



Central Bank of Trinidad and Tobago

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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- 2396/2020

Consultation on the Reinsurance Risk Governance Guideline for Insurers

The Central Bank of Trinidad and Tobago (Central Bank) recognizes the importance of reinsurance as a risk management tool used by insurers. Reinsurance, however, exposes an insurer to other risks including operational, legal, counterparty and liquidity risk.

Given that inadequate reinsurance risk management practices and procedures can materially affect an insurer's financial condition and reputation, jeopardizing policyholder security, the Central Bank has developed a draft Reinsurance Risk Governance Guideline (Guideline) which sets out its expectations regarding effective reinsurance policies and procedures. In addition to making the Central Bank's expectations more transparent to its stakeholders, the Guideline also seeks to facilitate increased application of safe and sound practices and protect the interest of policyholders.

Accordingly, as part of the consultation process, the Central Bank is inviting stakeholders to provide comments on the draft Guideline, which 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 ReinGuidelineComments@central-bank.org.tt by **January 25, 2021**.

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