Secretariat Unit

PARLIAMENT
REPUBLIC OF TRINIDAD AND TOBAGO

The Insurance Bill, 2016

AN ACT to repeal and replace the Insurance Act, Chap 84:01; to reform the law relating to insurance companies; to regulate insurance businesses and privately administered pension fund plans and for other related purposes.

11th Parliament

Introduced in the House of Representatives
Introduced on July 1, 2016
Introduced by Hon. Colm Imbert, Minister of Finance, MP

OVERVIEW

Background

1. **The Insurance Bill, 2016** ("the Bill") was introduced by the Honourable Colm Imbert, Minister of Finance, in the House of Representatives on July 1, 2016.

2. Given the dynamic nature of the financial system of Trinidad and Tobago and constant changes occurring in the international arena as a result of globalisation and liberalisation, it became necessary to review the **Insurance Act, Chap 84:01** which has remained fundamentally unchanged since its enactment in 1980, to ensure that the legislation in place supported the dynamism of the financial sector.[1]

3. Insurance companies play an integral role in Trinidad and Tobago's economy and the collapse of the CL Financial Group in January of 2009, precipitated the need for legislative

[1] Central Bank of Trinidad and Tobago, *"Proposals for the Amendment of the Insurance Act,"* Draft August 2011; Accessed February 1, 2017; http://www.central-bank.org.tt/sites/default/files/Proposals%20for%20the%20Amendent%20of%20the%20Insurance%20Act%20Chapter%2084%2001.pdf .

reform to Insurance legislation in Trinidad and Tobago. The CL Financial crisis occurred due to the deficiencies and weaknesses of the current regulatory framework in providing risk management systems and monitoring and supervising strategies. This Bill, therefore, seeks to rectify weaknesses that have been identified in the current legislative structure, with a view to prevent the reoccurrence of a similar financial crisis.

4. This Bill is designed to comply with international best practices and standards via the Twenty Six (26) Insurance Core Principles (ICPs) developed by the International Association of Insurance Supervisors (IAIS)[2] and also to provide a more up to date framework for commercial insurance in Trinidad and Tobago.

5. It should be noted that the Insurance Bill has been laid in Parliament on several occasions:

   i. Insurance Bill 2011 was introduced in the House of Representatives on November 25th, 2011 where it lapsed on June 26, 2012.
   ii. The Insurance Bill, 2013 was again introduced on the May 28th 2013, in the Senate. On this occasion it lapsed in the House of Representatives on July 10th, 2013.
   iii. The Insurance Bill No. 2 Bill, 2013 was introduced on November 19, 2013 in the Senate, however it lapsed on July 30, 2014.
   iv. The Insurance Bill 2015 was introduced in the Senate on April 21st, 2015, and lapsed in the House of Representatives on June 17th, 2015.

Purpose of the Insurance Bill, 2016

6. The Bill will provide a new regulatory framework for the insurance industry, provide for the regulation of privately administered pension fund plans and repeal the existing Insurance Act. Specifically, the new Bill seeks to:
   - reform the law relating to insurance companies;
   - regulate insurance businesses;
   - regulate privately administered pension funds;
   - strengthen prudential requirements, including the introduction of risk based capital and financial standards;

[2] The IAIS was established in 1994 and is responsible for developing principles, standards and other supporting material for the supervision of the insurance sector and assisting in their implementation; http://iaisweb.org/page/supervisory-material/insurance-core-principles//file/58067/insurance-core-principles-updated-november-2015

- introduce more stringent corporate governance requirements for insurance companies;
- provide the Central Bank with effective regulatory authority over financial groups;
- improve public disclosure with a view to promoting market discipline;
- provide the Central Bank with a wide range of preventative and corrective measures; and
- bring the legislation into conformity with the ICP's established by the IAIS.

Considerations

7. The Bill requires a three-fifths majority to be duly passed in both Houses of Parliament as it is inconsistent with the fundamental rights and freedoms guaranteed in Sections 4 and 5 of the Constitution of the Republic of Trinidad and Tobago. One of the obligations created by the Bill is the conveyance of sensitive private information without first obtaining consent.

Legislation Mentioned in the Bill

- Insurance Act, Chap. 84:01[3]
- Companies Act, Chap. 81:01[4]
- Stamp Duty Act, Chap. 76:01[5]
- Proceeds of Crime Act, Chap. 11:27[6]
- Central Bank Act, Chap. 79:02[7]
- Financial Institutions Act, Chap. 79:09[8]
- Equal Opportunity Act, Chap. 22:03[9]
- National Insurance Act, Chap. 32:01[10]
- Anti-Terrorism Act, Chap. 12:07[11]

[3] http://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/84.01.pdf
[4] http://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/81.01.pdf
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- The Married Persons Act, Chap. 45:50[12]

Key Features of the Bill

The following is a summary of some of the key features of the Bill.

THE SUPERVISORY SYSTEM

8. The Bill gives the Central Bank and the Inspector[13] authority to supervise the new insurance regime in Trinidad and Tobago. In particular, **Clause 7** proposes that the Act be administered by the Central Bank and **Clause 10** specifically defines the powers and duties of the Inspector.

9. The Inspector has the power to inter alia:
    i. inquire into the business affairs of a registrant[14], financial holding company, subsidiary of a local or foreign insurer (hereinafter referred to collectively as " the entities") to determine :
        - whether the entity is in sound financial condition ;
        - whether a member poses any risk to the registrant; and
        - whether any other business is being carried on other than that referred under the Bill.
    ii. take steps and proceedings as necessary to wind up an insurer
    iii. enter the place of business of any of the entities to examine, make copies, or remove from the premises all books, records, or any other documents, including those in electronic form.
    iv. apply to court for an ***ex parte*** order where he is prevented from exercising the powers given to him.

