**OWN RISK AND SOLVENCY ASSESSMENT (ORSA) GUIDELINE & KEY METRICS REPORT (KMR)**
**INDUSTRY FEEDBACK AND CENTRAL BANK'S RESPONSES**

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| **SECTION 1 - INTRODUCTION** | | |
| **1.2** | This statement suggests that insurers should not solely rely on the regulatory capital framework. Will the CBTT be developing internal models for stress testing<br><br>**Comment:** "Insurers should not solely rely on the regulatory capital framework." – We are a bit confused on whether insurers can use the regulatory model for stress testing and setting internal capital targets. Based on possibly other insurers' balance sheet size, complexity and retained risk, building, running an alternative "internal" model every year for stress testing and risk quantification is quite onerous considering that the resources used for this task would also be used for other CBTT Guideline requirements.<br><br>Additionally, further within the Guidelines (7.4.6) - "Both the financial condition testing in accordance with the FCR Regulations, and ORSA relate risk to capital and are complementary in nature. Therefore, some level of consistency between the processes for the financial condition testing and ORSA would be expected. Results of the stress testing pursuant to the FCR Regulations can be incorporated, referenced and/or used in the ORSA." The stress testing required for the FCR uses and is based on the regulatory model. Therefore, there seems to be some inconsistency and confusion on the type of framework to be used.<br><br>**Suggestion:** Insurers should instead be able to use the regulatory model that is used for the FCR, with the option to add risk types to it as required as similarly done in the recovery planning rules such as the reverse case and then using this information to determine the internal capital targets. In addition, based on the insurer's size, complexity and risk, unique risks not covered by the regulatory model in the ORSA and FCR Guidelines can be included. | Insurers can use the framework established for the Financial Condition Report (FCR) as a foundation, and design a stress testing framework for ORSA appropriate to its own circumstances. CBTT will not be developing internal models for stress testing.<br><br>At a minimum, stress testing for ORSA must contain an assessment of capital adequacy and liquidity under adverse scenarios against a variety of capital ratios, including regulatory capital ratios, as well as ratios based on Internal Capital Targets.<br><br>It is expected that the reasoning and judgements underlying the scenarios chosen, and the results of the assessments, will be appropriately documented. |
| **SECTION 2 - DEFINITIONS** | | |
| **Definitions 2.14 & 2.16** | The definition of "Solvency" encompasses capital adequacy, liquidity, technical provisions, and other elements outlined in the ERM framework. However, Section 2.16 defines "technical provisions" as also including required capital.<br><br>Please clarify how the term "capital adequacy" differs from the "required capital" embedded within technical provisions? This is needed to ensure the definition of solvency avoids potential misinterpretation, which may suggest a form of double-counting capital. | The definition for technical provisions was updated in alignment with the December 2024 IAIS Glossary, which states, "Assets or liabilities that represent the economic value of the insurer fulfilling its insurance obligations to policyholders. The technical provision corresponds to the current estimate and a margin over the current estimate".<br><br>The updated definition for technical provisions address the concerns raised regarding the potential misinterpretation and double counting of capital. |

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| | The definition of "Technical Provisions" includes the settlement of all commitments to policyholders and other beneficiaries, as well as the capital required to cover residual risks.<br><br>Does the risk adjustment under IFRS 17, which represents the compensation insurers demand for uncertainty due to non-financial risk, fall under the technical provisions? While shareholders are considered stakeholders, they would not fall under the categories of policyholders and other beneficiaries.<br><br>Additionally, the phrase "capital required" seems to imply the company's internal capital target rather than the minimum regulatory capital, which is another issue that seems to permeate the guideline in terms of what is "required" and what is "expected".<br><br>However, this distinction may be moot since, aside from this definition, "technical provisions" are not discussed elsewhere, including in the ORSA Key Metrics Report. | The regulatory reporting is now aligned with international financial reporting standards, and the risk adjustment under IFRS17 is included in 'technical provisions' as it is analogous to the margin over current estimate in the revised definition.<br><br>Therefore, given the revised definition of 'technical provisions', the confusion regarding the interpretation of 'capital required' is no longer relevant. |
| **SECTION 3 - PURPOSE, APPLICATION AND SCOPE** | | |
| **3.0** | 1. Can CBTT clarify the specific areas where the proposed ORSA framework deviates from Solvency II or other international standards, and the rationale behind these deviations?<br>2. What mechanisms will ensure that the framework remains aligned with global best practices as they evolve? | The ORSA does not deviate from Solvency II, it is aligned to and incorporates a fundamental aspect of the Solvency II framework, which requires the establishment of robust governance frameworks that are comprehensive and dynamic, and includes regular evaluations to address any significant shifts in the risk profile and operating conditions.<br><br>Insurance regulators are required to ensure continuous alignment with the Insurance Core Principles (ICPs) established by the International Association of Insurance Supervisors (IAIS). The Central Bank also collaborates with other regulatory authorities to keep abreast of the evolving international standards and streamline regulatory requirements accordingly.<br><br>Solvency II is aligned to the ICPs and sets out prudential regulation requirements applicable to insurance and reinsurance companies in the EU.<br><br>Solvency II has three core pillars, and Pillar II addresses governance and risk management. It obligates (re)insurers to conduct a thorough ORSA and mandates the establishment of robust internal governance frameworks. |

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| **3.1 & 3.5 Purpose, Application and Scope** | The Insurance Capital Adequacy Regulations reference 5 (1) to 5 (4) but not 5A. Should the reference be to another part of the Regulations?<br><br>Clarification is required on regulation 5A of the Insurance (Capital Adequacy) Regulations, references in section 3.1 of the draft Guideline, as the Insurance (Capital Adequacy) Regulations 2020 contains regulation 5 which is subdivided in 5(1) to 5(4).<br><br>Reference is made to "regulation 5A of the Insurance (Capital Adequacy) Regulations." However, no such regulation exists in the current framework. This should be reviewed and corrected if necessary.<br><br>This section references that the ORSA guideline is to be read in conjunction with other guidelines. It is noted that the first guideline referenced is the Insurance (Capital Adequacy) Regulations, which currently is still under IFRS 4. It has not yet been updated to IFRS 17. An interim version was allowed for the 2023 annual reporting and a parallel run requested for completion by the industry which of which submissions are being reviewed by the CBTT. How is this intended to work together in the interim? | Proposed amendments to the Insurance (Capital Adequacy) Regulations were drafted to include ORSA and IFRS 17 requirements for insurers, and issued for industry consultation via Central Bank's Circular Letter dated July 6, 2026. |
| **3.3 Purpose, Application and Scope** | Is it up to the insurer to decide whether to prepare the ORSA on an individual or consolidated basis? We would humbly suggest that given the size of the company and the fact that the portfolio is a closed book in run-off, the requirement for the ORSA might be waived by the CBTT. | Yes, at this time the insurance organisation can prepare the ORSA on an individual or consolidated basis, where applicable. In accordance with the Guideline, the ORSA should take into account the risks to which the insurer is exposed due to its membership in a broader group - contagion, counterparty, reputational and risks related to operational dependencies such as shared functions and systems.<br><br>No insurer is exempt from the ORSA requirement. The ORSA process should be proportional to the nature, scale, complexity, risks and business strategy of the insurer. The Board and senior management's view of the institution's complexity or otherwise should be reflected in the ORSA, and the discussions and decisions must be documented, and supported by clear rationale. |
| **SECTION 4 - PRINCIPLE OF PROPORTIONALITY** | | |
| **4.0 Principle of Proportionality** | In this section, references are made to *regular* reviews and updates to the ORSA process, while other sections (e.g. under section 7.1.2) of the document references annual reviews and approval by the board. Does section 4 also refer to annual? What would meet the Central Bank's criteria of regular reviews in this section? | The reference to "regular reviews" was removed from the proportionality section and the sentence was changed to - "The Central Bank expects insurers to update their ORSA process as necessary to reflect changes in business operations, strategy, and the occurrence of material events". |

