

# BUSINESS

Price slides to US\$65.45

NEW YORK

**BENCHMARK** US crude slid US\$0.35, or 0.5 per cent, to settle at US\$65.45 a barrel. Brent crude fell US\$1.07, or 1.5 per cent, to close at US\$68.58 a barrel



in London, while natural gas slipped US\$0.01 cent to US\$2.85 per 1,000 cubic feet. T&T's 2018 budget is based on an average oil price of US\$52 a barrel and an average natural gas price of US\$2.75

## 'Tight rein' for companies under new Insurance Bill



1980 LAWS DEFICIENT: Finance Minister Colm Imbert

Anna Ramdass

**FINANCE MINISTER** Colm Imbert yesterday piloted new insurance legislation in Parliament that will regulate and keep a tight rein on the multi-billion-dollar insurance industry.

Speaking at the Parliament sittings, Imbert said the Insurance Bill, 2016 was long over due as he expressed disappointment that even with the Cl. Financial/

CLICO crisis of 2009, T&T's insurance sector is still being governed by woefully deficient legislation which dates back to 1980 and which cannot address adequately the current emerging risks in today's insurance sector.

Imbert said, by contrast, the banking and securities sectors are governed by more modern legislation as the Financial Institutions Act and the Securities Act were enacted in 2008 and 2012, respectively.

The minister noted that the assets of the insurance industry total \$49.4 billion as at September 30, 2017 and account for approximately 33 per cent of the GDP of Trinidad and Tobago.

of a mere \$3 million which does not provide companies with the necessary buffers to withstand shocks or adverse circumstances. General insurance companies, he said, are required to have share capital of only \$1 million.

The minister said this has not changed since 1980 and is unacceptable when in today's climate companies are holding millions and sometimes billions of dollars of policyholders' funds.

He said T&T can no longer afford to work with outdated, archaic legislation.

Imbert explained several key components of the Bill, the first of which intends to stem excessive risk taking and promote good governance and sound risk and capital management practices by the managements and boards of directors of regulated entities.

He said the CEO and CFO must now sign a statement acknowledging the responsibility of board of directors and managements of (a) preparing financial statements, (b) maintaining adequate internal controls, (c) establishing and maintaining adequate procedures for the settlement of claims, and (d) complying with prudential criteria regulations and guidelines issued by the Central Bank.

Consequently, he said, the importance of the insurance industry is not only related to its size but also to its interconnectedness with other financial institutions and sectors of the economy.

**Imposes restrictions**

In the Bill, he said, it is also mandatory to have an audit committee which will comprise at least three directors, a majority of whom must be independent, and must include one financial expert.

Imbert said the Bill also imposes restrictions on an insurer in

respect of the credit exposures that it can, directly or indirectly, incur to any person, including a borrower group, related party, connected party or any connected group. The Bill, as well, requires that the board of directors of an insurer must ensure that there are policies and procedures established for transactions with connected parties and employees.

He said the second critical element of the Bill seeks to ensure robust balance sheets and adequate capital buffers are held to cater for unanticipated losses.

He said owners or shareholders must have a stake in the outcome and have "skin in the game" so to speak.

He said the Bill will impose standards of market conduct on insurers and their sales people in dealing with the public and empower the regulator to revoke an insurer's registration where claims practices are found to be unfair or there are unreasonable delays in settlement.

The Bill will further empower intervention by the Central Bank when an insurer's regulatory capital ratio falls to a certain critical level or below.

He said that critical level is set at 70 per cent. He said this mandatory intervention action comprises giving the insurer 60 days to remedy the situation, failing which the Board of the Central Bank can suspend the company or direct the Bank to apply to the court for a judicial manager or for winding up of the company.

The Bill also provides an effective deterrent for breaches of the legislation via a regime of improved fines and penalties.

The Minister also outlined the regulations which will accompany the Bill, including risk-based capital. He said this requires many insurers to hold, in addition to the new minimum stated capital of \$15 million, additional capital commensurate with their risk profile and will result in hundreds of millions of dollars in additional regulatory capital. Every insurer will be required to maintain a regulatory capital ratio of at least 150 per cent.

Consumers should educate themselves

Tabaquite MP Suruj Rambachan said he fully supports the legislation and called on consumers to educate themselves more and exercise their right to say no and ask questions as it relates to insurance premiums.

"I make no apology for supporting what others may describe as draconian legislation in terms of the fines and so on that are imposed for breaches of this Act...because consumers have suffered tremendously at the hands of insurers in this country," he said.