Financial Group and Connected Party Supervision

10. Financial groups play an important role in the stability of local economies. Due to their economic reach and the combination of regulated and unregulated entities across sectoral boundaries, challenges exist for sector specific supervisory oversight. As such, it is necessary to identify or set parameters for the identification of a financial group and entities such as connected parties within the scope of supervision.

[12] http://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/45.50.pdf
[13] Refers to the Inspector of Financial Institutions appointed pursuant to section 7 of the Financial Institutions Act.
[14] Person who is registered as an insurer under the Act

11. In view of the above, the Bill introduces a definition of a "financial group". A criterion of ICP 17 requires a financial conglomerate to be clearly defined. As such **Clause 4,** clearly outlines the term as follows :

"financial group" means a related group whose activities are limited to any one or more of the following:

(a) the business of banking;
(b) business of a financial nature;
(c) insurance business;
(d) the business of brokering and dealing in securities;
(e) the business of establishment, distribution or sale of collective investment schemes;
(f) the business of holding, managing or otherwise dealing in real estate;
(g) business of an insurance agency; and
(h) subject to the approval of the Central Bank, the provision of necessary services in support of the activities of the group and includes a financial holding company and a holding company of any of the businesses as set out in subparagraphs (a) to (f);

12. Additionally, the current wordings of **Section 48 (1) (b)** of the **Insurance Act** and the existing Regulations[15] do not capture all persons who may have a sufficiently close relationship with an insurer, who may receive preferential terms which can expose an insurer to greater risk with respect to credit exposures[16].

13. Therefore in an attempt to treat with this, **Clause 5** defines the concept of "connected party" and "connected party group" :

[15] Insurance (Admissible Assets and Valuation of Assets) Regulations

[16] Credit exposure is the total amount of credit extended to a borrower by a lender. Any lending comes with the rise that the borrower won't repay the lender. Therefore, the magnitude of credit exposure indicates the extent to which the lender is exposed to the risk of loss in the event of the borrower's default (ie do not repay the borrowed money). Credit Exposure shall be determined using the Look through method. This approach looks at the terms of the instrument itself, as well as through to the pool of underlying instruments, to assess both the characteristics of these underlying instruments and the tranche's (ie specific portion of the underlying instrument) exposure to credit risk relative to the pool of underlying instruments.

For the purposes of this Act, a person or entity ("A") is a **connected party** of another person or entity ("B") where A is— (a) a financial holding company, holding company, controlling shareholder or a significant shareholder of B; (b) a person or entity who holds ten per cent or more of any class of shares of B or of a person or entity referred to in paragraph (a); (c) an affiliate of B; (d) an affiliate of a person or entity referred to in paragraph (a); (e) a director or officer of B or of a person or entity referred to in paragraph (a); (f) a relative of a director or officer of— (i) B; (ii) a financial holding company of B; (iii) a holding company of B; (iv) a controlling shareholder of B; or (v) a significant shareholder of B; (g) a relative of a controlling shareholder or significant shareholder of B where such controlling shareholder or significant shareholder is an individual; or (h) an entity that is controlled by a person referred to in paragraphs (e), (f) and (g).	(2) For the purposes of this Act, **"connected party group"** of a person or entity ("B") means— (a) in the case where B is connected to a person referred to in subsection (1)(a), a group consisting of any combination of— (i) B; (ii) the persons referred to in subsection (1)(a), (f) and (g); (iii) an affiliate of B; or (iv) an entity controlled by any person referred to subparagraphs (i) and (ii);

Control

14. **ICP 8** requires that supervisors have the authority to approve or reject any proposals to transfer significant ownership or controlling interest in an insurer to other parties. Currently **Section 20** of the existing **Insurance Act** provides the primary basis for supervision of controlling interests in an insurer. However, there are similar but varying definitions of the terms within the current financial framework. [17]

[17] Companies Act does not define the term "controlling shareholder". However, the term "substantial shareholder" in a public company is defined; The Securities Act does not provide a definition of "controlling shareholder" but deals with the concept of control in respect of shareholding or voting power in section 3.
Control is defined in the Financial Institutions Act.

15. Thus for consistency, **Clause 6** of the Bill amends the definition of **"control"** to harmonise with the **Financial Institutions Act**.

16. Moreover, **ICP 17** requires that insurers be supervised on both a single and group wide basis.

17. Therefore, **Clause 47** would give the Central Bank the power, where a local insurer is a member of a related group of two or more financial entities, to direct the controlling shareholder to restructure and form a financial holding company, such that the local insurer is directly controlled by the financial holding company and the resulting structure allows for consolidated supervision.

18. Additionally, it should be noted that there are a multitude of risks associated with financial groups, particularly where entities are involved in both financial and non-financial activities. As such regulators regard it as sound financial practice to separate the two types of activities, to avoid comingling.

19. Therefore **Clause 48** gives the Central Bank the power to direct a restructuring of a related group comprising two or more financial entities where one such entity is a local insurer and the group is engaged in both financial and non-financial activities in order to separate the financial and non-financial activities of that group.

Separate Accounts

20. **Clause 42** of the Bill proposes that insurers must have separate accounts for each type of insurance business. This is to ensure that the insurer is always able to support its liabilities to its respective clients. For example, the liabilities against a general insurance account will differ to the liabilities against a life insurance account based on varying factors, such as risk. Therefore, it would be prudent for an insurer to maintain separation of accounts.

21. Additionally, local policies and foreign policies must be held in separate accounts. This is because the foreign environment may differ to the local environment and separation of accounts is considered to be prudent to manage the impact on performance of the accounts. [18]

[18] An insurance company's separate account is established to hold the premiums.

