



CIRCULAR LETTER TO ALL INSURANCE COMPANIES

October 17, 2008

REF: CB-OIFI-2323/2008

**CAPITAL ADEQUACY FRAMEWORK
QUANTITATIVE IMPACT STUDY I**

The Central Bank of Trinidad and Tobago (the Central Bank) in a circular letter dated September 17, 2008 to all insurance companies advised the industry of its intention to conduct a Quantitative Impact Study (QIS) to test the proposed Capital Adequacy Framework. Pursuant to this, an information session was held on October 8, 2008 at the Central Bank and a number of questions was raised by the participants. The purpose of this letter is to inform you that a document that provides further guidance on the questions we have received on the Capital Adequacy Framework has now been added to the website (http://www.central-bank.org.tt/financial_stability/index.php?pid=3079).

One of the proposals at the meeting was to capture some data on Loss Reserves so we could establish some benchmarks for the industry. This request has been included on the website and companies are encouraged to contribute so as to improve industry information. The Central Bank intends to feed consolidated data back to the industry to encourage consistent liability assessments.

We acknowledge that there are some areas of the proposed Capital Adequacy Framework that require further development and work is continuing in this regard. The results of the QIS and company submissions are expected to assist greatly in the finalization of the Capital Adequacy Framework.

If additional questions arise during the preparation of your QIS these queries should be submitted to insurance_reports@central-bank.org.tt. We will endeavour to respond to questions that we receive prior to October 30 by November 15, 2008.

We look forward to receiving your submission by December 15, 2008. Your comments and proposals in regard to the finalization of the Capital Adequacy Framework should be included in your report with an explanation as to how you have addressed them.

Yours sincerely

A handwritten signature in blue ink that reads "W Ho Sing". The signature is written in a cursive style with a blue ink color.

Wendy Ho Sing
DEPUTY INSPECTOR OF FINANCIAL INSTITUTIONS