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| | We would appreciate some guidance on how the Bank intends for the principle of proportionality to be applied. The Guideline indicates that "The implementation of the ORSA process should be guided by the principle of proportionality. In this regard, the ORSA should be commensurate with the nature, scope, scale and the degree of complexity in the insurer's business activities." However, whilst reading the Guideline there are a lot of what appear to be mandatory requirements based on the wording and language used. Will the insurers have the ability to determine what would be applicable to our company based on proportionality? For example, in assessing our business we may find that an Asset Liability Management Policy isn't required due to our size and complexity. If it is the Bank's expectation that these aspects be instead mandatory and not optional based on risk etc, then there is not enough flexibility being offered to insurers whose proportionality varies based on their size, risk, complexity etc.<br><br>Can CBTT Provide more granular guidance or examples on applying proportionality, particularly for insurers with minimal risk exposure?<br><br>Will CBTT provide a simplified ORSA Report for smaller insurers to reduce compliance burdens? | ORSA is the insurer's own assessment, and based on the principle of proportionality, the insurer must ensure that the ORSA process remains reasonable and appropriate for the nature, scope, scale and complexity of the insurer's business activities.<br><br>An insurer may determine that developing complex internal models, although desirable, is not feasible and select a simpler approach and compensate with more prudent assumptions which yield to reasonable estimates of own capital needs. Insurers must consider all aspects of the ORSA, and if any aspect of the ORSA is simplified, the considerations and decisions must be well documented and supported by clear rationale.<br><br>The Central Bank will not be issuing a simplified ORSA Report for smaller insurers. |
| **SECTION 6 - GROUP ORSA** | | |
| **6.2**<br>**Group ORSA** | Does the Group ORSA Report consist of bank and insurance companies? | A group ORSA for an insurance organisation that is part of a financial group should consider other financial entities (eg. banks) and non-financial entities (e.g. permissible real estate and necessary support services) within the group, to the extent that they create material risks for the group or could affect the insurer's solvency, capital adequacy, liquidity, governance etc. The key principle behind a group ORSA is that it should represent an enterprise-wide assessment of material risks and not only an assessment of the insurance subsidiaries. For further guidance regarding the Group ORSA, also refer to section 6 of the ORSA Guideline.<br><br>Notwithstanding the above, licensees under the Financial Institutions Act, 2008 are required to comply with the requirements of CBTT's Internal Capital Adequacy Assessment Process (ICAAP) Guideline. |
| **SECTION 7.1 - BOARD AND SENIOR MANAGEMENT OVERSIGHT** | | |
| **7.1 & 7.1.2 (b)** | What is the board's role in setting risk appetite? Board approval is recommended instead Suggestion to replace "set" with "approve". The Board should approve the risk appetite; management should set it and seek the Board's approval. | The role of the Board in the ORSA Guideline is aligned with the Central Bank's Corporate Governance Guideline, as well as our ICAAP Guideline. |

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| | The guideline states that the Board must review and approve the ORSA (internal assessment) and when updates are made to the ORSA report. The footnote refers to the ORSA Report / KMR/ Associated Documents. For clarification, is the Board required to review and approve the ORSA (assessment) and ORSA Report (document outlining the ORSA results) annually?<br><br>The guideline mandates an annual review and approval of the ORSA by the Board. Additionally, the Board must assess and document annually whether the ORSA processes effectively meet their intended objectives. It is recommended that the review align with business and strategic planning every three years, with periodic senior management reviews to identify triggers or material risks, report to the Board, and address issues according to the ORSA Report or Recovery Plan. | Section 3.2(d) of the Central Bank's Corporate Governance Guideline states that the Board should establish the institution's risk appetite and risk limits having regard to its risk exposures and risk management capabilities, in collaboration with senior management and the CRO.<br><br>7.1.2 in the ORSA Guideline was updated to state that the Board will be required to:<br>• establish the insurer's risk appetite and risk limits in collaboration with senior management and the Chief Risk Officer or other Officer having responsibility for the oversight of the insurer's ERM framework; and<br>• at least on an annual basis, review the risk appetite and risk limits, to ensure that the Risk Appetite Statement continues to be appropriate.<br><br>Additionally, in accordance with the Central Bank's Corporate Governance Guideline, the Risk Management Committee is responsible for, inter alia, reviewing the institution's risk framework at least annually and amending its risk policies. Therefore, it is expected that a review of the ORSA will form part of that annual review to ensure that it continues to be aligned with the risk framework. |
| **SECTION 7.2 - SOUND CAPITAL ASSESSMENT AND PLANNING** | | |
| **7.2.1** | How does the system for effective capital assessment mentioned here differ from the Financial Condition Report (FCR)? Should insurers establish an entirely separate system for this purpose? | It is reiterated that ORSA is complementary to the capital framework and the FCR, and should not operate in isolation of each other; refer to the following sections in the Guideline: 7.2 Sound Capital Assessment and Planning; 7.3 Comprehensive Assessment of Risks; 7.4 Stress Testing and 8 Setting The Internal Capital Targets.<br><br>Key harmonizing aspects of effective capital assessment for FCR and ORSA include:<br>• Oversight of the FCR resides with the appointed actuary and adheres to their professional standards, whereas the ORSA accountability lies with senior management with oversight by the board of directors.<br>• FCR is a focused assessment identifying and assessing potential threats to an insurer's financial condition through stress testing, while ORSA takes a broader approach, it is a more comprehensive assessment considering all aspects of an insurer's risk profile and its ability to manage them under various scenarios.<br>• FCR is primarily quantitative, relying on specific stress testing scenarios, while ORSA incorporates both quantitative and qualitative analysis to understand the full picture of an insurer's risk profile. |

