

The Health Insurance Commission

2025 Annual Report

1st January – 31st December 2025



**Health Insurance
Commission**
Cayman Islands

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Message from the Chairman, Health Insurance Commission and the Superintendent of Health Insurance

Pursuant to section 7 of the Health Insurance Commission Act (2016 Revision), the Health Insurance Commission (HIC) is tasked with the development and implementation of appropriate standards, guidelines and enforcement measures for the due performance of the functions that are delineated in the Act including the management of the collection of monies for the Segregated Insurance Fund and the monitoring of the approved insurers conduct.

The HIC and the Department of Health Regulatory Services (DHRS) have worked methodically to fulfill the remit as regulatory and investigative bodies. Working relationships with other government departments and statutory entities were also strengthened as the objective is not only to ensure that high standards are maintained throughout the health insurance industry but to ensure that we are also paying attention to the future state as the healthcare marketplace is growing and changing at a rapid pace. Accordingly, several proposed recommendations were submitted to the Ministry of Health to amend the health insurance legislation to address emerging operational and compliance challenges.

The successful launch of the Health Insurance Policy Termination Portal is one example of the ongoing digital transformation and automation of processes. The HIC is committed to working effectively with all stakeholders within the healthcare and health insurance sectors to continue the pursuit of industry's best practices, enhance operational efficiencies, modernize policies and procedures, improve regulatory responsiveness and ensure that enforcement measures remain fair, effective and aligned with the legislative intent.

The Commission wishes to express its sincere gratitude to the staff of the DHRS and the members of the HIC for their professionalism, dedication, and ongoing commitment during the year.

On behalf of the Health Insurance Commission, we are pleased to present the 2025 Annual Report.

Justin Woods
Chairman
Health Insurance Commission

M. Conolly, MHA
Superintendent of Health Insurance

ABOUT US

Section 7 of the Health Insurance Commission Act (2021 Revision), outlines the following functions for the Health Insurance Commission:

Mission

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

Vision

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

Culture

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

(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 (HIC) 2025

10 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).



Members	Position
Mr. Justin Woods	Chair
Ms. Darlene Glidden (Resigned)	Deputy Chair
Ken Jefferson – Jan – May 2025 Tamara Ebanks – June 2025	Chief Officer Ministry of Health
Dr. Nick Gent (Resigned) – Jan- Oct 2025	Chief Medical Officer
Mr. M. Conolly	Superintendent of Health Insurance
Dr. Tricia Diane Hislop-Chestnut	Member
Ms. Ricarda Harvey	Member
Mr. Paul Thompson	Member
Ms. Jill Mojica	Member
Mr. Mark Connolly	Member

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, a Master's Degree in Health Services Administration and certificates in Insurance Regulation and Supervision. He is a qualified Health Services Administrator with over 35 years of experience in the health care 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.

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.

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 an 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

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

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.

Dr. Nick Gent

Dr. Nick Gent is qualified in medicine at Liverpool University, UK, and undertook post-graduate training in public health medicine. He also holds degrees in English law and environmental law.

After pursuing a career in general public health medicine and gaining experience as an executive director in the UK NHS systems, he became a Senior Medical Adviser in the UK government's national health protection services, specializing in high-risk chemical, biological, radiological, and nuclear threats before taking up the post of Chief Medical Officer to the Cayman Islands.

Dr. Gent also has experience working in conflict and post-conflict situations and supporting countries recovering from natural disasters, including tsunamis and hurricanes.

Dr. Gent is a recipient of the UK Faculty of Public Health's Alwyn Smith Prize awarded for outstanding contribution to the health of the public (2015) he was awarded the West Africa medal for his services in Sierra Leone during the 2014-15 Ebola outbreak and is a recipient of the UK Faculty of Public Health's Service Medal (2023).

Jill Mojica

Ms. Mojica currently heads the regulatory reporting service line at a local fiduciary services company. She has over twenty-five years' experience in the private sector, spanning from fund accounting to her current role as Associate Director of regulatory reporting. She is a member of the 100 women in Finance.

Tamara Ebanks

Tamara Ebanks was appointed Chief Officer of the Ministry of Health, Environment and Sustainability in May 2025. Throughout her distinguished career, Ms. Ebanks has held several senior leadership positions across various ministries -- most recently as the Chief Officer of the Ministry of Social Development and Innovation from August 2023.

Playing a central role in the development and passage of numerous landmark legislative reforms -- such as the Children (Amendment) Act 2024, Adoption Act 2024, Older Persons (Amendment) Act 2024 and Maintenance (Amendment) Act 2024, the commencement of the Financial Assistance Act 2022, the Identification Register Act 2022 along with the Cayman Islands Identification Card Act 2022 -- Ms. Ebanks assisted in laying the foundation for a more transparent, responsive and modern social development framework within the Cayman Islands. She also contributed significantly to the establishment of the Cayman Islands Centre for Business Development.

Ms. Ebanks holds a Master's degree in Human Resource Management from the University of Portsmouth and Bachelor's degree in Sociology from York University. She has numerous professional certifications, and her expertise spans legislative development, financial oversight, policy formulation and human resource management. In her current role, Ms. Ebanks is leading the Ministry's efforts to advance the health and wellbeing of the people of the Cayman Islands—not only by improving access to and the quality of the nation's healthcare services, but also by fostering sustainable environmental, social, and economic balance. This holistic approach contributes to better health outcomes and encourages balanced decision-making across the three pillars of sustainable development.

