



Central Bank of Trinidad and Tobago

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**Circular Letter to:
Insurance Companies Registered under the Insurance Act, 2018**

REF: CB-OIFI: 973 /2021

International Financial Reporting Standard 17 Insurance Contracts

The International Accounting Standards Board (IASB) has allowed for the delay of the implementation of the International Financial Reporting Standard, IFRS 17 Insurance Contracts, to January 1st, 2023.

All insurance companies registered under the Insurance Act, 2018 (IA 2018) are required under section 144(1) of the Act to submit financial statements audited in accordance with financial reporting standards to the Inspector of Financial Institutions. Accordingly, for annual reporting periods on or after January 1st, 2023, insurance companies will be required to submit audited financial statements in accordance with IFRS 17. An insurer's failure to comply with this requirement can result in administrative or criminal fines and/or enhanced regulatory supervision.

The IASB has given the following as the goal of IFRS 17:

Insurance contracts combine features of both a financial instrument and a service contract. In addition, many insurance contracts generate cash flows with substantial variability over a long period. To provide useful information about these features, IFRS 17:

- combines current measurement of the future cash flows with the recognition of profit over the period that services are provided under the contract;
- presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
- requires an entity to make an accounting policy choice of whether to recognise all insurance finance income or expenses in profit or loss or to recognise some of that income or expenses in other comprehensive income.

The Central Bank of Trinidad and Tobago (Central Bank/ Bank), in August, 2019, had sent out a questionnaire to assist the insurance companies in their preparation. An updated questionnaire is attached. Companies are required to submit their completed questionnaires by **June 15th, 2021** and every six months thereafter. Submission of soft copies should be emailed to ifrs17@central-bank.org.tt and hard copies, if necessary, should be submitted to the undersigned. In addition, all queries can be directed to the aforementioned email address.

The Bank continues to engage with representatives from the accounting, actuarial and insurance industry, among others, to provide an avenue for consistency in the implementation of IFRS 17.

Yours Sincerely

Patrick Solomon

Inspector of Financial Institutions

Att.