22. **Schedule 10** provides that, "**assets vested in trust in overseas jurisdictions shall not be held in the Trinidad and Tobago policy account.**"

Corporate Governance

Restriction on voting power of director

23. **Clause 66** provides for a director of an insurer or of a financial holding company not to be present or vote, at a meeting or a committee of the Board of Directors, when a contract which would result in a financial benefit to him, other than a contract of employment, is being considered.

Duties of directors

24. **Clause 67** prescribes the duties of a director of an insurer or a financial holding company, and would provide an interpretation of the word "remuneration".

Audit committee

25. **Clause 68** provides for the establishment of an audit committee of the board of directors of an insurer.

Reports on responsibilities

26. **Clause 69** provides for each insurer and each financial holding company to submit a report to the Inspector, containing a statement signed by the Chief Executive Officer and Chief Financial Officer, detailing the responsibilities of the Board of Directors and management, and of the board's opinion on the financial condition report of the actuary, either within sixty (60) days after the end of its financial year, or when the Inspector so requires.

Policies and procedures for transactions with connected parties and employees

27. **Clause 70** provides for the Board of Directors of an insurer to establish, maintain and review written procedures of that insurer, in respect of transactions between that insurer and connected parties, connected party groups and employees.

Information systems for credit exposures

28. **Clause 71** provides for the Board of Directors of an insurer to establish and maintain documented information systems, to identify and monitor credit exposures.

Internal controls

29. **Clause 72** provides for the board of directors of an insurer to establish, document and maintain adequate internal controls.

Maintenance of policies and procedures

30. **Clause 73** provides for the board of directors of an insurer to undertake an annual review of its procedures, and to subsequently furnish the Inspector with such information. It would also give the Inspector the power to require the board of directors of the insurer to change its procedures or, within a specified period, to take such action to ensure compliance.

Appointment of auditor

31. **Clause 75** provides for a local insurer, a financial holding company or a foreign insurer, to annually appoint an audit entity satisfactory to the Central Bank, to be its auditor, or, in the case of a foreign insurer, the auditor of its operations in Trinidad and Tobago. It would also provide for such an audit entity to alternate the partner having primary responsibility for conducting the audit, every five years.

32. An auditor's report would detail any irregular transactions of the insurer or financial holding company and would also highlight any practices which are in contravention or is likely to contravene the provisions of this Bill or approved financial standards.

Notification in respect of auditors

33. **Clause 76** provides for an insurer and a financial holding company to notify the Inspector of the removal, replacement or cessation of an auditor, and to give reasons for such a decision. It would also provide for an auditor of an insurer and a financial holding company to notify the Inspector, the insurer and the financial holding company of his resignation or decision not to seek re-appointment.

Appointment of actuary

34. **Clause 78** provides for an insurer to appoint an actuary as a member of staff or as a consulting actuary, within three years of commencement of this Bill, and for the insurer to notify the Inspector of such appointment. This applies to insurers who are required by the Inspector to provide actuarial reports, including an insurer carrying on long-term insurance business or a general insurer carrying on the accident and sickness class of business.

Notification in respect of actuary

35. **Clause 79** provides for an insurer to provide actuarial reports, and to notify the Inspector of the removal, replacement or cessation of an actuary, giving reasons for such a decision, and of his resignation or decision not to seek re-appointment. This is applicable to insurers carrying on long-term insurance business or a general insurer carrying on the accident and sickness class of insurance business in Trinidad and Tobago

Reporting

Audited Financial Statements

36. **Clause 75** would provide for an insurer or a financial holding company to annually appoint an audit entity satisfactory to the Central Bank to be its auditor. It would also provide for such an audit entity to alternate the partner having primary responsibility for conducting the audit, every five years.

37. Under the current **Insurance Act**, **Section 57 (1)** provides for the audit of accounts and balance sheets along with a report to be submitted to Central Bank on an annual basis. However there is no deadline by which this ought to be done.

38. **Clause 152** of the Bill, however, requires the publication of an abridged audited financial statement in at least two daily newspapers, within **sixty (60) days** after the end of its financial year.

Financial Condition Report

39. **Clause 159** defines "**financial condition report**" to mean a report on the prospective ability of an insurer as at a particular date to meet future obligations to policyholders and to those to whom it owes benefits.

40. **Clause 214** would provide for an appointed actuary to submit a financial condition report in accordance with **Clause 186**, and where an actuary has not yet been appointed, the Chief Financial Officer may prepare the financial condition report.

Valuation for General Insurer "accident and sickness" business (new)

41. **Clause 78** of the Bill mandates that there should be an actuary on staff. Further, **Clause 153** empowers the Inspector to appoint an independent actuary to review the work of the insurer's actuary.

42. **Clause 214** requires the appointed actuary of an insurer carrying on general insurance business to investigate the financial condition of the insurer and submit a report in accordance with **Clause 159,** and the provisions of which will apply *mutatis mutandis*[19] to this section.

43. Where an actuary has not yet been appointed, a transitional period of three years (3) after the commencement of this Bill is granted for submission of the report by the actuary to be prepared and submitted by the Chief Financial Officer.

Reinsurance

44. There is no clear definition for the term reinsurance in the existing **Insurance Act**.

45. Reinsurance is insurance that is purchased by an insurance company (the "ceding company" or "cedent" or "cedant" under the arrangement) from one or more insurance companies (the "reinsurer") directly or through a broker.[20]

[19] Means: Making necessary alterations while not affecting the main point at issue.
[20] http://www.investopedia.com/terms/r/reinsurance.asp

46. This Bill defines the term "**Reinsurance**" as an arrangement under which one or more assuming insurance companies, for a consideration, agrees to indemnify the ceding insurer against all or a part of the loss that the ceding company may sustain under the policy or policies that it has issued.