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| | | • FCR results are reported to regulators annually or when there are material adverse changes, while ORSA is a self-assessment and an on-going process with a more detailed report outlining an insurer's risk management strategy and capital adequacy plan.<br><br>Insurers should not have to build a completely separate system for ORSA if they already have robust tools and frameworks for the FCR and capital management. Instead, insurers can integrate and build on their existing systems to meet the ORSA requirements. |
| **SECTION 7.3 - COMPREHENSIVE ASSESSMENT OF RISKS & SECTION 8.2 - SETTING THE INTERNAL CAPITAL TARGETS** | | |
| **7.3 and 8.2** | We suggest that consideration should be given for the ORSA (and the setting of Internal Capital Targets) to be consistent with the risk factors included in the Capital Adequacy Regulations so as to ensure a level playing field for insurers in the market. | ORSA capital must be calculated based on the insurer's own risk assessment, and should not be limited to the minimum regulatory capital requirements. |
| **SECTION 7.4 - STRESS TESTING** | | |
| **7.4** | Can CBTT provide templates or scenarios that consider regional risk such as natural disasters or systemic economic shocks in the Caribbean? Will insurers be expected to adopt uniform stress testing standards, or can they customize scenarios based on their specific business profile?<br><br>There is insufficient clarity regarding the alignment between ORSA stress tests and those required under the Financial Condition Report (FCR) regulations. Consistency between these processes is essential to maintain coherence in stress-testing practices. | An insurer's ORSA process is intended to be tailored to its specific risk profile, business model and operational complexities. As such, insurers are expected to develop and test their own stress and scenario analyses where relevant.<br><br>The CBTT does not intend to issue standardized templates or predefined scenarios for ORSA. If at any time a top-down stress test is required, based on a macroeconomic or industry-wide scenario, this will be communicated separately by the CBTT, as part of its supervisory activities.<br><br>Insurers are not required to adopt uniform stress testing standards. Instead they are encouraged to design and justify their own scenarios ensuring they are comprehensive, forward-looking and aligned with their internal risk management framework.<br><br>Some considerations for aligning the stress tests for ORSA and FCR include, inter alia, using consistent data and assumptions, integrating insights from the FCR into the broader ORSA framework, adapting FCR scenarios that have identified key vulnerabilities, utilizing the same modelling platforms to ensure consistency in calculations and outputs, and developing a common stress testing framework that reflects both the regulatory requirements of the FCR and the internal perspectives of the ORSA. |

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<tr><td>7.4.5 and 7.4.6</td><td>These sections attempt to justify the need for an FCR and ORSA separately, but there are lots of overlaps. Would the Central Bank consider merging the two into one so that it achieves the objectives of both guidelines?</td><td>This request is acknowledged. However, at this time, the CBTT will maintain separate reports for the FCR and ORSA given their distinct objectives.<br><br>The FCR is embedded in legislation and serves a statutory purpose, whereas the ORSA is guided by principles outlined in a supervisory guideline.<br><br>Also refer to our response above with respect to section 7.2.1.</td></tr>
<tr><td>7.4.11</td><td>This section appears to be conflating the Recovery Planning Process with the ORSA process (i.e. reference to the insurer failing).</td><td>There should be no conflict between the Recovery Planning Process and the reverse stress testing requirement in 7.4.11 ORSA process.<br><br>Insurers will be required to conduct reverse stress tests as part of the ORSA process to:<ul><li>understand which scenarios challenge the viability of the institution,</li><li>identify what level of stress would result in the insurer not being able to meet its regulatory requirements and internal capital targets, and</li><li>have discussions on actions that will be taken to manage or mitigate the impact of these scenarios.</li></ul></td></tr>
<tr><td>7.4.13 ii. d</td><td>The requirement to assess an insurer's preparedness under "all possible scenarios" appears unrealistic. It is recommended that this requirement include a provision for the reasonableness of scenario likelihoods.</td><td>Section 7.4.13 ii. d. was amended to replace "all possible scenarios" with "the scenarios chosen". This correction is consistent with the section 7.4.4.</td></tr>
<tr><td colspan="3">SECTION 7.5 - MONITORING & REPORTING</td></tr>
<tr><td>7.5</td><td>Please clarify the ORSA report's submission timelines? Is it required annually or only upon request from the central bank?</td><td>Section 9 in the Guideline sets out the timelines for preparation and approval of the ORSA report, and the list of supporting documents.<br><br>Section 12 stipulates the timelines for implementing the ORSA Process and submission of the first ORSA Report.<br><br>The following are the key points to note regarding the ORSA Report timelines as set out in sections 9 and 12 in the ORSA Guideline:<ul><li>The ORSA Report must be updated at least annually by Senior Management, and approved by the Board within six months after the financial year end.</li></ul></td></tr>
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| | | • The first ORSA Report submission to the Central Bank (using audited data for the 2025 financial year end) will be required within 14 months from the date of issuance of the ORSA Guideline.<br>• Thereafter, the ORSA Report will be submitted upon request by the Central Bank and in such time and frequency as specified by the Bank.<br><br>The Guideline stipulates that the ORSA process is conducted at least annually by the insurer. However, regarding the frequency of submission of the ORSA Report, after receiving the first ORSA Report submissions, the Central Bank will determine the frequency and timeline, and the decision will be communicated via Circular Letter. |
| **7.5.6 and 7.5.8** | We are unsure as to the metrics to be used to facilitate determination that the processes related to ORSA have "achieved their objectives". We believe this needs further clarification by CBTT. | Each insurer is required to establish its own processes and internal benchmarks to assess whether its ORSA processes successfully achieve the insurer's objectives. |
| **SECTION 7.6 - INTERNAL CONTROLS AND OBJECTIVE REVIEW** | | |
| **7.6.2 and 9.4** | 7.6.2 states that the ORSA process and report should be subject to "periodic objective review". However, 9.4 implies that the objective reviews would be required for each ORSA report. Please clarify. | After further consideration, 7.6.2 in the ORSA Guideline was updated to state that - The ORSA process, including the ORSA report, should be subject to periodic objective reviews to verify its integrity, accuracy, and reasonableness, at least every three (3) years or upon the occurrence of specific trigger events or material changes.<br><br>The timeframe for the submission of the Objective Reviewer Report required as per 9.7 (formally 9.4) was be aligned accordingly. |
| **7.6.3** | The guideline requires the objective review may be conducted by an internal or external auditor, who reports directly to or is a member of the Board. Is there not a conflict for a Director to perform a review, make recommendations for approval and also approved the ORSA and ORSA report based on his/her recommendations.<br><br>Recommend removal of 'is a member of the Board'. | The objective review involves a review of the ORSA process for integrity, accuracy, and reasonableness. To avoid any potential conflict regarding a Board member being an Objective Reviewer, the phrase "is a member of the Board" was removed, and the sentence was updated to: "The objective review may be conducted by an internal or external auditor, by a skilled and experienced internal or external resource, or by a skilled and experienced individual who reports directly to the Board. |
| **7.6.4** | Can our Chief Risk Officer (CRO), who operates from NOLA act as our independent reviewer? Our CRO would not be directly involved in the development of the document but would still need to review it prior to submission, as such they would be enough removed from the process to be able to objectively review same. | A Chief Risk Officer or member of the risk management function at any level within the group, would not be considered to be an Objective Reviewer for the purpose of conducting an objective review of the ORSA process and ORSA Report. |

