



Financial Statements

Segregated Insurance Fund

For the 16 Month Period Ended 30 June 2005
& the 14 Month Period Ended 29 February 2004

*Cayman Islands Audit Office
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CAYMAN ISLANDS HEALTH INSURANCE FUND

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Cayman Islands

Segregated Insurance Fund

CERTIFICATE OF THE AUDITOR GENERAL

*To the Board Members of the Health Insurance Commission of the Cayman Islands
And the Financial Secretary of the Cayman Islands*

I have audited the financial statements of the Segregated Insurance Fund for the sixteen-month period ending 30 June 2005 as set out on pages 3 to 7 in accordance with the provisions of Section 12(1) of the Health Insurance Commission Law, 2003, and Section 51(3) of the Public Management and Finance Law (2003 Revision).

Respective Responsibilities of Management and the Auditor General

These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on the financial statements based on my audit.

Basis of Opinion

My examination was made in accordance with International Standards on Auditing which require that I plan and perform my audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Segregated Insurance Fund of the Cayman Islands as at 30 June 2005, and the results of its operations and its cash flows for the same period then ended in accordance with International Financial Reporting Standards.

A handwritten signature in cursive script that reads "Dan Duguay".

Dan Duguay, MBA, CGA
Auditor General

Cayman Islands
13 February 2006

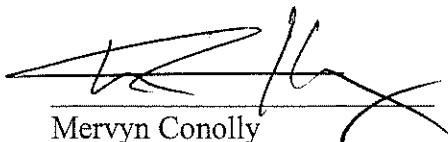
Segregated Insurance Fund

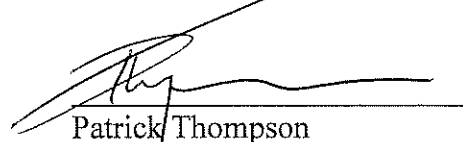
Balance Sheet
As at 30 June 2005
(with comparatives as at 29 February 2004)
(Stated in Cayman Islands Dollars)

	Notes	2005	2004
Assets			
Cash & Cash Equivalents	3 b	\$ 468,000	\$ 67,525
Contributions Receivable	4	<u>179,772</u>	<u>172,227</u>
Total Assets		<u>647,772</u>	<u>239,752</u>
Liabilities			
Distribution Payable	6	602,772	204,752
Accrued Liabilities		<u>45,000</u>	<u>35,000</u>
Total Liabilities		<u>647,772</u>	<u>239,752</u>
Net Assets		<u>\$ -</u>	<u>\$ -</u>
Represented By			
Fund Balance		<u>\$ -</u>	<u>\$ -</u>

Signed on behalf of the Fund

Date: FEB 13, 2006


Mervyn Conolly
Superintendent of Health Insurance
Health Insurance Commission


Patrick Thompson
Financial Accountant
Health Insurance Commission

See accompanying notes to the financial statements.

Segregated Insurance Fund

Statement of Operations
for the
16 Month Period Ended 30 June 2005
(with 14-Month comparatives as at 29 February 2004)
(Stated in Cayman Islands Dollars)

	Notes	2005	2004
Income			
Contributions from Approved Providers	4	\$2,192,207	\$1,437,572
Total income		2,192,207	1,437,572
Expenses			
Operating Expenses		10,026	11,521
Total expenses		10,026	11,521
Surplus for the year		2,182,181	1,426,051
Fund balance, beginning of year		-	-
Disbursement to Treasury Department	5	(2,182,181)	(1,426,051)
Fund balance, end of year		\$ -	\$ -

See accompanying notes to the financial statements.