47. Reinsurance shall be treated as insurance business and as such all provisions of the Bill will apply to reinsurance. [21]

PRUDENTIAL REQUIREMENTS

Valuation Methods

48. Currently the **Insurance Act** does not explicitly set out standards that must be used in determining an insurer's liability[22]. In practice, insurers in Trinidad and Tobago have been applying a range of valuation bases, drawing upon both past and current actuarial standards of jurisdictions such as Canada, the United Kingdom and the United States. This lack of commonality makes the task of the Central Bank and market participants in assessing the adequacy of liabilities very difficult.

49. Various sections of the Insurance Act enable the Central Bank to require that assets be revalued if the values reported appear to be incorrect or inappropriate. [23]

50. Additionally, the **Insurance (Admissible Assets and Valuation of Assets) Regulations,** made under **Section 214** of the **Insurance Act**, prescribes the bases for determining the value of assets of insurers. However these are inconsistent with those established by International Financial Reporting Standards (IFRS)[24] for some types of assets, such as shares in and debts due from dependents, land, equipment, unlisted shares, and debts and other rights.

51. In view of the above, **Clause 143** would provide for the valuation of the assets and liabilities of each insurer or financial holding company in accordance with International Financial Reporting Standards (IFRS), and for the values to be used for the financial statements,

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[21] Exceptions: Deposit Requirements.

[22] Section 114 provides that the basis of valuation for long-term insurance business must be such as to place a proper value upon the liabilities. It does not specify how a "proper" actuarial basis would be determined, other than that the value of liabilities shall not be less than if it had been calculated on a Minimum Basis prescribed by Regulations; no Minimum Basis has been prescribed.

[23] Section 42 relates specifically to assets of a statutory fund; section 52 relates to real property; and the broader powers under section 61 might also be invoked.

[24] IFRS ae issued by the International Accounting Standards Board and as adopted by ICATT

reports and returns required to be prepared under the Act. The International Financial Reporting Standards (IFRS) will be used for assets whereas Insurance (Caribbean Policy Premium Method) Regulations will be used for Life Insurance liabilities.

Capital Adequacy

52. This term is defined as the statutory minimum reserves of capital which a bank or other financial institution must have available. As such, **Clause 82** of the Bill makes provision for an insurer or a financial holding company to maintain adequate capital and appropriate forms of liquidity in accordance with the **Regulations and Schedule 9**. **Schedule 9** stipulates the transition period from the first financial year end following commencement of the Regulations.

Table showing Transition Period

DATE	MINIMUM REGULATORY CAPITAL RATION	MINIMUM NET TIER 1 RATIO
At the Insurer's first financial year end following the commencement of the regulations	110%	77%
At the Insurer's second financial year end following the commencement of the regulations	120%	84%
At the Insurer's third financial year end following the commencement of the regulations	130%	91%
At the Insurer's fourth financial year end following the commencement of the regulations	140%	98%
At the Insurer's fifth financial year end following the commencement of the regulations	150%	105%

53. Further **Clause 82 (5)** stipulates that an insurer's non-compliance with its capital adequacy requirements attracts liability on summary conviction to a fine of five million dollars ($5,000,000.00).

54. **Clause 84** provides that dividends are not payable unless capital adequacy targets are met and can be maintained following payments of dividends. Please refer to Table X for relevant targets.

Increased Stated Capital[25]

55. Currently the **Section 13 of the Insurance Act** sets out the minimum **share capital** necessary for registration: Three million dollars ($3,000,000.00) for companies carrying on long term insurance business and one million dollars ($1,000,000) for other companies. The Central Bank has indicated however that these amounts are no longer reflective of the minimum financial resources that should be available to an insurance company.

56. **Clause 22** of the Bill seeks to increase the **stated capital** necessary for registration to a minimum of fifteen million dollars ($15,000,000.00). It should be noted that term stated capital simply refers to a separate "stated capital account" for each class and series of shares issued pursuant to section the Companies Act.

Whistle Blowing

57. **Clause 80** provides for communication given to the Central Bank in good faith and in a professional capacity, not to be considered a violation of any contract of service between the relevant parties.

58. Furthermore where the Inspector has reasonable grounds to believe that an auditor or actuary of an insurer or financial holding company has been party to the preparation of, or has rendered an unqualified opinion on a financial statement that does not fairly present the financial position of the entity, the Inspector can report an auditor or actuary to an appropriate professional body for non-compliance. [26]

Punitive Measures

See Schedule 6 for Administrative Fines for Non- Compliance *(See Appendix 1)*

Intervention Powers

Clause 10 outlines the powers of the Inspector

[25] Stated capital is usually defined as the stated, or par value of the shares of stock that have been issued. Under the insurance Bill, it is the aggregate of all stated capital accounts as defined in the Companies Act.

[26] The inspector is indemnified against any action, claim or demand by, or any liability, to any person in respect of such report.

COMPARATIVE LAW

COUNTRY	JAMAICA	CANADA	NEW ZEALAND	AUSTRALIA
LEGISLATION	**INSURANCE ACT, 2001**	**INSURANCE ACT, REVISED STATUTE OF ALBERTA 2000**	**NEW ZEALAND INSURANCE (PRUDENTIAL SUPERVISION) ACT, 2010**	**INSURANCE ACT OF AUSTRALIA, 1973**
SIMILARITIES	Sec. (4) provides for the establishment of a supervisory body. Sec (37) provides for the appointment of an auditor and an actuary. Sec. (51) directs the power of the court to make an order for winding up.	Sec (221) provides for public disclosure and distribution of financial statements to its participating policyholders and shareholders at the end of each annual year in order to give policy holders and market participants a clear view of their business activities, performance and financial position. Specifies a category of persons who are not fit to carry on insurance business.	The Reserve Bank of New Zealand is established as the supervisory body.	Sec (39) provides for the appointment of an auditor and an actuary.
DIFFERENCES	The supervisory body shall be headed by a commission. However, the Insurance Bill	The Insurance Bill provides that every insurer shall publish in at least two daily newspapers	Sec. (64) of the Insurance Act of New Zealand, stipulates that before entering into or renewing a contract the insurer must disclose to	

	establishes the Central Bank and an Inspector as the supervisory bodies. The Insurance Bill not only grants the court the power to make an order for winding up but also grants the Court the power to appoint a liquidator.	circulated in Trinidad its audited financial statements.	the policyholder the insurer's current financial strength rating. Furthermore, a policy holder may cancel a contract before or after a contract has been entered into if an insurer fails to notify a policy holder of its financial rating. Sec (73) directs the implementation of a risk management programme by licensed insurers in event if the insurance business run into any challenges. This would cover; 1. insurance risk; 2. credit risk; 3. liquidity risk; 4. market risk; and 5. Operational risk. Further, as part of the licensed insurers corporate governance frame work, a recovery plan is also necessitated	