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| **SECTION 8 - SETTING THE INTERNAL CAPITAL TARGETS** | | |
| **8.1** | An amount would be more practical to use than percentage for some targets. | The insurer is required to determine an amount for its Internal Capital Targets (ICT) and then express that amount as a percentage of the capital requirements. It is expected that the ICT ratios would be above the minimum regulatory capital ratios specified in the Insurance (Capital Adequacy) Regulations or by the Inspector of Financial Institutions.<br><br>For monitoring purposes, the amount of an insurer's regulatory capital available is expressed as a percentage of the amount of capital required, and compared to the required regulatory capital levels. The same approach is applicable for the ICT. |
| **8.6, 8.10 & 11.1** | The requirement under this section seems onerous in requesting that insurers establish an internal target limit for Tier 1 and regulatory ratios and maintain actual ratios above these limits. This seems onerous and is not an efficient way for the insurer to effectively manage capital for the Shareholders, as it can easily result in surplus capital tied up in the operations due to this requirement. Reference also made to section 5.4 – where it also highlights that capital to be held not only for normal conditions but also under stressed events that could severely affect the insurer.<br><br>The Insurance Act clearly states the required capital levels based on the Capital Adequacy Regulations.<br><br>Section 11.1 states that "insurers are required to have sufficient capital above their own Internal Capital Targets to support their risk profile as determined through the ORSA process". The section goes on to say the CBTT will take "appropriate action" if any concerns they identify are not satisfactorily addressed. This gives the impression that the Internal Capital Targets are being treated as regulatory requirements for insurers.<br><br>In comparison the OSFI ORSA guideline states that the "supervisory review of the ORSA is not intended to prescribe how an insurer should perform, use or report on its ORSA. Rather, the review allows for dialogue on OSFI's assessment of inherent risk, capital and Composite Risk Rating (CRR), and of an insurer's ORSA including…"(See Section V, page 12)<br><br>We believe that CBTT should adopt a similar approach to OSFI. | The requirements in CBTT's ORSA Guideline is consistent with CBTT's ICAAP, as well as the approach in OSFI's ORSA Guideline and OSFI's Regulatory Capital and Internal Capital Targets Guideline.<br><br>As mentioned in section 1.3 of the ORSA Guideline, an efficient solvency regime is important to ensure that insurance companies maintain sound financial practices and risk management strategies, and are able to mitigate systemic risks.<br><br>Proposed amendments to the Insurance (Capital Adequacy) Regulations were drafted to include ORSA requirements, and issued for industry consultation via Central Bank's Circular Letter dated July 6, 2026.<br><br>Insurers will be required to have sufficient capital to meet regulatory capital requirements, as well as sufficient capital as determined by the ORSA, to support its risk profile, business strategies, new business and planned growth.<br><br>Failure to maintain capital resources above the Internal Capital Targets or Regulatory Capital Ratios, may be indicative of deficiency in the insurer's capital management and a vulnerability to adverse business and economic conditions, and this would warrant increased supervisory attention.<br><br>The Central Bank will assess capital adequacy at multiple levels and utilize an early intervention approach, engage in dialogue with the insurer regarding the ORSA results, and take appropriate action if the concerns are not satisfactorily addressed in a timely manner. |

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| | While the Company currently has an ICT ratio, this requirement adds an additional layer of regulation beyond existing capital adequacy standards. It was also noted that setting a higher internal target could redefine the minimum requirement for companies.<br><br>Members expressed concern that this requirement adds an additional layer of regulation beyond existing capital adequacy standards. | |
| **8.8** | Amend "approved changes its internal Capital Target ratios" to "approved changes to an insurer's internal Target Capital ratios". | The recommended change was made, and the sentence was updated to:<br><br>"The Central Bank must be notified in writing within five (5) business days of approved changes to an insurer's Internal Capital Target Ratios". |
| **8.11** | The guideline stipulates for a below-target ICT ratio 'should' be reported 'promptly' and/or restore its capital… 'within reasonable time'. What does the regulator considered to be 'promptly' and 'within reasonable time'? | "promptly" means that it shall be performed within as short a period as possible, in the circumstances, from the moment when the act could reasonably be performed.<br><br>"reasonable" means it will be assessed based on the circumstances. |
| **SECTION 9 - ORSA REPORT, KEY METRICS REPORT & ASSOCIATED DOCUMENTS** | | |
| **9.0** | The reporting timelines are not realistic for the insurer to have alignment with other internal policies/frameworks (as laid out in section 3.5). Validation of the process for the Central Bank, as referenced in the guideline, detailed documentation, plans, resources and ALL material scenario testing, report building, updating of the risk register, updating of other policies/frameworks referenced under section 12 etc. are not realistic within the timeframe stipulated.<br><br>The guideline specifies submission timelines for ORSA Reports. Could CBTT clarify whether extensions might be granted for insurers facing delays due to complex group structures or data collection issues? | The CB is cognizant that the ORSA implementation is a complex exercise, which requires collaboration across several functions and business unit.<br><br>The draft Guideline was issued in October 2024, with the objective of engaging the insurance sector regarding the benefits of the ORSA as a management tool, provide the insurers with the opportunity to submit feedback, and allow sufficient time for implementation and integration of the ORSA process into the company's risk management and strategic planning framework.<br><br>Upon issuance of the final ORSA Guideline, insurers will have an additional 14 months before the submission of the first ORSA Report. Therefore, extensions should not be required.<br><br>After the first round of ORSA submissions, the frequency of submission to CB going forward will be determined and communicated. |
| **9.2** | Suggestion to insert "annually" after "year-end".<br><br>This timeline may be too short considering other CBTT reporting are due the same time and involve the same teams. Proposal to extend deadline to 6 months? | "annually" was inserted where applicable.<br><br>The feedback was considered, and section 9 was updated to clarify the submission to the Board, separately from the submission to the Central Bank. |

