



## Central Bank of Trinidad and Tobago

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July 19, 2021

**CIRCULAR LETTER TO:**

TO ALL BROKERAGES

TRINIDAD AND TOBAGO ASSOCIATION OF INSURANCE

FINANCIAL ADVISORS (TTAIFA)

ASSOCIATION OF CARIBBEAN COMMONWEALTH LOSS ADJUSTERS (ACCLA)

INSURANCE BROKERS ASSOCIATION OF TRINIDAD AND TOBAGO (IBATT)

TRINIDAD AND TOBAGO INSURANCE INSTITUTE (TTII)

**REF: CB-OIFI-1420/2021**

**FREQUENTLY ASKED QUESTIONS ON THE INSURANCE ACT, 2018 (AS AMENDED) (ACT)**

The Central Bank of Trinidad and Tobago (“the Central Bank”), has collated its first set of twelve (12) frequently asked questions (FAQs) and responses, to assist stakeholders in understanding and maintaining compliance with the Insurance Act, 2018 (as amended).

Kindly refer to Appendix I, for the details of the FAQs related to Part IV, Intermediaries, of the Act.

Kindly acknowledge receipt by signing, dating and returning the attached copy of this letter.

Yours sincerely

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

Patrick Solomon

**INSPECTOR OF FINANCIAL INSTITUTIONS**

**Att.**

## APPENDIX I

### **CPD**

#### Question 1:

When are CPD returns due?

#### Answer:

In accordance with Regulation 12(4) of the Insurance (Intermediaries) Registration Regulations, 2020 (“Regulations”), an intermediary shall commence CPD activities twelve (12) months after the commencement of the Regulations, which will be January 1, 2022.

CPD Returns are due upon the insurance intermediary’s renewal in 2022. Intermediaries whose renewals are within the beginning of 2022 may commence CPD activities after January 1, 2021, to ensure that 12 CPD hours are completed prior to their 2022 renewal. The CPD year commences from the renewal date of the intermediary’s certificate and ends twenty (20) business days prior to the maturity date of the certificate.

#### Question 2:

Who is the Approved Educational Institution?

#### Answer:

The only Approved Educational Institution at this time is the Trinidad and Tobago Insurance Institute. Should any other educational institutions be approved by the Central Bank, the industry **will be advised**.

### **FEES**

#### Question 3:

Section 117 (2)(a) of the Insurance Act, 2018 (“Act”) states that “*A certificate of registration shall be valid for such period as is stated in the certificate, not to exceed three years from the date of issue for a certificate issued to a sales representative, an agency, agent, broker, brokerage or adjuster.*” Will the fees specified in Schedule 2 of the Act now be valid for a period of three years?

#### Answer:

Even though the Act provides that a certificate could be issued for a maximum of three (3) years, the fees specified in Part B of Schedule 2 of the Act, are to be paid annually for the duration of the period of registration.

Further, currently, all intermediaries who meet the registration requirements will be issued a certificate that is valid for one (1) year. In the future, the Central Bank will consider renewal for more than one (1) year (up to three (3) years), on a risk based basis. The industry will be notified when this commences. However, in that event, the registration fees will still be payable annually in accordance with Part B of Schedule 2 of the Act.

Question 4:

What fees are required to be paid by an Agency/Agent?

Answer:

The registration fees payable by an agent and agency, in accordance with Section 111(1) are listed under Schedule 2, Part B of the Insurance Act, 2018.

An agency is required to pay an annual registration of \$3,500.00. Where it is permitted to act as an agency on behalf of more than one insurer, the agency shall pay a registration fee of \$3,500.00 in respect of each insurer it acts on behalf as an agency.

An agent is required to pay an annual registration fee of \$1000.00.

## **REGISTRATION PROCESS**

Question 5:

Who is required to be registered as an insurance intermediary?

Answer:

An agent, agency, broker, brokerage, sales representative and adjuster are considered intermediaries under Section 4(1) of the Insurance Act, 2018 and are required to be registered.

## **PROVISIONAL CERTIFICATES**

Question 6:

Section 114(2)(b) of the Insurance Act state, that for provisional certificates, “*all documents, including an application form, which are usually signed by a sales representative in relation to the sale of a policy shall be signed by both the person holding a provisional certificate and the supervisor of the registered sales representative*”. Please clarify who shall be deemed as the supervisor.

Answer:

The sales representative of an insurer referred to in Section 114 (2) (b) of the Insurance Act, 2018, must be supervised by another registered sales representative of the insurer in accordance with Section 114 (2) (a) of the Insurance Act, 2018.

Question 7:

If Sales Representative was granted a provisional certificate and was unable to sit the license exams, can they be granted an extension of their provisional license?

Answer:

Where a sales representative does not achieve the educational qualification necessary to be registered as a sales representative by the expiry date of the provisional certificate, the Central Bank may renew the provisional certificate or at a subsequent time, grant a new provisional certificate, with or without conditions. However, this renewal or subsequent grant of a certificate is not done automatically and will be subject to the Central Bank's determination after reviewing the facts of each case.

## **AUDITED FINANCIAL STATEMENTS**

Question 8:

For an institution's financial year ended December 31, 2020 or before, when is the financial statements due?

Answer:

Audited financial statements due on or before December 31, 2020, are to be submitted to the Central Bank six (6) months after its due date, in accordance with the previous Insurance Act, 1980.

In accordance with Sections 136(1) and (4) and 146 of the Insurance Act, 2018 ("Act"), for the first financial year following the commencement of the Act (e.g. March 31, 2021), agencies and brokerages shall submit their audited financial statements within four (4) months after the end of their financial year. Thereafter (e.g. March 1, 2022), the requirement to submit audited financial statements after sixty (60) business days applies.

## **PREMIUMS**

Question 9:

Clarification is requested on the requirements of section 134(1) of the Insurance Act, 2018, in respect of the number of days an agent, broker or sales representative has to remit premiums received from a client via cheque for a new or renewed policy to the company.

Answer:

Where the consumer makes payment via cheque, the brokerage, agency or sales representative will have ten (10) business days to pay the insurer, which is calculated from the date that the cheque is cleared, i.e. the funds paid by cheque become available to the broker, agency or sales representative.

## **STATED CAPITAL**

### Question 10:

Section 116(2) of the Insurance Act state, that each brokerage shall maintain at all times a minimum stated capital of at least five hundred thousand dollars. What financial instruments existing in the market (TT\$) that constitute cash?

### Answer:

Section 116(2) of the Act requires brokerages to hold a combination of cash and approved securities. For the purposes of Section 116(2) of the Act, “cash” constitutes cash in hand, a demand deposits or fixed/time deposits.

## **RETURNS**

### Question 11:

What is the format of the returns required to be submitted by agencies and brokerages in accordance with Section 128 of the Act?

### Answer:

The Returns must be submitted as a listing of all its sales representative and agents or/brokers (where applicable), as at the date of the company’s financial year end

## **ALTERNATIVE DISPUTE RESOLUTION**

### Question 12:

Section 250A of the Act provides that: *An insurer shall, no later than sixty business days after the commencement of this Act, enroll in an alternative dispute resolution scheme approved by the Central Bank.* Will Central Bank consider the Office of the Financial Services Ombudsman (OFSO) scheme, which is already subscribed to be sufficient?

Answer: All insurers that are already party to the existing agreement with the Financial Services Ombudsman (FSO) Scheme (established by Agreement with Terms of Reference dated April 25 2005), are considered enrolled in an alternative dispute resolution scheme for purposes of compliance with Section 250A of the Act. This was confirmed by the Central Bank’s Circular Letter dated March 25, 2021.

**END**