Kenneth Jefferson

Mr. Jefferson is currently Financial Secretary and Chief Officer within the Ministry of Finance & Economic Development of the Cayman Islands Government; whose principal responsibility is to advise the Minister for Finance & Economic Development on all aspects of the Government's fiscal and budget management operations.

He assumed his duties as Financial Secretary on 1 November, 2004. In September 2014, his role expanded to include the financial and human resource operations of the entire Ministry, including oversight of the Customs Department and the Economics and Statistics Office.

A Fellow of the Institute of Chartered Accountants in England and Wales, he holds a Bachelor of Science degree in Economics and Accounting from the University of Hull in England.

Mark Connolly

Mark Connolly is the Portfolio Manager – Vice President at Marsh Management Services (Cayman) Ltd (“Marsh”) Retail Broker Services division. He joined the company in October 2021 and provides support to and acts on behalf of the company’s Producers and Team Leader. He assists in the company’s profitability goals with a focus on business analysis and strategy, product development, business development, program management and operational and systems oversight for both Health & Benefits and Property & Casualty lines of business.

Prior to joining Marsh, Mark was the Operations Manager for International Healthcare Solutions Ltd. – Generali (“IHS”) from 2013 – 2021 and was responsible for managing the operations team in executing the day to day operations of the company. His responsibilities included overseeing the administration of health insurance premium billings and collections, sales activity, client service and support, member eligibility and enrollments, first instance underwriting, medical provider relations and support, intake and submission of medical claims for adjudication, plan sponsor retention, claim payment distribution, plan sponsor policy renewals and member education meetings.

Previous to his work at IHS, Mark was an Associate Manager at Julius Baer Bank & Trust Company Limited (“Julius Baer”) from 2002 – 2012.

Mark also spent two years prior to joining Julius Baer with Caribbean Home Insurance as an Underwriter – Health Insurance, where he assessed the risk associated with insuring clients/employee groups and liaised with the pricing team to determine appropriate premiums to be charged, coordinated bank deposits and reconciliations and managed premium billing and collection.

Mark earned a Bachelor of Laws degree (LLB) from the University of Liverpool and a Bachelor of Science degree in International Finance from the International College of The Cayman Islands.

Mark is a highly motivated professional with outstanding practical experience in operations management and financial administration.

Mark was a member of the Health Insurance Standing Committee from 2013 – 2021 and served as the Deputy Chairperson in 2018. He was a member of the Cayman Islands Education Council from 2001 – 2008, a Panel Judge at the Cayman Islands Miss Teen Pageant in 2007 and President of the Cayman Islands Student Association from 2004-2006.

2025 EXTERNAL OUTPUTS- HEALTH INSURANCE COMMISSION (HIC)

During 2025 six external outputs were delivered on behalf of the HIC, 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**

2025 ACTIVITY REPORT

The Activity Report includes information on the number of Complaints, High Risks Applicants, Policy Terminations, Individual Reports, and Inquires received.

<u>Activity Report - 2025</u>	<u>Received</u>
Complaints	49
Application for High Risk Insured Persons	931
Application for High Risk Insured Persons (Pregnancies)	20
Insurance Verification Request	16
SHIC Denied Application	3
Rescinded Policy Notification	29
Filing of Fees – Healthcare Facilities	81
Approved Insurer New Application	1
Approved Insurer Certificate Renewal Application	8
Individual Report	12
Inquiry	67
Notification from H.S.A.	86
Policy Terminations:	9,377

SEGREGATED INSURANCE FUND (SIF)

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

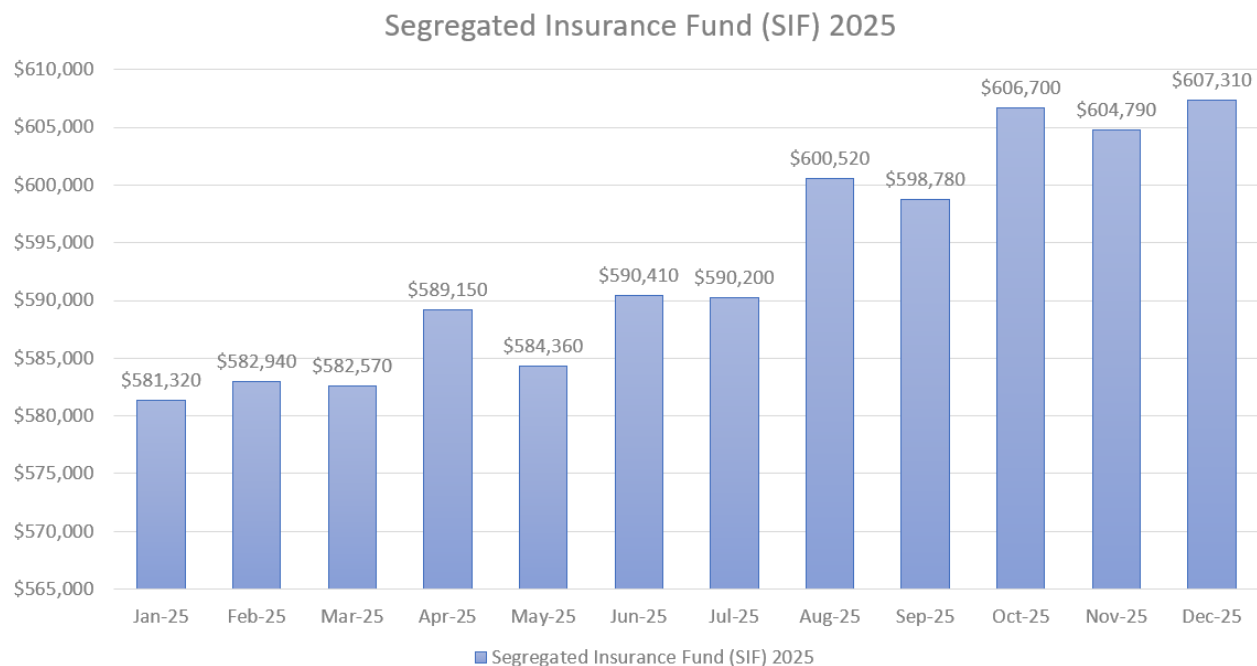
The SIF was established to help defray the costs incurred for providing medical care to medical indigent persons.

