



CENTRAL BANK OF TRINIDAD AND TOBAGO

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September 20, 2023

CIRCULAR LETTER TO:

Insurers Registered Under the Insurance Act, 2018

Association of Trinidad and Tobago Insurance Companies Secretariat

REF: CB-OIFI-3029/2023

Consultation on the Revisions to the Guideline for the Approval of New or Significantly Amended Insurance Policies Under the Insurance Act, 2018

The Guideline for New or Significantly Amended Insurance Policies ("Guideline") was first issued by the Central Bank of Trinidad and Tobago ("Central Bank") in May 2012 under the Insurance Act Chap 84:01. It was subsequently revised in January 2021, only for consistency with the requirements of the newly enacted Insurance Act, 2018 ("Act"). This Guideline seeks to enhance the transparency and efficiency of the product approval process for insurers registered under the Act.

Over time, the Central Bank noted issues and concerns that would have arisen as part of the approval process for new and amended product applications submitted. In an attempt to address these, as well as, to ensure that the Guideline remains relevant in the current industry and consistent with the Act, the Central Bank has made proposed changes to the Guideline. For your information, the attached appendix highlights the main changes made to the Guideline

Accordingly, as part of the consultation process, the Central Bank is inviting stakeholders to provide comments on the draft revised Guideline, which can be accessed on the Central Bank's website at <https://www.central-bank.org.tt/core-functions/supervision/insurance-sector/draft-and-consultation-papers>. Comments should be submitted electronically to FISDActuarial@central-bank.org.tt by **November 3, 2023**.

The Central Bank looks forward to your usual co-operation in this matter.

Yours sincerely

Patrick Solomon

INSPECTOR OF FINANCIAL INSTITUTIONS

APPENDIX 1 - SIGNIFICANT CHANGES

Reference	Amendment	Rationale
Association of Underwriters (Section 4)	<p>A new section was added to address the Association of Underwriters re Section 247 of the IA 2018 as follows:</p> <p>4.1 An association of underwriters (association), in accordance with Section 247 of the Act, shall not offer a new or amended product in Trinidad & Tobago without first furnishing the Inspector with the information required under Section 33 or 164 of the Act. Sections 33 and 164 also apply mutatis mutandis to associations.</p> <p>4.2 Accordingly, an association is only required to comply with the Sections 6, 8 and 9 of this Guideline.</p> <p>Section 247 of the IA 2018 states that an association of underwriters must not offer a new or amended product without providing the information to the Inspector under the relevant sections (33 and 164) of the IA 2018.</p> <p>The new section added also clearly states which sections of the revised Guideline will apply to the associations.</p>	<p>This was not addressed in the 2021 revision to the Guideline. This section was inserted to ensure consistency with the Act.</p>
Products sold outside of T&T (Section 6.2)	<p>For new or amended products to be sold outside of T&T, the insurer must have a registered branch or agency in that jurisdiction under Section 27(1)(a) of the Act. The insurer must also seek approval from the relevant regulator in that jurisdiction before the new or amended product can be sold. The new provision states:</p> <p>6.2 If a new or amended product is to be sold outside of Trinidad and Tobago, the insurer must have a registered branch or agency in that jurisdiction under Section 27(1)(a) of the Act. The insurer must also seek approval from the relevant regulator in that jurisdiction before the new or amended product can be sold.</p>	<p>There have been a few instances of such products submitted for approval. After internal consultation, it was determined that it should be addressed in the Guideline to ensure clarity to insurers on how such products would be treated.</p>
Significant amendments (Section 6.5.2)	<p>A list of examples of significant amendments have been included. It was made clear that the list is not exhaustive.</p> <p>6.5.2 Significant amendments to a product may include the following. This is not intended</p>	<p>This revision was made to help insurers identify which amendments are considered significant.</p>

Reference	Amendment	Rationale
	<p><i>to be an exhaustive list as amendments not listed here may also be considered significant upon analysis.</i></p> <p><i>I. Changes to benefits such as coverage limits, term of coverage, issue ages or guaranteed rates.</i></p> <p><i>II. Introducing US dollar or other currency versions of an existing product.</i></p> <p><i>III. Changes to the underwriting process, for example a change from simplified issue underwriting to fully underwritten.</i></p> <p><i>IV. Changes to standard policy conditions such as fraud, governing law or policy exclusions.</i></p>	
Insignificant amendments (Section 6.6.3)	<p>Insurers are now required to submit copies of all amended documents, even though insignificant, for both long term and general insurance products.</p> <p><i>6.6.3 For insignificant amendments to an existing product, the insurer must notify and submit copies of all documents revised on account of the amendments, a summary of the changes made, together with the opinion of the chief risk officer or equivalent officer (see section 6.6.2), to the Inspector at least twenty (20) business days for general insurance products and sixty (60) business days for long-term insurance products, before the intended date of its launch.</i></p>	This was added to be compliant with Sections 33 and 164 of the Act, which requires that all amended (whether significant or not) documents be submitted to the Inspector.
Change to Premium rates (Section 6.6.4)	<p>Insurers are required to submit notification of the change as well as a written certification by the actuary that the new premium rates are adequate.</p> <p><i>6.6.4 In the instance where the amendment is only a change to premium rates for long-term insurance products, the insurer must provide a written notification to the Central Bank of such change along with a written certification by the Actuary that the new premium rates are adequate for the risks undertaken. This notification must be submitted within twenty (20) business days before the change to premium rates is made.</i></p>	<p>In the existing guideline a change to premium rates was simply stated as being an insignificant amendment with no requirements for notification by the insurer.</p> <p>However, in practice, insurers usually notify us of changes to premium rates with actuarial certification provided. Therefore, this amendment was necessary to ensure that we receive notifications and more importantly certification by the actuary of adequacy.</p>

Reference	Amendment	Rationale
Product Development Policy (PDP) (Section 7)	<p>The requirement for a PDP now applies to insurers selling long term and general products.</p> <p>However, only specific items relate to both, with additional requirements needed in the PDP for long term insurers.</p> <p>Further the PDP was revised to be more principles based and less prescriptive to better reflect a minimum list of principles that insurers should consider.</p>	<p>The existing guideline stated that the PDP was only specific to life insurance including annuities, accident and sickness insurance, industrial life insurance and disability income insurance policies.</p> <p>It was necessary to apply this requirement for general products as there have been more instances of general product applications being submitted. With the PDP now applying to general insurers this will ensure that their product development process is appropriate, sound and adequate.</p>
Long standing applications (Section 8.3)	<p>If a product application has been open for more than 6 months with no activity, it will be considered closed. A new application will be required after this.</p> <p><i>8.3 If additional information is requested under Section 8.2 of this Guideline, and no response is received from the insurer within six (6) months of the request being made, the Central Bank will consider the application for approval of the product closed. Once an application is closed, if the insurer is still desirous of launching the product, then a completely new application for approval will be required.</i></p>	<p>The existing guideline does not currently address this situation. In our product reviews over the years, there have been some instances with request for information by the CBTT not being responded to for close to a year. We found it prudent to ensure that no product application remains open ended for more than six months.</p>
Disclosure, Transparency and Marketing (Section 9)	<p>This is a new section added to provide guidance in regards to the marketing material and illustrations issued by insurer.</p> <p>This section also makes reference to the Market Conduct Guideline, which provides further guidance.</p>	<p>Based on the product reviews done over time it was found that both marketing materials and illustrations needed to be enhanced, by ensuring adequate information on the product such as its guarantees, benefits, performance expectations, exclusions and other important disclosures were provided.</p> <p>The addition of this section will help ensure that policyholders are provided with information that is clear, accurate and not misleading.</p>