



# Central Bank of Trinidad and Tobago

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August 27, 2020

**CIRCULAR LETTER TO:**

Insurance Companies Under the Insurance Act, CHAP 84:01  
Association of Trinidad and Tobago Insurance Companies  
Institute of Chartered Accountants of Trinidad and Tobago  
Caribbean Actuarial Association

**REF: CB-OIFI-1736/2020**

**CONSULTATION ON INSURANCE SECTOR STRESS TESTING FRAMEWORK**

The Central Bank of Trinidad and Tobago (Central Bank) intends to implement an Insurance Sector Stress Testing Framework (Framework) for top down stress testing of the insurance sector to aid in its macroprudential risk analysis, and which will be used as a supervisory tool to highlight the vulnerabilities and shocks that can potentially inhibit the resilience of the financial system and undermine stability.

The proposed Framework includes sensitivity and scenario testing of an insurer's balance sheet and income statement and requires specific data to undertake the stress tests. Accordingly, as part of the consultation process, the Central Bank, is inviting stakeholders to provide comments on the proposed Framework, in particular the proposed stress factors, to ensure relevance to the insurance sector.

The Insurance Sector Stress Testing Framework 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 [StressTestingComments@central-bank.org.tt](mailto:StressTestingComments@central-bank.org.tt) by September 18, 2020.

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

Yours sincerely

A handwritten signature in blue ink that reads "Patrick Solomon".

Patrick Solomon  
**INSPECTOR OF FINANCIAL INSTITUTIONS**