



Central Bank of Trinidad and Tobago

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Circular Letter to:

Insurance Companies Registered under Insurance Act, 1980 as at December 31, 2020

Association of Trinidad & Tobago Insurance Companies

REF: CB-OIFI-242/2021

Sections 87 of the Insurance Act, 2018 Limitations on Acquisition of Shares or Ownership Interest by an Insurer

Reference is made to section 87 of the Insurance Act, 2018 (IA 2018) which took effect on January 1, 2021 and contains limitations on the acquisition of shares or ownership interests by an insurer.

In accordance with section 87 in the IA 2018, all insurers are required to notify the Central Bank of Trinidad and Tobago (Central Bank) by **March 26, 2021**, of any direct or indirect shares or ownership interests held by the insurer which are in contravention of the limits and prohibitions imposed by the section. The requirements of section 87 prohibit an insurer from directly or indirectly holding shares or ownership interests as follows:

1. in **non-financial entities** which result in the insurer:
 - a. **having the power to:**
 - i. exercise twenty percent or more of voting rights at any general meeting of the entity;
 - ii. elect twenty percent or more of the director or officers of the entity; or
 - iii. exercise significant influence over the conduct of the business and affairs of the entity.
 - b. **holding shares in a company or ownership interests in any unincorporated entity, where the value** of such holdings or ownership interests is equal to twenty-five percent or more of the capital base of the insurer; or the aggregate value of such holdings and ownership interests is more than 100 percent of the capital base of the insurer.
2. in a **financial entity** where the shares of any class held is ten percent or more and the shares were acquired without the approval of the Central Bank.
3. in a **brokerage**.

There are exemptions from the above prohibitions/limitations which can be identified in sections 87(2) and (4) of the IA 2018. Insurers are required to notify the Central Bank of any such exemptions that are/could be applicable. These exemptions are where the shareholding or ownership interests are:

- i. acquired in the administration of the estate of a deceased person or the course of the satisfaction of debts due to the insurer, subject to the requirement to dispose of such shareholding or ownership interest in five years or a later period permitted by the Central Bank;
- ii. providing the necessary services in support of the activities of an insurer, subject to the approval of the Central Bank;
- iii. engaged solely in the business of the establishment, distribution or sale of collective investment schemes;
- iv. permissible real estate entities, subject to the approval of the Central Bank; or
- v. agencies established in accordance with Section 30(11) of the IA 2018, within a maximum period of five years.

Attached is the reporting form with accompanying instructions for reporting the information detailed above. Please use the date of submission as the reporting date.

Insurers are advised that the forms specified by the Inspector for all of the regulatory reports and returns required under the Act, can be accessed at <https://www.central-bank.org.tt/publications/regulatory-returns/insurance-sector-regulatory-return> under the “Regulatory Returns and Instructions”.

It should be noted that the above requirements do not apply to foreign insurers at this time, which, in accordance with section 281 of the IA 2018, have been granted a maximum period of eighteen months from the commencement of the IA 2018 in order to facilitate a reorganisation of their business.

We anticipate your usual cooperation.

Yours sincerely



Patrick Solomon
Inspector of Financial Institutions

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