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Kindly note that this information is provided to Members of Parliament in support of their parliamentary duties and is not intended to address the specific circumstances of any particular individual.

APPENDIX 1 – Administrative Fines

SCHEDULE 6 ADMINISTRATIVE FINES PART A Insurers			
SECTION	**GENERAL DESCRIPTION OF OFFENCE**	**CRIMINAL PENALTY (APPLICABLE ONLY ON SUMMARY CONVICTION)**	**ADMINISTRATIVE FINE**
17(2)	Failure to pay annual fees not later than the 31st day of January in each year or such later date as may be specified by the Central Bank	$500,000 plus $50,000 for each day the offence continues	$10,000 for each day the offence continues
26(1)	Failure of a foreign insurance company to obtain prior approval of the Central Bank before establishing, acquiring or opening a representative office in Trinidad and Tobago or failure of a foreign insurance company to give notice in writing to the Central Bank before closing or relocating a representative office in Trinidad and Tobago	$300,000 plus $30,000 for each day the offence continues	$75,000
27(1)	Failure of an insurer to obtain the prior approval of the Central Bank in writing before establishing, closing or relocating a branch outside Trinidad and Tobago	$500,000 plus $50,000 for each day the offence continues	$125,000
27(3)	Failure of an insurer to notify the Central Bank in writing before establishing, acquiring, opening, closing or relocating a representative office outside Trinidad and Tobago	$300,000 plus $30,000 for each day the offence continues	$75,000
31	Failure of company to notify Central Bank of any change in particulars specified in the company's application	$500,000 plus $50,000 for each day the offence continues	$125,000
32(1)	Making an alteration to articles of incorporation or continuance, by-laws or other constituent documents without notifying and receiving the approval of the Inspector	$500,000 plus $50,000 for each day the offence continues	$125,000

32(4)	Failure of an insurer to submit to the Inspector copies of altered articles of incorporation or continuance, by-laws or other constituent documents	$500,000 plus $50,000 for each day the offence continues	$125,000
66	Director of an insurer or financial holding company being present or voting at a meeting of the board of directors or a committee of the board of directors of that insurer or financial holding company on a contract which would result in a direct or indirect financial benefit	$500,000	$125,000
67(5)	Failure of a director of an insurer or of a financial holding company to notify the Inspector of material risks	$600,000 plus $60,000 for each day the offence continues	$10,000 for each day the offence continues
67(6)	Failure of a director of an insurer to submit within five business days to the Inspector reasons for resignation, removal or departure from office or the reasons why he opposes his removal or departure from office	$600,000 plus $60,000 for each day the offence continues	$10,000 for each day the offence continues
67(7)	Failure of a director of an insurer or of a financial holding company to establish and maintain procedure for remuneration	$600,000 plus $60,000 for each day the offence continues	$10,000 for each day the offence continues
67(8)	Failure of an insurer or of a financial holding company to submit to its audit committee an annual report regarding total remuneration paid to directors and officers within twenty business days after the end of the financial years	$600,000 plus $60,000 for each day the offence continues	$10,000 for each day the offence continues
67(9)	An insurer awarding or paying any bonus to its directors or officers where its assets are insufficient to meet the requirements under the Regulations or the bonus would reduce the assets of the insurer below such requirements	$600,000 plus $60,000 for each day the offence continues	$10,000
68(1)	Failure of an insurer to appoint an audit committee as constituted under this section	$500,000 plus $50,000 for each day the offence continues	$125,000
68(2)	Failure of an insurer to appoint an independent director and financial expert as chair of the audit committee	$500,000 plus $50,000 for each day the offence continues	$125,000

69	Failure of an insurer or financial holding company to submit to the Inspector reports as described under this section within sixty business days after the end of its financial year or when required by the Inspector	$400,000 plus $40,000 for each day the offence continues	$8,000 for each day the offence continues
73(2)	Failure of the board of an insurer to provide the Inspector with the policies and documentation when requested, and the results of the compliance reviews within sixty business days after the end of its financial year	$500,000 plus $50,000 for each day the offence continues	$125,000
73(3)	Failure of an insurer to change policies and documentation as specified by the Inspector within sixty business days	$500,000 plus $50,000 for each day the offence continues	$125,000
73(4)	Failure of an insurer to take such action to establish policies and documentation within the period specified by the Inspector	$500,000 plus $50,000 for each day the offence continues	$125,000
75(4)(a)	Failure of an insurer or financial holding company to serve on the Central Bank a written notice of intention to appoint an audit entity to act as an auditor	$300,000 plus $30,000 for each day the offence continues	$75,000
76(1)	Failure of a local insurer or financial holding company to give written notice and reasons to the Inspector of the removal or replacement of an auditor, or where a person ceases to be an auditor	$300,000 plus $30,000 for each day the offence continues	$75,000
76(2)	Failure of an auditor of an insurer or financial holding company to forthwith give written notice and reasons to the Inspector of the removal or replacement of an auditor before the expiration of his engagement, and where a person ceases to be an auditor	$300,000 plus $30,000 for each day the offence continues	$75,000
78(1)	Failure to appoint an actuary as specified under this section	$500,000 plus $50,000 for each day the offence continues	$125,000
78(3)	Failure of insurer to notify the Inspector as required under this section	$300,000 plus $30,000 for each day the offence continues	$75,000
79(1)	Failure of an insurer to give written notice to the Inspector of the removal or replacement of an	$300,000 plus $30,000 for each	$75,000

