



**HEALTH INSURANCE
COMMISSION**

The Health Insurance Commission Annual Report 2022 in Review

1st January – 31st December 2022



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MESSAGE FROM THE CHAIRMAN, HEALTH INSURANCE COMMISSION AND THE SUPERINTENDENT OF HEALTH INSURANCE

The Health Insurance Commission (HIC) has a diverse range of responsibilities and is continually faced with new challenges in the healthcare and health insurance industries. It is crucial for all stakeholders to work collaboratively to ensure that patients have access to the highest quality of healthcare services possible.

As per Section 7 of the Health Insurance Commission Act (2016 Revision), the HIC is tasked to undertake those responsibilities. Throughout the year, the HIC members dedicated countless hours to fulfilling their duties.

We would like to express our gratitude to the Department of Health & Regulatory Services (DHRS) staff and the HIC members for their hard work and commitment.

On behalf of the HIC, it is our pleasure to present the 1st January – 31st December 2022 Annual Report.

Justin Woods
Chairman
Health Insurance Commission Board

M. Conolly, MHA
Superintendent of Health Insurance and
Director, Department of Health and
Regulatory Services

ABOUT US

The Department of Health Regulatory Services complies with the mission, vision, and culture statement outlined below.

► **Mission Statement:**

Empowering stakeholders by promoting and enforcing the health practice and health insurance legislations in a fair and consistent manner.

► **Vision Statement:**

Provide consistent health regulatory leadership through integrated practices and for the delivery of World Class service.

► **Culture Statement:**

Pursuing excellence by working as a team and supporting each other with respectful communication and trust.

Section 7 of the Health Insurance Commission Act (2016 Revision) set out the following functions for the Health Insurance Commission-

- (a) to manage the Segregated Insurance Fund established under section 8;
- (b) to advise the Minister generally on any matter relating to health insurance including advice on the premium rates charged by approved insurers;
- (c) monitoring the conduct of approved insurers in order to ensure they are conforming with the requirements of the Health Insurance Act (2021 Revision) and Health Insurance Regulations (2017 Revision)
- (d) to provide such information relating to the exercise of its functions as the Minister may require;
- (e) to give effect to any directions given by the Minister under section 10; and
- (f) such other functions as may be prescribed by regulations or any other Act

MEMBERS OF THE HEALTH INSURANCE COMMISSION 2022

Ten persons were appointed by the Governor-in-Cabinet to serve as members of the Health Insurance Commission, in accordance with Section 4(3) of the Health Insurance Commission Act (2016 Revision).

Justin Woods	Chairperson
Darlene Glidden	Deputy Chairperson
Mervyn Conolly	Superintendent of Health Insurance
*Dr. Diane Hislop-Chestnut	Member
Ricarda Harvey	Member
Nellie Pouchie	Member
Gene DaCosta	Member
Paul Thompson	Member
Norman Wilson	Member

Notes:

* In January 2022, Dr. Diane Hislop-Chestnut was appointed to HIC as a member by the Governor in Cabinet.

BOARD MEMBERS BIOGRAPHIES

- **Justin Woods:** Justin Woods joined the Cayman Islands Civil Service in January 1992 with the Environmental Health section. He was transferred to the office of telecommunications in 1995. He obtained an Associate of Science in Electronic Engineering Technology degree and Bachelor of Science in Telecommunication Engineering Technology degree from ITT Technical School in Florida.

He resigned from the position of Telecommunications Officer (designate) in 2002 to follow several entrepreneurial endeavors. He was the Managing Director of Civil Works Services Ltd. and Precision Drilling and Blasting Services Ltd.

He is currently the Director and Ex-President of the Cayman Islands Agriculture Society and the member of the International Society of Explosive Engineers. He was also a previous Director of The National Roads Authority and previous member of the Cayman Islands Veterinary Board.

- **Mervyn Conolly:** Mervyn Conolly holds a Bachelor of Science Degree in Biology, a Master's Degree in Health Services Administration and certificates in Insurance Regulation and Supervision. He is a qualified Health Services Administrator with over 30 years of experience in the healthcare industry.

Currently, he is the Director of the Department of Health Regulatory Services and Superintendent of Health Insurance. Prior to taking up the position with the Department of Health Regulatory Services and the Health Insurance Commission, he was the Hospital Administrator, Director/CEO of the Cayman Islands Health Services for over 14 years.

Mr. Conolly has served on several government boards and committees, including the Health Insurance Advisory Committee, the Health Services Authority Board, the Health Insurance Commission, the Cayman Islands Civil Service Association (CICSA) Management Council and CICSA's Cooperative Credit Union Board.

He is a former member of the Association of Inspectors General and a former member of the American Hospital Association.

- **Gene DaCosta:** Gene DaCosta is a Partner in the Corporate Department in the Cayman Islands office of Conyers, Dill & Pearman. Gene joined Conyers in 2003. His price covers all aspects of corporate and commercial Law, with extensive expertise on advising on all areas of investment funds including regulated, licensed, exempted and private equity funds. Additionally, he assists with the restructuring and/or the winding down of distressed funds.