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<tr><td></td><td> The proposed four-month timeframe following the financial year-end to complete the ORSA report is highly ambitious, especially considering other legislative reporting deadlines. It is recommended to allow up to seven months, consistent with allowances in other jurisdictions such as Bermuda. Additionally, the timeline for producing an ORSA report following a trigger event lacks clarity. If a trigger event occurs before the year-end ORSA report is submitted, is the insurer required to submit both the year-end report and an updated report based on the event? Section 9.3 requires the submission of the Key Metrics Report (KMR) within 1 month of the Board approving the ORSA report (which must be approved by the Board within 4 months of the financial year end). However, Section 9.4 states that Insurers will be required to submit the ORSA report, together with the KMR upon request and in such time and frequency as specified by the CBTT. However, it is expected that the ORSA and KMR would be updated on an annual basis at least (unless there is a material change in the risk profile of the insurer). </td><td> Submissions to the Board: <ul><li>The timeframe for Board approval was changed from 4 months to 6 months after the financial year end. The ORSA Report and KMR must be updated at least annually by Senior Management and approved by the Board within six (6) months after financial year end (with the exception of the first submission to the Central Bank, which allows additional time).</li><li>It is also expected that the ORSA Report and KMR will be updated by Senior Management and approved by the Board upon the occurrence of specific trigger events or material changes".</li><li>If a material trigger event occurs before the year-end, the insurer will be expected to update the ORSA and KMR accordingly. The ORSA Report and KMR will also be required to be updated based on the year-end results.</li></ul> Submissions to the Central Bank: <ul><li>The first Board-approved ORSA Report (using audited data for their 2025 financial year end or more recent audited data where applicable) must be submitted to the Central Bank within 14 months from the date of issuance; together with all associated documents.</li><li>Thereafter, insurers will be required to submit:<br>a. Annually and within six (6) months after the financial year end:<br>i. A copy of the KMR; and<br>ii. An extract of the minutes of the Board meeting(s) detailing the Board's deliberations and approval of the ORSA Report and KMR.<br>b. According to the stipulated timelines that will be specified by the Central Bank:<br>a. A copy of the Board-approved ORSA Report; and<br>b. All associated documents<br>c. Upon request, which may be outside of the stipulated timelines specified in this Guideline or otherwise.</li></ul></td></tr>
<tr><td>9.3</td><td>This section requires an extract of the minutes of the Board meeting, detailing the deliberations and approval of the ORSA report to be submitted within 1 month of such</td><td>The feedback was considered and section 9 was updated in the Guideline. The Key Metrics Report, and extract of the minutes of the Board meeting(s) detailing the Board's deliberations</td></tr>
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| | approval. This is not practical. Typically, the minutes of a Board meeting will be confirmed at the next Board meeting (usually the following quarter). It is unusual to submit extracts of minutes that have not yet been confirmed by the Board. We would suggest that the timeframe for submission of the extract of the Board minutes be changed to "within 30 days of the minutes having been confirmed" to facilitate the formal confirmation of the minutes accordingly. | and approval of the ORSA Report and KMR, are required to be submitted annually within 6 months after the financial year end. |
| **9.2, 9.3 and 9.4** | Would all the documents outlined be required at each submission of the ORSA?<br><br>Are all associated documents expected to be reviewed and approved annually? Is the ORSA report only required to be submitted *upon request* by the CBTT, or is it required to be submitted annually? Please clarify. If the ORSA report is required to be submitted annually, we would like to suggest that the timing of the submission of the ORSA report should be determined by the insurer themselves to fit in with their strategic planning and year end activities accordingly. The CBTT could hold the insurer to this specific date on an annual basis.<br><br>Alternatively, if the CBTT is unwilling to agree to this suggestion, we would suggest that the ORSA Report should be updated and approved by the Board within 9 months after financial year end instead of 4 months. In addition to finalising our year- end financial statements, several other reports are also required to be submitted within the 4-month timeframe on which our resources would be fully focused.<br><br>Can CBTT provide some examples of acceptable formats for the Key Metric Reports (KMR) to ensure consistent submissions across the industry?<br><br>KMR: The ORSA Report defines the tangible output of the ORSA (assessment) results, as such, the requirement to update the ORSA Report will require senior management to revisit the assessment at the end of each financial year. Is audited financial results required annually in the update to the ORSA (assessment) and ORSA Report? Where the financial results shall be available within sixty (60) business days and the Board is required to meet within four (4) months of the financial year end, the Company notes that a special meeting if applicable must be called for review, discussion and approval. | Yes, all associated documents are expected to be submitted with the ORSA Report in such time and frequency as specified (unless already submitted previously).<br><br>As mentioned above, the feedback was considered and the requirement was updated for the ORSA Report and KMR to be approved annually by the Board within 6 months after the year end.<br><br>A Key Metrics Report Template was circulated with the draft Guideline. The KMR Template was updated to align with the changes made in the ORSA Guideline, and to address feedback regarding the formatting in particular cells. Insurers will be required to use the Central Bank's updated KMR Template issued with the final ORSA Guideline.<br><br>Date format - When using the DD/MMM/YYYY format: December 1, 2024 should be entered as 01DEC2024.<br><br>Row 9 - The submission date was updated to annually within six (6) months after the financial year end i.e. June 30.<br><br>Row 15 – The row format was updated.<br><br>In Column C, Row 61 & 62, the insurer is required to enter the Net Tier 1 Capital and Capital Available. Therefore, it should not be graded blue to match the Table 2 RCR. Also refer to the KMR instructions which states that the reporting entity is required to enter data in the white cells. Cells coded blue contain formulae and cannot accept data entry. Cells coded yellow cannot accept data entry. |

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| | It is recommended for the KMR to be reported annually however the ORSA and ORSA Report should be aligned with the business and strategic planning process (at least 3 years) except where there is a material change.<br><br>Date entry fields throughout the document: The date of the ORSA and date submitted state DD/MMM/YYYY however upon entry using the format prescribed, the dates are reorganised to MMM/DD/YYY: e.g. 01/12/2024 transcribed as December 1, 2024. Recommend calendar drop down or amendment.<br><br>*Row 9* – at least annually and within one (1) month …does this refer to end of the calendar year or financial year end and is one (1) month considered the thirty-one (31) calendar/business days or twenty (20) business days as per other regulatory reporting requirements?<br><br>*Rows 15*– while the data can be viewed in the function *(fx)* tab, the full details are not visible. Adjustments are prohibited due to the locked columns/rows. Recommend row formatting.<br><br>*Column C, Row 61 & 62* – should be graded blue to match the Table 2 RCR. | |
| **SECTION 10 – SUPERVISORY REVIEW OF THE ORSA** | | |
| **10.0** | The requests are onerous as not all of these information are collected.<br><br>During supervisory reviews, will insurers have opportunities to discuss or appeal findings related to discrepancies between their ORSA findings and CBTT expectations?<br><br>How will CBTT address variations in capital target methodologies among insurers? | Section 10 refers to the supervisory review of the ORSA, and the Central Bank will engage insurers in discussions to ensure that insurers have implemented an appropriate ERM framework to identify, measure, monitor, manage and report their risks, and are maintaining adequate and appropriate forms of capital to support all material risks, commensurate with the nature, scope, scale and the degree of complexity in their business activities.<br><br>The ORSA is the insurer's own assessment, and the Central Bank expects to see variation in the approaches adopted in the design of the ORSA process and methodologies. Insurers will have the opportunity to justify why their ORSA is considered appropriate and in line with international and regionally accepted standards, proportionally adjusted to suit the local environment. |
| **10.4** | The statement that the Central Bank "will determine whether the ORSA is consistent with the Central Bank's understanding and assessment of the insurer's risk appetite and risk | The feedback was considered and the phase "to determine whether the ORSA is consistent with the Central Bank's understanding and assessment of the insurer's risk appetite and risk profile" was removed from 10.4. |

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| | profile" could imply that the report serves to inform the insurer of inconsistencies rather than enhancing the Central Bank's understanding.<br><br>This seems to contradict Section 10.1, where it is stated there is no "approval" process for the ORSA. To avoid misinterpretation, it is recommended to reframe Section 10.4 to emphasize the Central Bank's review of the ORSA as detailed in Section 10.5. That is rather than suggesting that the Central Bank has a better understanding on an insurer's risk appetite and profile that the focus leans more towards the governance frameworks as described in Section 10.6. | |
| **SECTION 11 - SUPERVISORY ACTIONS** | | |
| **11.1** | Are insurers "required" or "expected" to have capital above the internal targets? The guideline appears to require insurers to maintain capital above internal targets. Since internal capital targets exceed regulatory minimums, this effectively renders the regulatory requirements obsolete.<br><br>Furthermore, the use of "required" in this section conflicts with Section 8.9, which states insurers are "expected" to operate above internal capital targets. Consistency in language is recommended to clarify intent. | In 11.1 "required" was changed to "expected".<br><br>The Internal Capital Targets do not render the regulatory capital requirements as obsolete. As part of the prudent management of capital, Insurers are expected to have sufficient capital above their own Internal Capital Targets, to support their risk profile as determined through the ORSA process. |
| **11.3** | The guideline implies insurers may need to strengthen reserves and provisions. Since IFRS 17 prescribes specific methodologies for determining reserves, clarification is needed on how this aligns with IFRS 17 principles.<br><br>Additionally, could you specify which "provisions" are being referred to? Is this an additional requirement beyond IFRS 17 reserves? | In the context of ORSA, an insurer may be required to strengthen reserves or establish additional provisions as part of a broader risk mitigation strategy. These actions are however prudential in nature and would not constitute adjustments to the IFRS17 financial statements. Any such requirement required through the ORSA process should therefore be treated as a supervisory adjustment and disclosed appropriately in the ORSA documentation.<br><br>Language will be revised to state, "holding additional financial resources," instead of "strengthening the level of provisions and reserves". |
| **SECTION 12 - EFFECTIVE DATE AND REQUIREMENTS** | | |
| **12** | Comment: We find the timelines set by the CBTT to be a bit too tight considering the work required to be put in by insurers to adhere and comply to these Guidelines and reporting requirements. | Refer to responses above in relation to section 9.<br><br>As mentioned above, the draft Guideline was issued in October 2024, with the objective of engaging the insurance sector regarding the benefits of the ORSA as a management tool, provide the insurers with the opportunity to submit feedback, and allow sufficient time for |