	appointed actuary, and where the person ceases to be an appointed actuary, and failure to give reasons to the Inspector for such removal or replacement	day the offence continues	
79(2)	Failure of the appointed actuary to give written notice to the Inspector and insurer if he resigns or does not seek re-appointment and failure to give reasons to the Inspector for such resignation or decision	$300,000 plus $30,000 for each day the offence continues	$5,000 for each day the offence continues
79(4)	Failure of the appointed actuary to submit a written statement to the Inspector and the insurer setting out the nature of any disagreement	$300,000 plus $30,000 for each day the offence continues	$75,000
87(6)	Failure of an insurer to notify the Inspector of shares held in a company providing necessary support service and shares and ownership interests held in excess of any limit imposed by this section	$500,000 plus $50,000 for each day the offence continues	$125,000
88	Failure of an insurer to obtain the necessary approvals of the Central Bank under this section	$500,000 plus $50,000 for each day the offence continues	$125,000
89(1)	Incurring of a credit exposure by an insurer to a person in an aggregate amount that exceeds twenty-five per cent of its capital base except as prescribed by this section	$500,000 plus $125,000 $50,000 for each day the offence continues	$125,000
89(2)	Incurring by an insurer of any large exposure to a person, including a borrower group or related group, where the aggregate principal amount of all large exposures will exceed eight hundred per cent of the capital base of the insurer	$500,000 plus $50,000 for each day the offence continues	$125,000
89(4)	Failure of an insurer to reduce credit exposure, increase capital, or make adequate provision for potential losses as prescribed by this section	$500,000 plus $50,000 for each day the offence continues	$125,000
89(5)	Failure of an insurer to notify the Inspector of all credit exposures to persons which are in excess of the limits, under section 89 and of the measures that shall be taken to reduce the credit exposures that are in excess of those fixed limits or to increase capital	$500,000 plus $50,000 for each day the offence continues	$125,000

90(1)	Failure of an insurer to comply with the general limit on credit exposures to connected parties or connected party groups	$500,000 plus $50,000 for each day the offence continues	$125,000
90(4)	Incurring of a credit exposure by an insurer to a director or officer or their relatives in an amount greater than the limit specified in this section	$500,000 plus $50,000 for each day the offence continues	$125,000
90(6)	Incurring a credit exposure by an insurer to a connected party or connected party group on terms and conditions not similar to the terms and conditions on which such credit exposure is offered to the public, or without the approval of the board of directors	$500,000 plus $50,000 for each day the offence continues	$125,000
90(7)	Failure of an insurer to notify the Inspector of all credit exposures to connected parties and connected party groups which are in excess of the limits prescribed under this section	$500,000 plus $50,000 for each day the offence continues	$125,000
90(10)	Failure of an insurer to comply with the requirement of the Inspector to set aside, change, limit or reduce a credit exposure to a connected party or connected party group	$500,000 plus $50,000 for each day the offence continues	$125,000
92(1)(a)	The direct or indirect acquisition by an insurer of its own shares or the shares of its holding company or financial holding company	$500,000 plus $50,000 for each day the offence continues	$125,000
128(1)	Failure of an insurer to submit to the Central Bank a listing of its agencies or sales representatives within sixty business days after the end of the financial year	$300,000 plus $30,000 for each day the offence continues	$6,000 for each day the offence continues
144(1)	Failure of an insurer and financial holding company to submit audited financial statements on the request of the Inspector in respect of any— (a) subsidiary of the insurer; (b) financial holding company or company in which the insurer or financial holding company is a significant shareholder; or (c) member of the financial group which the financial holding company controls	$500,000 plus $50,000 for each day the offence continues	$10,000 for each day the offence continues
144(4)	Failure of an insurer or financial holding company to submit	$500,000 plus $50,000 for each	$10,000 for each day the offence continues

	financial statements signed by two directors of the relevant company	day the offence continues	
145(1)	Failure of an insurer or financial holding company to submit audited returns to the Inspector in accordance with this section	$500,000 plus $50,000 for each day the offence continues	$10,000 for each day the offence continues
145(2)	Failure of an insurer carrying on long-term insurance business to submit to the Inspector a balance sheet with a certificate signed by the appointed actuary	$500,000 plus $50,000 for each day the offence continues	$10,000 for each day the offence continues
145(3)	Failure of an insurer or financial holding company to submit quarterly returns to the Inspector	$500,000 plus $50,000 for each day the offence continues	$10,000 for each day the offence continues
152(1)	Failure of an insurer or financial holding company to publish audited financial statements in accordance with this section	$400,000 plus $40,000 for each day the offence continues	$8,000 for each day the offence continues
152(2)	Failure of an insurer to keep at its offices and to make available for inspection certain information	$300,000 plus $30,000 for each day the offence continues	$75,000
158(1)	Failure of an insurer to submit actuarial reports within the prescribed time to the Inspector	$500,000 plus $50,000 for each day the offence continues	$10,000 for each day the offence continues
158(3)	Failure of insurer to submit a copy of any actuarial reports, the results of which are made public, within the prescribed time to the Inspector	$500,000 plus $50,000 for each day the offence continues	$10,000 for each day the offence continues
161(1)	Failure of an insurer to obtain approval of the pricing of its policy by an actuary before issuing the policy	$500,000 plus $50,000 for each day the offence continues	$125,000
161(2)	Failure of an insurer to furnish the Inspector with a report by its appointed actuary on the appropriateness of the pricing of a class of policy	$500,000 plus $50,000 for each day the offence continue	$125,000
162	Failure of an insurer to obtain approval of an actuary to amend commission or premium	$500,000 plus $50,000 for each day the offence continues	$125,000
197(1)	Failure of an insurer to publish a statement of unclaimed monies and to submit the statement to the Central Bank in accordance with this section	$400,000 plus $40,000 for each day the offence continues	$8,000 for each day the offence continues
197(4)	Failure of an insurer to pay into the Central Bank such unclaimed	$500,000 plus $50,000 for each	$10,000 for each day the offence continues

