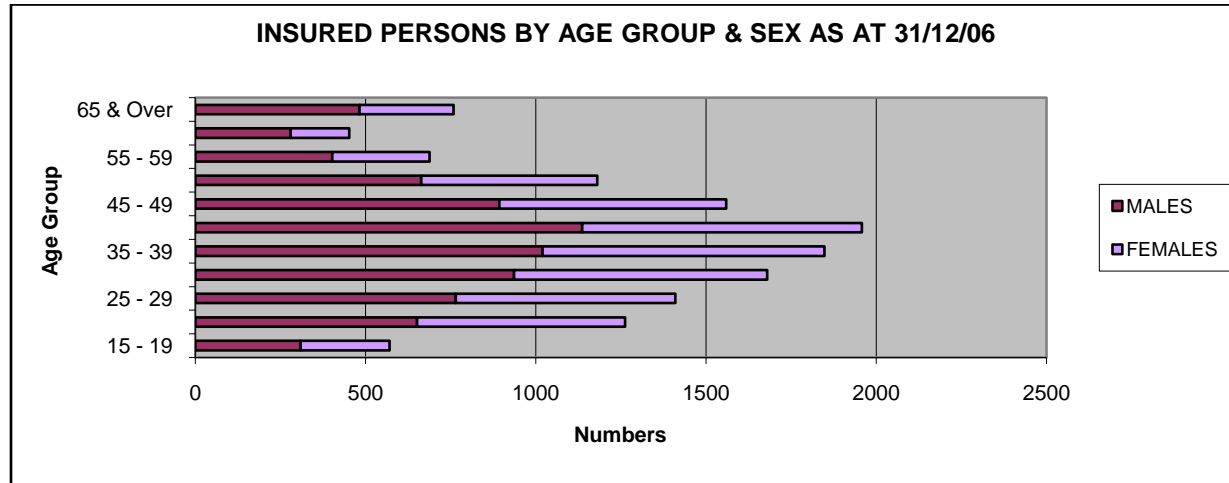
STATISTICAL REVIEW

REGISTRATIONS

Employees

The number of new employee registrations for 2006 totaled 1,469, increasing significantly by 67.5% over the 877 in 2005. The accumulated total of insured persons on register stood at 13,364 (which include active, inactive, residents, non-residents and deceased persons), an increase of 12.3% from 11,897 the previous year. Males continue to dominate, with 70.3% of new registrations and 56.4% of the cumulative total, while females accounted for 29.7% and 43.6% respectively. 2006 recorded the most significant growth in any year, just 11% less than 1,650 registered during the 1981-1982 Social Security inception period when mass registrations were made. Of the total insured population, 7,526 persons were active at year-end.

Chart 1



Employers

A total of 141 new employer registrations were received in 2006, representing a marginal increase of 6.8% over last year's 132. Personal & Household Services industry again dominated employer registrations, accounting for 34 (24.1%), followed by the Construction industry with 32 (22.7%), and Restaurants & Bars and Hotels & Guest Houses, both with 12 (8.5%). At year-end, there were 840 active employers.

The Self-Employed

During the period under review, new self-employed registrations increased by 26.2% totaling 53, 11 more than the 42 registrations in 2005. After three years of extension of coverage to this category of workers, it still continues to be a challenge for the Social Security Board. However, annual registrations continue to increase slowly. The number of the self-employed on register at year-end 2006 totaled 294 persons.

BENEFITS

Social Security benefits are grouped into two branches called Short-term and Long-term Benefits. Short-term benefits include Sickness, Maternity (allowance & grant) and Funeral. Long-term benefits include Age, Survivors, Invalidity (pension & grant) and Non-Contributory Old Age Pension.

