



Central Bank of Trinidad and Tobago

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January 31, 2024

Circular Letter to

Insurance Companies Registered under Insurance Act, 2018

The Institute of Chartered Accountants of Trinidad and Tobago (ICATT)

The Association of Trinidad and Tobago Insurance Companies (ATTIC)

The Caribbean Actuarial Association (CAA)

REF: CB-OIFI: 345/2024

Regulatory Reporting Requirements for Insurance Companies registered in Trinidad and Tobago

The Central Bank of Trinidad and Tobago (Central Bank/Bank) reminds insurers that, pursuant to section 144(1) of the Insurance Act, 2018 (Act), audited financial statements submitted to the Inspector of Financial Institutions (Inspector), must be prepared in accordance with International Financial Reporting Standards (IFRS). This is consistent with the position of the Institute of Chartered Accountants of Trinidad and Tobago (ICATT), which has adopted the IFRS issued by the International Accounting Standards Board as the national accounting standards of Trinidad and Tobago.

Under IFRS, reporting entities were required to implement IFRS 17 – Insurance Contracts, for reporting periods that began on or after January 1, 2023. Accordingly, for annual reporting periods beginning on or after January 1, 2023, insurers will be expected to submit audited financial statements in compliance with IFRS 17.

Regulatory Annual Returns aligned with IFRS

In keeping with the International Core Principles (ICPs) of the International Association of Insurance Supervisors (IAIS), the Central Bank has adopted a policy framework where the methodologies for calculating items in audited financial statements are used for, or are substantially consistent with, the methodologies used for calculating items in the regulatory returns required under section 145 of the Act, with as few changes as possible to satisfy regulatory requirements¹. This policy framework allows insurers to align the financial reporting standards used for their regulatory returns with those used for the audited financial statements presented to shareholders. Aligning the prudential and regulatory reporting framework with IFRS 17 also reduces regulatory burden by limiting the need for insurers to maintain dual valuation, actuarial, accounting and reporting systems and reduces additional audit work needed for the regulatory returns. Furthermore, IFRS 17 is compatible with the total balance sheet approach to capital adequacy required by the ICPs. The goals of the Central Bank's capital adequacy framework can be met through judicious use of prudential filters and careful design and calibration of required capital and/or solvency control levels.

¹ [Insurance Core Principle](#) of the IAIS 14.0.1

Audited Financial Statements & Annual Returns Submission

Insurers are advised that:

1. Pursuant to section 145 of the Act, the annual returns and instructions for providing the information updated to reflect the requirements of IFRS 17 (Annual Returns>Returns) have been issued by posting on the Central Bank's public website and can be accessed at <https://www.central-bank.org.tt/publications/regulatory-returns/insurance-sector-regulatory-return> The Returns and the accompanying instructions apply from reporting periods ending on or after December 31, 2023.
2. The Central Bank, by adopting IFRS for the primary financial statements included in the Annual Returns, considers IFRS to be the relevant fair presentation framework². The use by an insurer carrying on long-term insurance business of the Caribbean Policy Premium Method to value certain policy liabilities for its primary financial statements in the Returns will no longer be in accordance with IFRS or achieve fair presentation. In these circumstances, the valuation of liabilities required under section 158 of the Act should be prepared in accordance with IFRS 17 and not with the Insurance (Caribbean Policy Premium Method) Regulations, 2020.
3. No changes have been made to the capital adequacy exhibits. The capital requirements are considered as continuing to be fit-for-purpose and appropriate, and provides a consistent and reliable economic valuation basis for regulatory capital requirements calculations at this time.
4. The Bank recognized the challenges regarding the implementation activities associated with IFRS 17 reporting requirements, notwithstanding the duration of time since notification of effective date of the standard. In the circumstances, the Bank expects that all insurers would seek to ensure that the audited financial statements and Annual Returns, required to be submitted under sections 144(1) and 145(1) of the Act, for the financial year ended December 31, 2023 are submitted no later than June 30, 2024.

The Central Bank would like to thank all respondents who provided feedback on the draft Returns during the public consultation. All comments received were taken into consideration by the Inspector in finalizing the Returns. Addendum 1 of this letter provides a summary of the material comments received and the Central Bank's response.

Draft Documents sent for Public Consultation

The Central Bank continues to consider the feedback from its public consultation on the draft Insurance (Policy Liabilities) Regulations, draft Insurance (Financial Condition Reporting) (Amendment) Regulations and the draft Guidelines for Appointed Actuaries – Requirements for the Valuation of Policy Liabilities and Other Actuarial Liabilities. The following will be issued shortly and in the interim of the foregoing Regulations coming into effect:

1. Finalized Instructions for Appointed Actuaries. In this first financial year, appointed actuaries should use the applicable provisions in the Instructions (to the extent practicable and on a best efforts basis) to report on the value of the insurer's policy liabilities and other actuarial liabilities. The Appointed Actuary will be required, at a minimum, to comply

² Paragraph 15 of IAS 1 states: "Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Conceptual Framework for Financial Reporting (Conceptual Framework). The application of IFRSs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation."

- with standards of accepted actuarial practice and conform to the form of certification set out in the finalized Appendices to the Instructions;
2. Expectations of the Inspector with respect to the assessment of an insurer's financial condition and the Financial Condition Report relating to the inclusion of additional projections based on IFRS 17;
 3. Supplementary forms to inform the calibration of the changes to the capital adequacy framework previously rolled out for consultation on July 14, 2022. This is needed as the responses to the Quantitative Impact Study requested at that time were very limited; and
 4. The amended Forms for the Quarterly Returns. Insurers are expected to continue submitting as previously required until otherwise instructed.