	money within the prescribed time period under this section	day the offence continues	
197(5)	Failure of an insurer to submit listing as required under this section	$300,000 plus $30,000 for each day the offence continues	$6,000 for each day the offence continues
212(1)	Failure of an insurer to include in its financial statements and returns a reserve for policy liabilities including unexpired risk and outstanding claims	$500,000 plus $50,000 for each day the offence continues	$10,000 for each day the offence continues
212(2)	Failure of an insurer to submit to the Inspector details of the methods and assumptions used in calculating the reserve for outstanding unexpired risk and outstanding claims	$500,000 plus $50,000 for each day the offence continues	$10,000 for each day the offence continues
244(1)	Failure of an association of underwriters established in Trinidad and Tobago to submit documents and information relating to its insurance business to the Inspector	$500,000 plus $50,000 for each day the offence continues	$10,000 for each day the offence continues
244(2)	244(2)	$500,000 plus $50,000 for each day the offence continues	$10,000 for each day the offence continues
244(3)	Failure of an association of underwriters to submit documents and information relating to its insurance business as required under this section	$500,000 plus $50,000 for each day the offence continues	$10,000 for each day the offence continues
244(4)	Failure of an association of underwriters to publish a statement of receipt and expenditure	$400,000 plus $40,000 for each day the offence continues	$8,000 for each day the offence continues
245(4)	Failure of an association of underwriter to submit to the Inspector information as prescribed in this section	$500,000 plus $50,000 for each day the offence continues	$10,000 for each day the offence continues
258(2)	Failure of a registrant to correct or withdraw a misleading or objectionable advertisement	$300,000 plus $30,000 for each day the offence continues	$75,000
269(1)	Failure by a person to obtain the approval of the regulatory authority under the Securities Act and submit to the Central Bank copies of the documents as required under this subsection	$300,000 plus $30,000 for each day the offence continues	$75,000
269(2)	Acceptance by a promoter of any office or profit or any payment or	$300,000 plus $30,000 for each	$75,000

	pecuniary advantage which is not provided in the prospectus notice, circular, advertisement or other invitation referred to in this section	day the offence continues	
270(1)	Failure of insurer to maintain a register of policies in accordance with this section	$300,000 plus $30,000 for each day the offence continues	$75,000
270(3)	Failure to notify the Inspector in writing of the identity or change in identity of the person in charge of the register in accordance with this section	$300,000 plus $30,000 for each day the offence continues	$75,000
270(4)	Failure of an insurer to search its register of Trinidad and Tobago policies within the time prescribed in this section	$500,000 plus $50,000 for each day the offence continues	$10,000 for each day the offence continues
270(5)	Failure of the officer designated by the insurer to submit reports as required under this section	$500,000 plus $50,000 for each day the offence continues	$10,000 for each day the offence continues
270(5)	Failure of the officer designated by the insurer to submit reports as required under this section	$500,000 plus $50,000 for each day the offence continues	$10,000 for each day the offence continues
271(1)	Failure of an insurer to register a policy	$500,000 plus $50,000 for each day the offence continues	$125,000
271(2)	Failure of an insurer to enter the address of its registered office on every Trinidad and Tobago policy	$300,000 plus $30,000 for each day the offence continues	$75,000
271(3)	Failure of an insurer to register a policy immediately after its issue	$300,000 plus $30,000 for each day the offence continues	$75,000

SCHEDULE 6—CONTINUED ADMINISTRATIVE FINES PART B AGENCIES AND BROKERAGES			
115(2)	Failure of an agency or brokerage to disclose information to the consumer as required by this section	$17,000 plus $1,700 for each day the offence continues	$4,250
115(3)	Failure of an agency or brokerage to comply with reporting requirements as may be specified by the Central Bank	$17,000 plus $1,700 for each day the offence continues	$4,250
116(4)	Failure of a brokerage to submit a plan for the increase of its minimum stated capital as required under this section	$17,000 plus $1,700 for each day the offence continues	$4,250
117(4)	Failure of an agency or brokerage to prominently display a certificate of registration or a copy of a certificate of registration as required by this section	$10,000 plus $1,000 for each day the offence continues	$2,500
120	Failure to produce certificate upon request	$10,000 plus $1,000 for each day the offence continues	$2,500
123(1)	Failure of an agency or brokerage to give notice within five business days to the Central Bank where a contract has been terminated as required by this section	$10,000 plus $1,000 for each day the offence continues	$2,500
128(2)	Failure of an agency or brokerage to make return to the Central Bank on its agents, brokers and sales representatives as required by this section	$10,000 plus $1,000 for each day the offence continues	$2,500
132(2)	Failure of an agency or brokerage to issue a receipt to a consumer	$17,000 plus $1,700 for each day the offence continues	$4,250
133(7)	Failure to submit reports to the Central Bank on the consumer trust account within the specified time in this section	$17,000 plus $1,700 for each day the offence continues	$4,250
136	Failure of an agency or brokerage to submit financial statements within the time prescribed in this section	$17,000 plus $1,700 for each day the offence continues	$4,250
PART C BROKERS, AGENTS, ADJUSTERS AND SALES REPRESENTATIVES			
120	Failure of an agent, broker or sales representative to produce certificate upon request	$5,000 plus $500 for each day the offence continues	$1,250
132(2)	Failure of a sales representative to issue a receipt to a consumer	$8,500 plus $850 for each day the offence continues	$2,125

