



Central Bank of Trinidad and Tobago

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23 December, 2020

CIRCULAR LETTER TO:

ALL AGENCIES AND BROKERAGES
ASSOCIATION OF TRINIDAD AND TOBAGO INSURANCE COMPANIES (ATTIC)
TRINIDAD AND TOBAGO INSURANCE INSTITUTE (TTII)
TRINIDAD AND TOBAGO ASSOCIATION OF INSURANCE AND
FINANCIAL ADVISORS (TTAIFA)
INSURANCE BROKERS ASSOCIATION OF TRINIDAD AND TOBAGO (IBATT)

REF: CB-OIFI-2627/2020

SECTIONS 136 – 139(1) OF THE INSURANCE ACT 2018 (AS AMENDED) FINANCIAL STATEMENTS OF INTERMEDIARIES

The Central Bank of Trinidad and Tobago (the “Central Bank”) and the Inspector of Financial Institutions (Inspector) wish to draw to the attention of all agencies and brokerages the requirements of sections 136 – 139 of the Insurance Act, 2018 (the “Act”) and to highlight the material changes and some other pertinent matters which should be implemented after the end of the financial year for the first year following the commencement of the Act.

Kindly note the following:

(a) Compliance requirements for submission-

- *S136 (1) Every agency and brokerage shall submit to the Inspector within sixty (60) business days after the end of the financial year, and at such other times as may be required by the Inspector, financial statements prepared in accordance with financial reporting standards and duly audited in accordance with International Standards on Auditing¹.*
- *S136 (2) Every financial statement submitted by an agency or brokerage shall be signed by a director and an agent or broker, as the case may be.*
- *S136 (3) The auditor of every agency and brokerage shall monitor and evaluate compliance with the Proceeds of Crime Act and the Anti- Terrorism Act and any regulations made thereunder, any guideline on anti-money laundering and combating terrorist financing*

¹ S136 (4) states for the first financial year following proclamation, audited accounts will be due four month after the financial year end. Accounts submitted by Agents and Brokers pending transition to agencies and brokerages, respectively will also comply with the four month requirement.

issued by the Central Bank and submit an annual report including recommendations to the Central Bank within four months of the end of its financial year”

Please note that the AML/CFT requirements set out in the Guideline of Anti-Money Laundering and Combating of Terrorist Financing and the directive issued under Circular letter, CB-OIFI-914/2019 dated March 29, 2019 in respect of agents, which will now apply to agencies and the respective brokerages.

In addition, agencies and brokerages are required to submit returns to the Central Bank within sixty (60) business days after the financial year in accordance with Section 128(2) of the Act. The returns will indicate all the persons:

- registered as their agents, brokers or sales representatives; and
- to whom compensation was paid for negotiating insurance business.

(b) Maintenance of monthly accounts-

- *S137 Every brokerage shall keep in relation to insurance placed with it relating to each class or classes of insurance business for which it is registered, monthly accounts showing all receipts and expenses relating to such insurance business and such accounts shall be completed no later than fifteen (15) business days after the end of each month in respect of which they are prepared.*
- *S138 Every agency shall keep in relation to insurance issued or renewed by them such monthly accounts as will enable the amounts due to them by the insurer or due from them to the insurer to be determined, and such records shall be completed not later than fifteen (15) business days after the end of the month in respect of which they are prepared.*

(c) Content of Audited Annual Financial Statements-

- *S139 (1) The auditor of an agency or brokerage shall include in its opinion to the financial statements whether or not the agency or brokerage has satisfied the requirements of sections 133, 134 and 135.*

As such, the auditor’s opinion should address the extent of an agency’s or brokerage’s compliance with the requirements of sections 133 to 135 regarding the

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Insurance Brokers Association of Trinidad and Tobago (IBATT) *23 December, 2020*

implementation and operations of the consumer trust accounts, remittance of premiums to insurers and remittance of monies to policyholders.

The audited annual financial statements must also be compliant with the International Auditing Standards and comprise of the requisite statements and notes to the financials. In addition, should agencies or brokerages be involved in other financial activities, the incomes and expenses specific to the conduct of insurance business should be delineated in the financial statements. Further, agencies and brokerages are required to comply with sections 112 (11) and (12) by winding up other business activities within one (1) year from the date of proclamation of the Act. Failure to submit financial statements in accordance with the above standards will be considered a non-submission.

Agencies and brokerages are reminded that, in the event of a failure to submit financial statements within the time prescribed in Section 136 of the Act, an offence is committed and the Central Bank may, inter alia, levy an administrative fine of **Five Thousand Dollars (\$5,000.00)**. Failure to pay the fine and to remedy the offence within the prescribed period will result in liability to pay a criminal penalty (applicable on summary conviction) of **Twenty Thousand Dollars (\$20,000.00)** plus **Two Thousand Dollars (\$2,000.00)** for each day the offence continues.

Please be guided accordingly. We look forward to your usual cooperation.

Yours sincerely



Patrick Solomon
INSPECTOR OF FINANCIAL INSTITUTIONS