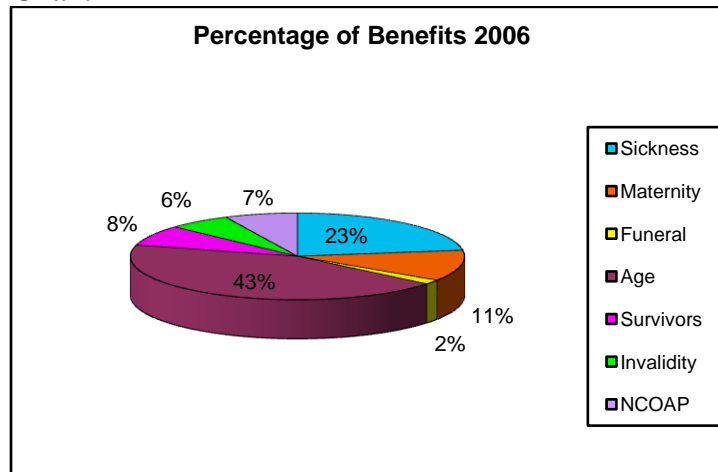
The Fund continues to provide benefits to the insured workers of Anguilla and their families. The benefits offered provide partial compensation at those times when workers are unable to work due to sickness, maternity, invalidity or old age, and survivor's benefit and funeral grant to their families in the case of the death of the insured person.

Total paid out in benefits in 2006 amounted to \$5.4M, increasing marginally by 6.7% over \$5.0M in the previous year. The Short-term Branch expenditure decreased by 14.6% to \$1.93M, while the Long-term Branch expenditure increased by 11.9% to \$3.44M.

PENSIONS IN PAYMENT

There were a total of 495 pensioners on record as at 31st December 2006. Included in that figure were 245 persons in receipt of Age Pension, 34 persons in receipt of Invalidity Benefit, 129 persons in receipt of Non-Contributory Old Age Pension and 87 persons in receipt of Survivor's Pension. All long-term benefits are payable for the remainder of the lives of the beneficiaries, with the exception of payments to dependent children, which is payable until age 15 or 18 if they are still students.

Chart 2



FINANCIAL OPERATIONS

The very strong financial performance of the Anguilla Social Security Board was reflective of the prevailing economic climate that existed over the course of 2006.

CONTRIBUTION INCOME

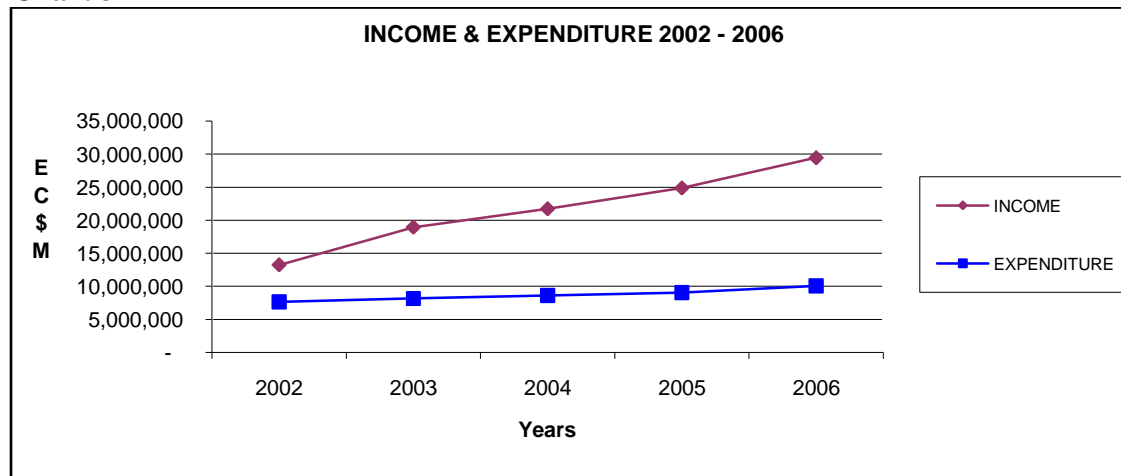
Contribution Income in 2006 totaled \$20.3M, an increase of \$3.4M (20.4%) compared to \$16.8M in 2005, and accounted for 68.9% of total income. Self-employed contributions increased by \$74,305 (76.6%) to \$171,249 from \$96,944 in 2005, and accounted for 0.6% of total contribution income. There were no voluntary contributions made during 2006.

