



# Central Bank of Trinidad and Tobago

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August 9, 2021

## **CIRCULAR LETTER TO:**

ASSOCIATION OF TRINIDAD AND TOBAGO INSURANCE COMPANIES (ATTIC)  
TRINIDAD AND TOBAGO INSURANCE INSTITUTE (TTII)  
TRINIDAD AND TOBAGO ASSOCIATION OF INSURANCE FINANCIAL ADVISORS (TTAIFA)  
INSURANCE BROKERS ASSOCIATION OF TRINIDAD AND TOBAGO (IBATT)  
ASSOCIATION OF CARIBBEAN COMMONWEALTH LOSS ADJUSTERS (ACCLA)

**REF: CB-OIFI-1688/2021**

## **PAYMENT OF COMMISSIONS TO UNREGISTERED INTERMEDIARIES**

In view of the recent queries by a number of insurers regarding payment of commissions to intermediaries for any unlicensed period, the Central Bank of Trinidad and Tobago ("Central Bank") has agreed to provide clarity on whether commissions could be issued to unregistered intermediaries for business already negotiated and/or placed with the insurer.

The Central Bank wishes to advise all insurers and intermediaries of restrictions on payment of compensation, including commissions to unregistered persons for placing or negotiating insurance on behalf of any intermediary or insurer. In particular, Section 125 of the Insurance Act, 2018 (the Act) states that-

*"Where, at the date of placing or negotiating insurance a person is not registered as an agency, a brokerage or a sales representative, no insurer and no officer, employee or agent of the insurer shall pay, agree to pay, or allow to be paid to that person compensation or anything of value for placing, negotiating or attempting to place or negotiate insurance or for negotiating the continuance or renewal of insurance other than reinsurance."*

The Act however, does not preclude intermediaries who are currently unregistered from being remunerated for insurance business placed while they were registered under the Act. In fact, once the intermediary was registered at the date the insurance was negotiated and/or placed, and becomes unregistered after that date for whatever reason, the intermediary is not restricted from receiving the earned commissions.

Please be reminded of Section 110(2) of the Act, which stipulates that no individual shall carry on business as a broker, agent, sales representative or adjuster unless that person is registered under Part IV of the Act.

The Central Bank wishes to state that standard and variable performance-based allowances, bonuses and profits which may be entitled to intermediaries based on separate employment contracts between the intermediary and the insurer, do not fall under the ambit of Section 125 of the Act.

Please be guided accordingly.

Yours sincerely

Patrick Solomon  
**INSPECTOR OF FINANCIAL INSTITUTIONS**