

JOINT PRESS RELEASE FROM THE MINISTRY OF FINANCE AND
THE GRENADA AUTHORITY FOR THE REGULATION
OF FINANCIAL INSTITUTIONS (GARFIN)

After weeks of close collaboration with Governments and regulators of the Eastern Caribbean, Trinidad and Tobago, Barbados and Grenada, culminating in a meeting in Antigua on April 02, 2009, the Ministry of Finance and GARFIN are pleased to update the public on efforts to protect depositors and investors of CLICO and British American in Grenada.

This collaborative approach is consistent with the statement of Prime Minister Thomas after the special meeting in Barbados on March 05, 2009 when he indicated that this is a regional issue which requires a regional solution.

Under the Chairmanship of Dr the Hon Ralph E Gonsalves, Prime Minister of St Vincent and the Grenadines, a meeting was convened in Antigua on April 02, 2009 to further consider a regional solution to the CLICO and British American issue. In attendance were: the Prime Ministers of Barbados and Dominica, Chief Minister of Montserrat, Ministers of Finance and other officials from the Ministries of Finance of the Eastern Caribbean Currency Union (ECCU), Barbados and Trinidad and Tobago, along with Governors of the Central Banks of Barbados, ECCB, Guyana and Trinidad and Tobago, the Secretary General of CARICOM, Insurance Regulators of the ECCU and Guyana and representatives of the OECS Secretariat.

The Establishment of a Liquidity Support Fund

The Government of Grenada and GARFIN are keenly aware that some policyholders of British American have experienced delays with payments on their matured policies. In an effort to address this issue and to bolster public confidence, we wish to advise that Trinidad and Tobago, Barbados and member states of the ECCU have agreed to establish a “Liquidity Support Fund” which would provide additional liquidity to the financial sector in the ECCU.

In relation to British American Insurance Company, the initial contributions toward the Fund would be comprised as follows:

1. The Government of Trinidad and Tobago through the CARICOM Petroleum Fund – US \$50 Million
2. The Government of Barbados – US \$5 million
3. ECCU Governments and ECCB facilities – US \$10 Million
4. Regional and International Organisations – US \$15 million

Plan for CLICO policies

The Government of Barbados has advised of plans for the Insurance Corporation of Barbados to purchase CLICO International Life (Barbados). The CLICO International Life entities in the ECCU are branches of CLICO International Life (Barbados). The member Governments of the ECCU intend to give full support to this initiative.

It is our expectation that this transaction will provide the requisite liquidity to ensure that CLICO Grenada is able to continue to meet all its obligations. However, some patience is needed until the purchase agreement is finalized.

Sale of Executive Flexible Premium Annuity Stopped

The business model of offering high interest rates has contributed to the current difficulties experienced by the CL Financial Group. This model has failed and cannot be allowed to continue.

The public is hereby advised that GARFIN has sought and received written confirmation from British American and CLICO that they are no longer selling the Executive Flexible Premium Annuity (EFPA) product.

The public is hereby informed that the sale of this product is not authorized by GARFIN and they should not purchase it. If any person is approached by anyone to buy this product, the person approached should notify GARFIN immediately.

In respect of existing EFPA policies, GARFIN is writing to both companies requesting that they reduce the interest rates of these policies to normal commercial rates on the anniversary date of these policies.

Commitment to Maintain CLICO AND British American as Going Concerns

The meeting in Antigua considered mechanisms for cooperation among the member states of Barbados, the ECCU and Trinidad and Tobago and agreed on a strategy which would maintain the viability of British American and CLICO in the ECCU in order to safeguard the interests of policyholders of these institutions.

This strategy includes the establishment of a Liquidity Support Fund and the likely restructuring of the operations of British American.

In this regard, countries present recognised the need to maintain British American in the Bahamas, under which the British American branches in the ECCU fall, as a going concern and agreed to communicate with the Prime Minister of the Bahamas on this matter. As regards CLICO, the purchase by the Insurance Corporation of Barbados is expected to ensure its continued existence as a going concern. The concerns of Guyana with CLICO Bahamas were also acknowledged.

Patience and Support of the Policyholders Needed

Given the current efforts underway to resolve this major issue, the patience and cooperation of all policyholders is needed in the following areas:

1. Avoid seeking early surrenders and early withdrawals as such demands do not help the current situation. Priority will have to be given to policies which have matured;
2. Understand that the high rates currently offered will not continue and will most likely be reduced at the anniversary date of their policies; and
3. Consider renewing their policies when they mature to ease the liquidity situation.

With the establishment of the Liquidity Support Fund, the other plans being explored for the long term viability of both companies, and the cooperation of the public, we believe that the interests of policyholders of British American and CLICO should be protected.

We intend to keep policyholders and the public informed on this very important matter.

Continued Regional Cooperation

The meeting endorsed the continued cooperation among insurance regulators in CARICOM to ensure the continued stability of the financial sector.

Ministry of Finance and GARFIN

April 14, 2009