



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

August 13, 2019

CIRCULAR LETTER TO:

ALL INSURANCE COMPANIES LICENCED
UNDER THE INSURANCE ACT CHAP. 84:01

Ref: CB-OIFI-2202/2019

INTERNATIONAL FINANCIAL REPORTING STANDARD 17 *INSURANCE CONTRACTS*

The International Accounting Standards Board (IASB) has issued a final version of the International Financial Reporting Standard *Insurance Contracts*. - IFRS 17, which replaces IFRS 4 and is effective for annual periods beginning on or after January 1, 2021.

The IASB has given the following as the goal of IFRS 17:

Insurance contracts combine features of both a financial instrument and a service contract. In addition, many insurance contracts generate cash flows with substantial variability over a long period. To provide useful information about these features, IFRS 17:

- *combines current measurement of the future cash flows with the recognition of profit over the period that services are provided under the contract;*
- *presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and*
- *requires an entity to make an accounting policy choice of whether to recognise all insurance finance income or expenses in profit or loss or to recognise some of that income or expenses in other comprehensive income.*

In this regard, the Central Bank of Trinidad and Tobago (“Central Bank”/the “Bank”) proposes to engage with the insurance companies, their actuaries, auditors and other relevant parties to ensure that the implementation of this standard is uniform throughout the jurisdiction and done in a timely manner.

The Bank has formed a committee which includes representatives from the accounting, actuarial and insurance industry, among others, to provide an avenue for consistency in the implementation of IFRS 17. As such, the Bank, in consultation with the above-mentioned committee, has developed a questionnaire to assist institutions in their preparedness for the implementation of IFRS 17. The questionnaire will be sent out quarterly to all insurance companies with stated deadlines for responses. All insurance companies are **required** to complete these questionnaires and forward their responses to the Bank by the stated deadlines.

These submissions will inform continued dialogue, policies and guidelines on IFRS 17 and related issues, including prudential matters such as capital adequacy.

Submission of soft copies should be emailed to ifrs17@central-bank.org.tt and hard copies, if necessary, should be submitted to the undersigned. In addition, all queries can be directed through the aforementioned email address.

Yours Sincerely



Patrick Solomon

INSPECTOR OF FINANCIAL INSTITUTIONS