



Financial Statements of

Segregated Insurance Fund

For year ended 30 June 2008

CAYMAN ISLANDS HEALTH INSURANCE FUND

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**Segregated Insurance Fund
Financial Statements
30 June 2008**

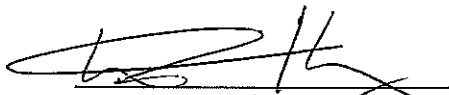
STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS

These financial statements have been prepared by the Health Insurance Commission in accordance with the provisions of the *Public Management and Finance Law, (2005 Revision)*. The financial statements comply with generally accepted accounting policy as defined in International Public Sector Accounting Standards

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

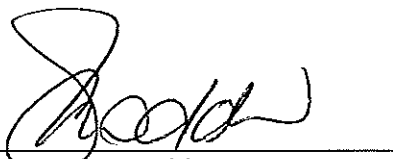
To the best of my knowledge the statements are:

- (a) complete and reliable;
- (b) fairly reflect the financial position as at 30 June 2008 and performance for the financial year ended 30 June 2008; and
- (c) comply with generally accepted accounting policy.



Mervyn Conolly
Superintendent of Health Insurance
Health Insurance Commission

Date: 13th October 2009.



Georgette Bodden
Financial Accountant
Health Insurance Commission

Date: OCTOBER 13, 2009



Cayman Islands

Segregated Insurance Fund

AUDITOR GENERAL'S REPORT

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

I have audited the accompanying financial statements of the Segregated Insurance Fund of the Cayman Islands (the "Fund"), which comprise of the Statement of Financial Position as at 30 June 2008 and the related Statement of Financial Performance and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 6 to 10 in accordance with the provisions of Section 12(1) of the *Health Insurance Commission Law, 2003* and Section 60(a) of the *Public Management and Finance Law (2005 Revision)*.

Respective Responsibilities of Management and the Auditor General

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Segregated Insurance Fund of the Cayman Islands as of 30 June 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.



Dan Duguay, MBA, FCGA
Auditor General


Grand Cayman
October 13, 2009

Segregated Insurance Fund


Statement of Financial Position As at 30 June 2008 (in Cayman Islands Dollars)

	Notes	2008	2007
ASSETS			
<u>Current assets:</u>			
Cash & Cash Equivalents	2 b	\$ -	\$ -
Contributions receivable	3	199,780	157,315
Total current assets		199,780	157,315
Total assets		199,780	157,315
LIABILITIES			
<u>Current liabilities:</u>			
Payable to Ministry of Health and Health Services		183,780	149,315
Accrued liabilities		16,000	8,000
Total current liabilities		199,780	157,315
Total liabilities		199,780	157,315
NET ASSETS		\$ -	\$ -
Represented by			
FUND BALANCE		\$ -	\$ -

Signed on behalf of the Fund


 Mervyn Conolly
 Superintendent of Health Insurance
 Health Insurance Commission

Date: *OCTOBER 13, 2009*


 Georgette Bodden
 Financial Accountant
 Health Insurance Commission

See accompanying notes to the financial statements.

Segregated Insurance Fund

Statement of Financial Performance For the Year Ended 30 June 2008 (in Cayman Islands Dollars)

	Notes	2008	2007
Revenue			
Contributions from approved providers	4	\$2,348,990	\$2,200,936
Total revenue		<u>2,348,990</u>	<u>2,200,936</u>
Expenses			
Operating expenses		<u>8,000</u>	<u>8,000</u>
Total expenses		<u>8,000</u>	<u>8,000</u>
Surplus for the year		2,340,990	2,192,936
Fund balance, beginning of year		-	-
Paid to Ministry of Health & Human Services	5	<u>(2,340,990)</u>	<u>(2,192,936)</u>
Fund balance, end of year		<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

Segregated Insurance Fund

Statement of Cash Flows For the Year Ended 30 June 2008 (in Cayman Islands Dollars)

	2008	2007
Cash provided by (used in) operating activities		
Surplus for the year	\$2,340,990	\$2,192,936
Changes in non-cash working Capital		
(Increase)/decrease in contributions receivable	(42,465)	233,380
Increase/(decrease) accrued liabilities	8,000	(1,796)
Net change in non-cash working capital	(34,465)	231,584
Cash provided by operating activities	2,306,525	2,424,520
Cash provided by (used in) financing activities:		
Payments to the Ministry of Health & Human Services	(2,306,525)	(2,424,520)
Cash (used in) financing activities:	(2,306,525)	(2,424,520)
(Decrease) / increase in cash during the year	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	\$ 0	\$ 0

See accompanying notes to the financial statements.

Segregated Insurance Fund

Notes to the Financial Statements
For the Year Ended 30 June 2008

1. Establishment and principal activity

The Segregated Insurance Fund (the Fund) was established under the *Health Insurance Commission Law (2003)*. The Fund is maintained and administered by the Health Insurance Commission. The Fund's primary function is to help the Cayman Islands Government Ministry of Health & Human Services defray the costs incurred for providing treatment to indigent uninsurable and indigent partially uninsurable individuals. Contributions to the Fund are received from approved insurance providers in accordance with the *Health Insurance Regulations (2005 Revision)*.

The Segregated Insurance Fund office is located on the 2nd Floor of The Sigma Building on 93 Smith Road in George Town.).

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 (IPSASB). The financial statements of the Fund are prepared on the accrual basis of accounting under the historical cost convention

b) *Cash and cash equivalents*

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

c) *Contributions from approved providers*

Contributions from approved health insurance providers are recognized as revenue when due.

Segregated Insurance Fund

Notes to the Financial Statements For the Year Ended 30 June 2008

3. Contributions receivable

Contributions receivable are recognized initially at fair value less a provision for impairment. A provision for impairment of contributions receivables is established when there is objective evidence that the Fund will not be able to collect all the amounts due. As at 30 June 2008 there was no provision (2007: \$0) for impairment of contributions receivable. Net contributions receivable at 30 June 2008 was valued at \$199,780 (2007: \$157,315).

4. Contributions from approved providers

Under each standard health insurance contract, an approved health insurance provider collects contributions from individual policy holders with no dependants at a rate of \$5 per month and from policy holders with dependants at a rate of \$10 per month. The fees are set out in the *Health Insurance Commission Law (2003)*.

5. Payments to the Ministry of Health & Human Services

Fees collected from the insurance companies meets the definition of coercive revenue of the Cayman Islands Government and are therefore deposited in the Executive Revenue bank account of the Ministry of Health & Human Services.

6. Related party transactions

The Health Insurance Commission is the administrator of the Fund and provides office space, staff, furniture and fittings and other facilities at no cost to the Fund.

a) *Ministry of Health and Human Services*

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

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. As a private corporation, it has its own Board of Directors. CINICO is an approved insurance provider and therefore remits contributions to the Segregated Insurance Fund under the *Health Insurance Regulations*. Contributions received from CINICO for the year were \$561,560 (2007: \$533,490) with a contribution receivable at 30 June 2008 of \$48,085 (2007: \$0).