Submission of Documents

The Appointed Actuary's Valuation Report, Financial Condition Report and the Returns must be submitted in both hardcopy and electronic form as follows:

- i. The hardcopies are to be forwarded to:
The Inspector of Financial Institutions
Financial Institutions Supervision Department
Central Bank of Trinidad and Tobago
- ii. The electronic copies must be forwarded by e-mail to:
insurance_reports@central-bank.org.tt

Any queries may be forwarded electronically to: IFRS17@central-bank.org.tt


The following documents, referred to above, are attached to this letter:

1. The Annual Returns for Long-term Insurers version 3.0;
2. The Annual Returns for General Insurers version 3.0;
3. The Asset Schedules to the Annual Returns version 3.0; and
4. The Annual Returns Instructions Manual (updated to version 3.0).

Please ensure that relevant personnel in your institutions are advised of the contents of this letter.

The Central Bank anticipates your usual cooperation and remains committed to working with all stakeholders and other interested parties to ensure that there is a seamless and consistent implementation of this required adjustment to financial reporting and disclosure. This is necessary for the industry to remain compliant with legislative requirements and aligned with international standards.

Yours sincerely



Patrick Solomon

INSPECTOR OF FINANCIAL INSTITUTIONS

ADDENDUM 1

IFRS 17 ANNUAL RETURNS CHANGE LOG

With the implementation of IFRS 17, in order to be in compliance with the Standard, the Annual Returns for both long-term and general insurers were updated to version 3.0 by amending line items in existing forms, inserting new forms, and removing some forms.

Insurers can be assured that all of the comments provided following the last industry consultation were considered and corrections made as needed to formulae, links, formatting etc. Insurers are to note the following responses to key comments received:

Form name	Query	Action
Long Term Form 23.010 Statement of Assets	Premiums receivable line was deleted, where should this figure be entered?	<p>Premiums receivable will no longer be separately disclosed in the primary financial statements as this is expected to form part of the LRC under IFRS 17. Nevertheless, insurers are directed to the publication that was issued by the relevant IASB committee on the treatment of Premiums Receivable from an Intermediary. A line item has been included for “Insurance Receivables excluding non-distinct components per IFRS 17”.</p> <p>In addition for regulatory purposes only, Form 50.15 of the General Insurance Annual Return includes an ageing analysis of premium receivable.</p>
Long Term Form 30.016 Liability Roll Forward (Analysis by remaining coverage and incurred claims (all insurance contracts)) - In Trinidad and Tobago	This Tab does not clearly state which columns CSM (GMM) is to be entered	<p>GMM is the base model for Long-term insurance contracts.</p> <p>CSM forms part of LRC so it will be captured under columns F and L respectively.</p>

New/Deleted Forms – General and Long-Term Insurer’s Annual Returns (LT and GEN)

The following forms are new forms included in the Annual Returns.

Form number	Type	Form Name
10.028/10.28	LT/GEN	Annual Corporate Information
20.019/20.19	LT/GEN	Consolidated – Statement of Income
23.019/30.19	LT/GEN	Non-Consolidated – Statement of Income
30.015 – 30.018/ 50.16 - 50.19	LT/GEN	Non-Consolidated - Liability Roll Forward
50.15	GEN	Non-Consolidated - Written Premiums By Territory/Aged Premium Receivable
45.033 – 45.043 50.39 – 50.49	LT/GEN	Non -Consolidated - Insurance Exhibits IFRS 17 related Reporting Forms for Insurance Revenue, CSM, Reinsurance Contracts Held and Discount Rate
70.060	LT	Non-Consolidated – Reinsurance Contracts Held Summary
70.070	LT	Non-Consolidated – Movements in the Net Liabilities Arising from Insurance and Investment Contracts

The following forms have been **removed** from the Annual Returns.

Form number	Type	Form Name
30.14	LT	Investment Policy Liabilities At Amortised Costs
70.010	LT	Analysis of Amounts of Life Insurance Effected and In Force
70.020 and 70.030	LT	Movement of Annuities - Individual Annuities & Group Annuities and Pensions
70.040 and 70.050	LT	Movement of Insurance - Life - Individual (Direct) & Life - Group (Direct) By Territory
20.020 and 20.20	LT and GEN	Consolidated – Statement of Income and Expenses
23.020 and 30.20	LT and GEN	Non-Consolidated – Statement of Income and Expenses
45.010-45.012/ 45.030-45.032	LT	Non-Consolidated – Statement of Income and Expenses by class of business/ Analysis of Policyholder Benefits
50.10 to 50.12	GEN	Analysis of Underwriting Income by Class of Business inside and outside of Trinidad and Tobago, and by Territory

Capital Adequacy Exhibits

No changes were made in respect of IFRS 17 at this time. However, additional guidance will be issued soon for the completion of this section of the returns. Supplementary forms to inform the calibration of the changes to the capital adequacy framework will also be issued.

Asset Schedules

The following main changes are noted for your guidance with respect to the Asset Schedules:

1. Tabs were updated to reflect the assets related to IFRS 17.
2. Tabs on Reinsurance and Premiums Receivable were converted to Memo Accounts in order to fulfil the existing Capital Adequacy Requirements.