



**Guideline  
for the Reporting  
of  
Credit Exposures  
By  
Insurers/ Financial Holding Companies**

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# Introduction

## Reporting of Credit Exposures

Every insurer and financial holding company (FHC) shall submit to the Inspector of Financial Institutions (Inspector) on a quarterly basis, all credit exposures amounting to ten percent (10%) or more of its capital base<sup>1</sup> in accordance with section 145(4) of the Insurance Act 2018 (IA/Act). Credit exposure limits for insurers and FHCs are prescribed in sections 89 and 90 of the IA.

Pursuant to his powers under section 11 of the IA, the Inspector has developed a Return, Form CB105i to provide a standardized format for capturing the data required under section 145(4) of the IA and other data on credit exposure on a quarterly basis. The Return consists of Forms in respect of the following:

- Credit exposures to persons other than connected parties which amount to 10% or more of the insurer's or financial holding company's capital base;
- Credit exposures to a person including a borrower group or related group in an aggregate amount that exceeds 25% of its capital base (Large Exposure); and
- Credit exposures to any connected party or connected party group in a principal amount exceeding 10% of the insurer's capital base and to all connected parties or connected party groups in an aggregate amount exceeding 25% of its capital base.

In addition, a Return, Form CB105i B was developed to facilitate the initial report required in section 90(7) of the Act to notify the Inspector within sixty business days of the Act's proclamation of all credit exposures to connected parties and connected party groups which are in excess of the limits fixed under this section or not in accordance with section 90(6) of the Act.

The definitions of 'borrower group', 'related group', 'large exposure', 'connected party' and 'connected party group' in the Act can be sourced via the Definitions Section in Appendix II of this guideline for ease of reference.

Insurers and FHCs are also reminded of the requirements –

- (a) in section 89(5) of the Act to notify the Inspector of the following matters:
  - (i) All credit exposures to persons including borrower groups or related groups which are in excess of the limits under this section; and
  - (ii) The measures that the insurer shall take in order to –

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<sup>1</sup> Definition of Capital base can be sourced via the Definitions page in Appendix II

- A. reduce within a period of three years the excess credit exposures granted so that they are within the limits in subsections (1) and (2);  
or
  - B. provide additional capital within a period of two years;
- (b) in section 91 of the IA to inform the Inspector within two business days of becoming aware of a contravention of the limitations of credit exposures referred to in sections 89 and 90 of the Act.

# Reporting

## Initial report on the Form CB 105i B

Insurers and FHCs would be required to report all credit exposures to connected parties and connected party groups which are in excess of the limits fixed under section 90 or not in accordance with subsection 90(6) within 60 days of proclamation of the IA.

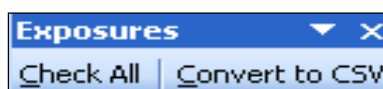
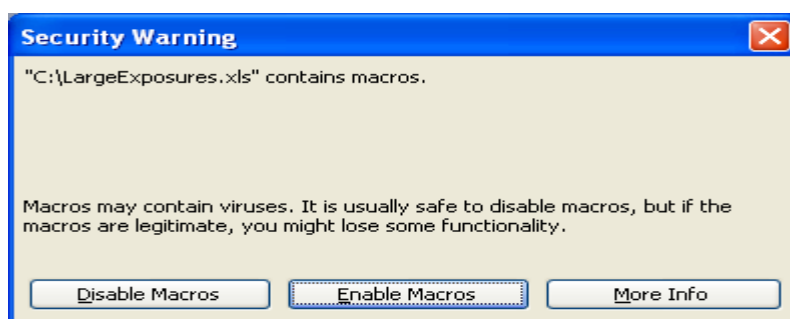
## Commencement of Quarterly Reporting on Form CB 105i

Insurers and FHCs would be required to report on credit exposures using calendar quarters beginning from the quarter ending **March 31, 2021**, using Form CB 105i. Quarterly Returns are to be submitted to the Inspector within twenty (20) business days after the end of the quarter to which the report relates.