INVESTMENT INCOME

During the period under review, Investment Income totaled \$8.9M compared to \$7.8M in 2005, an increase of 14.3%. Net rental income from commercial units was \$109,076, a decrease of 10.2% compared to \$121,486 in 2005. The SSB realized a net gain of \$1.8M on overseas investments (US & International), an increase of 40.3% from \$1.3M in 2005.

The overall nominal rate of return of the Fund in 2006 increased to 6.1% from 5.9% in 2005.

Chart 3

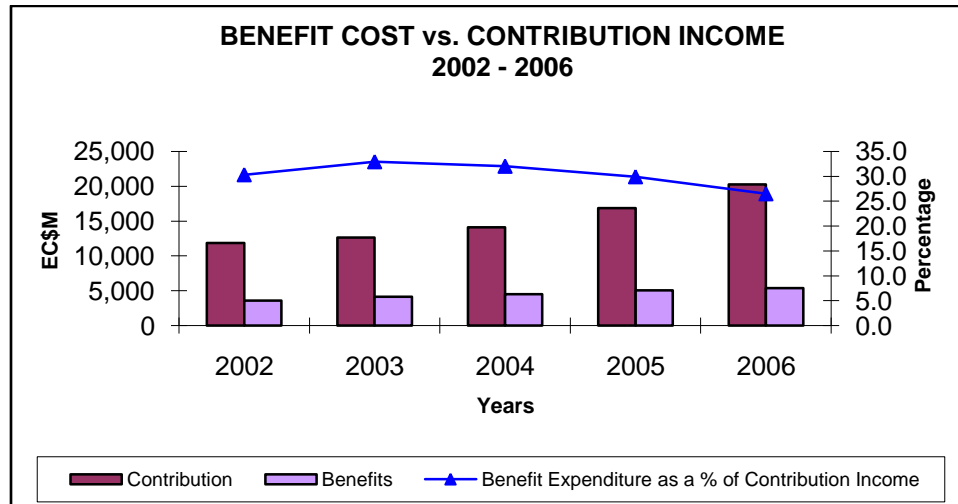


Total Income for 2006 grew by \$4.6M (18.6%) to \$29.34M from \$24.75M in 2005. Total Expenditure for the same period grew by \$1.0M (11.2%) to \$10.1M from \$9.0M the previous year. In 2006, Net Income totaled \$19.4M, reflecting growth of \$3.7M (22.5%) when compared to \$15.8M in 2005.

BENEFIT EXPENDITURE

In 2006, Total Benefit Expenditure increased by 6.7% to \$5.4M, compared to \$5.0M in 2005. Of the total benefits paid, expenditure of the Short-term Branch decreased marginally by 1.5% to \$1.93M compared to \$1.96M in 2005. Expenditure in the Long-term Branch totaled \$3.4M, an increase of 10.6% from \$3.1M the previous year. Total Benefit Expenditure continued to show a steady upward trend in 2006. However, Benefit Expenditure as a percentage of Contribution Income remains relatively stable, varying from a high of 32.9% in 2003 to a low of 26.5% in 2006 and averaging 30.3% over the last five years.