Gene also specializes in structured finance with an emphasis on both commercial and private aircraft and ship financing, including loans, leasing, mortgages, as well as aircraft and vessel registration. He is a member of the Cayman Islands Maritime Sector Consultative Committee.

He has authored various articles in the Cayman Financial Review, Hedge Fund Review, and INSOL.

- **Darlene Glidden:** After working in the financial industry (PriceWaterhouse & Co.) as secretary to the Managing Partner/ Office Manager, for seven years, Ms. Glidden moved to the United States in 1978. There she was employed by Cayman Airways (CAL) and the Cayman Islands Department of Tourism (DOT). After a short time in CAL's Reservations Department, she served in the capacity of Administration Manager, N.A. A major responsibility was the administration of health insurance coverage for all North American Overseas

Staff of DOT and the entire staff of CAL (including the Cayman-based staff). This included administration of both traditional health insurance coverage and self-funded coverage. When she returned home to Cayman in 1997 she served in this capacity for approximately 15 years.

After returning to the Cayman Islands, right at the time that Health Insurance became mandatory in the Cayman Islands, she was employed by a local broker representing overseas insurance company, Life of Barbados, until they ceased to operate in the Cayman Islands in 2002. She then joined Cayman General Insurance Company (which later became Sagicor and is presently Cayman First) as Customer Care Manager in the Health department, where she stayed for several years before transitioning to other insurance-related positions.

Ms. Glidden founded the Cayman Islands Association of Health Insurance Providers, (CAHIP) which is now known as the Health Insurance Standing Committee (HISC) of the Cayman Islands Insurance Association. All providers are represented at this Committee, which aims to provide an avenue for health insurers to work closely with Government and the Health Insurance Commission.

- **Paul Thompson:** Paul Thompson has a long and successful career spanning over 20 years in banking, insurance, and mortgage consultation. His career has brought with it several awards, most notably as a member of the Million Dollar Round Table in recognition of his outstanding performance. Mr. Thompson is dedicated to knowing the needs of his clientele and identifying the right options to meet those needs. He holds a degree in accounting, which, along with his vast professional experience in the financial services arena provides him with the knowledge base to advise all socio-economic groups in society.
- **Norman Wilson:** Norman Wilson has over thirty years of experience in the insurance business and being in management for 26 of those years.

He is a fellow of the Life Management Institute (FLMI) and has a Certificate in Executive Management from The Rothman School of Management- University of Toronto.

He has extensive knowledge of the insurance profession, particularly on health insurance regulations.

This knowledge is a by-product of managing a health insurance portfolio with an annual premium income exceeding CI\$1.5M for over 10 years.

- **Nellie Pouchie:** Nellie Pouchie is the Chief Officer at the Ministry of Health, Environment, Culture & Housing with responsibility for the overall performance and management of the Ministry in achieving the outcomes established by the Cabinet. Prior to this, she was the Chief Financial Officer for the Ministry and has been with the Ministry since 2011.

Prior to joining the Ministry, Ms. Pouchie worked for several years in one of the key pillars of Cayman's economy - financial services. She has worked for some of the world's top firms, servicing high net-worth clients in various areas of financial services, including auditing, banking & trusts, captives, and investment/mutual funds.

She is a University of South Florida Alumni and a Certified Public Accountant. Ms. Pouchie enjoys pursuing challenges and continuing development opportunities in her professional life.

Service to others along with integrity and respect for others are key attributes which Ms. Pouchie embodies. She is married and enjoys spending time with family, travelling, reading and gardening.

- **Ricarda Harvey:** Ms. Ricarda Harvey is a young Caymanian business professional in captive insurance and accounting with over a decade of service to the public service and private sector of the Cayman Islands. She earned a BS in Business Administration with an accounting specialization from Northern Caribbean University in Manchester, Jamaica. Currently, she is studying captive insurance. Her job involves auditing and account management for KPMG and Artex Risk Solutions (Cayman) Limited ("Artex"). Ms. Harvey manages a portfolio of captive insurance clients at Artex, with a concentration on healthcare businesses. She serves as a client's principal contact, compiles financial statements, attends/leads client board meetings, liaises with other service providers, and ensures regulatory compliance with the Cayman Islands Monetary Authority. She has also worked for the Cayman Islands Government at the Department of Immigration, where she held different roles and worked with senior organizational executives. During her tenure, Ms. Harvey left an unmistakable mark as an industry and community impact. Ms. Harvey is engaged in several religious and social groups. Over the years, she has served as Drill Instructor and Mentor of the Cayman Islands Pathfinders Club & Master Guide Club, molding both adolescents and adults in character development and led the Cayman Islands to several 1st place triumphs in international venues. She's also volunteered as a math tutor for the CXC Education Volunteer Program, which helps O-Level students. She's Treasurer of her strata Executive Committee, where she oversees financial performance, budgeting, and long-term financial well-being. Ms. Harvey continues to develop and influence these communities as a performer.
- **Dr. Diane Hislop-Chestnut:** Dr. T. Diane Hislop-Chestnut graduated from the University of St. Andrews (Scotland) with a BSc in Medical Science with Honors in 2000. She then undertook clinical medical studies at the University of Cambridge, graduating in 2003 with the MB BChir qualification. Dr. Hislop-Chestnut worked in the UK for a year and became fully registered with the General Medical Council in 2004. In 2005, Dr. Hislop-Chestnut relocated to the United States and completed a residency in internal medicine and a fellowship in endocrinology, diabetes, and metabolism at the Lahey Clinic in Burlington, Massachusetts. Dr. Hislop-Chestnut returned to Cayman in the summer of 2010. She currently works at Palm Road Medical.