Segregated Insurance Fund

Statement of Cash Flows for the
16 Month Period Ended 30 June 2005
(with 14-Month comparatives as at 29 February 2004)
(Stated in Cayman Islands Dollars)

	<u>2005</u>	<u>2004</u>
Cash Provided By (used in) Operating Activities		
Net Income for the year	\$ 2,182,181	\$ 1,426,051
Changes in Non-cash working Capital		
Contributions receivable	(7,545)	(78,827)
Accrued Liabilities	<u>10,000</u>	<u>10,640</u>
Net Change in Non-cash working Capital	<u>2,455</u>	<u>(68,187)</u>
Cash provided by Operating Activities	<u>2,184,636</u>	<u>1,357,864</u>
Cash provided by (used in) Financing Activities:		
Payment to the Treasury Director	<u>(1,784,161)</u>	<u>(1,392,855)</u>
Cash (used in) Financing Activities:	<u>(1,784,161)</u>	<u>(1,392,855)</u>
(Decrease) / Increase in cash during the year	400,475	(34,991)
Cash and cash equivalents at beginning of year	<u>67,525</u>	<u>102,516</u>
Cash and cash equivalents at end of year	<u>\$ 468,000</u>	<u>\$ 67,525</u>

See accompanying notes to the financial statements.

Segregated Insurance Fund

Notes to the Financial Statements 16 Month Period Ended 30 June 2005

1. Change in fiscal period

With the commencement of the Health Insurance Commission on 1 March 2004, the Cayman Islands Monetary Authority was to cease collections of the Fund under section 5 of the Health Insurance Regulations (2002 Revision). Therefore, a fourteen-month financial statement was prepared for the period ending 29 February 2004. The new date to cease collection of Funds was set for 30 June 2005. Thus the period presented for 30 June 2005 is for 16 months, which is not readily comparable to the 29 February 2004 figures.

2. Establishment and Principal Activity

The Segregated Insurance Fund (the Fund) was established under the Health Insurance Commission Law (2003). The Fund is maintained and administered by the Health Insurance Commission. The Fund's primary function is to help the Cayman Islands Government Ministry of Health Services defray the costs incurred for providing treatment to indigent uninsurable and indigent partially uninsurable individuals. Contributions to the Fund are received from approved insurance providers in accordance with the Health Insurance Regulations (2002 Revision).

3. Significant Accounting Policies

a) Accounting Convention

These financial statements are prepared in accordance with the historical cost convention and International Financial Reporting Standards.

b) Reporting Currency

These financial statements are expressed in Cayman Island Dollars.

c) Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents are considered as cash held on demand and fixed deposits with an original maturity date of three months or less.

Segregated Insurance Fund

Notes to the Financial Statements 16 Month Period Ended 30 June 2005

4. Contributions & Contributions Receivable

Under each standard health insurance contract an approved health insurance provider collects contributions from individual policy holders with no dependants of \$5 per month and individuals with dependants \$10 per month to be contributed to the Fund. The health insurance providers then submit these collections to the Cayman Islands Monetary Authority in its capacity as the Administrator of the Fund.

As at 30 June 2005 the Fund had \$179,772 (29 February 2004: \$172,227) contributions receivable from the health insurance providers.

5. Distribution to the Treasury Department

The Health Insurance Regulations (2002) required all funds held in deposit accounts by the Monetary Authority to be transferred to the Health Services Director (Health Services Authority), however, in late 2002 a directive was given by the then Minister of Health to transfer all funds directly to the Treasury Department.

6. Distributions Payable

During sixteen-month period ending 30 June 2005, contribution income totalled \$2,192,207 (29 February 2004: \$1,437,572). Of this amount, \$1,784,161 (29 February 2004: \$1,392,855) was transferred from the Monetary Authority to the Health Services Director as required by the Health Insurance Regulation 2001. The remaining balance, net of accrued liabilities is presented in the distributions payable of \$602,772 (29 February 2004: \$204,752).

7. Related Party Transactions

The Cayman Islands Monetary Authority has been functioning as the administrator of the Fund and governs all investing activities. The Fund is housed in the Monetary Authority's building located in Elizabethan Square, George Town, Grand Cayman and utilises staff, furniture, fittings and other facilities at no charge.

The Fund transfers the contributions collected from the approved health insurance providers to the Health Services Director as described in note 5.