He also shared that he was given a quote of \$12,000 for insurance recently and when he said he will take his business elsewhere that rate dropped to \$7,300.

Rambachan questioned how are these rates regulated and whether the high premiums people pay are actually worth the prices quoted.

Trinidad & Tobago Stock Exchange									
Security	Current Price	High	Low	Outstanding Bid	Outstanding Offer	Last Sale	Date of Last Sale	No of Shares Bought/Sold	Change from Opening
<b>ORDINARY</b>									
Agencia's Ltd	28.70			28.00		28.70	1/2/2018		28.70
Angostura Holdings Ltd	13.70			13.00	13.70	14/1/18			13.70
Amco M&A Ltd	61.00	61.00	61.00	61.00	61.00	61.00	2/2/2018	77	61.00
Amco Network Bank Ltd	48.00			41.00	48.00	48.00	1/6/18		48.00
Banque Paribas T&T Ltd	4.85			4.85	4.85	7/2/2017			4.85
Bank of America Bank Ltd	32.00	32.10	32.01	32.00	32.01	32.01	2/2/2018	21,344	32.01
First Caribbean Int'l	0.30	0.30	0.30	0.30	0.30	0.30	2/2/2018	1,000	0.30
GracoKennedy Ltd	1.47	1.51	1.51	1.50	1.51	1.51	2/2/2018	1,165	1.51
Guardian Holdings Ltd	17.17			17.00	17.25	17/1/18			17.17
Guardian Media Ltd	17.30			16.30	17.30	17/1/17			17.30
JAMES Group Ltd	1.04	1.05	1.00	1.03	1.05	1.05	2/2/2018	7,001	1.05
LJ Williams Ltd A	0.22			0.22	0.22	10/1/2018			0.22
LJ Williams Ltd B	0.70	0.70	0.70	0.70	0.70	2/2/2018	30,000		0.70
Manay Holdings Ltd	47.49	47.50	47.49	47.50	47.50	47.50	2/2/2018	8,500	47.50
National Enterprises Ltd	0.67			0.60	0.67	0.67	1/2/2018		0.67
National Plant Mills Ltd	1.95	1.95	1.90	1.90	1.95	1.95	2/2/2018	16,500	1.95
NCB Financial Group	0.00	0.00	0.00	0.00	0.00	0.00	2/2/2018	200	0.00
Ono Caribbean Media Ltd	13.00			12.75	13.00	13.00	30/1/18		13.00
Palms Leisure Industrial Port	3.01			3.00	3.05	3.01	30/1/18		3.01
Pratt Holdings Ltd	10.30			10.00	10.30	10/1/18			10.30
Realtylink (Int'l) Ltd	11.00			11.00	11.00	11/1/17			11.00
Republic First Holdings Ltd	101.50			101.50	101.50	1/2/2018			101.50
Seagor	7.95			7.80	7.90	7.90	1/2/2018		7.95
Scotts Investments / Co Ltd	2.25			2.20	2.30	2/2/2017			2.25
Southbank T&T Ltd	01.41			01.00	01.20	01.21	1/2/2018		01.41
West Indian Tobacco Co Ltd	08.50			08.00	08.50	08.50	1/2/2018		08.50
WYV Int'l Ltd	26.52	26.61	26.61	26.01	27.00	26.01	2/2/2018	1,000	26.61
Trinidad Cement Ltd	3.74			3.50	3.70	3.75	1/1/18		3.74
Uniliver Caribbean Ltd	20.00	20.00	20.00	20.75	20.00	20.00	2/2/2018	5	20.00
<b>PREFERENCE</b>									
Guardian Media Ltd	65.04			65.04	65.04	7/2/2017			65.04
LJ Williams 50 75 CP	3.30			3.00	3.30	6/1/2017			3.30
<b>SECOND TIER MARKET</b>									
NORA VEN HOLDINGS	14.40			12.50	14.40	11/2/2018			14.40
<b>MUTUAL FUND MARKET</b>									
CALYP	21.40			20.00	21.40	24/2/17			21.40
CLICO Investment Fund	20.30	20.30	20.30	20.30	20.30	2/2/2018	1,000		20.30
CPFD	0.67								0.67
CPV	1.70								1.70
Promotion Property	1.95					1/1/2017			1.95
VOLUME OF SHARES TRADED 92,884 VALUE OF SHARES TRADED \$1,550,825.91									