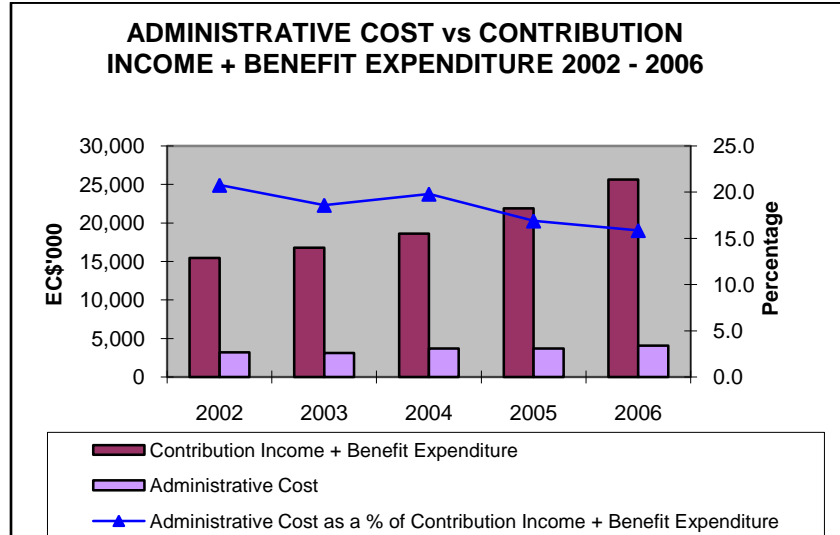
Chart 4



ADMINISTRATIVE EXPENDITURE

Administrative Expenditure in 2006 increased to \$4.1M from \$3.6M in 2005, and was equivalent to 13.8% of Total Income as compared with 14.7% in 2005. As a percentage of Contribution Income plus Benefit Expenditure, Administrative Expenditure was equivalent to 15.9%, down from 16.9% in 2005. Although Administrative Expenditure in itself continues to increase annually, the trend over the past 5 years shows that Administrative Expenditure as a percentage of Contribution Income plus Benefit Expenditure has been on the decline.

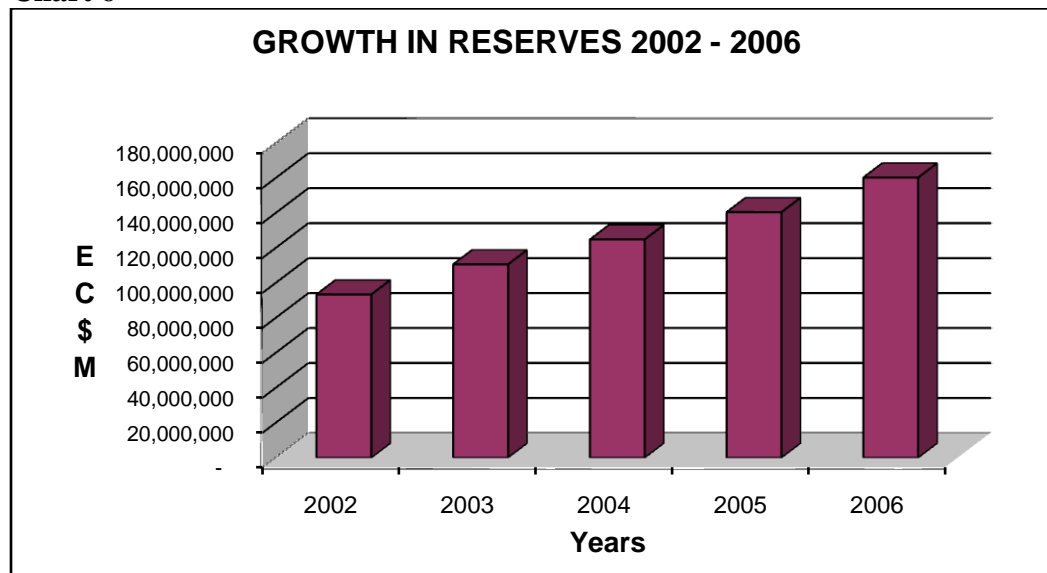
Chart 5



GROWTH IN RESERVES

In 2006, Reserves of the Short-term Benefits Branch recorded a significant increase of \$502,776 (19.5%) after four consecutive years of marginal declines, and stood at \$3.1M at year-end. Meanwhile, Reserves of the Long-term Benefits Branch continued an upward trend of steady growth, registering an increase of 13.7% (\$18.6M), from \$135.6M in 2005 to \$154.2M during the period under review. The Social Security Development Fund increased to \$1.3M, and includes the Permanent Endowment Reserve which was increased to \$0.75M in 2006.