All Returns are to be submitted electronically to the following email address: [insurance\\_reports@central-bank.org.tt](mailto:insurance_reports@central-bank.org.tt)

## Opening the Excel Workbook File

1. Double click the **Credit Exposures.xls** file to open the spreadsheet.
2. When the file is opened, a dialogue box similar to the one below may appear depending on your security settings. Select **Enable Macros** to continue opening the spreadsheet. (refer to appendix for additional information on enabling macros)



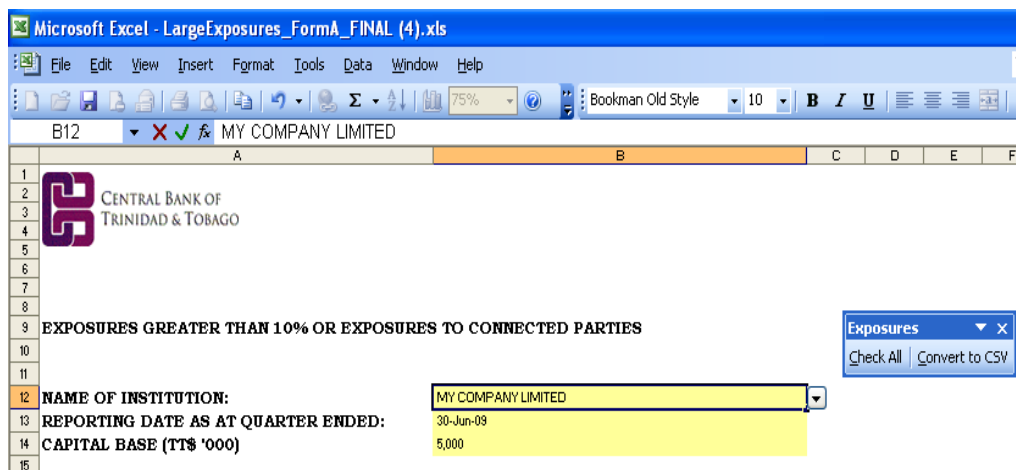
The “Exposures” toolbar will be displayed once the workbook is opened.

3. Ensure that the “**Credit Exposure Summary**” tab of the spreadsheet is selected.



4. The following **must** be completed:
  - a. Each institution is required to select their institution’s name from the drop-down list in cell **B12**.
  - b. The reporting date should be entered in cell **B13**. When entering the reporting date, please use the following format: **dd-mmm-yyyy** (for example 31-Mar-2019).
  - c. The capital base of each institution in \$’000 should be placed in cell **B14**.

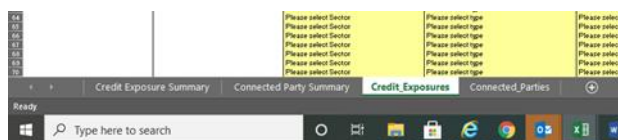
An example is shown below:



## Entering Data<sup>2</sup>

### Exposures to Persons which are Equal to or Greater than 10% of Capital Base<sup>3</sup>

1. Ensure that the “**Credit Exposure**” tab of the spreadsheet is selected.



<sup>2</sup> All data must be entered row by row with no blank rows. Additionally rows cannot be inserted or deleted.

<sup>3</sup> Other than Connected Parties

2. All credit exposures to persons other than connected parties which are 10% or more of the insurer's/ FHC's capital base should be entered in the **Credit Exposures** worksheet, including facilities which are exempt under sections 89 and 90 of the Act.
3. Insurers and FHCs must select the industry Sector Code for each entry from the drop down box in Column C "Counterparty Sector". The description of each International Standard Industrial Classification (ISIC) Sector's Code is entered in Appendix 1.

NAME OF BORROWER GROUP/RELATED PARTY GROUP	NAME OF COUNTERPARTY	COUNTERPARTY SECTOR	EXPOSURE TYPE	EXEMPT STATUS
		Please select Sector	Please select type	Please select Status
		Please select Sector	Please select type	Please select Status
		Please select Sector	Please select type	Please select Status
		Please select Sector	Please select type	Please select Status
		Please select Sector	Please select type	Please select Status
		Please select Sector	Please select type	Please select Status
		Please select Sector	Please select type	Please select Status
		Please select Sector	Please select type	Please select Status
		Please select Sector	Please select type	Please select Status
		Please select Sector	Please select type	Please select Status

4. Using the drop down box in Column E 'Exempt Status', insurers and FHCs are to indicate whether each exposure reported is exempt by selecting the exemption which is applicable to the specific exposure being reported. The exemptions listed in the drop down box refer to the exemptions stipulated in section (89) (1) (a-e) and any exemptions approved by the Inspector under section 89(1A) (a-f) of the IA. If the exposure is not exempt, insurers are required to select 'Not-Applicable'.

