



FINANCIAL INSTITUTIONS SUPERVISION DEPARTMENT
 COMMENTS ON GUIDELINE FOR THE APPROVAL OF NEW OR SIGNIFICANTLY AMENDED INSURANCE PRODUCTS
 MARCH 2024

| # | Reference | Comment/Question | CBTT's Response |
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| 1. | Section 1.2 – 1.4 Introduction | There seems to be a difference between the use of the terms "no objection" and "approval" with the former being applicable to general insurance and latter to long term insurance. It would be helpful if clarification can be provided as to whether this is in fact so and if so, the rationale behind it. | These terms are used intentionally to be consistent with the Insurance Act, 2018, specifically, sections 33 (for general insurance) and 164 (for long term insurance). |
| 2. | Section 5.4 – Definitions: Product | Product, does not include claim forms. Currently claim forms are submitted. Need clarification that we are to cease submitting. | Appendix 1(B) of the Guideline does not list this document to be submitted as part of the application process, unless otherwise requested. |
| 3. | Section 6.5.2 (II) – Significant Amendments | Should Insurers advise CBTT that they want the option to sell any product in either TT\$ or US\$, in their submissions? Is this change for approval or to just notify CBTT that the product will also be sold in US\$? Does CBTT have any specific requirements for US\$ policies? | The introduction of a US dollar or other currency version or an existing product will be considered a new product and approval/no objection will be required. The Guideline has been revised to reflect this in the added section 6.3. |
| 4. | Section 6.5.2 (III) – Significant Amendments | a. Item # III changes to underwriting process - Of the list of significant amendments (not exhaustive) requires further clarification. Moreover, the examples presented as significant amendments appear relatively trivial and are standard components of day-to-day underwriting operations. Consequently, we are left in the dark regarding the purpose or intended outcome of this section, which seems to limit the role of Underwriters in the Company. Furthermore, given the points mentioned earlier, we kindly request a precise definition of what CBTT defines as "insignificant." Additionally, we seek specific and clear examples of what CBTT considers insignificant. Providing a | This statement was removed as we expect changes to the underwriting process will be captured in other significant amendments. Specifically, the intention was not to review changes to the underwriting process, but more so if such changes affects the products terms, conditions, benefits, coverage, it may be considered a significant amendment. Please refer to section 6.7.1 for some examples of insignificant amendments. Further, refer to sections 6.4 and 6.5 for guidance on the treatment of significant and insignificant amendments. |



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| | | <p>well-defined explanation along with illustrative instances would be greatly appreciated.</p> <p>When we consider these requirements in the context of fundamental underwriting functions, particularly when it comes to adjusting products for insureds and addressing unique risks they may present, we view these requirements as a substantial and impractical encumbrance on standard insurance business operations.</p> <p>b. Item #III of the list of potential significant amendments requires further clarification. Based on the example provided, the issue to be considered does not appear to be as broad as any "change in the underwriting process" but rather more specifically changes to the underwriting approach for the specific product, particularly if the change might:</p> <ul style="list-style-type: none"> • Render ineligible persons who would have otherwise been eligible for the product • Result in higher pricing being applied to new and/or existing policyholders • Lengthen the timeline for determining eligibility or completing the underwriting process | |
| 5. | Section 6.6.3 – Insignificant Amendments | Require clarification if CBTT must approve or are insurers to just notify CBTT who will acknowledge the change before launching? | As stated in sections 6.7.3 and 6.7.4 the insurer must notify the Central Bank of Trinidad and Tobago (Central Bank) of any insignificant amendment. These amendments will not be approved but duly acknowledged. |
| 6. | Section 6.6.4 – Insignificant Amendments | We would appreciate a very precise definition/ explanation into a change/amendment to premium rates. In P&C insurance, many policies do not have fixed rates, but may instead have Base Rates. Underwriters play a crucial role in assessing and adjusting these base rates/premiums based on the specific risks associated with the insured property, vehicle, liability exposure, or group health as | As stated in section 6.7.4, insurers must provide written notification to changes in premium rates for long-term insurance products only. This does not apply to general insurance products. |



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| | | examples. This dynamic pricing based on risk assessment is a fundamental aspect of P&C underwriting, and as such, the requirements outlined are very impractical. | |
| 7. | Sections 8.4-8.5 Notification Process for a New or Significantly Amended Product | Clarification is required re what constitutes a complete application. Who determines that the application is complete? If it is the CBTT, will there be confirmation that the application is complete via some form of correspondence? Does "complete application" cover only initially submitted documents (as per Appendix 1) or does it include any additional information requested by the CBTT? | An application is considered complete once all the documents required in Appendix 1 has been submitted, in addition to any further information that has been requested by the Central Bank. |
| 8. | Section 9 – Disclosure, Transparency and Marketing | <p>This section is designed to ensure that the marketing materials and illustrations issued by insurers contain adequate information on the particular product such as its guarantees, benefits, performance expectations, exclusions and other important disclosures, so that policyholders are provided with information that is clear, accurate and not misleading.</p> <p>How do we treat with customers generated through brokers to ensure that communication of adequate information is effective. With long term products such group life and health plans, these are mainly through brokers and the contract is between the Company and the employer. Employees of the Group Plan do not receive a copy of the Policy Contract. We provide plan members with a Schedule of the Benefits and reliance is placed on the broker to communicate effectively with their customer on the product.</p> <ul style="list-style-type: none"> • Please define “performance expectations” that should be communicated and to what extent. • Do “marketing materials” include advertising material or is this limited to printed/digital literature? • Please confirm whether this is suggesting we duplicate the information contained within the policy document (where the info highlighted currently | <p>This guideline is intended to address the requirements of the product approval process for insurers and therefore the expectation of section 9 relates to the insurer in regards to the policyholder to which the policy is being sold. The communication and disclosure responsibilities for brokers are outlined in the "Market Conduct Guideline for Registrants under the Insurance Act, 2018".</p> <ul style="list-style-type: none"> • This section specifically refers to products with an investment linked or savings component. The term "performance" as referred to in section 9.4, is used in the context that the insurer should clearly disclose past financial performance of the product, for example with respect to interest earned, so that the policyholder is fully informed before making a decision to purchase the product. As well, there should be a disclaimer ensuring that the policyholder does not have an expectation of performance where none has been guaranteed. • Marketing materials also refers to advertising materials. • This Guideline is not suggesting that marketing materials duplicate the information in the policy document, but simply provide the relevant and key information to advertise the product to the policyholder in a clear manner. It |