Chart 6



SOCIAL SECURITY DEVELOPMENT FUND (SSDF)

The Anguilla Social Security Board is a financial institution with a social responsibility, and recognizes that it has an important role to play in the social and economic development of the island. To this end, the Board has been the sponsor of many social development projects over the years, through its contributions to and active association with programmes and organizations geared towards achieving improved standards in health, education, sports, industry, youth and community development.

The Social Security Development Fund (SSDF) was established in 1986 for the purpose of funding such social projects as the Board may select, subject to the prior approval of the Minister responsible for Social Security. It is funded by 3.75% of contribution income and a percentage of investment income based on the balance in the Development Fund at the end of the preceding year. In 2006 a total of \$511,838 was spent on projects.

Table 1
Social Security Development Fund (SSDF) Projects 2006

PROJECT NAME	EXPENDITURE EC\$
Tranquility Jazz Festival	134,410
Anguilla Music Teachers Association	131,759
Anguilla Community Foundation	80,646
Youth Crime Watch	63,710
Sports Projects	60,485
Anguilla Amateur Athletic Association	19,758
Nations Fitness Quest Project	9,981
Camp Be Aware (Environmental Camp)	8,065
Scouts of Anguilla	1,680
Anguilla Amateur Cycling Association	1,344
TOTAL	511,838

FUND BALANCE

The Social Security Fund's balance at year-end 2006, i.e. its Assets or alternatively its Liabilities, Reserves and Development Fund, totaled \$160.5M, reflecting an increase of 14.3% (\$20.0M) when compared to \$140.5M in 2005. The Social Security Fund's growth is critical to ensuring its sustainability. The Board has a fiduciary responsibility to manage the Fund in a prudent and effective manner to enable the institution to meet its mandate of paying long-term benefits well into the future. It is noteworthy that for the fourth successive year the System's Fund Ratio, which is the size of the reserves relative to annual expenditure, has increased and at the end of 2006 had returned to pre-2002 levels. (The precipitous drop in 2002 was caused as the System was severely affected by the economic decline in Anguilla and downturn in financial markets following the events of September 11, 2001.) These increases in the Fund Ratio are evidence that the System is actually increasing its sustainability over time, which is indeed commendable.

STATISTICAL DIGEST

Table 2
Annual Registration of Employees by Sex - 2006

AGE GROUPS	MALES	%	FEMALES	%	TOTAL	%
15 - 19	122	8.3	131	8.9	253	17.2
20 - 24	139	9.5	70	4.8	209	14.2
25 - 29	142	9.7	65	4.4	207	14.1
30 - 34	166	11.3	56	3.8	222	15.1
35 - 39	162	11.0	31	2.1	193	13.1
40 - 44	116	7.9	29	2.0	145	9.9
45 - 49	80	5.4	20	1.4	100	6.8
50 - 54	56	3.8	20	1.4	76	5.2
55 - 59	39	2.7	8	0.5	47	3.2
60 - 64	11	0.7	6	0.4	17	1.2
TOTALS	1,033	70.3	436	29.7	1,469	100.0

Table 3
Tabulation of All Insured Persons by Sex as at 31st December 2006

AGE GROUPS	MALES	%	FEMALES	%	TOTAL	%
15 - 19	309	2.3	261	2.0	570	4.3
20 - 24	651	4.9	611	4.6	1,262	9.4
25 - 29	765	5.7	645	4.8	1,410	10.6
30 - 34	936	7.0	743	5.6	1,679	12.6
35 - 39	1,020	7.6	828	6.2	1,848	13.8
40 - 44	1,136	8.5	822	6.2	1,958	14.7
45 - 49	893	6.7	666	5.0	1,559	11.7
50 - 54	663	5.0	517	3.9	1,180	8.8
55 - 59	402	3.0	286	2.1	688	5.1
60 - 64	280	2.1	172	1.3	452	3.4
65 & Over	482	3.6	276	2.1	758	5.7
TOTALS	7,537	56.4	5,827	43.6	13,364	100.0

