



## Central Bank of Trinidad and Tobago

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October 6, 2021

**CIRCULAR LETTER TO:**

TO ALL BROKERAGES

TRINIDAD AND TOBAGO ASSOCIATION OF INSURANCE

FINANCIAL ADVISORS (TTAIFA)

ASSOCIATION OF CARIBBEAN COMMONWEALTH LOSS ADJUSTERS

INSURANCE BROKERS ASSOCIATION OF TRINIDAD AND TOBAGO (IBATT)

TRINIDAD AND TOBAGO INSURANCE INSTITUTE (TTII)

**REF: CB-OIFI-2271/2021**

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

The Central Bank of Trinidad and Tobago (“the Central Bank”), has collated its second set of 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

### **Registration**

#### Question 1:

Is the Company Secretary required to submit a Personal Questionnaire and Declaration form, Certificate of Character, a copy of a form of photo identification and Curriculum Vitae?

#### Answer 1:

These documents are required for Fit and Proper assessments for all officers. The Company Secretary is an officer based on the definition in section 4(1) of the Insurance Act, 2018 (the Act). An officer of a brokerage or agency must be fit and proper in accordance with paragraph 1 of Part A of Schedule 5 of the Act and Section 3.1.(i ) of the Fit and Proper Guideline.

#### Question 2:

I am a foreign citizen but reside in Trinidad and Tobago. Will I be required to submit a Certificate of Character from my country of citizenship?

#### Answer 2:

In accordance with the Central Bank's Fit and Proper Guideline ("Guideline"), the requirement for overseas law enforcement clearance reports applies to persons who have at any time within the last ten (10) years worked, studied or habitually resided in an overseas jurisdiction for twelve (12) or more continuous months. If the aforementioned criteria have not been met, you are only required to submit a Certificate of Character issued by the Trinidad and Tobago Police Service within the last six (6) months.

In addition, please note that in accordance with the Guideline, all persons who are not citizens of Trinidad and Tobago are required to submit with their application, a valid work permit or CARICOM/CSME Skills Certificate.

#### Question 3:

What is the registration requirement for sole traders?

#### Answer 3:

Upon their renewal in 2021, sole traders may submit applications for registration as an "agent" or "broker".

However, in accordance with Section 110(5) of the Insurance Act, 2018, these individuals must become incorporated within one (1) year of the commencement of the Act. In this regard, these persons must submit applications for registration as an "agency" or "brokerage" together with the required incorporation documents on or before January 1, 2022.

## **Fees**

### Question 4:

How can registration fees be paid?

### Answer 4:

Reference is made to the Central Bank's Circular letter dated March 20, 2020 wherein insurance intermediaries were advised that registration fees can be paid either at the Central Bank's Banking Hall daily until 12.00pm or via electronic payments in accordance with the following instructions:

Bank a/c Number at Central Bank to be credited - 1-55440-000-00-00-00

Company's name/individual name etc.- E.g. Insurer/Intermediary Name

Central Bank's Routing- 010100110

If the instructions for the on-line payment have failed, then it is suggested that you contact your banker for further guidance and assistance.

## **Stated Capital**

### Question 5:

Section 116(2) of the Insurance Act requires brokerages to maintain a minimum stated capital of at least five hundred thousand dollars, which shall be in the form of cash and approved securities. What constitutes approved securities?

### Answer 5:

Regulation 3(1)(a) of the Insurance (Approved Securities) Regulations, 2020 (Regulations), states that "securities of, or guaranteed by the Government of Trinidad and Tobago payable in TTD and which said guarantee is explicit, unconditional, legally enforceable and irrevocable over the life of the security" are considered approved securities. Further, regulation 3(1)(b), securities of the Government of Trinidad and Tobago and payable in a foreign currency also qualify as approved securities, up to a limit of thirty (30) percent.

In this regard, **once** the securities meet all of these criteria in regulation 3 they can be considered stated capital. Pursuant to Section 116(4) of the Insurance Act, 2018, the brokerages shall submit a plan to the Central Bank for increasing its minimum stated capital for the Central Bank's consideration by June 30, 2021.

## **Professional Indemnity**

### Question 6:

When does the requirement for Professional Indemnity commence?

Answer 6: The maintenance of professional indemnity insurance of at least five million dollars, with a maximum deductible of fifty thousand dollars or ten per cent of stated capital, whichever is greater, is required from the commencement of the Insurance Act, 2018, and is therefore a requirement for registration of a brokerage.

## **Other**

### Question 7:

What is the process for the acquisition or merger of a brokerage or agency?

### Answer 7:

Once there is a proposed change in a controlling or significant shareholder or certain other material changes resulting from an acquisition or merger, the Central Bank must consider whether the agency or brokerage can continue to fulfil its fit and proper and other requirements for registration in the Insurance Act, 2018 (Act), applicable Regulations, the Corporate Governance Guideline and the Fit and Proper Guideline (Guideline). Some of the main areas of review by the Central Bank are Governance, Financial Soundness, Fitness and Propriety and the business model of the acquirer/merged brokerage/agency.

In particular, the brokerage/agency will be required to submit an updated Corporate Questionnaire and Declaration for consideration of the Central Bank in accordance with the Guideline. The new directors, officers, significant shareholders, controlling shareholders and other shareholders holding at least five per cent must also meet the minimum Fit & Proper criteria as detailed in section 5 of the Act and in the Guideline. The agent(s) and broker(s) must also demonstrate competence as evidenced by qualifications obtained or approved by the Trinidad and Tobago Institute of Insurance (TTII), with a minimum passing grade of at least 70% (local qualifications). Additionally, upon review, the Central Bank may ask for further information and/or documents to ensure that the agency/brokerage will be able to continuously meet all requirements and terms and condition of their registration.

**END**