Segregated Insurance Fund Of The Cayman Islands

Financial Statements

For the Year Ended June 30, 2010

SEGREGATED INSURANCE FUND OF THE CAYMAN ISLANDS

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30 June 2010

These financial statements have been prepared by the Health Insurance Commission in accordance with the provisions of the Public Management and Finance Law (2005 Revision).

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the Public Management and Finance Law (2005 Revision).

As Superintendent of Health Insurance I am responsible for establishing; and have established and maintained a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the Segregated Insurance Fund.

As Superintendent of Health Insurance and Financial Accountant we are responsible for the preparation of the Segregated Insurance Fund financial statements and for the judgements made in them.

The financial statements fairly present the financial position, financial performance and cash flows of the Segregated Insurance Fund for the financial year ended 30 June 2010.

To the best of our knowledge we represent that these financial statements:

(a) Completely and reliably reflect the financial transactions of Segregated Insurance Fund for the year ended 30 June 2010;

(b) fairly reflect the financial position as at 30 June 2010 and performance for the Year ended 30 June 2010;

(c) comply with International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants. Where guidance is not available, the financial statements comply with International Financial Reporting Standards under the responsibility of the International Accounting Standards Board.

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements. The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards of Auditing.

Mervyn Conolly
Superintendent of Health Insurance
Health Insurance Commission

Date: 31 May 2011

Georgette Bodden
Financial Accountant
Health Insurance Commission

Date: May 31, 2011

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CAYMAN ISLANDS

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AUDITOR GENERAL'S REPORT

To the Board of the Health Insurance Commission of the Cayman Islands

I have audited the accompanying financial statements of the Segregated Insurance Fund of the Cayman Islands (the "Fund"), which comprise of the statement of financial position as at 30 June 2010 and the related statement of financial performance, statement of cash flows and statement of changes in net assets/equity for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 10 to 12 in accordance with the provisions of Section 12(1) of the *Health Insurance Commission Law, 2003* and Section 60(a) of the *Public Management and Finance Law (2010 Revision)*.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on our audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Segregated Insurance Fund of the Cayman Islands as at 30 June 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards

Alastair Swarbrick, MA (Hons), CPFA
Cayman Islands
Auditor General

May 31st 2011

Segregated Insurance Fund of the Cayman Islands

Statement of Financial Position
As at 30 June 2010
(in Cayman Islands Dollars)

	Notes	2010	2009
ASSETS			
Current assets:			
Contributions receivable	3	149,230	211,465
Total current assets		149,230	211,465
Total assets		149,230	211,465
LIABILITIES			
Current liabilities:			
Payable to Ministry of Health, Environment, Youth, Sports and Culture		136,025	198,260
Accrued liabilities		13,205	13,205
Total current liabilities		149,230	211,465
Total liabilities		149,230	211,465
NET ASSETS		$ -	$ -

Signed on behalf of the Fund

Mervyn Conolly
Superintendent of Health Insurance
Health Insurance Commission

Date: 31 May 2011

for G Bodden

Georgette Bodden
Financial Accountant
Health Insurance Commission

See accompanying notes to the financial statements.

Segregated Insurance Fund of the Cayman Islands

Statement of Financial Performance
For the Year Ended 30 June 2010
(in Cayman Islands Dollars)

	Notes	2010	2009
Revenue			
Contributions from approved providers	**2c, 4**	$2,422,785	$2,503,945
Total revenue		**2,422,785**	**2,503,945**
Expenses			
Audit fees		9,000	9,000
Total expenses		9,000	9,000
Surplus for the year		$2,422,785	$2,494,945

See accompanying notes to the financial statements.

Segregated Insurance Fund of the Cayman Islands

Statement of changes in Net Assets
For the Year Ended 30 June 2010
(in Cayman Islands Dollars)

	Notes	2010	2009
Opening balance, Net Assets		$-	$-
Net Surplus		2,422,785	2,494,945
Total Recognized revenue and expenses		2,422,785	2,494,945
Capital withdrawal by Ministry	5	(2,422,785)	(2,494,945)
Closing balance, Net Assets		$ -	$ -

See accompanying notes to the financial statements.

