

JUDICIAL MANAGER APPOINTED FOR BRITISH AMERICAN INSURANCE COMPANY IN GRENADA

After several months of collaboration, the insurance regulators in the OECS have intervened in British American in an effort to safeguard the interest of policyholders and investors.

Appointment of a Judicial Manager

On Tuesday, August 04, 2009, the Grenada High Court ordered the appointment of Mr. Reuben M. John of KPMG Eastern Caribbean as Judicial Manager of the branch of British American Insurance Company in Grenada. The Order followed a Petition to the Court by the Grenada Authority for the Regulation of Financial Institutions (GARFIN).

The Petition was brought to the Court in Grenada as part of a concerted Action Plan being undertaken by all OECS member states to protect the interests of OECS investors and policy holders in this troubled financial institution.

As part of that plan, Judicial Managers have also been appointed in St. Lucia, Antigua & Barbuda, St. Vincent and the Grenadines, St. Kitts & Nevis, Montserrat and Anguilla.

In developing their approach to this very delicate problem, the OECS Ministers of Finance adopted four guiding principles in respect of the British American and CLICO issue.

These principles, which were endorsed by the Monetary Council at its meeting in Dominica on July 10, 2009, are as follows:

- (i) To keep British American as a going concern in a form to be determined;
- (ii) To craft a solution which is regional in nature ;
- (iii) To protect, as far as practicable, the interests of depositors and investors; and
- (iv) To ensure that British American does not become a systemic risk to the ECCU financial system.

The Plan also made provisions for the appointment of a Ministerial Sub-Committee on Insurance to provide oversight on this important matter. The Sub-Committee comprises: Prime Minister Ralph Gonsalves of St. Vincent and the Grenadines (Chairman), Prime Minister Roosevelt Skerrit of Dominica, Minister Nazim Burke OF Grenada and Minister Timothy Harris of St. Kitts and Nevis. This Committee is working closely with the Regulators in each Country.

The Petition to the Court was heard by Honourable Mr. Justice Mario Michel. GARFIN was represented by Mr. Rohan Phillip, Acting Attorney General and Mr. Angus Smith, Executive Director.

This intervention by GARFIN is fully supported by the Government of Grenada and is fully consistent with the recent decisions of OECS Ministers of Finance.

The Role of the Judicial Manager

The Judicial Manager is under the direction of the Court and has now taken control of all operations of the Company.

The Court has directed that an initial report be submitted within fourteen (14) days and a detailed report within sixty (60) days with ***specific recommendations for the way forward.***

The key task of the Judicial Manager is to take all actions necessary to safeguard the interest of all policyholders and investors in British American.

In submitting his report to the Court, it is envisaged that the Judicial Manger will make recommendations as to whether a new company should be established to take over the operations of British American in the OECS.

Plans for CLICO

The Governments of the OECS and Barbados are in an ongoing dialogue on the issue of CLICO. It is understood that discussions are ongoing with prospective purchasers of CLICO International Life Insurance. The ultimate aim is to protect all investors and policyholders of CLICO in Grenada and other OECS member States.

More Patience Required

Given the efforts undertaken so far to resolve this difficult issue the further patience of policyholders is needed in order to allow the Judicial Manager to take control of the company and to allow the Governments and the Regulators time to craft a regional solution to ultimately ensure the safety of all policyholders and investors funds.

Ministry of Finance and GARFIN

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