



SEGREGATED INSURANCE FUND OF THE CAYMAN ISLANDS

Report to those charged with governance on the 2024 audit

April 2025

*To help the public service
spend wisely*

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REPORT TO THOSE CHARGED WITH GOVERNANCE

INTRODUCTION

1. We have completed our audit of the 31 December 2024 financial statements of the Segregated Insurance Fund of the Cayman Islands (“the Fund”). International Standards on Auditing (ISAs) require that we communicate certain matters to those charged with governance of the Fund in sufficient time to enable appropriate action. The matters we are required to communicate under ISAs include:
 - auditor’s responsibilities in relation to the audit
 - the overall scope and approach to the audit, including any expected limitations, or additional requirements
 - relationships that may bear on our independence, and the integrity and objectivity of our staff
 - expected modifications to the audit report
 - significant findings from our audit
2. This report sets out for the consideration of those charged with governance those matters arising from the audit of the financial statements for the year ended 31 December 2024 that we consider are worthy of drawing to your attention.
3. This report has been prepared for the sole use of those charged with governance and we accept no responsibility for its use by a third party. Under the Freedom of Information Act (2021 Revision) it is the policy of the Office of the Auditor General to release all final reports proactively through our website: www.auditorgeneral.gov.ky.

AUDITOR’S RESPONSIBILITIES IN RELATION TO THE AUDIT

AUDITOR’S RESPONSIBILITY UNDER INTERNATIONAL STANDARDS ON AUDITING

4. ISAs require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not ordinarily identify all such matters and this report includes only those matters of interest which came to our attention as a result of the performance of our audit.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

5. Management's responsibilities are detailed in the engagement letter to which this engagement was subject. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

6. While we have no responsibility to perform any work on other information, including forward looking statements, containing audited financial statements, we will read the other information contained in the Fund's annual report, if one is prepared, to consider whether such information is materially inconsistent with information appearing in the financial statements or our knowledge of the operations of the Fund. We have not reviewed any other documents containing the Fund's audited financial statements.

CONDUCT, APPROACH AND OVERALL SCOPE OF THE AUDIT

7. Information on the integrity and objectivity of the Office of the Auditor General and audit staff, and the nature and scope of the audit, were outlined in the Engagement Letter presented to the Superintendent of Health Insurance dated 13 September 2024, and follow the requirements of the ISAs. We are not aware of any impairment to our independence as auditors.

AUDIT REPORT, ADJUSTMENTS AND MANAGEMENT REPRESENTATIONS

8. We have issued an unmodified auditor's report on the 2024 financial statements.
9. There were no corrected or uncorrected audit misstatements arising from the audit.
10. As part of the completion of our audit we seek written representations from management on aspects of the accounts and judgements and estimates made. Management provided us with written representations dated 16 April 2025 in respect of our financial statement audit.

SIGNIFICANT FINDINGS FROM THE AUDIT

SIGNIFICANT ACCOUNTING PRACTICES

11. We are responsible for providing our views about qualitative aspects of the Fund's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. Generally accepted accounting principles provide for the Fund to make accounting estimates and judgments about accounting policies and financial statement disclosures. We are not aware of any areas where the significant accounting practices have changed from previous year or are not consistent with general industry practice. In addition, we are not aware of any new or controversial accounting practices reflected in the Fund's financial statements.

MANAGEMENT'S JUDGMENTS AND ACCOUNTING ESTIMATES

12. There were no matters which required management to make significant judgments or which required significant estimates.

GOING CONCERN DOUBTS

13. As a result of our audit, we did not become aware of any material uncertainties related to events and conditions that may cast significant doubt on the Fund's ability to continue as a going concern.

INTERNAL CONTROL MATTERS AND SIGNIFICANT FINDINGS

14. We have identified one significant finding as part of our audit. Details are included in Appendix 1 along with management's response.

FRAUD OR ILLEGAL ACTS

15. Applicable auditing standards recognize that the primary responsibility for the prevention and detection of fraud and compliance with applicable acts and regulations rests with both those charged with governance of the entity and with management. It is important that management, with the oversight of those charged with governance; place a strong emphasis on fraud prevention, and fraud deterrence. They are also responsible for establishing and maintaining controls pertaining to the entity's objective of preparing financial statements that are presented fairly, in all material respects, in accordance with the applicable financial reporting framework and managing risks that may give rise to material misstatements in those financial statements. In exercising oversight responsibility, those charged with governance should consider the potential for management override of controls or other inappropriate influence over the financial reporting process.
16. As auditors, in planning and performing the audit, we are required to reduce audit risk to an acceptably low level, including the risk of undetected misstatements in the financial statements due

to fraud. However, we cannot obtain absolute assurance that material misstatements in the financial statements will be detected because of such factors as the use of judgment, the use of testing, the inherent limitations of internal control and the fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature.

17. No fraud or illegal acts came to our attention as a result of our audit.

SIGNIFICANT DIFFICULTIES ENCOUNTERED DURING THE COURSE OF OUR AUDIT

18. No serious difficulties were encountered in the performance of our audit.

DISAGREEMENTS WITH MANAGEMENT

19. We have had no disagreements with management resulting from our audit.

ANY OTHER SIGNIFICANT MATTERS

20. No other significant matters were raised during the audit.

ACKNOWLEDGEMENTS

21. We would like to express our thanks to the Fund's staff for their help and assistance during the audit of this period's financial statements. This enabled us to provide an audit report within the agreed timetable.

Yours sincerely,



Patrick O. Smith CFE, CPA
Acting Auditor General

APPENDIX 1 – INTERNAL CONTROL MATTERS AND SIGNIFICANT FINDINGS

Observation	Risk/Implication and Recommendation	Management Response	Implementation Date
<p>1. Non-compliance with Public Management and Finance Act (2020 Revision) (PMFA)</p> <p>Section 52(1) of the Public Management and Finance Act (2020 Revision) (PMFA) requires statutory authorities and government companies to prepare and submit annual reports for the Auditor General’s review within two months after the end of each financial year.</p> <p>The Fund did not submit its 2023 annual report by 29 February 2024 and its 2024 annual report by 28 February 2025 as required by the PMFA.</p>	<p>Risk/Implication:</p> <p>Non-compliance with the PMFA. Various stakeholders use information to make decisions. Late submission of parts of the annual report may affect the timeliness of reporting to stakeholders thus affecting the timeliness of their decisions.</p> <p>Recommendation:</p> <p>Management should ensure that it submits its annual reports for review within the statutory deadline imposed by the PMFA.</p>	<p>The observation is noted. The delay in submitting the annual report is due to the reporting on aggregate of the eight Approved Insurers (AI) Financial Performance (FP). This information is not available within the two months after the end of each financial year because some of the AIs financial year ends on the 30 June and there is a requirement for the FP Reports to be audited and signed by the auditors. Alternatively, the Commission can submit the Annual Report without the Financial Performance Report .</p>	<p>Annual Report for 2023 (with audited FPR) will be submitted by 06/2025 and the annual report for 2024 (without audited FPR) will be submitted by 07/2025.</p>