

## **Shareholders Seek to Stop Sale of Clico**

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By Jensen La Vende February 2, 2020

Majority shareholders of CL Financial Limited (CLF) have initiated legal action against the State in a bid to stop the sale of Colonial Life Insurance Company (Clico) and British American Insurance Trinidad Ltd (BAT).

At a press conference in March last year, Finance Minister Colm Imbert said the two main bidders were Sagicor and Maritime, with the preferred bidder being Sagicor, even though the company's bid was \$300 million lower than Maritime.

In their 30-page pre-action protocol letter, sent to Imbert, Central Bank Governor Alvin Hilaire and Attorney General Faris Al-Rawi the shareholders' attorneys Nalini Jagnarine asked for the ceasing of the sale and an independent valuation done on the companies. On Saturday, Al-Rawi said he did not receive the letter dated January 31.

The bank took emergency control of Clico/BAT when the parent conglomerate, CL Financial, approached the State in 2009 for a bailout. Taxpayers funded an over \$20 billion payout to prevent the company from collapsing and refunded depositors...Jagnarine stated that the Central Bank failed to relinquish control of the entities after it became evident that they were profitable, contrary to Section 44 of the Central Bank Act. The Act gave the Central Bank the authority to seize control of the entities. This was done in 2009 and continues today... "The governor (Hillaire)...on June 21, 2018 was reported as having said: The Central Bank is not in the business of running an insurance company. We have a policy and it's been managed well but we would like to (cede control) as quickly as feasible while maintaining financial stability...As a result, she is asking that the State immediately cease from taking any further steps towards selling the insurance portfolios and the State relinquish the power of the insurance companies back to CLF with immediate effect.

In 2013, the Central Bank initiated a civil lawsuit against former top-ranking CLF executives and their privately-owned investment companies. The lawsuit claimed Clico's assets and income were fraudulently misappropriated to the detriment of policyholders and mutual fund investors. The Central Bank's lawsuit is based on an investigation conducted by forensic accountant Bob Lindquist following the January 2009 collapse of the CL Financial empire.