DEPARTMENT OF HEALTH REGULATORY SERVICES (DHRS) – 2022 OUTPUTS

Six external outputs were delivered on behalf of the Commission, within budget and within the quality and quantity measures agreed with the Ministry of Health.

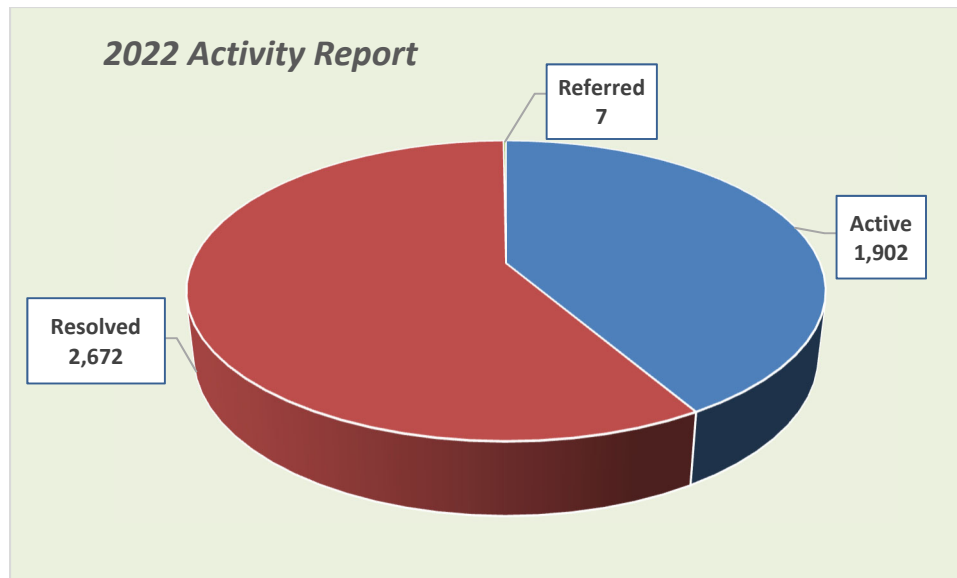
- HRB 10: Health Insurance Complaints Resolutions
- HRB 11: Administer the Segregated Insurance Fund and the Number of Insured Persons
- HRB 12: Public Education Campaign – Health Insurance
- HRB 13: Enforcement of Health Insurance Legislation
- HRB 15: Policy Advice and Reports to the Health Insurance Commission Board and Ministry
- HRB 17: On-site Inspections

2022 ACTIVITY REPORT

During the year, the Health Insurance Inspectors received and processed 4,581 enquiries (including policy terminations, high-risk applications, individual reports, complaints, Premium Payment Assistance Program Applications (PPAP)).

A total of 2,672 enquiries were resolved/closed.

2022 Activity Report	
Number of Enquiries Received	4,581
Active	1,902
Closed/Resolved	2,672
Referred	7



SEGREGATED INSURANCE FUND (SIF)

The HIC assumed the duties of administering the SIF from the Cayman Islands Monetary Authority (CIMA) on the 1st January 2006.

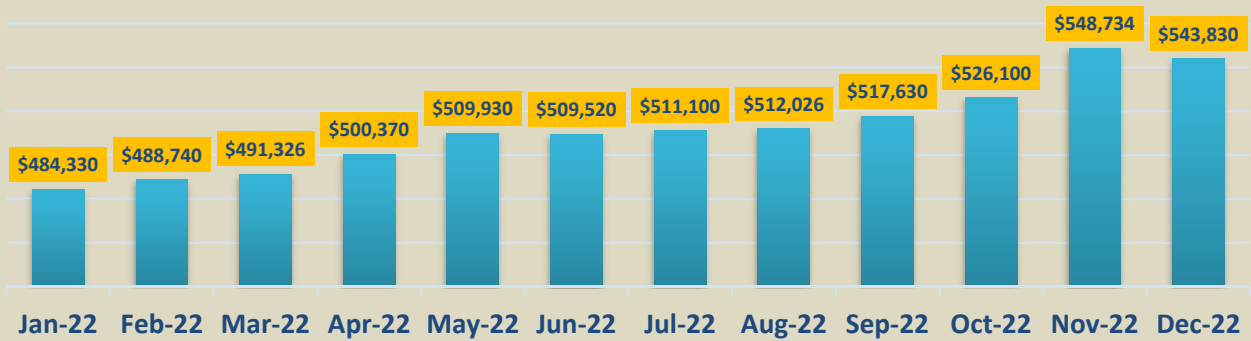
The Fund's primary function is to help defray the costs incurred for providing medical care to indigent persons. Under each standard health insurance contract, an approved insurer collects \$10 monthly from the individual policyholders with no dependents and those with dependents contribute \$20 per month to the SIF. Contributions to the SIF were received from the approved insurers in accordance with the Health Insurance Regulations (2017 Revision).

