



CENTRAL BANK OF TRINIDAD & TOBAGO

Eric Williams Plaza, Independence Square, Port-of-Spain, Trinidad, Trinidad and Tobago
Postal Address: P.O. Box 1250
Telephone: (868) 621-CBTT (2288), 235-CBTT (2288); Fax: (868) 612-6396
E-Mail Address: info@central-bank.org.tt
Website: www.central-bank.org.tt

July 14, 2022

CIRCULAR LETTER TO:

Insurance Companies registered under the Insurance Act, 2018
Appointed Actuaries
Association of Trinidad and Tobago Insurance Companies (ATTIC)
Institute of Chartered Accountants of Trinidad and Tobago (ICATT)
Caribbean Actuarial Association (CAA)

REF: CB-OIFI-1680/2022

INDUSTRY CONSULTATION DRAFT INSURANCE (CAPITAL ADEQUACY) REGULATIONS 202X; QUANTITATIVE IMPACT STUDY (QIS) – IFRS 17; AND IFRS 9 AND QUALITATIVE QUESTIONS

All insurance companies registered under the Insurance Act, 2018 (“Act”) are required under section 144(1) of the Act to submit financial statements audited in accordance with *financial reporting standards* to the Inspector of Financial Institutions. Accordingly, for annual reporting periods on or after January 1st, 2023, insurance companies will be required to submit audited financial statements in accordance with IFRS 17.

In order to achieve such continued alignment, the Central Bank of Trinidad and Tobago (“Central Bank”) intends to, inter alia, revise its reporting forms and review its legislation and work with the insurance industry through a consultative process, including the use of quantitative impact studies (QIS). This letter serves as notice for:

- i) Consultation on the draft amendments to the Insurance (Capital Adequacy) Regulations, 2020; and
- ii) Conduct of a Quantitative Impact Study (“QIS”) on the Capital Adequacy Returns as at 31st December, 2021, based on the proposed amendments and also submission of pro-forma IFRS 17/IFRS 9 financial information as at 31st December, 2021, with comparisons to the data in the actual regulatory returns filed for 31st December, 2021.

The goal of the QIS is to assess potential industry-wide regulatory solvency and capital impacts. The QIS includes data gathering forms and qualitative questions as Central Bank is also seeking to gain a more detailed understanding of the status of implementation and the accounting policy choices being made. We therefore invite the industry to comment on the proposed amendments using the template provided and complete the QIS workbook on a best endeavours basis. The responses and the QIS results will assist the Central Bank in its assessment of the level of consistency and /or comparability of IFRS 17 application across the industry. The results will also be used to assist the Central Bank in determining any required recalibration of the risk factors, the minimum regulatory capital ratio and net tier 1 ratio and, ultimately, additional risk charges.

Drafts of the QIS workbook and the accompanying documents were already shared with Appointed Actuaries and a local stakeholder Working Group comprising of representatives of the ATTIC, CAA and ICATT and we thank them for their insightful feedback.

The excel QIS workbook and the accompanying documents are attached and can also be accessed on the Central Bank's website at: <https://www.central-bank.org.tt/core-functions/supervision/insurance-sector/QIS>.

The completed workbook, feedback on the proposed amendments and any questions on the QIS should be submitted electronically to the Central Bank at ifrs17@central-bank.org.tt by **September 8, 2022**.

Yours sincerely



Michelle Francis-Pantor
Deputy Inspector of Financial Institutions
FINANCIAL INSTITUTIONS SUPERVISION DEPARTMENT