



# CENTRAL BANK OF TRINIDAD & TOBAGO

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August 22, 2012

## CIRCULAR LETTER TO:

**All Life and General Insurance Companies (with copy to CEOs);  
The Appointed Actuaries of Life Insurance Companies;  
FCR Working Group; ATTIC Secretariat  
and ICATT.**

**REF: CB-OIFI-1906/2012**

### **Financial Condition Report Regulations for Life and General Insurers**

The Central Bank of Trinidad and Tobago initiated its first quantitative impact study (QIS) of the Financial Condition Report (FCR) framework for life insurers using the results of their Parallel Run 2 submissions on 2010 financial year-end data. There was however very minimal participation in this study.

Pending the expected enactment of the new legislation and accompanying Regulations in 2012, the Central Bank is conducting another QIS on the FCR Regulations, this time for both life and general insurers. This is deemed necessary to assist companies with preparing for the new FCR requirements. As you are aware, insurers will be required to submit their first FCR within sixty days after the close of each of their financial years from the end of the second year following enactment of the new Insurance Bill.

The QIS will require stress testing of your company's business plan, the development of which will be shortly commencing for those of you with financial year ends of 31 December, and for the purposes of conducting this impact study, we ask that:

- i. The draft regulations with respect to the Financial Condition Reports are used which are located on the Central Bank's website at <http://www.central-bank.org.tt/content/financial-condition-report-working-committees>.
- ii. For life insurance companies – **Scenarios b, c and g** of the seven (7) "Specified Scenario Tests" as prescribed in Schedule 2 of the draft regulations in (ii) are tested; and
- iii. For general insurance companies – **Scenarios a, c and e** of the seven (7) "Specified Scenario Tests" as prescribed in Schedule 2 of the draft regulations in (ii) are tested.

Soft copies of your submissions should be emailed to [insurance\\_reports@central-bank.org.tt](mailto:insurance_reports@central-bank.org.tt). We would be grateful if you will use the same email address if you have any questions concerning this QIS. Companies are encouraged to use PGP (Pretty Good Privacy) encryption software or any other compatible software for electronic submission. Hard copies of the submissions must be submitted to my Office.

The Central Bank strongly encourages your participation in this exercise as it provides an excellent opportunity for you to assess your institution's financial condition, sensitivity to particular circumstances and your ability to perform and prepare the FCR. We look forward to receiving your submissions by December 31, 2012 but do not hesitate to contact us if you are experiencing any difficulties with the completion of the study.

Yours sincerely

A handwritten signature in black ink that reads "A A Roberts". The signature is written in a cursive style with a long horizontal stroke at the end.

Anthony Roberts  
**Chief Actuary**  
**Financial Institutions Supervision Department**