Table 4
Registration of Employees by Gender 2002 - 2006

YEAR	MALE	%	FEMALE	%	TOTAL AT YEAR-END	TOTAL ON REGISTER*	TOTAL ACTIVE
2002	128	46.7	146	53.3	274	9,988	4,982
2003	236	53.3	207	46.7	443	10,430	5,099
2004	317	53.2	279	46.8	597	11,026	5,554
2005	533	60.8	344	39.0	877	11,897	6,144
2006	1,033	70.3	436	29.7	1,469	13,364	7,526

*Include all persons who have ever registered with the System – active, inactive, deceased, pensioners, resident and overseas

Table 5
New Registration of Employers by Industry - 2006

ILO CODE	INDUSTRY	No.	%
13	Fishing	1	0.7
24	Stone Quarrying, Clay & Sand Pits	1	0.7
31	Manufacturing of Food, Beverage & Tobacco	1	0.7
32	Textile, Wearing apparel and Leather Industries	1	0.7
33	Mfg of Wood & Wood Products incl. Furniture	7	5.0
37	Basic Metal Industries	1	0.7
41	Electricity, Gas & Steam	5	3.5
50	Construction	32	22.7
62	Retail Trade	7	5.0
63	Hotels & Guest Houses	12	8.5
64	Restaurant & Bars	12	8.5
71	Transport & Storage	4	2.8
72	Communication	3	2.1
81	Financial Institutions	1	0.7
83	Real Estate & Business Services	9	6.4
92	Sanitary & Similar Services	1	0.7
93	Social & Related Community Services	8	5.7
94	Recreational & Cultural Services	1	0.7
95	Personal & Household Services	34	24.1
TOTAL		141	100.0

Table 6
Registration of Employers 2002 – 2006

YEAR	NEWLY REGISTERED EMPLOYERS	EMPLOYERS REGISTERED AT YEAR-END	ACTIVE EMPLOYERS AT YEAR-END
2002	86	1,790	591
2003	79	1,865	614
2004	106	2,054	667
2005	132	2,229	747
2006	141	2,411	840

Table 7
Claims Received – 2006

TYPE	# RECEIVED	# PAID	# DENIED	# PENDING AT 31/12/06
SICKNESS BENEFIT	2498	1693	416	389
MATERNITY BENEFIT	153	124	4	25
MATERNITY GRANT	160	122	0	38
FUNERAL	30	30	0	0
AGE PENSION	30	23	0	7
AGE GRANT	7	5	0	2
SURVIVORS PENSION	9	8	0	1
SURVIVORS GRANT	11	4	0	7
INVALIDITY PENSION	7	4	0	3
INVALIDITY GRANT	0	0	0	0
NON-CONTRIBUTORY OLD AGE PENSION	4	0	0	4
TOTALS	2,909	2,013	420	476

Table 8
Number of Benefit Claims Received By Type 2002 - 2006

BENEFIT TYPE	2002	2003	2004	2005	2006
SICKNESS	2,056	2,205	2,071	2,573	2,498
MATERNITY BENEFIT	138	112	132	129	153
MATERNITY GRANTS	153	127	128	149	160
FUNERAL	25	25	27	27	30
TOTAL SHORT-TERM	2,372	2,469	2,358	2,878	2841
AGE PENSION	27	23	29	29	30
AGE GRANT	10	10	6	3	7
SURVIVORS PENSION	7	14	8	20	9
SURVIVORS GRANT		2		2	11
INVALIDITY PENSION	11	11	6	5	7
INVALIDITY GRANT		1		1	0
NCOAP*	136	34	20	12	4
TOTAL LONG-TERM	191	95	69	72	68
TOTAL CLAIMS RECEIVED	2,563	2,564	2,427	2,950	2,909
% CHANGE	26.1	0	-5.3	21.5	-1.4