Segregated Insurance Fund of the Cayman Islands

Statement of Cash Flows
For the Year Ended 30 June 2010
(in Cayman Islands Dollars)

	Notes	2010	2009
Cash flows from operating activities			
Surplus for the year		$2,422,785	$2,494,945
Changes in non-cash working Capital			
(Increase)/ Decrease in contributions receivable		62,235	(11,685)
(Decrease)/ Increase in current liabilities		9,000	(2,795)
Net change in non-cash working capital		71,235	(14,480)
Net Cash from operating activities		**2,494,020**	**2,480,465**
Cash flows from financing activities:			
Payments to the Ministry of Health, Environment, Youth, Sports and Culture	5	(2,494,020)	(2,480,465)
Net Cash used in financing activities:		**(2,494,020)**	**(2,480,465)**
Net cash change during the year		-	-
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year		**$ -**	**$ -**

See accompanying notes to the financial statements

1. 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 assist the Cayman Islands Government defray the costs incurred for providing treatment to indigent, uninsurable, and partially uninsurable individuals. Contributions to the Fund are received from approved insurance providers in accordance with the Health Insurance Regulations (2005 Revision) and under their legislation, the fund is required to remit all funds collected to the Cayman Islands Government.

The Health Insurance Commission, which manages the Fund, is locat*ed on the 2nd Floor 33 Hirst Road, Countryside Shopping Village, Bodden Town, Grand Cayman. The Commission had 8 employees* as at June 30th 2010.

2. Significant accounting policies

a) *Basis of accounting for financial statements preparation*

These financial statements are prepared in accordance with International Public Sector Accounting Standards issued by the International Public Sector Accounting Standards Board). The financial statements of the Fund are prepared on the accrual basis of accounting under the historical cost convention.

b) *Cash and cash equivalents*

Cash and cash equivalents are considered as cash held on demand and fixed deposits with an original maturity date of three months or less.

As required by legislation, the Segregated Insurance Fund does not hold any cash as all payments made to the fund are remitted upon receipt to the Ministry of Health.

c) *Contributions from approved providers*

Contributions from approved health insurance providers are recognized as revenue when due. The payments from the approved insurance providers are due on the 21st of the month for the previous month.

3. Contributions receivable

Contributions receivable are recognized at fair value less a provision for impairment. A provision for impairment of contributions receivables is established when there is objective evidence that the Fund will not be able to collect all the amounts due. As at 30 June 2010, there was no provision (2009: $0) for impairment of contributions receivable. Net contributions receivable at 30 June 2010 was valued at $149,230 (2009: $211,465)

4. Contributions from approved health insurance providers

Under each standard health insurance contract, an approved health insurance provider collects contributions from individual policy holders with no dependants at a rate of $5 per month and from policy holders with dependants at a rate of $10 per month and are due 21 days after month end, for the previous month. The payments are set out in the *Health Insurance Regulations (2005 Revision), Regulation 5.1 a&b*

5. Related party transactions

The Health Insurance Commission (HIC) is an oversight body given the authority under *the Health Insurance Commission Law, 2003* to monitor and regulate the health insurance industry in the Cayman Islands. The functions of the commission include the assessment and monitoring of premium rates, monitoring the conduct of approved insurers, resolving complaints and advising the Minister generally on any matter relating to health insurance including advice on amendments to the Health Insurance Law and Regulations. The Health Insurance Commission is the administrator of the Fund and provides office space, staff, furniture and fittings and other facilities at no cost to the Fund.

a) Cayman Islands National Insurance Company (CINICO)

CINICO is a government-owned insurance company formed to provide health insurance coverage to civil servants (employees and pensioners) and other residents of the Cayman Islands who historically have had difficulty obtaining coverage through their employer or the private insurance market. As a private corporation, it has its own Board of Directors. CINICO is an approved insurance provider and therefore remits contributions to the Segregated Insurance Fund under the *Health Insurance Regulations*. Contributions received from CINICO for the year were $567,810 (2009: $572,070).