In accordance with Regulation 5 of the Health Insurance Regulations (2017 Revision), an approved insurer is required to collect \$10 per month from each premium charged for an individual health insurance policy with no dependents and those with dependents \$20 per month.

Further to Auditor General's Report for the period, **\$7,119,050** was collected.

After expenses **\$7,110,550** was transferred and deposited into the Ministry of Health Executive Revenue Account as per the Public Management and Finance Act (2018 Revision)

Contributions collected for the Segregated Insurance Fund – 2025 (By Month)

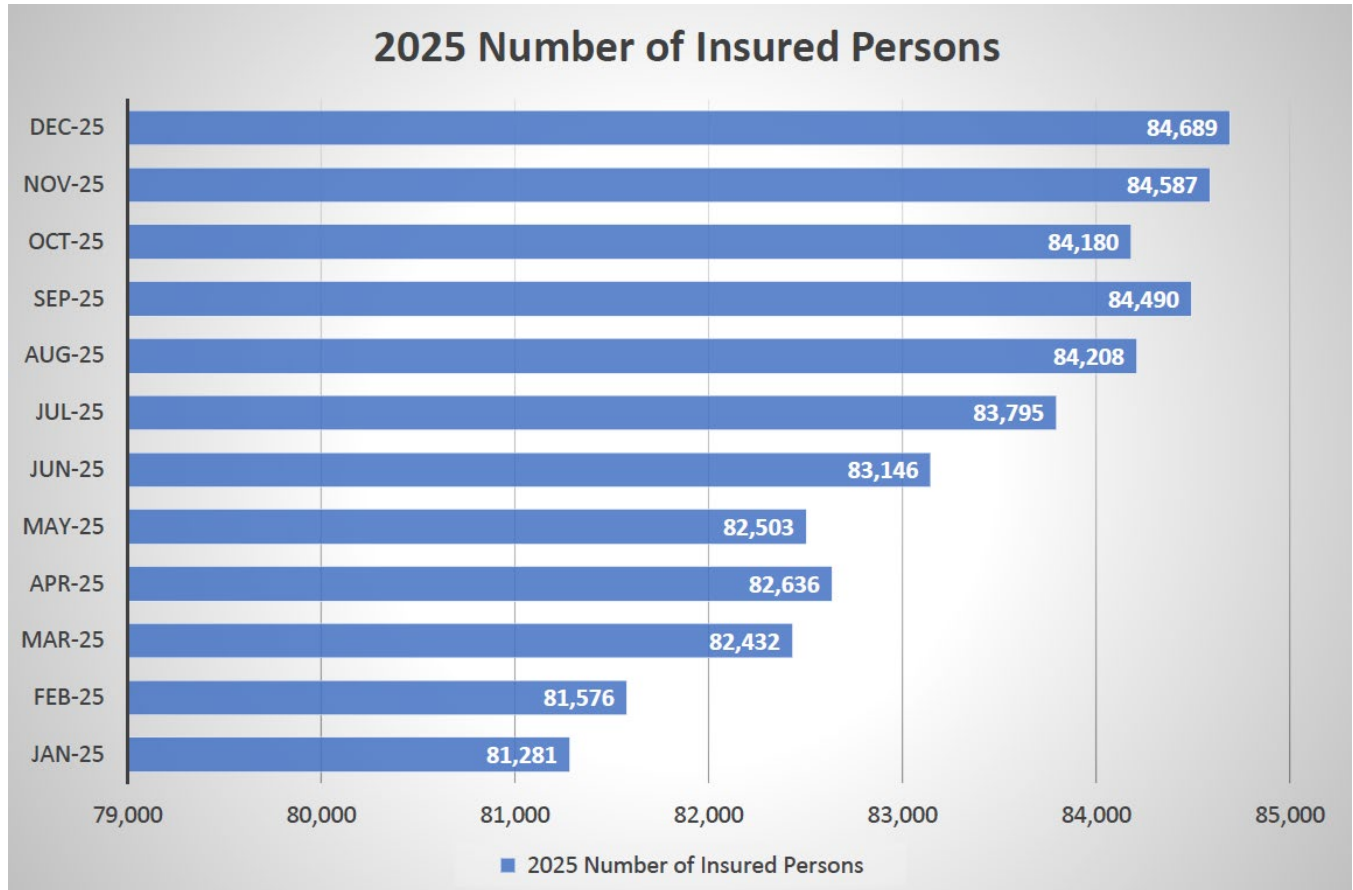


NUMBER OF INSURED PERSONS

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

Based on the information provided by the approved insurers, approximately 84,689 people were insured in December 2025.