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| | It is the expectation that the first ORSA report use the 2025 year-end audited financial data. However, based on the Guideline there are certain policies that are required to be implemented which would aid in completing the ORSA report. Therefore, in order to achieve a holistic view of the 2025 data, these policies would need to be implemented by January 1st 2025, which is within 1 month and not enough time to assess the work on what is required for ORSA reporting.<br><br>Suggestion: It is suggested that the first report be based on the 2026 year-end, giving insurers 2025 to get the required plans / policies developed and board approved.<br><br>Comment: The timeline for implementation is a bit confusing and based on our interpretation is too tight and unrealistic for the requirements and expectations by the Bank. It is being requested that a Board-approved Action Plan be submitted within 4 months after this Guideline's issuance, subsequent to that, all the relevant policies and plans (this would vary depending on where each insurer identifies gaps and the number of policies found to be a gap) that are also to be Board- approved must be drafted and approved 5 months later, then following this, the ORSA is to be presented to the Board and approved along with the Key-Metric report and supporting documents 5 months after that. This is quite onerous and would require a lot of time and resources from staff and Management all whilst complying with other legislative requirements.<br><br>Additionally, it is to be noted in 9.2 & 9.3 please confirm that the ask is after the first submission, pursuant to Guideline 12.4, this ORSA is to be submitted to the CBTT annually within 5 months after year-end. We are also asking whether if based on when the first submission is made (pursuant to Guideline 12), would an extension be granted or a year waivered if the reporting timelines are close?<br><br>Completing the ORSA and Key Metrics Reports within four (4) months of the financial year end when the audited financial statements, the Appointed Actuary reports and the Financial Condition Report, as well as several other financial year end requirements are due within sixty (60) business days (approximately 3 months) and quarterly reporting is due approximately one (1) month after the financial year end, may be a tall order for most, if not all, insurers. It would most likely also require an additional meeting of the Board further to the one scheduled for approval of the audited financial statements the month before. Furthermore, the nine (9) month timeframe after issuance of the final Guideline for generating and/or updating the six (6) documents listed in section 12.3 may also be | implementation and integration of the ORSA process into the company's risk management and strategic planning framework.<br><br>It is also expected that the elements of the Central Bank's Corporate Guideline issued in May 2021, in particular the risk management framework, has already been implemented by all insurers or is well underway.<br><br>Upon issuance of the final ORSA Guideline, insurers will have an additional 14 months before the submission of the first ORSA Report. Therefore, extensions should not be required.<br><br>After the first round of ORSA submissions, the frequency of submission to CB going forward will be determined and communicated.<br><br>Section 12.4 was updated to state "using data for the 2025 financial year end or more recent audited data where applicable". |

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| | challenging and even more so if the deadline happens to fall within the aforementioned sixty (60) business day timeframe for year-end regulatory reporting.<br>We therefore recommend that consideration be given to the burden this draft Guideline, and the current timeframes/deadlines enshrined therein, potentially place on insurers in order to determine whether any adjustments, guidance and/or exemptions can be provided that would facilitate compliance across the industry.<br><br>The implementation timeline for the ORSA framework seems overly ambitious, particularly in the absence of clarity on the finalized capital adequacy model. Further, adequate time should be allowed for the evaluation, alignment, and approval of impacted policies, as outlined in Section 12.3.<br>Without a definitive timeline for the release of the final capital adequacy framework, it is challenging to assess the feasibility of the proposed implementation schedule. | |
| **12.2** | Audits are not completed in sufficient time for this to be submitted within the four-month timeframe so more time is required. The time for 12.3 and 12.4 will consequently also require adjusting.<br><br>Asset-liability management and capital management requirements may be contained within the Investment Policy Statement (IPS). Would this be considered acceptable/complaint? | Refer to responses above regarding implementation and reporting timelines.<br><br>Yes, it would be acceptable if all elements are included within the policy. The company should also consider having separate policies. |
| **12.4** | Concern was raised on the timelines for the submission of the first ORSA reports; specifically, if these guidelines are issued in January 2025, 14 months would be February 2026 and companies with a financial year end Dec 31 would not have audited data available to complete the ORSA report by the specified timeline. This data would not be available until after the audited financials are completed in March 2026.<br><br>If required, can the date for preparation be pushed back to ideally the 4$^{th}$ quarter in the year as this aligns with our US ORSA preparation? Based on the guideline, the first ORSA report would be due around March 1$^{st}$, 2026. However, given the number of other competing regulatory documents that must be prepared and provided within the first two quarters of the year can additional time be given to allow this to be completed at a later time period?<br><br>Many smaller insurers are challenged in meeting compliance deadlines, given the recent regulatory requirements, tight deadlines and lack of resources required to meet these standards. More streamlined processes and manageable timelines are recommended | Refer to responses above regarding implementation and reporting timelines.<br><br>The feedback is noted and the Central Bank will aim to enhance the clarity and efficiency of the compliance documents. |

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| | It is suggested to look at the potential of merging compliance documents to enhance clarity and efficiency.<br><br>Submission timelines should be based on insurers' internal schedules rather than a fixed year-end timeline | |
| **12.4 (iii)** | Please confirm that the "associated documents" which are submitted at 12.3, will not be required to be submitted again with the first ORSA report submitted under 12.4. | When submitting the first ORSA Report under 12.4, if there are no changes to the "associated documents" submitted under 12.3, they will not be required to be submitted again. |
| **APPENDIX I – RISKS TO BE CONSIDERED IN THE ORSA PROCESS** | | |
| **Appendix I Emerging Risk** | Will CBTT consider including geopolitical risks or advancements in artificial intelligence in its list of risks to ensure comprehensive risk management?<br><br>For climate risk, will insurers need to conduct location-specific analyses, especially given the Caribbean's vulnerability to natural disasters?<br><br>For emerging risks such as climate and cyber, does CBTT envision issuing further guidance or requiring insurers to adopt specific methodologies for assessment? How does CBTT recommend insurers quantify and stress test risks with limited historical data? | The risk considerations contained within Appendix I are intended to provide broad guidance to insurers for the purposes of the ORSA. It is not an exhaustive list of risk exposures.<br><br>Insurers must consider all risks relevant to their own business.<br><br>The CBTT does not intend to issue specific methodologies for the assessment of climate and cyber risks. Insurers are expected to develop their own stress and scenario analyses where relevant. It is the responsibility of management to assess current and future risks using suitable tools and techniques. |
| **Appendix I Pension Risk** | The inclusion of Pension Risk requires clarification. Pension risk typically lies with the plan sponsor, not the insurer, as the insurer's liability is limited to the investment vehicle provided for the pension plan. If the plan is not funded, it does not impact the operations of the insurer.<br><br>It is recommended to either clarify or reconsider the inclusion of this risk, as it does not reflect the insurer's exposure. | The feedback was considered and the following changes were made in Appendix I, Item 12 – Pension Risk<br><br>12. a. was reworded to state that "Pension risk is the risk of a change (up or down) in the plan's funding deficit or surplus and the resulting change in the plan's funding ratio for any occupational pension arrangements for which the insurer is financially responsible".<br><br>12. b. was deleted.<br><br>12. c. was deleted. |
| **Appendix I – 15.5 c Valuation of Liabilities for** | Insurance liabilities measured under IFRS 17 are generally not considered a solvency measure. Clarification is required on how the Central Bank expects this to translate into solvency considerations. | It is correct that IFRS17 liabilities are not themselves a solvency measure. The definition of solvency goes beyond just the insurance liabilities, and includes capital adequacy, liquidity and other aspects of ERM. |

