



Central Bank of Trinidad and Tobago

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December 23, 2020

CIRCULAR LETTER TO

ASSOCIATION OF TRINIDAD AND TOBAGO INSURANCE COMPANIES (ATTIC)
TRINIDAD AND TOBAGO INSURANCE INSTITUTE (TTII)
TRINIDAD AND TOBAGO ASSOCIATION OF INSURANCE FINANCIAL ADVISORS (TTAIFA)
INSURANCE BROKERS ASSOCIATION OF TRINIDAD AND TOBAGO (IBATT)
ASSOCIATION OF CARIBBEAN COMMONWEALTH LOSS ADJUSTERS

REF: CB-OIFI-2622/2020

COMPLIANCE WITH MINIMUM STATED CAPITAL AND PROFESSIONAL INDEMNITY INSURANCE REQUIREMENTS UNDER SECTION 116 OF THE INSURANCE ACT, 2018 (AS AMENDED)

The Central Bank of Trinidad and Tobago (the “Central Bank”) wishes to remind all brokerages of Section 116 (2) to (6) of the Insurance Act, 2018 (the “Act”), and in particular, subsections (2) and (3) which stipulate that:

- 116 (2) Each brokerage shall maintain at all times minimum stated capital of at least **Five Hundred Thousand Dollars (\$500,000)** which shall be in the form of cash and approved securities.
- (3) A brokerage which immediately before the commencement of this Act is registered as a broker but is not in compliance with subsection (2), shall within three years of the commencement of this Act increase its stated capital to not less than the amount prescribed in subsection (2) as follows:
- (a) two hundred thousand dollars (\$200,000.00) by the end of the first year;
 - (b) three hundred and fifty thousand dollars (\$350,000.00) at the end of the second year; and
 - (c) five hundred thousand dollars (\$500,000.00) at the end of the third year following commencement.

In this context, “stated capital” means the aggregate of all stated capital accounts as defined in the Companies Act.

Pursuant to section 116(4) of the Act, brokerages which are subject to sections 116(2) and (3) must submit a plan for increasing its minimum stated capital to the amounts required under those subsections, which is approved by its board of directors and acceptable to the Central Bank, **no later than June 30, 2021.**

When developing their plan for increasing minimum stated capital requirements, brokerages may consider –

Circular Letter:

Association of Trinidad and Tobago Insurance Companies (ATTIC)

Trinidad and Tobago Insurance Institute (TTII)

Trinidad and Tobago Association of Insurance Financial Advisors (TTAIFA)

Insurance Brokers Association of Trinidad and Tobago (IBATT)

Association of Caribbean Commonwealth Loss Adjusters

23 December, 2020

1. Recovery strategies arising from business interruptions caused by the impact of the global COVID-19 pandemic, including the loss of revenues due to stay-at-home orders, loss of business and the volatility of commodity prices as a source of government revenues;
2. Rationalization of the asset base in respect of revalued or impaired assets and overdue receivables; and
3. Cash injections from current or prospective shareholders or parent companies.

In addition, brokerages are reminded that Section 116(1) of the Act also increases the minimum professional indemnity insurance deductible for an insured amount of at least five million dollars (\$5,000,000.00) from a maximum deductible of fifteen thousand dollars (\$15,000.00) to a maximum deductible of fifty thousand dollars (\$50,000.00) or 10% of stated capital, whichever is greater.

Brokerages will be required to submit evidence that their professional indemnity insurance meets the criteria set out in section 116(1) of the Act.

Failure to comply with any of the provisions outlined in Section 116 of the Act is an offence and may result in the Central Bank taking further regulatory action in accordance with the Act, including but not limited to the revocation of the Certificate of Registration of the brokerage in accordance with Section 121(h) of the Act where applicable.

Please be guided accordingly.

Yours sincerely



Patrick Solomon

INSPECTOR OF FINANCIAL INSTITUTIONS