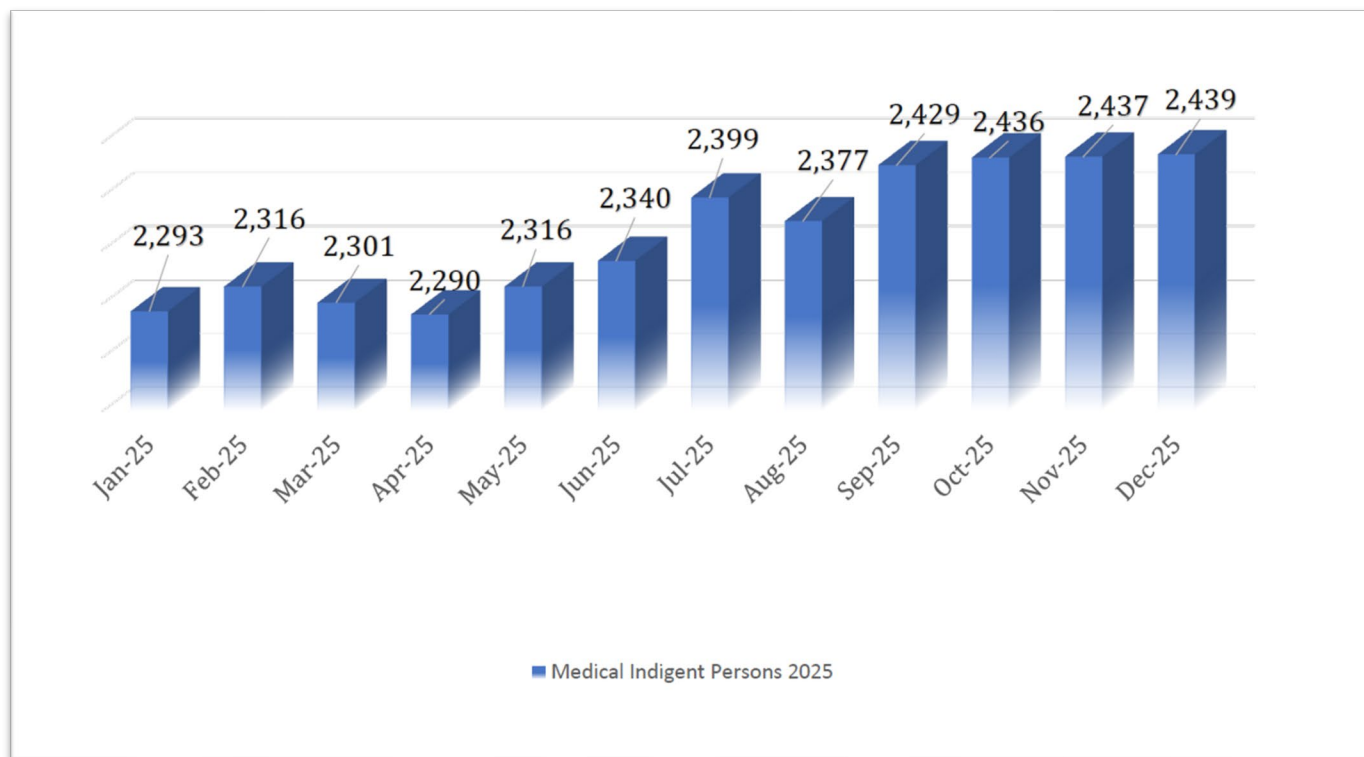
Number of Insured Persons – 2025 (By Month)



MEDICAL INDIGENT PERSONS REPORT

The number of indigent persons as of December 2025 (based on the submissions provided by the Department of Children & Family Services) was 2,439. These statistics are documented, maintained and monitored by the HIC.

Number of Medical Indigent Persons – 2025 (By Month)



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 Health Insurance Inspectors provided a “Mastering the Legislation” session with health insurance brokers on the 15th of October 2025. This public education session provided clear guidance to assist the brokers in understanding the health insurance legislation because they play a vital role in the health insurance marketplace.

The DHRS Website provided stakeholders with current information including responses to frequently asked questions (FAQ’s).

The Commission participated in the 2025 Healthcare Conference on Oct 29th – 30th 2025 at the Ritz Carlton Hotel. It provided an opportunity to promote and inform registered healthcare practitioners, healthcare facilities and approved Insurers about the e-Services platforms that were planned for the department.

ENFORCEMENT

The Administrative Fine System (AFS) was utilized by the Superintendent of Health Insurance (SHI) in accordance with the Code of Conduct and Section 24 of the Health Insurance Law (2021 Revision). While enforcement activity under the AFS was lower than initially anticipated, this was primarily attributed to the Inspectorate Team’s strategic focus on the development and implementation of the Health Insurance Commission (HIC) Policy Termination On-line Portal. Prioritizing this initiative required the temporary reallocation of enforcement resources.

APPROVED INSURER CERTIFICATION (AIC)

Eight health insurance companies submitted applications for the renewal of their Approved Insurer Certificates. Each application was duly reviewed and assessed against the established regulatory criteria to ensure full compliance with the health insurance legislative and operational requirements.

- Three (3) approved insurers’ applications were accepted with no conditions;
- Four (4) approved insurers’ applications were accepted subject to specific conditions;

- One (1) approved insurer application remains pending as at the end of the reporting period.

In preparation for the 2026 Approved Insurer Certificate (AIC) renewal cycle, the Commission introduced market conduct conditions applicable to all approved insurers. These conditions are intended to strengthen oversight of market conduct, promote regulatory compliance and enhance consumer protection across the health insurance sector.

APPROVED INSURERS - FINANCIAL PERFORMANCE REPORT (FPR) 2024

The consolidated Approved Insurer's FPR for the reporting year 2024 provides an overview of the financial position, operational performance and key performance indicators for the eight approved insurers.