Under the *Public Management & Finance Act* (2022 Revision), the fees collected from the health insurance companies are considered to be coercive revenue and deposited into the Ministry of Health's Executive Revenue Account.

The SIF 2022 drafted Financial Statements as of 31st December 2022 were submitted on the 11th April 2023 to the Office of the Auditor General. The Statements were audited by the Office of the Auditor General and achieved an unqualified audit.

For the period 1st January to 31st December 2022, \$6,143,636 was collected and deposited into the Ministry of Health's Executive Revenue Account.

Segregated Insurance Fund (SIF) 2022

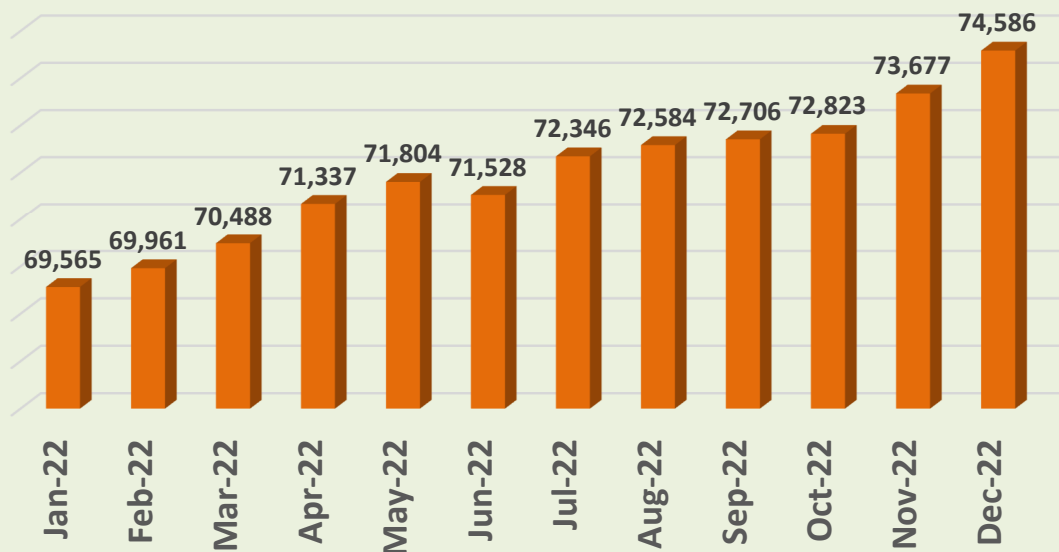


NUMBER OF INSURED PERSONS

In accordance with Section 14 of the Health Insurance Act (2021 Revision), the HIC required approved insurers to provide monthly reports on the number of insured persons.

Based on the information provided by approved insurers, approximately 74,586 persons were insured at December 2022, an increase of 4,493 persons over the number reported at December 2021.

