

GOVERNMENT MOTION No. 8/07-08

APPROVAL FOR THE ISSUANCE OF A LETTER OF CREDIT IN RESPECT OF THE CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LTD

WHEREAS the Cayman Islands National Insurance Company Ltd (CINICO) is a wholly owned Government Company that was granted a Class "A" Insurance Licence on 1 February 2004 by the Cayman Islands Monetary Authority under the Insurance Law (2003 Revision);

AND WHEREAS CINICO was established for the principal purpose of providing health insurance to persons whose healthcare costs are covered by the Government, including: civil servants; civil service pensioners; employees of other government entities; seamen; veterans; as well as residents of the Cayman Islands who have low income, impaired health status or who are elderly;

AND WHEREAS CINICO is required, under the terms of its Class "A" Insurance Licence, to maintain a minimum positive net worth of CI$3,000,000;

AND WHEREAS since its inception CINICO has accumulated net losses of CI$18.1 million and it had a negative net worth of CI$6.2 million at the 30th June 2007, which is CI$9.2 million less than the minimum required to maintain its Class "A" Insurance Licence;

AND WHEREAS the Cayman Islands Monetary Authority has confirmed that the issuance of a Letter of Credit in favour of CINICO for at least CI$9.2 million will satisfy the net worth requirements of CINICO's Class "A" Insurance Licence;

WHEREAS a Letter of Credit is a particular form of guarantee;

AND WHEREAS section 8 of the Public Management and Finance Law (2005 Revision) provides that, as a general rule, no guarantee may be given by or on behalf of the Government unless it has been authorised by a resolution of the Legislative Assembly;

BE IT NOW THEREFORE RESOLVED that the Legislative Assembly authorises the Government of the Cayman Islands to arrange for a Letter of Credit to be issued in favour of the Cayman Islands National Insurance Company Ltd for an amount not to exceed CI$10,000,000, in order to maintain compliance with its Class "A" Insurance Licence.

Moved by: Honourable G Kenneth Jefferson JP
Third Official Member responsible for Finance and Economics

Received in the Office of the Clerk this 21st day of January 2008

Passed by the Legislative Assembly this 23rd day of January 2008

Clerk of the Legislative Assembly