Financial Performance Report	
	2024
Underwriting Income	
Gross premium written (+)	439,281,538
Government taxes and duty (-)	(6,742,063)
Movement in unearned premiums (+/-)	60,668
Commission received (+)	552,222
Gross reinsurance premiums ceded (-)	(15,031,793)
Movement in deferred reinsurance premiums ceded (+/-)	-
Total underwriting income (+)	418,120,572
Underwriting Expenses	
Movement in case reserves (+/-)	585,595
Movement in claims incurred but not reported (+/-)	(3,923,986)
Losses/claims paid during the year (+)	64,250,024
Reinsurance recoveries (+/-)	(2,228,141)
Policy expenses (-)	3,224,547
Commission expenses (-)	(15,993,841)
Total underwriting expense (-)	45,914,197
	-
Net underwriting profit/loss	27,706,789
Other Income	
Interest income (+)	1,346,575
Investment income (+)	2,164,892
Other income (+)	3,213,174
Total other income (+)	6,724,640
Other Expenses	
Rent (-)	(92,377)
Salary and benefits (-)	6,011,520
Third party administrator ("TPA") fees (-)	692,111
Other expenses (-)	2,841,467
Total other expenses (-)	9,627,374
	-
Operating income/expense	(13,158,053)
Net profit/loss	14,548,736

STANDARD PREMIUM RATES - 2025

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

The table below provides the standard premium rates for each approved insurer:

2025 SHIC premium rates (KYD) Approved Insurer	Employee/ Single	Employee + 1 child	Employee + Spouse	Employee + Child(ren)	Family
Aetna	\$167		\$373	\$301	\$509
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/BRITCAY	\$167		\$373	\$301	\$509
**GLOC	\$166		\$312	\$280	\$436 – \$488
**GLOC dependent child - \$124.00					
One Health	\$167	\$301	\$373	\$301	\$509

*CINICO: 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 each dependent child rate of \$69.00.

**GLOC: the dependent child rate is \$124.00.

During 2025, the Commission received two (2) applications requesting an increase in the standard premium rate. After consideration of the applications, the requests were not approved.

FREEDOM OF INFORMATION (FOI)

During 2025, the department received a total of two requests for the release of information related to health insurance in accordance with the Freedom of Information (FOI) Act (2021 Revision).

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

ON-SITE INSPECTIONS

In accordance with Section 7(c) of the Health Insurance Commission Act (2016 Revision), on-site inspections were conducted at all eight approved insurers to examine and assess their operational practices in accordance with the health insurance legislation.

These inspections included structured interviews, IT system reviews and walkthrough demonstrations of operational processes to evaluate internal controls, administrative systems and compliance mechanisms. Following each inspection, detailed reports were prepared by the Health Insurance Inspectors and submitted to the Health Insurance Commission.

The findings from on-site inspections were utilized to help inform the level of conditions that would be imposed upon the renewal of the approved insurer certificates.

The Health Insurance Inspectors also participated in two joint interagency partners operations during which proof of health insurance coverage was requested from employers and employees. These joint initiatives took place in April and November and were aimed at strengthening compliance monitoring, enhancing information sharing, and supporting coordinated enforcement efforts across the broader regulatory framework.

LAUNCH OF THE HEALTH INSURANCE POLICY TERMINATION PORTAL

The HIC successfully launched the Policy Termination Portal as part of its ongoing digital transformation and automation initiatives. The introduction of this portal eliminated the need for manual data entry and enabled instantaneous submission, processing, and distribution of policy termination notices and compliance correspondence.

As a result of this automation, the reporting processes have been significantly streamlined, leading to measurable improvements in operational efficiency. Processing times have been reduced, administrative burdens minimized and data accuracy enhanced. Additionally, the Health Insurance Inspectors are now better equipped to manage follow-up actions in a timely and effective manner, thereby strengthening compliance monitoring and enforcement outcomes.

PUBLIC EDUCATION AND STAKEHOLDERS' ENGAGEMENT

Public education and stakeholders outreach remained a key focus throughout the reporting year. The health insurance inspectors conducted educational sessions, including live demonstrations on the Health Insurance Commission (HIC) Policy Termination Portal to support the stakeholders understanding of the new digital processes and compliance expectations.

Targeted educational sessions were also delivered to insurance brokers through a dedicated "Broker Edition" initiative. This program provided standardized working materials, promoted consistent application of the regulatory requirements and assisted with the building of relationship with the brokers.

Certificates were issued to the participating brokers, a measure that was well received.

FILING OF MEDICAL FEES

The annual filing of medical fees was conducted for the reporting period in accordance with Section 18 of the Health Insurance Act (2021 Revision).

This function of the HIC is one of the ongoing efforts to ensure compliance with the health insurance legislation, promote transparency and consistency in medical billing practices.

Official correspondence was issued to relevant registered health care facilities and practitioners. The communication outlined the critical requirements for the annual submission of medical fees and the applicable billing codes utilized in the filing of claims to the approved insurers or the billing of fees to patients.

The outcomes of the medical fees filing survey were as follows:

Eighty-one (81) health care facilities and practitioners were compliant in their submission of fees to the Commission.

Fourteen (14) health care facilities and/or practitioners were non-compliant with the filing requirements and follow-up action was pursued to address the matter with these healthcare providers.

Two (2) respondents advised that they were no longer in operation.

Thirty-three (33) facilities and/or practitioners confirmed that they utilize the Standard Health Insurance Fees (SHIF) Schedule.

MITEL PHONE SYSTEM ENHANCEMENT TO SUPPORT CUSTOMER SERVICE

To strengthen the customer service delivery and address the increasing volume of telephone calls, the Department of Health Regulatory Services implemented the Mitel phone system call routing functionality and customized external call prompts. This initiative was undertaken to improve the call management efficiency and reduce stakeholder's frustration associated with the high daily call volumes.