Number of Insured Persons 2022

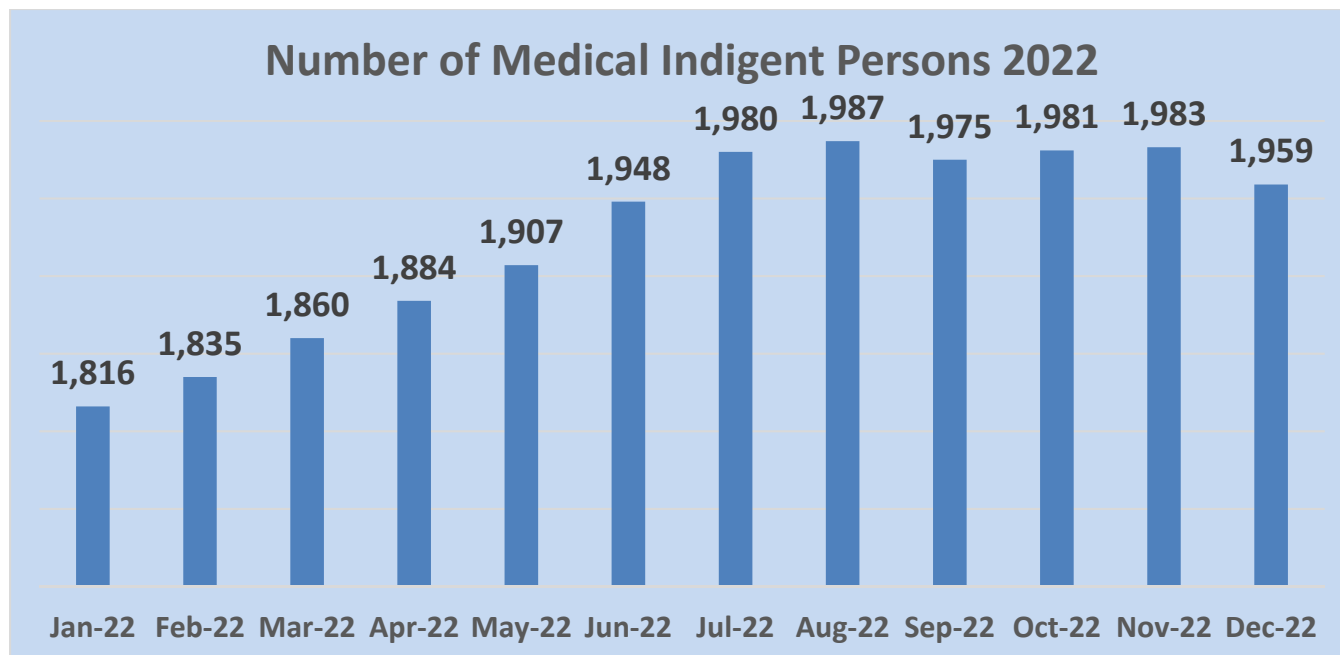


MEDICAL INDIGENT PERSONS REPORT

The National Health Insurance System (NHIS) database is maintained and monitored by the HIC.

The number of indigent persons as of December 2022 (based on the submissions provided by the Department of Children & Family Services) was 1,959, an increase of 174 persons when compared to the number reported for December 2021.

Number of Medical Indigent Persons 2022



Medical Indigent Coverage as of 31st December 2022					
Specified End Dates (Temporary)			Indefinite (Permanent)		Total (Temporary and Permanent)
	Female	Male	Female	Male	
Age Group					
Under 18	72	123	6	6	
19 - 30	30	38	8	12	
31-40	33	30	12	32	
41-50	56	29	26	24	
51-60	87	72	39	45	
61+	115	110	637	317	
Sub total	393	402	728	436	1,959
Total	795		1,164		

PUBLIC EDUCATION CAMPAIGN

The public education campaign continued mainly with the provision of information on health insurance and the health insurance legislation to numerous employers and employees. The DHRS website also provided stakeholders with information on the Premium Payment Assistance Program (PPAP). Additional information was provided via newspaper articles and radio announcements.

ENFORCEMENT

The Administrative Fines System (AFS) was successfully utilized by the Superintendent of Health Insurance, in accordance with the Code of Conduct and Section 24 of the Health Insurance Law (2021 Revision).

FINANCIAL PERFORMANCE REPORT (FPR) - APPROVED INSURERS

Professional advice was obtained on the procedure, methodology and best practice that could be applied to enhance the monitoring of the eight 'approved insurers' financial performance in accordance with Section 14 (1)(c) of the Health Insurance Act (2021 Revision). The approved insurers were required to complete the revised FPR template in 2022 to obtain the renewal of the Approved Insurer Certificate.

The FPR contains figures from each of the eight health insurance companies that are licensed by the Cayman Islands Monetary Authority (CIMA) and certified by the HIC to offer health insurance coverage to persons who are ordinarily resident in the Cayman Islands.

The below table provides aggregated health insurance industry figures for the reporting period -2021 and 2022

Financial Performance Report	Reporting Year KYD	
	2021	2022
Total underwriting income (+)	308,239,902	340,283,916
Total underwriting expense (-)	293,979,670	311,781,328
Net underwriting profit/loss	14,260,232	28,502,587
Total other income (+)	2,029,912	1,573,495
Total other expenses (-)	15,565,873	14,022,303
Operating income/expense	(13,535,961)	(12,448,807)
Net profit/loss	724,271	16,053,780

APPROVED INSURER CERTIFICATION

The amendments to the health insurance legislation included a definition of “approved insurer” under section 2 of the Health Insurance Act (2021 Revision) which empowered the HIC to issue a certificate to a health insurance company validating that the insurer had met prescribed conditions. Accordingly, the insurer would be approved by the HIC to issue a contract of health insurance to provide health insurance cover to a person resident in the Cayman Islands. The certificate is valid for one year but could be revoked at an earlier date if there was a breach of a condition to which the certificate is subject. One such condition is that the holder of the certificate must provide cover to individuals, groups and organizations. Where the holder of the certificate fails to comply with a condition of the certificate, Section 4B(1)(a) of the Act authorizes the HIC to revoke the certificate or order the holder of the certificate to cease the illegal activity.

All of the approved insurers submitted their completed applications for the renewal of their approved insurer certificates by the 28th October 2022. The applications were duly reviewed to ensure compliance with the established criteria. Conditional letters were issued to three of the insurers and they subsequently complied with the conditions within the specified timeline.