APPENDIX 2- Table of ICPs

ICP PRINCIPLE NUMBER	ICP PRINCIPLE
ICP 1	Authority/authorities responsible for insurance supervision and the objectives of the insurance supervision are clearly defined.
ICP 2	Supervisory Authority - the supervisor in the exercise of its functions and powers: (i) is operationally independent, accountable and transparent (ii) protects confidential information (iii) has appropriate legal protection (iv) has adequate resources and (v) meets high professional standards
ICP 3	Information Exchange and Confidentiality Requirements – the supervisor exchanges information with other relevant supervisors and authorities subject to confidentiality, purpose and use requirements.
ICP 4	Licensing – A legal entity which intends to engage in insurance activities must be licensed before it can operate within the jurisdiction. The requirements and procedures for licensing must be clear, objective and public and be consistently applied
ICP 5	Suitability of Persons – the supervisor requires board members, senior management, key persons in control functions and significant owners of an insurer to be and remain suitable to fulfil their respective roles.
ICP 6	Changes in Control and Portfolio Transfers – Supervisory approval is required for proposals to acquire significant ownership or an interest in an insurer that results in that person (legal or natural) directly or indirectly, alone or with an associate, exercising control over the insurer.
ICP 7	Corporate Governance – The supervisor requires insurers to establish and implement a corporate governance framework which provides for sound and prudent management and oversight of the insurer's business and adequately recognises and protects the interests of policyholders.
ICP 8	Risk Management and Internal Controls – the supervisor requires an insurer to have as part of its overall corporate governance

	framework, effective systems of risk management and internal controls including effective functions for risk management, compliance, actuarial matters and internal audit
ICP 9	Supervisory Review and Reporting – the supervisor takes a risk-based approach to supervision that uses both off site monitoring and on-site inspections to examine the business of each insurer, evaluate its condition, risk profile and conduct, the quality and effectiveness of its corporate governance and its compliance with relevant legislation and supervisory requirements. The supervisor obtains the necessary information to conduct effective supervision of insurers and evaluate the insurance market.
ICP 10	Preventative and Corrective Measures – the supervisor takes preventative and corrective measures that are timely, suitable and necessary to achieve the objectives of insurance supervision.
ICP 11	Enforcement – the supervisor enforces corrective action and where needed, imposes sanctions based on clear and objective criteria that are publicly disclosed.
ICP 12	Winding-up and exit from the market – the legislation defines a range of options for the exit of insurance legal entities from the market. It defines insolvency and establishes the criteria and procedure for dealing with insolvency of insurance legal entities. In the event of winding up proceedings of insurance legal entities, the legal framework gives priority to the protection of policyholders and aims at minimising disruption to the timely provision of benefits to policyholders.
ICP 13	Reinsurance and other forms of risk transfer – the supervisor sets standards for the use of reinsurance and other forms of risk transfer, ensuring that insurers adequately control and transparently report their risk transfer programmes. The supervisor takes into account the nature of reinsurance business when supervising reinsurers based in its jurisdiction.
ICP 14	Valuation – the supervisor establishes requirements for the valuation of assets and liabilities for solvency purposes.
ICP 15	Investment – the supervisor establishes requirements for solvency purposes on the investment activities of insurers in order to address the risk faced by insurers.

ICP 16	Enterprise Risk Management For Solvency purposes – the supervisor establishes enterprise risk management requirements for solvency purposes that require insurers to address all relevant and material risks.
ICP 17	Capacity Adequacy – the supervisor establishes capital adequacy requirements for solvency purposes so that insurers can absorb significant unforeseen losses and to provide for degrees of supervisory intervention.
ICP 18	Intermediaries – the supervisor sets and enforces requirements for the conduct of insurance intermediaries, to ensure that they conduct business in a professional and transparent manner
ICP 19	Conduct of business – the supervisor sets requirements for the conduct of the business of insurance to ensure customers are treated fairly, both before a contract is entered into, and through to the point at which all organisations under a contract have been satisfied.
ICP 20	Public Disclosure – the supervisor requires insurers to disclose relevant, comprehensive and adequate information on a timely basis in order to give policyholders and market participants a clear view of their business activities, performance and financial position. This is expected to enhance market discipline and understanding of the risks to which an insurer is exposed and the manner in which those risks are managed.
ICP 21	Countering Fraud in insurance – the supervisor requires that insurers and intermediaries take effective measures to deter, prevent, report and remedy fraud in insurance
ICP 22	Anti-Money Laundering and combating the financing of terrorism – the supervisor requires insurers and intermediaries to take effective measures to combat money laundering and the financing of terrorism. In addition, the supervisor takes effective measures to combat money laundering and the financing of terrorism
ICP 23	Group wide Supervision – the group wide supervisor, in cooperation and coordination with other involved supervisors, identifies the insurance group and determines the scope of group supervision
ICP 24	Macro prudential Surveillance and Insurance supervision – the supervisor identifies, monitors, and analyses market and financial

	developments and other environmental factors that may impact insurers and insurance markets and uses this information in the supervision of individual insurers. Such tasks should, where appropriate, utilize information from, and insights gained by other national authorities
ICP 25	Supervisory Cooperation and Coordination – the supervisor cooperates and coordinates with other relevant supervisors and authorities subject to confidentiality requirements
ICP 26	Cross-border Cooperation and Coordination on Crisis Management – the supervisor cooperates and coordinates with other relevant supervisors and authorities such that a cross border crisis involving a specific insurer can be managed effectively.