



CENTRAL BANK OF TRINIDAD & TOBAGO

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Circular letter to all Life Insurance Companies, the Appointed Actuaries of Life Insurance Companies, FCR Working Group – Life Insurers, the ATTIC Secretariat and ICATT.

REF: CB-OIFI-1048/2011

Financial Condition Reports for Life Insurance

As you are aware, Section 182 of the draft Insurance Bill requires insurers to annually perform an investigation into the financial condition of their company and to submit a Financial Condition Report (FCR) concerning this investigation to the Inspector. Given the significant importance of the change, the Central Bank of Trinidad and Tobago (Central Bank) has been in consultation with various stakeholders in developing an appropriate regulatory framework for the FCR. As a result draft regulations with respect to the Financial Condition Reports have been prepared and are available at <http://www.central-bank.org.tt/content/financial-condition-report-working-committees>.

Insurers will be required to submit their first Financial Condition Report (FCR) within sixty days after the close of each of its financial years from the end of the second year following the enactment of the new Insurance Bill. The new legislation is now expected to be passed in 2011. Therefore, to ensure that insurers are sufficiently prepared to perform the investigations into their financial condition, the Central Bank, in conjunction with representatives from the industry, has agreed to conduct a quantitative impact study (QIS) of the captioned framework using the results of the Parallel Run 2, which is to be based on 2010 financial year-end data.

The FCR impact study, otherwise known as the **QIS – FCR**, is to be submitted by **December 31, 2011**. For the purposes of conducting this impact study, we ask that:

- i. The Draft Insurance (Financial Condition Report for Long Term Insurance) Regulations are to be used; and
- ii. **three (3)** of the seven (7) “Specified Scenario Tests” as prescribed in Schedule 2 of the Draft Insurance (Financial Condition Report for Long Term Insurance) Regulations are to be tested. These three (3) scenarios are scenarios **b, c and g**.

The Quantitative Impact Study 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 therefore encourage your participation in this exercise.

Yours sincerely

Anthony Roberts
Chief Actuary

Financial Institutions Supervision Department