Having met all of the conditions including the payment of the \$1,500 fee, the renewal certificates were prepared for the year 2023 and issued to the approved insurers by the 19th December 2022.

STANDARD PREMIUM RATE 2022

The premium rate (standard premium rate) for the Standard Health Insurance Contract (SHIC) is monitored and regulated by the HIC.

During the year 2022, the HIC did not receive any applications from the approved insurers to increase the premium rates for the SHIC.

The below table provides the standard premium rate for each approved insurer.

Standard Premium Rate – Standard Health Insurance Contract (SHIC)

2022 SHIC premium rates (KYD) Approved Insurer	Employee/ Single	Employee + 1 child	Employee + Spouse	Employee + Child(ren)	Family
Aetna	\$167		\$373	\$301	\$459
PALIG	\$167		\$334	\$301	\$509
BAF (Age 18-24)	\$135	\$270.00	\$270		\$408
BAF (Age 25-34)	\$150	\$300.00	\$300		\$465
BAF (Age 35-44)	\$155	\$310.00	\$310		\$480
BAF (45-54)	\$165	\$335.00	\$335		\$497
BAF (Age 55+)	\$167	\$350.00	\$350		\$509
Cayman First	\$167	\$301	\$373	\$373	\$509
*CINICO Affordable (Age 18 – 39)	\$124		*	*	*
*CINICO Affordable (Age 40 – 44)	\$138				
*CINICO Affordable (Age 45 – 49)	\$160				
*CINICO Affordable (Age 50 – 59)	\$167				
*CINICO Silver (Age 60+)	\$167				
Colonial/CG BRITCAY	\$167		\$373	\$301	\$509
GLOC	\$166		\$312	\$280	\$436 – \$488

* The standard rates for employee plus spouse, employee plus child(ren) and family are calculated based on the premium per each adult's age band and the dependent rate of \$69.00

FREEDOM OF INFORMATION (FOI)

During 2022, the department received four requests for the release of information related to health practice under the Freedom of Information (FOI) Act (2021 Revision).

All of the requests were duly processed and closed. The status of all the requests were also updated in the JADE System.

PREMIUM PAYMENT ASSISTANCE PROGRAM (PPAP)

The Honorable Minister of Health & Wellness on behalf of the Cayman Islands Government approved the continuation of The Program in January 2022. The PPAP was introduced to assist displaced tourism/hospitality industry workers with the payment of their health insurance premium for the Standard Health Insurance Contract (SHIC) only.

Applications for the PPAP was considered based on the following criteria:

- Eligible applicants include persons who were legal residents and currently residing in the Cayman Islands, and were currently unemployed or not working full-time in the Tourism/Hospitality Sector as a result of the COVID -19 Pandemic.
- Assistance could not be provided to any applicant on a work permit.
- The employer had to be a legal company currently licensed with the appropriate Department/Agency/Authority/Board in the tourism sector.
- Self-employed applicants had to provide evidence regarding their legitimate tourism/hospitality sector business.
- An individual applicant who was an employee in the tourism sector had to provide information regarding their (previous) employer and their health insurance coverage including the name of their employer, the name of the approved insurer and health insurance policy number.
- Eligible applicants, including any dependent(s) had to provide information confirming that they had valid health insurance cover prior to the declaration of the COVID-19 Pandemic Emergency by the Cayman Islands Government.
- Applications had to be submitted on a monthly basis.
- Assistance could not be provided to reinstate or reactivate a terminated health insurance policy.
- Assistance could not be provided to any applicant receiving health insurance coverage under their spouse, or any other program that provided health insurance benefits, including benefits for the Medical Indigent Program.
- The premium for approved applicants would be paid directly to the approved insurer.
- The Health Insurance Commission had to be notified immediately once an applicant was able to resume the payment of their health insurance premium.

The table below provides information on the PPAP from January 1, 2022, to June 30, 2022 (note that the PPAP concluded on June 30, 2022).

2022	Premium Payment Assistance Program			
	No. of Applications Received	No. of Applications Recommended for Assistance	Total Persons	Premium Payment per Approved Insurer
January	150	146	697	\$76,816.10
February	153	149	590	\$69,882.15
March	153	150	718	\$80,825.84
April	143	139	770	\$81,761.51
May	104	101	670	\$67,595.91
June	83	83	644	\$50,241.80
	786	768	4,089	\$427,123.31

ON-SITE INSPECTIONS

On-site inspections were carried out on the eight approved insurers. Reports were submitted to the HIC at the monthly meeting. The HIC ensured that all of the approved insurer's supplemental health insurance contracts provided at a minimum the benefits required under the Standard Health Insurance Contract (SHIC).

CHALLENGES

During 2022, challenges included the following:

- Lack of staffing to effectively meet the demands for investigations and enforcement.
- Difficulties in obtaining an Integrated on-line Service Platform.
- Challenges in obtaining timely support from the Director of Public Prosecutions with the prosecution of cases in the Courts.
- Serving of summons
- Difficulty in obtaining support from government departments and statutory authorities with the "Culture of Compliance" initiative.