The call routing system was tailored to better manage stakeholder expectations by directing inquiries to the appropriate service areas and enhance the overall responsiveness while aligning the Department's communication infrastructure with current technological advancements.

STANDARD HEALTH INSURANCE FEES (SHIF) SCHEDULE UPDATES

In accordance with Section 9(2B) of the Health Insurance Regulations (2017 Revision), the HIC conducted the analysis of approximately 600 new medical billing codes and associated fees known as Current Procedural Terminology (CPT) codes that were submitted by healthcare providers.

The required actuarial review was completed. However, the subsequent stages of the approval and publication of the CPT codes took much longer than the timeline outlined in the regulations.

To ensure transparency and effective stakeholder communication, the Commission issued holding responses to all the applicants, advising them of the status of their submissions and the anticipated next steps.

AMENDMENTS - HEALTH INSURANCE LEGISLATION

During the reporting period, the Commission continued to pursue the proposed amendments to the health insurance legislation. The suggested amendments are aimed at strengthening the legislative framework, addressing emerging operational and compliance challenges and ensuring that the

legislation remains aligned with current industry best practices and regulatory needs. Work on these amendments remains ongoing and will continue into the next reporting cycle.

PROPOSED INITIATIVES FOR 2026

The Commission identified key strategic initiatives to be pursued in 2026 to further strengthen the regulatory framework, enhance operational efficiency, and ensure the continued alignment of health insurance practices with legislative and industry standards.

These initiatives include the following:

1) Development of the Segregated Insurance Fund Portal

The development of the Segregated Insurance Fund (SIF) Portal represents the next phase of the Health Insurance Commission's (HIC) digitalization initiative and constitutes the second phase of the broader digital transformation project. Building on the successful implementation of earlier automation efforts, this phase is focused on enhancing data management, reporting efficiency, and regulatory oversight of the SIF.

The SIF Portal is intended to streamline the submission processes, strengthen the Commission's ability to monitor compliance with statutory and financial requirements, advance the accuracy and improve the timeliness of information received from the eight approved insurers. The development planning for this phase commenced during the reporting period. The implementation of this function is expected to further modernize the regulatory operations and support the Commission's long-term strategic objectives.

2) Establishment of an Administrative Fine Ticketing System

The Commission commenced plans to assess an Administrative Fine Ticketing System which would support a more efficient and proportionate enforcement for lower risk infractions including policy terminations. This system will provide a streamlined and structured process for issuing fines that are appropriate, proportionate and reasonable for the violation.

The proposed ticketing approach will also enhance consistency, transparency, and timeliness in enforcement actions while reducing administrative complexity associated with more formal high-risk infractions.

Once implemented, the system is expected to strengthen compliance outcomes, improve regulatory responsiveness and ensure that enforcement measures remain fair, effective and aligned with the legislative intent.

3) Increase Targeted On-site Inspections

The increase of targeted on-site inspections has been identified as a key regulatory priority. Increasing the frequency and scope of these inspections will strengthen the Commission's direct oversight of employer compliance with health insurance requirements and enhance the effectiveness of enforcement activities.

By conducting inspections led specifically by the health insurance inspectors, the Commission will be better positioned to identify non-compliance, address issues in a timely manner, and provide targeted guidance to employers and employees. This initiative is expected to improve compliance outcomes, support consumer protection, and reinforce the Commission's mandate to ensure adherence to the health insurance legislation.

4) Updating and Modernizing Policies and Procedures

The Commission will continue to review, update and modernize the internal policies and procedures. This initiative aims to ensure that all operational guidelines are current, consistent, and aligned with legislative requirements and best regulatory practices. Modernized policies and procedures will support effective governance, enhance operational transparency, and promote consistent decision-making across the organization.

5) Assessment of Standard Health Insurance Contract (SHIC) Benefits and Pricing

It is anticipated that a comprehensive assessment of the SHIC benefits will be undertaken to evaluate whether the benefits and pricing structures effectively meet the health insurance needs of the general public. This review will ensure that the SHIC remains responsive to evolving market conditions thereby strengthening consumer protection and promoting confidence in the health insurance sector.

6) Review of the Financial Performance Report Template

The Commission will review the Financial Performance Report (FPR) template to ensure alignment with recognized best practices and compliance with applicable accounting standards. The FPR is a requirement for the renewal of the Approved Insurer Certificate. This initiative is designed to enhance financial reporting accuracy, improve transparency, support robust financial management, ensure that regulatory oversight remains comprehensive and informed by reliable data.

7) Amendments to the Health Insurance Legislation

The Commission plans to continue pursuing the amendments for the health insurance legislation. These amendments are intended to address emerging operational and compliance challenges, clarify regulatory requirements and enhance the effectiveness of enforcement mechanisms. By updating the regulatory framework, the Commission seeks to ensure that the health insurance legislation remains relevant, comprehensive and responsive to the evolving needs of the stakeholders.

Audited Financial Statements of

Segregated Insurance Fund

For the year ended 31 December 2025

SEGREGATED INSURANCE FUND
Financial Statements for the Year Ended 31 December 2025

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Segregated Insurance Fund
Statement of Responsibility for the Financial Statements
31 December 2025

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.

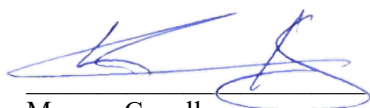
As Superintendent of Health Insurance and Financial Accountant we are responsible for the preparation of the Segregated Insurance Fund financial statements and for the judgements made in them.

