



**Statement by
the Honourable Minister for Finance and Economic
Development on
the “Exceptional Circumstance” Transactions Incurred
During the 2024 Financial Year for the Ministry of Finance
and Economic Development**

Mister Speaker, as required by Section 11(6) of the Public Management and Finance Act (2020 Revision) – or the PMFA - I make this Statement to Members of this Honourable House with respect to the “exceptional circumstance” transactions that were approved by Cabinet for the Ministry of Finance and Economic Development during the 2024 financial year that ends on 31 December 2024: such transactions were approved pursuant to Section 11 (5) of the PMFA.

Mister Speaker, there were three financial transactions that the Cabinet approved for the Ministry of Finance and Economic Development pursuant to Section 11(5) of the PMFL in 2024:

1. an increase to the 2024 *OE 54 - Caribbean Catastrophe Risk Insurance Facility - Annual Premium* appropriation by \$31,045;

2. an increase to the 2024 *OE 9 – Caribbean Economic Community (CARICOM) Fees* appropriation by \$57,279; and
3. a compensating reduction to the 2024 *FED 1 - Policy Advice and Ministerial Services* appropriation by \$88,324.

Mister Speaker, the exceptional circumstance transactions did not result in an impact on the Government's forecast financial results and position for the 2024 financial year, nor the principles of the responsible financial management - as the appropriation changes were merely a transfer of funds within the same operating expenditure category.

OE 54 - Caribbean Catastrophe Risk Insurance Facility - Annual Premium

Mister Speaker, during the 2024 financial year, Cabinet approved an increase of \$31,045 to the *OE 54 - Caribbean Catastrophe Risk Insurance Facility - Annual Premium* appropriation.

The Cayman Islands is a founding member of the Caribbean Catastrophe Risk Insurance Facility, or CCRIF, which provides for a cash pay-out within 14 days of a covered major natural catastrophe. The pay-out is based on the severity of the hurricane and losses caused by a hurricane and earthquake, thereby providing member countries with the financial means to respond quickly to ease the social and economic hardships experienced after such disasters.

During 2024, the annual premium for the CCRIF increased to \$1.037 million.

The Ministry of Finance did not have sufficient funds in the *2024 OE 54 - Caribbean Catastrophe Risk Insurance Facility - Annual Premium* appropriation, to fully cover the expenditure increase, but had sufficient savings within its *2024 FED 1 - Policy Advice and Ministerial Services* appropriation to cover the funding shortfall.

OE 9 – Caribbean Economic Community (CARICOM) Fees

Mister Speaker, the Caribbean Economic Community, or CARICOM, is a group of twenty countries that was established in 1973 and focusses on strengthening economic integration; foreign policy coordination; human and social development; and security within its Member countries. Cayman is an Associate Member of CARICOM.

On 4 June 2024, CARICOM held its Thirty-Eighth Inter-session Meeting of the Conference of Heads of Government and approved the 2024 Member States Funded Core Budget of the Caribbean Community Secretariat. This budget included an increase in Member contributions to \$227,208 per annum. This was the first increase in Member contributions since 2020.

Mister Speaker, the Ministry of Finance did not have sufficient funds in the 2024 *OE 9 – Caribbean Economic Community (CARICOM) Fees* appropriation to fully cover the expenditure increase, but had sufficient savings within its 2024 *FED 1 - Policy Advice and Ministerial Services* appropriation to cover the funding shortfall.

Meeting the Definition of an Exceptional Circumstance Transactions

Mister Speaker, the supplementary funding that was required for OE 54 and OE 9 meets the definition of an exceptional circumstance as:

1. the increase in the insurance premium for the CCRIF and the increase in the CARICIM Member contributions were not known to the Ministry of Finance when the 2024 Budget was prepared in December 2023 – and therefore the increase in costs was beyond the control of the Ministry and Cabinet;
2. the Government could be exposed to significant financial risks, potential legal liabilities and disruption of services if it does not pay the increased CCRIF insurance premiums;
3. the Government could potentially lose its Member benefits if it does not keep up with its contributions to CARICOM; and
4. the increase in the insurance premium and CARICOM contributions were recently presented to the Ministry of Finance – making it impractical to request for the supplementary funding, via Section 12 of the Public Management and Finance Act.

As previously stated Mister Speaker, the exceptional circumstance transactions do not have an impact on the Government's forecast financial results and position for the 2024 financial year or the Principles of the Responsible Financial Management as they are merely a transfer of funds within the same appropriation expenditure category and do not increase the overall planned expenditure of the Ministry or the Government.

Mister Speaker, in conclusion, I thank you for allowing me to explain the exceptional circumstance transactions which were approved by the Cabinet for the Ministry of Finance and Economic Development for the 2024 financial year.

Thank you, Mister Speaker.