PROPOSED INITIATIVES FOR 2023

For the year 2023, the HIC is planning to pursue the following initiatives:

- Retirees and Senior Citizen Plan – The Cayman Islands National Insurance Company (CINICO) requested a copy of the final report on the Retirees and Senior Citizen Plan which had been submitted to Cabinet in 2018.
- A review of the Standard Health Insurance Fees (SHIF) Schedule.
- Prepare and submit proposed amendments for the health insurance legislation to the Ministry of Health and Wellness.
- Implement an updated Public Education Program to include HIC member(s) to appear on talk shows to speak to the role of the Commission and relevant sections of the health insurance legislation.

- Continue to pursue other relevant government departments and entities to work together to ensure a 'Culture of Compliance' and establish a Register to monitor offences.

Financial Statements of

Segregated Insurance Fund

For the year ended 31 December 2022

SEGREGATED INSURANCE FUND
Financial Statements for the Year Ended 31 December 2022

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Segregated Insurance Fund

Statement of Responsibility for the Financial Statements 31 December 2022

These financial statements have been prepared by the Health Insurance Commission in accordance with the provisions of the *Public Management and Finance Act (2020 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 Act (2020 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.

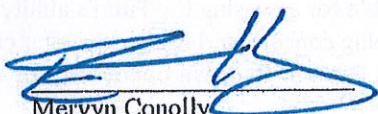
As Superintendent of Health Insurance and Financial Accountant we are responsible for the preparation of the Segregated Insurance Fund financial statements and for the judgements made in them.

The financial statements fairly present the financial position, financial performance and cash flows of the Segregated Insurance Fund for the financial year ended 31 December 2022.

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 31 December 2022;
- (b) Fairly reflect the financial position as at 31 December 2022 and performance for the year ended 2022;
- (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.

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 on Auditing.



Mervyn Conolly
Superintendent of Health Insurance
Health Insurance Commission

Date: 11th April 2023



Glenville Hodgson
Financial Accountant
Health Insurance Commission

Date: 11th April 2023

AUDITOR GENERAL'S REPORT

To the Health Insurance Commission Board

Opinion

I have audited the financial statements of the Segregated Insurance Fund of the Cayman Islands (the "Fund"), which comprise the statement of financial position as at 31 December 2022 and the statement of financial performance, statement of changes in net assets and statement of cash flows for the year ended 31 December 2022, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 10 to 12.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2022 and its financial performance and its cash flows for the year ended 31 December 2022 in accordance with International Public Sector Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, together with the ethical requirements that are relevant to my audit of the financial statements in the Cayman Islands, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

AUDITOR GENERAL'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have undertaken the audit in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Act (2020 Revision)*. I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Angela Cullen
Acting Auditor General

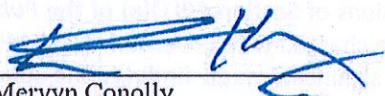
11 April 2022
Cayman Islands

Segregated Insurance Fund

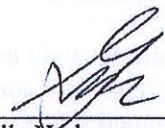
Statement of Financial Position As at 31 December 2022 (in Cayman Islands Dollars)

	Notes	2022	2021
ASSETS			
<u>Current Assets</u>			
Contributions receivable	3	\$ 543,830	\$ 573,880
Total current assets		543,830	573,880
Total assets		543,830	573,880
LIABILITIES			
<u>Current Liabilities</u>			
Payable to Ministry of Health and Wellness (the "Ministry")	2b	535,830	565,880
Accrued liabilities	5c	8,000	8,000
Total current liabilities		543,830	573,880
Total liabilities		543,830	573,880
NET ASSETS		\$ -	\$ -

Signed on behalf of the Fund:


Mervyn Conolly
Superintendent of Health Insurance
Health Insurance Commission

Date: 11th April 2023


Glenville Hodgson
Financial Accountant
Health Insurance Commission

Date: 11th April 2023

The accompanying notes on pages 10 -12 form an integral part of these financial statements.

Segregated Insurance Fund
Statement of Financial Performance
For the Year Ended 31 December 2022
(in Cayman Islands Dollars)

	Notes	<u>2022</u>	<u>2021</u>
Revenue			
Contributions from approved providers	2c, 4, 7	\$6,143,636	\$5,617,740
Total revenue		<u>6,143,636</u>	<u>5,617,740</u>
Expenses			
Audit fees	5c	<u>8,000</u>	<u>8,000</u>
Total expenses		<u>8,000</u>	<u>8,000</u>
Surplus for the year		<u>\$6,135,636</u>	<u>\$5,609,740</u>

The accompanying notes on pages 10 -12 form an integral part of these financial statements

Segregated Insurance Fund
Statement of Changes in Net Assets
For the Year Ended 31 December 2022
(in Cayman Islands Dollars)