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 2025.

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 2025;
- (b) Fairly reflect the financial position as at 31 December 2025 and performance for the year ended 2025;
- (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: 14th April 2026



Glenville Hodgson
Financial Accountant
Health Insurance Commission

Date: 14th April 2026

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 2025 and the statement of financial performance, statement of changes in net assets and statement of cash flows for the year ended 31 December 2025, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 10 to 15.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2025 and its financial performance and its cash flows for the year ended 31 December 2025 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.



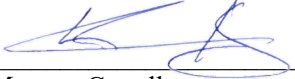
Patrick O. Smith CPA, CFE
Auditor General

14 April 2026
Cayman Islands

Segregated Insurance Fund
Statement of Financial Position
As at 31 December 2025
(in Cayman Islands Dollars)

	Notes	<u>2025</u>	<u>2024</u>
ASSETS			
<u>Current Assets</u>			
Contributions receivable	3	\$ 607,310	\$ 576,580
Total current assets		<u>607,310</u>	<u>576,580</u>
Total assets		<u>607,310</u>	<u>576,580</u>
LIABILITIES			
<u>Current Liabilities</u>			
Payable to Ministry of Health and Wellness (the “Ministry”)	2b	598,810	568,580
Accrued liabilities	5c	<u>8,500</u>	<u>8,000</u>
Total current liabilities		<u>607,310</u>	<u>576,580</u>
Total liabilities		<u>607,310</u>	<u>576,580</u>
NET ASSETS		<u>\$ -</u>	<u>\$ -</u>

Signed on behalf of the Fund:


Mervyn Conolly
Superintendent of Health Insurance
Health Insurance Commission

Date: 14th April 2026


Glenville Hodgson
Financial Accountant
Health Insurance Commission

Date: 14th April 2026

The accompanying notes on pages 10 -15 form an integral part of these financial statements.

Segregated Insurance Fund
Statement of Financial Performance
For the Year Ended 31 December 2025
(in Cayman Islands Dollars)

	Notes	<u>2025</u>	<u>2024</u>
Revenue			
Contributions from approved providers	2c, 4, 7	\$7,119,050	\$6,911,620
Total revenue		<u>7,119,050</u>	<u>6,911,620</u>
Expenses			
Audit fees	5c	8,500	8,000
Total expenses		<u>8,500</u>	<u>8,000</u>
Surplus for the year		<u><u>\$7,110,550</u></u>	<u><u>\$6,903,620</u></u>

The accompanying notes on pages 10 -15 form an integral part of these financial statements

Segregated Insurance Fund
Statement of Changes in Net Assets
For the Year Ended 31 December 2025
(in Cayman Islands Dollars)

	Notes	<u>2025</u>	<u>2024</u>
Opening balance, Net Assets		\$ -	\$ -
Net Surplus		7,110,550	6,903,620
Capital withdrawal by Ministry	2b	<u>(7,110,550)</u>	<u>(6,903,620)</u>
Closing balance, Net Assets		<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes on pages 10 -15 form an integral part of these financial statements

Segregated Insurance Fund
Statement of Cash Flows
For the Year Ended 31 December 2025
(in Cayman Islands Dollars)

	Notes	<u>2025</u>	<u>2024</u>
Cash flows from operating activities			
Surplus for the year		\$7,110,550	\$6,903,620
Changes in non-cash working capital			
(Increase)/Decrease in contributions receivable		(30,730)	14,620
Increase/(Decrease) in current liabilities		<u>30,730</u>	<u>(14,620)</u>
Net change in non-cash working capital		<u>-</u>	<u>-</u>
Net Cash from operating activities		<u>7,110,550</u>	<u>6,903,620</u>
Cash flows used in financing activities			
Payments to the Ministry of Health and Wellness	2b	<u>(7,110,550)</u>	<u>(6,903,620)</u>
Net Cash used in financing activities		<u>(7,110,550)</u>	<u>(6,903,620)</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 -15 form an integral part of these financial statements

Segregated Insurance Fund
Notes to the Financial Statements
For the Year Ended 31 December 2025

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, Environment and Sustainability (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 22 employees as at 31 December 2025 (2024 – 18).

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.

New and revised accounting standards issued that are effective for the financial year beginning 1 January 2025 and have been adopted.

IPSAS 43, Leases was issued in January 2022 and shall be applied for financial statements covering periods beginning on or after 1 January 2025. Inter alia, IPSAS 43 requires lessees to measure and account for the right-of-use asset and the lease liability; exemptions apply to short-term leases that will continue to be accounted for in the same manner that operating leases are accounted for under IPSAS 13.

IPSAS 44, Non-current Assets Held for Sale and Discontinued Operations, was issued in May 2022 and shall be applied for financial statements covering periods beginning on or after 1 January 2025. IPSAS 44 provides guidance on how to account for non-current assets when they are made available for sale on commercial terms; no such guidance existed prior to IPSAS 44.

IPSAS 45, Property, Plant, and Equipment was issued in May 2023 and shall be applied for financial statements covering periods beginning on or after 1 January 2025. IPSAS 45 prescribes the accounting treatment for property, plant and equipment except when another IPSAS requires or permits a different accounting treatment. It will replace IPSAS 17.

IPSAS 46, Measurement, was issued in May 2023 and shall be applied for financial statements covering periods beginning on or after 1 January 2025. IPSAS 46 defines measurement bases that assist in reflecting fairly the cost of services, operational capacity and financial capacity of assets and liabilities.