COUNTERPARTY SECTOR	EXPOSURE TYPE	EXEMPT STATUS	CURRENCY	IN ARREARS	EXPOSURE (TT\$ '000)
Please select Sector	Please select type	Please select Status	Please select	Please select	
Please select Sector	Please select type	Please select Status	Please select	Please select	
Please select Sector	Please select type	Please select Status	Please select	Please select	
Please select Sector	Please select type	Please select Status	Please select	Please select	
Please select Sector	Please select type	Please select Status	Please select	Please select	
Please select Sector	Please select type	Please select Status	Please select	Please select	
Please select Sector	Please select type	Please select Status	Please select	Please select	
Please select Sector	Please select type	Please select Status	Please select	Please select	
Please select Sector	Please select type	Please select Status	Please select	Please select	
Please select Sector	Please select type	Please select Status	Please select	Please select	

5. All fields on each row are mandatory except for the "Exposure as a % of Capital", "Name of Group", "Total Exposure to Group" and "Total Exposure as a % of Capital", fields which are automatically calculated.
6. Please note the following:
  - a. Each institution is required to enter the name of the borrower group, related party group and the name of the counterparty in the respective columns. Ensure that the exact legal names used in the credit documents are entered for the name of the counterparty. Please note that if the counterparty does not belong to a borrower group or related group then the same name reported for 'counterparty' should also be placed in the 'Name of Borrower Group/ Related Party Group' column.
  - b. Each security should be individually listed. Further, with respect to managed funds, the fund name should be listed.

c. The following fields contain drop down boxes from which an insurer/ FHC must choose an item:

- Counterparty Sector
- Exposure Type
- Exempt Status
- Currency
- In Arrears (Status of Facility)

COUNTERPARTY SECTOR	EXPOSURE TYPE	EXEMPT STATUS	CURRENCY	IN ARREARS
Please select Sector	Please select type	Please select Status	Please select	Please select
Please select Sector	Please select type	Please select Status	Please select	Please select
Please select Sector	Please select type	Please select Status	Please select	Please select
Please select Sector	Please select type	Please select Status	Please select	Please select
Please select Sector	Please select type	Please select Status	Please select	Please select
Please select Sector	Please select type	Please select Status	Please select	Please select
Please select Sector	Please select type	Please select Status	Please select	Please select
Please select Sector	Please select type	Please select Status	Please select	Please select
Please select Sector	Please select type	Please select Status	Please select	Please select
Please select Sector	Please select type	Please select Status	Please select	Please select

d. Finally, the exposure amount should be entered in column H

EXPOSURE TYPE	EXEMPT STATUS	CURRENCY	IN ARREARS	EXPOSURE (118'000)	EXPOSURE AS % OF CAPITAL	NAME OF GROUP
Please select type	Please select Status	Please select	Please select			
Please select type	Please select Status	Please select	Please select			
Please select type	Please select Status	Please select	Please select			
Please select type	Please select Status	Please select	Please select			
Please select type	Please select Status	Please select	Please select			
Please select type	Please select Status	Please select	Please select			
Please select type	Please select Status	Please select	Please select			
Please select type	Please select Status	Please select	Please select			
Please select type	Please select Status	Please select	Please select			
Please select type	Please select Status	Please select	Please select			

e. No data can be entered in

Column I – ‘Exposure as a % of capital’,

Column J – ‘Name of Group’

Column K – ‘Total Exposure to Group’

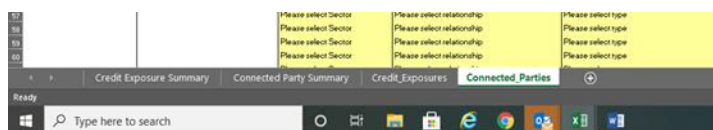
Column L– ‘Total Exposure as % of Capital’,

as these are automatically calculated.

7. It is imperative that insurers and FHCs be consistent when entering the names of counterparties and/or borrower groups and/or related party groups throughout the form. For example, if an insurer reports an exposure to “XYZ Limited” then this nomenclature must be used consistently in field A throughout the reporting form and other variations such as “xyz Ltd” must not be used.