	Notes	<u>2022</u>	<u>2021</u>
Opening balance, Net Assets		\$ -	\$ -
Net Surplus		6,135,636	5,609,740
Capital withdrawal by Ministry	2b	<u>(6,135,636)</u>	<u>(5,609,740)</u>
Closing balance, Net Assets		<u>\$ -</u>	<u>\$ -</u>

The accompanying notes on pages 10 -12 form an integral part of these financial statements

Segregated Insurance Fund
Statement of Cash Flows
For the Year Ended 31 December 2022
(in Cayman Islands Dollars)

	Notes	<u>2022</u>	<u>2021</u>
Cash flows from operating activities			
Surplus for the year		\$6,135,636	\$5,609,740
Changes in non-cash working capital			
(Increase)/Decrease in contributions receivable		30,050	(133,420)
Increase/(Decrease) in current liabilities		<u>(30,050)</u>	<u>133,420</u>
Net change in non-cash working capital		<u>-</u>	<u>-</u>
Net Cash from operating activities		<u>6,135,636</u>	<u>5,609,740</u>
Cash flows used in financing activities			
Payments to the Ministry of Health and Wellness	2b	<u>(6,135,636)</u>	<u>(5,609,740)</u>
Net Cash used in financing activities		<u>(6,135,636)</u>	<u>(5,609,740)</u>
Net cash change during the year		-	-
Cash and cash equivalents at beginning of year		<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year		<u>\$ -</u>	<u>\$ -</u>

The accompanying notes on pages 10 -12 form an integral part of these financial statements

Segregated Insurance Fund
Notes to the Financial Statements
For the Year Ended 31 December 2022

1. Establishment and principal activity

The Segregated Insurance Fund (the Fund) was established under the *Health Insurance Commission Act* (2016). 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 (2017 Revision)* and under their legislation, the Fund is required to remit all funds collected to the Ministry of Health and Wellness (the "Ministry").

The Health Insurance Commission, which manages the Fund, is located on the 3rd Floor Government Administration Building, George Town, Grand Cayman. The Commission had 18 employees as at 31 December 2022 (2021 – 15).

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

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.

c) Contributions from approved providers

Contribution 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.

d) Non-exchange transactions

The Fund receives various services from the Ministry for which no payment is made. These services include human resources and their accommodation. These non-exchange transactions are treated as services in-kind as defined under IPSAS 23-Revenue from non-exchange transactions and are not recognized or disclosed in the financial statements. When fair values of such services can be reliably estimated then they are recorded as an expense and an equal amount is recorded in other income as a service in-kind.

Segregated Insurance Fund
Notes to the Financial Statements
For the Year Ended 31 December 2022

2. Significant accounting policies (cont'd)

d) Non-exchange transactions (cont'd)

Where services in-kind offered are directly related to construction or acquisition of a fixed asset, such service in-kind is recognized in the cost of the fixed asset.

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 31 December 2022, there was no provision (2021: \$0) for impairment of contributions receivable. Net contributions receivable at 31 December 2022 was valued at \$543,830 (2021: \$573,880).

4. Contributions from approved health insurance providers

Under each standard health insurance contract, an approved health insurance provider collected contributions from individual policy holders with no dependants at a rate of \$10 per month and from policy holders with dependants at a rate of \$20 per month and these are due 21 days after month end, for the previous month. The payments are set out in the *Health Insurance Regulations (2017 Revision)*, Regulation 5.1 a & b.

5. Related party transactions

a) The Health Insurance Commission (HIC) is an oversight body given the authority under the *Health Insurance Commission Act, 2016 Revision* to monitor and regulate the health insurance industry of 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 matters relating to health insurance including advice on amendments to the Health Insurance Act 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.

Segregated Insurance Fund
Notes to the Financial Statements
For the Year Ended 31 December 2022

5. Related party transactions (cont'd)

b) 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. CINICO 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 \$250,510 (2021: \$247,190) per Section 26 of the Health Insurance Act (2021 Revision) relating to the premiums charged by Cayman Islands National Insurance Company during the operative period (period commencing on 1 July 2014).

c) Services Provided by Government Entities

The Fund obtained services from other Government entities of the Cayman Islands Government, during the year in the amount of \$8,000 (2021: \$8,000). The liability relating to these services at year end was \$8,000 (2021: \$8,000).

6. Financial instruments and associated risks

For certain of the Fund's financial instruments, including contributions receivables, payable to Ministry and accrued liabilities, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

Management has evaluated the following risks and determined that they are negligible:

- a. Credit risk
- b. Liquidity risk

7. Budgetary information

The Segregated Insurance Fund is not government appropriated as the contributions are received from third parties (approved insurance providers) in accordance with the *Health Insurance Regulations (2017 Revision)* and as such would not be included in the Governments budget documents. Entities which report under IPSAS and do not have a budget that is publicly available are not required to disclose a comparison of budget versus actual amounts. Accordingly, no budgetary information is included in these financial statements. As reported in the statement of financial performance \$6,143,636 (2021: \$ 5,617,740) was contributed by the approved providers.