



# 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) 625-4835; 4921; 5028; Fax: (868) 627-4696  
E-Mail Address: info@central-bank.org.tt  
Website: www.central-bank.org.tt

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January 13, 2011

CIRCULAR LETTER TO ALL INSURANCE COMPANIES

REF: CB-OIFI-95/2011

## Statutory Fund Requirements

Since December 31 is a common year end for most insurers, the Central Bank of Trinidad and Tobago (the Central Bank) is taking this opportunity to remind all registered insurance companies of the following requirements under the Insurance Act, Chapter 84:01 (the Act) with respect to their Statutory Funds:

### Eligibility of Assets for the Statutory Fund

Assets will be considered eligible provided they satisfy the following criteria:

- a) **The assets qualify under the Second Schedule as assets purchased and pledged in accordance with Section 37(6) of the Act.**

Section 37(6) states that:

*"assets required to be placed in trust pursuant to subsections (4) and (5) shall be so placed **not more than one month after the end of the financial year** to which the balance sheet or the revenue account, as the case may be, of the company relates.*

- b) **The assets were purchased within the qualifying period for which certificates have not been received but are to be pledged and held by the trustees.**

With respect to these assets, the company is required to issue irrevocable instruments to the Issuing House to forward directly to the trustee, the certificates to be held in trust to the order of the Central Bank. The trustees and the Central Bank are to be copied on these instructions. The notification to the Issuing House must be dated no later than one (1) month after the qualifying period, for example, the date of the notification should be no later than February 28, 2011 for those companies that have a financial year end of December 31. **By copy of this letter, the trustees are reminded of these procedures.** The Central Bank recognizes the long waiting period for delivery of security certificates; however, the companies are required to establish effective treasury management practices and ensure that maturity dates do not conflict with this cut-off period, hence ensuring that they comply with the deadline for eligible assets as defined in the Act.

**Trustees' Listings for the Statutory Fund**

Companies are required to instruct their trustees to submit separate listings of eligible assets, as described under (a) and (b) above. The Central Bank will accept **only** the trustees' listings as the final confirmation of assets to be included in the Statutory Fund. Companies are advised that the Central Bank will **not accept** items or adjustments submitted after the stipulated cut-off date. As such, it is the responsibility of the companies to reconcile their list of assets in the Statutory Fund with the information on the trustees' listings and ensure any inaccuracies e.g. description of assets, maturity dates and expired securities are resolved prior to submission to the Central Bank.

Kindly acknowledge by signing and returning the attached copy of this letter.

Yours sincerely



Carl Hiralal

**Inspector of Financial Institutions**

c.c. Trustees