## Exposures to Connected Parties and Connected Party Groups Greater than 10% of Capital Base

1. Ensure that the “**Connected Parties**” tab of the spreadsheet is selected.



2. Insurers/ FHCs are required to report separately on the **Connected Parties** worksheet, credit exposures to connected parties and connected party groups which are 10 % or more of capital base, including facilities which are exempt under section 90(5) i.e. loans



on the security of a mortgage on the principal residence in Trinidad and Tobago of a director or officer of the insurer/ FHC where the amount of the loan does not exceed 80% of the value of the property at the time the loan is made.

3. Insurers/ FHCs must select the industry Sector Code for each entry from the drop down box in Column C “Connected party Sector”. The description of each International Standard Industrial Classification (ISIC) Sector’s Code is entered in Appendix 1.
4. Using the drop down box in Column F ‘Exempt Status’, insurers/ FHCs are to indicate whether each exposure reported is exempt by selecting the exemption which is applicable to the specific exposure being reported. The exemptions listed in the drop down box refer to the exemptions stipulated in sections 89(1) and 89(1)(A), of the IA. If the exposure is not exempt, insurers are required to select ‘Not-Applicable’.
5. All fields on each row are mandatory except for the “Exposure as a % of Capital” “Name of Group”, “Total Exposure to Group” and “Total Exposure as a % of Capital”, fields which are automatically calculated.
6. Please note the following:
  - a. Each institution is required to enter the name of the connected party and connected party group. If the connected party does not belong to a group, then the name of the connected party reported in Column B should be placed in the ‘Name of Connected Party Group’ column.
  - b. The following fields contain drop down boxes from which an insurer/ FHC must choose an item:
    - i. Connected Party Sector
    - ii. Relationship- Please be advised that insurers are prohibited from incurring credit exposures to an executive director, officer, or relative of an executive director or officer which exceeds the lesser of two (2) years emoluments of the executive director or officer, or, two percent

(2%) of the insurer's capital base. Reference section 90(4)(c)(ii) and 91(1).

- iii. Exposure Type
- iv. Exempt Status
- v. Currency
- vi. In Arrears (Status of Facility)

CONNECTED PARTY'S SECTOR	RELATIONSHIP	EXPOSURE TYPE	EXEMPT STATUS	CURRENCY	IN ARREARS
Please select Sector	Please select relationship	Please select type	Please select Status	Please select	Please select
Please select Sector	Please select relationship	Please select type	Please select Status	Please select	Please select
Please select Sector	Please select relationship	Please select type	Please select Status	Please select	Please select
Please select Sector	Please select relationship	Please select type	Please select Status	Please select	Please select
Please select Sector	Please select relationship	Please select type	Please select Status	Please select	Please select
Please select Sector	Please select relationship	Please select type	Please select Status	Please select	Please select

c. Finally, the Exposure Amount should be entered in column I.

d. No data can be entered in:

Column J – ‘Exposure as a % of capital’

Column K – ‘Name of Group’

Column L – ‘Total Exposure to Group’

Column M– ‘Total Exposure as % of Capital’

as these are automatically calculated.

7. It is imperative that insurers/ FHCs be consistent when entering the spelling of the names of connected parties and connected party groups throughout the form.

8. Insurers/FHCs are reminded that, in accordance with sections 89(1) and 90(1)(b) of the IA, the sum of its exposures to a borrower group or related group, connected parties and connected party groups must not exceed twenty- five per cent of its capital base, save as provided under section 89(1A) of the Act.

### Credit Exposure Summary

1. Insurers/ FHCs must not directly or indirectly, incur any large exposure to a person including a borrower group or related group if the aggregate principal amount of all such exposures exceeds 800% of the insurer's capital base, pursuant to section 89(2) of the Act.
2. The total of large, connected party and connected party groups exposures are updated automatically based on the previously entered information in this work sheet and the Connected Party Summary worksheet. The aggregate percentage is calculated and reported on this worksheet

## Treatment of All Exposures<sup>4</sup>

1. All exposures should be reported gross of specific loan loss provisions and net of write-offs.
2. In the case of demand and other loans which do not carry a prescribed maturity date, approved balances must be recorded, **not** outstanding balances.