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| **Solvency Purposes** | | For ORSA purposes, insurers are expected to use IFRS17 outputs as a starting point but adjust to reflect a risk-based forward looking view of solvency.<br><br>Insurers can make adjustments that are prudential in nature and therefore do not affect the IFRS statements. Such as:<br>- incorporating stress testing to evaluate how liabilities behave under adverse conditions, and<br>- considering additional risk margins where IFRS17 may not fully reflect all prudential concerns such as ALM, liquidity, reputational and operational risks. |
| **APPENDIX III - ORSA REPORT FORMAT** | | |
| **Appendix III: ORSA Report Format** | Is the expectation that the Capital Management Policy should form part of the ORSA Report? This seems unnecessary; the Capital Management Policy should be a separate standalone document to which the ORSA can reference. | Capital management is a key element of the ORSA process, and all insurers are required to implement a Board approved Capital Management Policy (CMP) which specifies the principles that management will follow in making decisions on deploying capital.<br><br>The CMP is not part of the ORSA Report. It is expected that the Capital Management Policy will be a standalone document that is referenced in the ORSA Report. |
| **GENERAL COMMENTS** | | |
| **General comment-Proportionality** | The ORSA guidelines might be too complex and resource intensive for smaller institutions, particularly those with fewer resources dedicated to comprehensive risk assessments. The extensive data collection and modelling required could create challenges for institutions that lack the infrastructure and expertise.<br><br>While the ''principle of proportionality exists'', it can be difficult to clearly define what is truly ''proportional'' in a financial context particularly when it comes to solvency, capital adequacy and risk management.<br><br>This ambiguity can lead to confusion among financial institutions about what is expected of them and the regulator may even face challenges in ensuring that proportionality is applied fairly and effectively.<br><br>Recommendation: CBTT should develop clear and standardized criteria for applying proportionality to ensure consistency in the application | ORSA is a management tool and every insurer is required to implement an ORSA process appropriate for the nature, scope, scale and complexity of its own business activities.<br><br>The Central Bank will not be prescribing proportionality thresholds. The Central Bank expects that the level of detail provided in the ORSA document will vary from institution to institution given the differences in the nature, scope and complexity of operations. The fundamental framework including comprehensive assessment of risk, risk management and internal controls, setting of capital targets and involvement of board and senior management should be reflected in the ORSA of all insurers. If any aspect of the ORSA is simplified, the considerations and decisions must be documented and supported by clear rationale. |

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| | E.G. clearly defining thresholds for size, complexity and risk profiles.<br><br>Would there be a size requirement in place to mandate the development of an ORSA? In the US, the size requirements for an Own Risk and Solvency Assessment (ORSA) for:<br><br>Individual insurers - they must write more than $500 million in annual direct written and assumed premiums<br><br>Insurance groups - collectively they must write more than $1 billion in annual direct written and assumed premiums<br><br>We would suggest that the ORSA should only be required for Insurer's over a certain size (measured by premiums or market share for e.g.). Noting that the NAIC has taken this approach.<br><br>Overall and generally, the position is held that this is not the appropriate time for this to be issued and finalised. We are still in the midst of uncertainty and it is difficult for insurers to set internal capital targets for both net tier 1 capital and total capital, and understand how internal capital targets can be set, until the regulatory capital regime has been established; as it is uncertain where the CapAd regulations will land.<br><br>Additionally, the industry is already going to be severely challenged to meet all the year-end 2024 statutory filing requirements by March 2025. Most companies, filed incomplete and 'best efforts' 2023 new forms after months of manual work and have not yet put in place automated systems to produce the 2024 forms; and their 2023 comparatives.<br><br>As the Central Bank's timeline in this document is ORSA reporting for year-end 2025, included in the statutory reporting, it is noted that by comparison, when the Canadian regulator, OSFI, wanted to introduce ORSA for year end 2014 reporting, the first discussion papers were issued in December 2012 (https://publications.gc.ca/collections/collection_2014/bsif-osfi/IN6-3-6-4-eng.pdf). This allowed for an entire YEAR more than what is being offered to the T&T insurance industry. Very similar to the new schedules for the Appointed Actuaries Report – Canadians were given 2 years to review, internalize and build systems to slice and dice the IFRS 17 numbers. | |

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| | Companies were given Canadian format forms in Q4 2023 for use in 2023-year end reporting, and we still have not managed to get systems in place to produce these forms. Having to deal with ORSA during 2025, when the local insurance industry has still not put in place proper systems to produce IFRS 17 reports (2024 will be the first year of IFRS 17 reporting due within the 60 business days timeframe), and where the Central Bank has not yet finalized its IFRS 17 based capital adequacy (which means additional calculations and changes to risk / capital management may be required every time new versions are provided to test), is not reasonable. There is already a shortage of experienced actuarial and finance staff in the region to deal with existing requirements.<br><br>Based on the above, we would like to suggest and recommend that the Central Bank take into consideration postponing the introduction of ORSA to calendar year 2026. This should allow companies to get systems in place during 2025 to be able to produce reliable IFRS 17 figures and returns, and the capital regime should be stabilised by then.<br><br>Separate to the above suggestions we also propose that it may be considered the delinking of the reporting from annual reporting. In Canada, it forms part of the planning cycle, and is not due X days or months after the financial year end. Similarly, FCR in Canada is due 6 months after year end, and not part of the overall statutory reporting. That makes it easier to produce and allocate resources thereto. The T&T equivalent is due at the same time as all other statutory reports, which means Boards are unlikely to pay as much attention to it versus if it were presented separately and at another board meeting.<br><br>In our review of the Guidelines we found it to be quite detailed and onerous on the expectations and requirements of the insurer. We are aware of ORSA requirements for other countries which are usually done for larger scale companies with less descriptive and detailed requirements. This in turn allows more flexibility in implementing requirements based on size and complexity. | |
| **General comment-Cost of compliance** | A move to more principle-based guidelines will allow alignment with our local operations with global operations. The guidance issued by OSFI for e.g. in Canada (and NAIC in the US) are principle-based and less prescriptive.<br><br>The CBTT's Draft Guideline is on the other hand very detailed and specific. We are of the opinion that the details should be left to the Insurer's discretion in line with the nature, scale and complexity of the insurer's business and risk profile, once certain key areas are included. | The Guideline is principles based and the key elements included in the ORSA Guideline are intended to act as a guide, and are minimum requirements.<br><br>As mentioned above, every insurer is required to implement its an ORSA process appropriate for the nature, scope, scale and complexity of its own business activities. |