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| | | sits). If not, further clarity needs to be provided on what info should go into "marketing material" that is different from the policy document. | can make reference to the policy document where further information may be required. |
| 9. | Section 9.1.2 – Disclosure, Transparency and Marketing | Could you kindly clarify risk transferred by the insurer. We are not aware that risk is transferred by the insured. | This statement was removed. |
| 10. | Sections 9.1.6 & 9.3 – Disclosure, Transparency and Marketing | This section indicates that for the new product or the significantly amended product, the insurer must not hide, diminish or obscure key statement, conditions, exclusions, limitations or warnings. However last sentence under 9.3 Policy illustration states the policy illustration should clearly state that the information provided is not exhaustive and does not contain the full terms of the policy, but such details can be found in the policy contract. This appears to contradict 9.3. | It is our opinion that these statements are not contradictory. The first statement is intended to ensure that the documents provided to the policyholder clearly state any important information. However, we understand that not all key information can be captured in the policy illustrations and therefore this allows the insurer to make reference to the policy contract for further details. |
| 11. | Section 9.2, 9.4 & 9.6 – Disclosure, Transparency and Marketing | The last line of this section seems repetitive given the content of 9.2 and 9.6. There is also a typo - complaint instead of compliant. | Sections 9.2 and 9.6 have been revised to avoid repetition. The typo referred to in section 9.4 has been fixed. |
| 12. | Appendix 1(A)&(B)(5) - Endorsements | Clarification/discussion required from CBTT. The market is constantly evolving due to changes in the business environment. The change now is accelerating at a faster pace as compared to any previous period. Customers' needs have evolved / shifted with changes in climate, workforce, clients/societal expectations, technology, new emerging industries. The foreign market is more developed than the local market and it is customary for the local market to adopt coverage wordings from the UK and US markets. This happens frequently and intermediaries are constantly submitting new and / or nonstandard endorsement wordings at renewal or quote stage. If Insurers are to approach CBTT each time, this will create inefficiencies as there are numerous | As per section 6.4 the Chief Risk Officer or equivalent officer will determine if an amendment is significant. If it is not then the Central Bank only needs to be notified of the change and no approval/no objection is required. |



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| | | <p>endorsement wordings used by the industry especially on commercial fire or all risks property policies or third party liability.</p> <p>These wordings alter the standard offering and usually are used to expand the coverage. In some cases, wordings are used for risk management purposes to help prevent risk and to mitigate loss severity along with insurer's liability on risks they would otherwise not insure. It is part of the underwriting process, as Insurers act as society's "financial safety net".</p> <p>Does CBTT have the appropriate resources to efficiently turn around approvals? For this item, 20 days is too long a wait time. Clients will be left exposed to risks while Insurers are awaiting approvals.</p> <p>Can Insurers adopt if the endorsements are not excluded under their respective reinsurance arrangements?</p> | |
| 13. | Appendix 1(A)&(B)(6) – Tracked change policy contract | Do not agree with this. Insurers are already required to provide a list of the amendments to the policy. This is already practiced and an excel spreadsheet is submitted with the changes citing the relevant sections. Therefore, there is no need to submit the existing policy with the changes tracked. This is a duplication of effort. | This requirement has been revised. Insurers are required to submit a tracked version of the amended policy contract, which should also include comments on the rationale for the substantial changes made. |
| 14. | Appendix 1(B)(8) – Policy Certificate | What is certificate or do you mean policy schedule? Clarification required. | The certificate referred to here is as required by section 268 of the Insurance Act, 2018. |
| 15. | Appendix 1(A)(9) – Policy Certificate | Policy certificates are only issued for group long term insurance business, since for individual long term insurance business the policy contract is in the name of the individual and can stand on its own. Therefore, this section should either specify that it relates to group business, where there is a group contract and policy certificates for individual plan members, or "where applicable" should be added at the end. Further, the section of the Act referenced in the footnote to this section should be 268(2). Section 268(1) refers to an individual life policy, which is relevant | This is noted and the term "where applicable" has been inserted. |



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| | | to item #1 of List A) while section 268(3) refers to a general insurance policy, which is relevant to item #1 of List B). | |
| 16. | Appendix 1(A)(17) and 1(B)(12) | <p>a. Is there an alternative if the insurer is unable to provide a copy of the letter granting previous approval for an existing product, particularly for the products that would have been approved under a previous owner/insurer or management team?</p> <p>b. Why is this necessary since CBTT would have these records? Many insurers have existed for over 25 years or more, and some of these records may not be available. How do we treat with this?</p> | This requirement has been removed, however, insurers must ensure proper record management of key documents such as regulatory approvals, and relevant supporting information. |