## Verification and Printing of Worksheet

1. When all the data has been entered and verified, select the 'Check All' button located under the tab "Add-ins" in the exposures file excel toolbar. This ensures that all mandatory fields have been completed and that the appropriate information is entered in the cells. If there is invalid or missing data, a message box will indicate the type of error and the relevant cell will be highlighted.
2. The document should be printed before it is converted to a comma separated version (CSV).
3. The document should be formatted in the order that the headings appear on each page of the document. **The printed document must be dated, bear the stamp of the institution as well as the signature of a duly authorized officer of the insurer/FHC.**
4. This printed document should then be sent to:

The Inspector of Financial Institutions,  
Central Bank of Trinidad and Tobago,  
Eric Williams Financial Complex,  
Independence Square,  
Port of Spain
5. Please note that where an institution's credit exposures to a counterparty, borrower or related party group, connected party or connected party group are less than 10% of its capital base, the institution must submit a letter to the Inspector of Financial Institutions advising of same.

## Converting to CSV

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<sup>4</sup> The provisions in this section apply to (1) exposures to persons other than connected parties which are equal to or greater than 10% of capital base, as well as, (2) exposures to a connected party greater than 10% of capital base.

1. Convert the document to CSV by selecting the 'Convert to CSV' button on the customized exposures toolbar. Upon conversion from an Excel file to a CSV file, both the new CSV file and the original excel spreadsheet will be automatically saved in the directory C:\Exposures on the C: drive. Both the CSV file name and the original excel spreadsheet are comprised of the reporting form's name code (e.g. CB105I), the institution's code, a date stamp extracted from the date field located at the top of the worksheet and their unique file extension (e.g. inv and.xls). In order to keep a backup of each month's submission, the correct date must be entered on the worksheet. Windows Explorer or any other file manager may be used to copy this file from the C: drive to any other media type. This file should be emailed to [credit\\_exposures@central-bank.org.tt](mailto:credit_exposures@central-bank.org.tt) using Pretty Good Privacy (pgp).

## Appendix I - ISIC Classifications

Codes	Industry Description
A	Agriculture, forestry and fishing
B	Mining and quarrying
C	Manufacturing
CA	Manufacture food products, beverages and tobacco products
CB	Manufacture of textiles, wearing apparel, leather and related products
CC	Manufacture of wood and paper products; printing and reproduction of recorded media
CD	Manufacture of refined petroleum products
CE	Manufacture of chemicals and chemical products
CF	Manufacture of basic pharmaceutical products and pharmaceutical preparations
CG	Manufacture of rubber and plastic products, and other non-metallic mineral products
CH	Manufacture of basic metals and fabricated metal products, except machinery and equipment
CI-J	Manufacture of computer, electronic, optical products and electrical equipment
CK-M	Manufacture of machinery and equipment n.e.c., transport equipment and other manufacturing (includes repair and installation of machinery and equipment)
D	Electricity, gas and air conditioning supply
E	Water supply; sewerage, waste management and remediation
F	Construction
G	Wholesale and retail trade; repair of motor vehicles and motorcycles
H	Transportation and storage
I	Accommodation and food service activities
J	Information and communication
JA	Publishing, audio-visual and broadcasting activities
JB	Telecommunications
JC	IT and other information services
K	Financial and insurance activities
M	Professional, scientific and technical services
MA	Legal, accounting, management, architecture, engineering, technical testing and analysis activities
MB	Scientific research and development
MC	Other professional, scientific and technical activities
N	Administrative and support service activities
O	Public administration and defense; compulsory social security
P	Education
Q	Human health and social work
QA	Human health activities
QB	Residential care and social work activities
R	Arts, entertainment and recreation
S	Other service activities
T	Domestic services
U	Activities of extraterritorial organizations and bodies

