



CENTRAL BANK OF TRINIDAD AND TOBAGO

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September 29, 2023

CIRCULAR LETTER TO:

Insurance Companies Registered Under the Insurance Act, 2018

Appointed Actuaries

Association of Trinidad and Tobago Insurance Companies (ATTIC)

Institute of Chartered Accountants of Trinidad and Tobago (ICATT)

Caribbean Actuarial Association (CAA)

REF: CB-OIFI-3141/2023

INDUSTRY CONSULTATION -

Draft Insurance (Policy Liabilities) Regulations;

Draft Guidelines for Appointed Actuaries; and

Draft Insurance (Financial Condition Report) (Amendment) Regulations

In order to achieve continued alignment with international financial reporting standards, in particular IFRS17, the Central Bank of Trinidad and Tobago (Central Bank) has to, inter alia, review and revise its legislation. As such, this letter serves as notice for:

1. Consultation on draft Insurance (Policy Liabilities) Regulations;
2. Consultation on draft Guidelines for Appointed Actuaries on the -
 - a. Requirements for the Valuation of Policy Liabilities and Other Actuarial Liabilities for Long-Term Insurance Business; and
 - b. Requirements for the Valuation of Policy Liabilities and Other Actuarial Liabilities for General Insurance Business; and
3. Consultation on draft Insurance (Financial Condition Reporting) (Amendment) Regulations.

1. Draft Insurance (Policy Liabilities) Regulations

Sections 158(1) and 215(1) and (2) of the Act require an insurer to cause its appointed actuary to value its policy liabilities and other actuarial liabilities, as at the end of each financial year. The valuation must be conducted in accordance with Regulations under the Act and standards of accepted actuarial practice with such changes as may be determined by the Central Bank.

The requirements for the valuation of policy liabilities and other actuarial liabilities for long-term insurance business set out in the Insurance (Caribbean Premium Policy Method) Regulations, 2020 (CPPM Regulations) fundamentally conflict with IFRS 17. The CPPM Regulations will therefore be rescinded. As such, new regulations were developed for the valuations of policy liabilities and other actuarial liabilities for returns filed pursuant to the Act by all insurers carrying on insurance business.

For your review, the proposed Insurance (Policy Liabilities) Regulations, 2023 governing both long-term insurance and general insurance business is located on the Central Bank's website under the section "Draft Regulations": <https://www.central-bank.org.tt/core-functions/supervision/insurance-sector/draft-and-consultation-papers>

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2. Draft Guidelines for Appointed Actuaries on the Requirements for the Valuation of Policy Liabilities and Other Actuarial Liabilities (Guidelines for Appointed Actuaries)

The Guidelines for Appointed Actuaries were developed to set out the Central Bank's expectations with respect to certain aspects of the actuarial valuation and the form and content of the report prepared by an appointed actuary and submitted by an insurer in accordance with sections 158 and 215(1) of the Act. These Guidelines also provide the form of the opinion required pursuant to section 145(2) of the Act and are compliant with IFRS17.

Note that the Guideline for Appointed Actuaries specific to long-term insurance business supersedes the previous requirements issued by the Central Bank by letter dated November 8, 2021 on the Format of the Appointed Actuary's Report for Long-Term Insurance Business.

The Guidelines for Appointed Actuaries and accompanying Schedules will be expected to apply for valuations as at December 31, 2023 and subsequent. For your review, these Guidelines and Schedules are located on the Central Bank's website under the section "Draft Guidelines":

<https://www.central-bank.org.tt/core-functions/supervision/insurance-sector/draft-and-consultation-papers>

3. Draft Insurance (Financial Condition Reporting) (Amendment) Regulations

Amendments were made to remove references to the CPPM Regulations and to recognise that, going forward, all financial condition reports must be prepared by the insurer's appointed actuary.

Insurers carrying on general insurance business are reminded that they are required to appoint an actuary by December 31, 2023, in accordance with Section 78(2) of the Act.

For your review, the draft Insurance (Financial Condition Reporting)(Amendment) Regulations Amendment Regulations is located on the Central Bank's website under the section "Draft Regulations": <https://www.central-bank.org.tt/core-functions/supervision/insurance-sector/draft-and-consultation-papers>

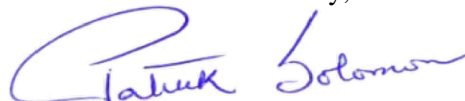
4. QIS 2 and the draft amendments to the Insurance (Capital Adequacy) Regulations

The Central Bank will be launching a second QIS on the revised capital adequacy requirements, including proposed amendments to these Regulations, under separate cover.

Comments on the draft Regulations and Guidelines outlined above should be submitted electronically to the Central Bank at ifrs17@central-bank.org.tt by **October 31, 2023**.

We anticipate your co-operation and look forward to your timely feedback.

Yours sincerely,



Patrick Solomon

INSPECTOR OF FINANCIAL INSTITUTIONS