*Non-Contributory Old Age Pension

Table 9
Claims Brought Forward from Years Prior to 2006

TYPE	CLAIMS B/F	ALLOWED OR PAID	DISALLOWED	PENDING AT 31/12/06
SICKNESS	160	135	25	0
MATERNITY	11	8	3	0
MATERNITY GRANT	12	12	0	0
FUNERAL	0	0	0	0
AGE PENSION	5	5	0	0
AGE GRANT	1	1	0	0
SURVIVORS PENSION	5	5	0	0
SURVIVORS GRANT	7	7	0	0
INVALIDITY PENSION	1	1	0	0
INVALIDITY GRANT	1	1	0	0
NON-CONTRIBUTORY OLD AGE PENSION	7	7	0	0
TOTALS	210	182	28	0

Table 10
Benefit Claims Paid by Type 2002 – 2006

BENEFIT TYPE	2002	2003	2004	2005	2006
SICKNESS	1,758	1,966	1,759	2,064	1,828
MATERNITY BENEFIT	134	106	132	127	132
MATERNITY GRANTS	175	129	144	151	134
FUNERAL	24	25	26	29	30
TOTAL SHORT-TERM	2,091	2,226	2,061	2,371	2,124
AGE PENSION	27	22	29	30	28
AGE GRANT	9	9	7	5	6
SURVIVORS PENSION	6	13	11	11	13
SURVIVORS GRANT		2		1	11
INVALIDITY PENSION	11	9	6	5	5
INVALIDITY GRANT		1		1	1
NCOAP*	123	37	17	3	7
TOTAL LONG-TERM	176	93	70	56	71
TOTAL CLAIMS PAID	2,267	2,319	2,131	2,427	2,195
% CHANGE	36.0	2.3	-8.1	13.9	-9.6

Each year include claims brought forward from the previous year

*Non-Contributory Old Age Pension

Table 11
Benefit Expenditure by Type 2002 – 2006

BENEFIT TYPE	2002	2003	2004	2005	2006
SICKNESS	984,446	1,025,785	1,048,620	1,219,242	1,222,260
MATERNITY	514,670	492,925	592,970	654,846	620,148
FUNERAL	72,000	71,700	78,000	87,000	90,000
TOTAL SHORT-TERM	1,571,116	1,590,410	1,719,590	1,961,088	1,932,408
AGE	1,248,786	1,569,121	1,740,991	2,041,537	2,319,079
SURVIVORS	264,185	296,570	367,277	350,869	412,000
INVALIDITY	223,841	345,831	329,130	310,693	325,411
NCOAP*	283,557	355,125	364,206	368,399	379,923
TOTAL LONG-TERM	2,020,369	2,566,647	2,801,604	3,071,498	3,436,413
TOTAL BENEFIT EXPENSE	3,591,485	4,157,057	4,521,194	5,032,586	5,368,821
% CHANGE	19.9	15.7	8.8	11.3	6.7

*Non-Contributory Old Age Pension

Table 12
Consolidated Income & Expenditure Account
Five-Year Comparative Analysis 2002 – 2006

INCOME	2002	2003	2004	2005	2006
CONTRIBUTION	11,846,152	12,628,125	14,114,120	16,845,392	20,284,267
INVESTMENT	1,175,003	6,100,793	7,310,359	7,762,156	8,871,564
OTHER (FINES & MISC.)	107,309	84,971	169,136	140,346	184,458
OTHER (NET RENT)	95,322	112,387	118,495	121,486	109,076
TOTAL	13,223,786	18,926,276	21,712,110	24,869,380	29,449,365
EXPENDITURE					
ADMINISTRATIVE	3,202,960	3,119,162	3,598,768	3,585,093	4,066,255
BENEFITS	3,591,484	4,157,058	4,521,194	5,032,585	5,368,821
SSDF*	750,899	771,218	401,408	315,566	511,838
OTHER	76,110	89,083	88,318	108,094	110,121
TOTAL	7,621,453	8,136,521	8,609,688	9,041,338	10,057,035
NET INCOME	5,602,333	10,789,755	13,102,422	15,828,042	19,392,330
% CHANGE	-39.1	92.6	21.4	20.8	22.5
ASSETS	97,390,287	110,606,016	124,832,507	140,465,774	160,520,209
FUND RATIO	12.8	13.6	14.5	15.5	16.0

* Social Security Development Fund

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