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| | Understandably CBTT will retain the discretion to review the ORSA for adequacy in alignment with the insurer's risk profile.<br><br>While we do not have any specific issues regarding the content of the draft Guideline or the Key Metrics Report, there are some overarching concerns re the requirement of the Guideline.<br>Our main concern is with the quantum and complexity of the processes and documentation required by the Guideline, which are likely to result in a significant increase in the cost of compliance as many insurers may need to augment their resources in order to ensure adequate design, implementation and maintenance of the processes and reporting required by the Guideline. While this may be less challenging for the larger insurers, particularly those that are a part of a conglomerate, it would be infinitely more challenging for other insurers, not only from a cost perspective, but also from a time perspective, given the deadlines included in the Guideline. | |
| **General comment-Group ORSA** | The term "group" is used in many places throughout the guideline. Please clarify how this is defined. Is it meant to capture local financial groups only or the wider group, where the local insurer is part of an international financial group? | A Group ORSA Report may be prepared for the local financial group, provided that the components of the Group ORSA Report adequately identify the risks, capital needs and Internal Capital Targets of each insurer in the financial group, and a Key Metrics Report must be prepared for each insurer. |
| **General comment-Insurance Risk** | There is uncertainty primarily about the insurance risk as it is not clear whether the ORSA Capital for Insurance risks are to be calculated in the same manner as done CapAd. It does not seem like the insurance risks are the same and it appears insurers will need to determine a way to calculate the additional things required. This is a further challenge. | ORSA capital must be calculated based on the insurer's own risk assessment, and should not be limited to the minimum regulatory capital requirements. There are elements of insurance risk that are not captured within the current regulatory capital regime. It is expected that all elements of insurance risk will be considered as part of the insurer's ORSA. |
| **General comment-Claims Settlement Risk** | It is also unclear about what assumption(s) insurers would have to stress for claims settlement risk in particular. Additional guidance on this should be provided by the Central Bank. | Claims settlement risk refers to the risk that claim payments are delayed, incorrectly calculated or otherwise mishandled. Insurers are expected to apply sound judgment and tailor their stress testing to reflect the nature, scale, complexity of operations, including claims operations, and risk exposures. Stress testing is an important function required by insurers and as such consideration should be given to ensuring the appropriate skills and resources are employed as may be relevant. |
| **General comment-Capital** | This Framework requires a very detailed analysis of ALL (as it is referenced in several locations) material / possible stressed events in the analyses of single risk, integrated and reverse stress testing. Insurers are also to consider wind up scenarios. This requirement comes in the middle of a learning curve for the industry in understanding IFRS 17, and while | ORSA capital means capital calculated based on the insurer's own risk assessment, and should not be limited to the minimum regulatory capital requirements. The Guideline provides insurers with an implementation period to ensure that the frameworks required for the ORSA process are put into operation. |

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| | awaiting a new CAPAD/solvency methodology. This also presents a challenge to the insurer in developing a proper/robust framework for board approval with these in progress items.<br><br>It is noted that the document references 'capital' in several locations – is it meant to be assumed that this is regulatory capital? It is suggested that this is included in the list of definitions for clarity. | |
| **General comments-Level of detail required & data security/ confidentiality** | Can CBTT clarify the expected level of detail in the executive summary of the ORSA report, particularly for insurers operating in group structures?<br><br>How does CBTT plan to ensure data security and confidentiality, given the sensitive nature of ORSA submissions? | The guidance on the format of the ORSA Report in Appendix III provides a list of basic elements that should be included in the Executive Summary. The level of detail is determined by the insurer commensurate with the nature, scope, scale and complexity of its own business activities.<br><br>The Central Bank recognizes the importance of data security, and has implemented a Data Protection Policy and appropriate systems, to protect the confidentiality, integrity, and availability of the Bank's data, as well as the data of its stakeholders. Further, section 56 the Central Bank Act requires the preservation of all matters relating to the affairs of the Bank and financial institutions, and section 16 of the Insurance Act 2018 prohibits the disclosure of any information regarding the business or affairs of a registrant, its affiliates and policyholders, that is obtained in the course of official duties. |
| **General comments-Alignment with international Standards, Proportionality, Emerging Risks** | General Observations:<br>1. Alignment with International Standards:<br>While the guideline mentions alignment with the Insurance Core Principles (ICPs) of the International<br>Association of Insurance Supervisors (IAIS), it would be helpful to clarify how closely the framework adheres to global standards such as Solvency II in the European Union or ORSA practices in North America.<br>2. Implementation Challenges for Small Insurers:<br>The principle of proportionality is well-noted; however, additional examples or case studies illustrating its application would be valuable to smaller and less complex insurers.<br>3. Support for Emerging Risks:<br>The guideline addresses climate and cyber risks but does not comprehensively account for rapidly evolving threats such as geopolitical risks or the impacts of artificial intelligence. Expanding this scope could enhance preparedness. | Also refer to responses above.<br><br>Solvency II sets out prudential regulation requirements applicable to insurance and reinsurance companies in the EU. The ORSA does not deviate from Solvency II, it is a fundamental aspect of the Solvency II framework, which requires the establishment of robust governance frameworks that are comprehensive and dynamic, and includes regular evaluations to address any significant shifts in the their risk profile and operating conditions. The Central Bank also collaborates with other regulatory authorities to keep abreast of the evolving international standards and streamline regulatory requirements.<br><br>The Central Bank will not be prescribing proportionality examples and stress testing scenarios. The ORSA Guideline provides sufficient guidance on the key elements expected for the ORSA process and ORSA Report.<br><br>The risk considerations contained within Appendix I of the Guideline are intended to provide broad guidance to insurers for the purposes of the ORSA. It is not an exhaustive list of risk |

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| | Recommendations:<br>**Expand Proportionality Examples**: Including real world case studies for insurers of varying scales would improve clarity.<br>**Develop Regional Stress-Testing Scenarios**: Tailored stress-testing templates reflecting regional risks could ensure consistency and relevance.<br>**Enhance Emerging Risk Coverage**: Explicitly addressing geopolitical and artificial intelligence risks will future-proof the framework.<br>**Provide Implementation Support**: Hosting workshops or developing a FAQ document for insurers could facilitate a smoother transition to compliance.<br>**Clarify Group ORSA Requirements**: Providing detailed guidance on reconciling local and international ORSA frameworks for multinational insurers would be beneficial | exposures. Insurers are required to consider as part of its ORSA process, how risks may evolve and what measurement and management techniques are necessary for monitoring these risks. |
| **General comments- Timeframe for feedback** | We also note that OSFI gave the Canadian industry 4 months to comment on the ORSA guidelines; as opposed to the 2 months given to the TT industry. This shorten review period for feedback may impact the level and extent of comments that could be given. | The feedback is noted. |
| **General comments- Standardized Methodology** | In the future CBTT will have to develop a standardized methodology on market risk and domestic credit models to be used in stem testing (as they do in the US). Local models may not be robust enough as they found in the fascial crisis in 2008 and most recently in UK 2 years ago. | The feedback is noted. |
| **General comments- Additional Guidance** | It is proposed that the CBTT meet with the industry for members to better explain and discuss their feedback on the guidelines before it is finalized | If further clarification is required on any particular item, kindly email your query to orsa@central-bank.org.tt |