## Appendix II - Definitions

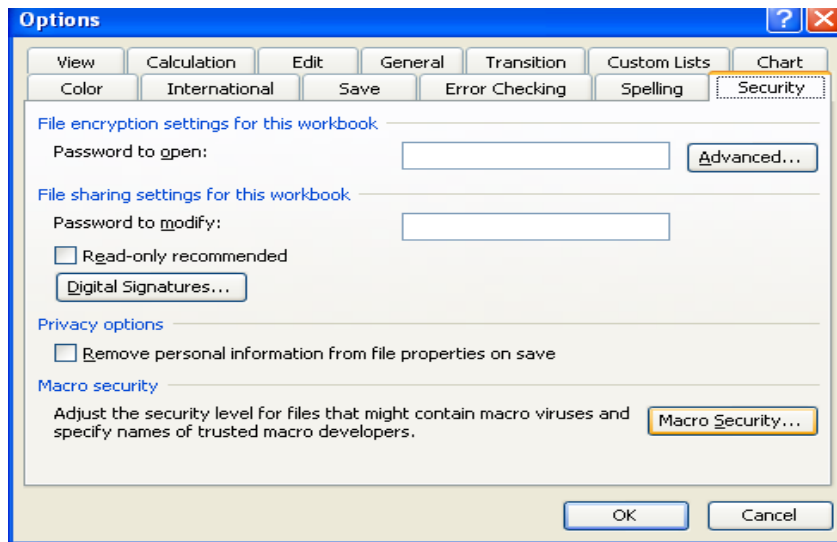
For the purposes of these Returns, the terms or phrases listed have the meaning given to it under the IA as follows.

No	Terms or Phrase	Definitions
	<b>Affiliate</b>	As defined in section 4(1) of the Act.
	<b>Borrower Group</b>	As defined in section 4(1) of the Act.
	<b>Capital Base</b>	As defined in section 4(1) of the Act.
	<b>Connected Party</b>	As defined in section 5(1) of the Act.
	<b>Connected Party Group</b>	As defined in section 5(2) of the Act.
	<b>Counterparty</b>	As defined in section 4(1) of the Act.
	<b>Credit Exposure</b>	As defined in section 4(1) of the Act.
	<b>Credit Facilities</b>	As defined in section 4(1) of the Act.
	<b>Large Exposure</b>	As defined in section 4(1) of the Act.
	<b>Related Group</b>	As defined in section 4(1) of the Act.
	<b>Relative</b>	As defined in section 4(1) of the Act.

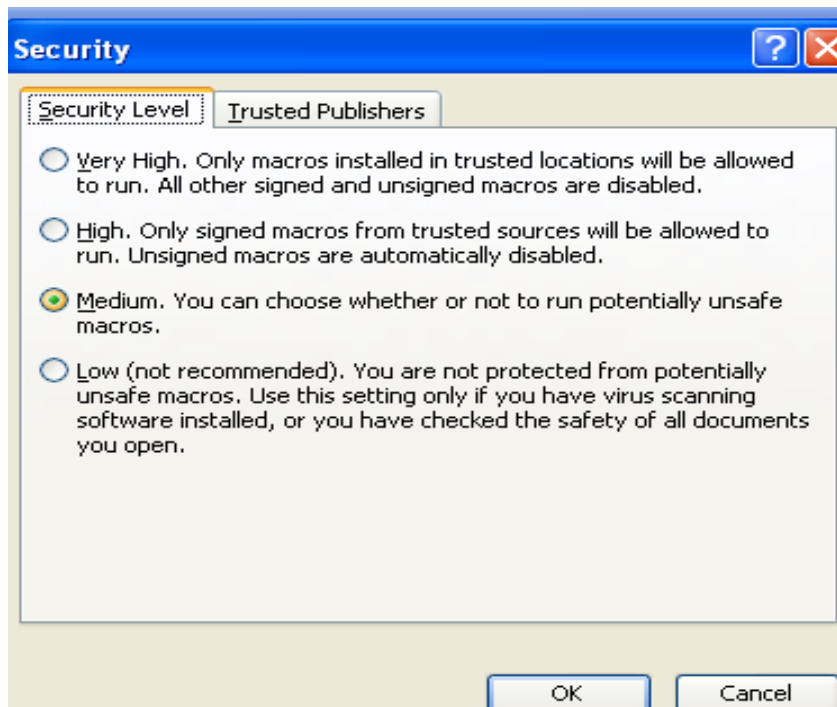
## Appendix III - Enabling Macros

In order to enable the macros, your security setting must be set to medium or lower. This is accomplished through the following steps:

1. Open Microsoft Excel
2. Choose Tools | Options | Security



3. Select the macro security button and set the security level to medium, and choose OK.



4. Close Microsoft Excel