**Segregated Insurance Fund
Notes to the Financial Statements
For the Year Ended 31 December 2025**

2. Significant accounting policies (cont'd)

a) Basis of accounting for financial statements preparation (cont'd)

New and revised accounting standards issued that are not yet effective for the financial year beginning 1 January 2025, and not yet early adopted

Certain new accounting standards have been published that are not mandatory for the 31 December 2025 reporting period and have not been early adopted by the Fund. The Fund's assessment of the impact of these new standards is set out below:

IPSAS 47, Revenue was issued in May 2023 and shall be applied for financial statements covering periods beginning on or after 1 January 2026. IPSAS 47 is a single source for revenue accounting in the public sector.

IPSAS 48, Transfer Expenses was issued in May 2023 and shall be applied for financial statements covering periods beginning on or after 1 January 2026. IPSAS 48 establishes principles that a transfer provider (an entity that provides a good, service or other asset to another entity without directly receiving any good, service or other asset in return) shall apply to report information about transfer expense transactions in its financial statements.

IPSAS 49, Retirement Benefit Plans was issued in November 2023 and shall be applied for financial statements covering periods beginning on or after 1 January 2026. IPSAS 49 prescribes the accounting and reporting requirements for public sector retirement benefit plans.

IPSAS 50, Exploration for and Evaluation of Mineral Resources, provides guidance related to the costs incurred for exploration for, and evaluation of, mineral resources, as well as the costs of determining the technical feasibility and commercial viability of extracting the mineral resources. Amendments to IPSAS 12, Stripping Costs in the Production Phase of a Surface Mine, provides interpretive guidance on accounting for waste removal costs that are incurred in surface mining activities during the production phase of the mine. IPSAS 50 and Amendments to IPSAS 12 were issued in November 2024 and are effective for periods beginning on or after January 1, 2027.

IPSAS 43, 44, 45 and 46 did not have a material impact on the Fund's financial statements; the impact of IPSAS 47 will be assessed more fully closer to the effective date of adoption. IPSAS 48, 49, 50 and Amendments to IPSAS 12 are not applicable to the Fund.

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.

Segregated Insurance Fund
Notes to the Financial Statements
For the Year Ended 31 December 2025

2. Significant accounting policies (cont'd)

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.

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 expected credit losses. Contributions receivable comprise of balances due from approved health insurance providers. The simplified approach to providing for expected credit losses as prescribed by IPSAS 41 is applied to contributions receivable. The simplified approach involves making a provision at an amount equal to lifetime expected credit losses.

The expected credit loss rates are based on the Fund's historical credit loss experience. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Fund's customers. Given the short period of credit risk exposure, the impact of macroeconomic factors is not considered significant.

The Fund performed an individual/specific ECL assessment on any related party debtors with qualitative or quantitative factors indicating doubts around collectability. Given the low risk of default on the remaining contributions receivable held by the Fund, the impact of the expected credit losses on these have been estimated to be negligible. The Fund believes that the amounts outstanding on related party receivables are recoverable.

As at 31 December 2025, there was no provision (2024: \$0) for expected credit losses on contributions receivable. Net contributions receivable at 31 December 2025 was valued at \$607,310 (2024: \$576,580).

Segregated Insurance Fund
Notes to the Financial Statements
For the Year Ended 31 December 2025

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.

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 \$285,960 (2024: 264,520) 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 \$8,500 (2024: \$8,000). The liability relating to these services at year end was \$8,500 (2024: \$8,000).

6. Financial instruments and associated risks

Financial assets and financial liabilities are recognised in the Fund's Statement of Financial Position when the Fund becomes a party to the contractual provisions of the instrument.

Initial Recognition

Financial assets and liabilities are initially measured at fair value. On initial recognition, transaction costs directly attributable to the acquisition or issue of financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate.

Segregated Insurance Fund
Notes to the Financial Statements
For the Year Ended 31 December 2025

6. Financial instruments and associated risks (cont'd)

Subsequent measurement and classification

IPSAS 41 requires financial assets to be subsequently measured at fair value through surplus or deficit (FVTSD), amortised cost, or fair value through other comprehensive revenue and expense (FVTOCRE). Additionally, IPSAS 41 requires financial liabilities to be measured at either amortised cost or FVTSD.

This classification is based on the business model for managing financial instruments, and whether the payments are for solely payments of principal or interest on the principal amount outstanding. The Fund assessed the business model for holding financial assets at the date of initial application. It determined that all of these are held to collect contractual cash flows that are solely payments of principal and interest. Therefore, financial assets are subsequently measured at amortised cost. Financial liabilities are subsequently measured at amortised cost.

Contributions receivable, payable to the Ministry and accrued liabilities are recorded at amortized cost using the effective interest method less any impairment.

Derecognition

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or expires.

Financial instrument risks

The Fund is a party to financial instrument arrangements as part of its everyday operations. These financial instruments include contributions receivable, payable to the Ministry and accrued liabilities. The Fund seeks to minimise exposure from financial instruments and does not enter into speculative financial instrument transactions.

a. Credit risk

Credit risk is the risk that the counter party to a transaction with the Fund will fail to discharge its obligations, causing the Fund to incur a financial loss. In the normal course of business, the Fund is exposed to credit risk from contributions receivable. The maximum credit exposure is best represented by the carrying amount in the Statement of Financial Position.

Contributions receivable are due 21 days after the month to which they relate.

b. Liquidity risk

Management has evaluated the liquidity risk and determined that it is negligible.

Segregated Insurance Fund
Notes to the Financial Statements
For the Year Ended 31 December 2025

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 \$7,119,050 (2024: \$6,911,620) was contributed by the approved providers.