

Deal awaits green light

Battle for insurance market expected as ANSA McAL goes after Trident

by SHAWN CUMBERBATCH shawncumberbatch@nationnews.com

THE BATTLE FOR market share in Barbados' \$3.6 billion insurance sector is expected to intensify if two former competitors are combined, but the proposed deal is still awaiting regulatory approval.

In December 2019, ANSA McAL announced its purchase of Trident Insurance Company Limited's shares. This would see the 42-yearold Barbados company's insurance portfolio transferred to ANSA subsidiary Trinidad and Tobago Insurance Limited (TATIL), whose Barbados branch is Brydens Insurance.

Officials say the deal is awaiting final approval from insurance industry regulator the Financial Services Commission.

ANSA chair! man Norman Sabga recently reported to shareholders: "We expect to enhance our insurance operations in Barbados upon completion of the integration of the Trident Insurance business, subject to final regulatory approvals."

Trident Insurance recently sent correspondence to its policyholders notifying them of the status of the pending transaction, including that "pursuant to the terms of the Business Transfer Agreement dated... February 27, 2020...the parties have agreed that Trident Insurance will sell, assign and transfer to TATIL the business assets of Trident Insurance, free and clear of all encumbrances, liens or other restrictions".

Agreement

"The sale and transfer of the business and assets of Trident Insurance will be treated as a sale of a going concern. TATIL has agreed and undertakes to pay and satisfy all ordinary course liabilities due and owing by Trident Insurance in connection with the business and assets being transferred," the company outlined.

It is unclear how many Trident Insurance employees will continue under the new arrangements, but the company said under the terms of the Business Transfer Agreement "TATIL has agreed and undertakes to fully indemnify Trident Insurance in respect of all liabilities in respect of the severance of all employees who are not offered continuing employment by the TATIL during the transition period".

It was also outlined in the agreement that "Trident Insurance will cease to conduct its business and shall not renew or

issue any further insurance policies", and that during the transition period it would "limit its activities to completing the transfer of the business and terminating any and all liabilities relating to the business".

"Trident Insurance and TATIL have agreed to seek and obtain the written sanction of the Financial Services Commission that there is no objection in principle to the transfer of the business by Trident Insurance to TATIL and to the transition period arrangements referenced in the Business Transfer Agreement," stated the information provided to policyholders.

At the end of TATIL's financial half-year on June 30, 2020, Brydens Insurance and Trident Insurance had a combined \$87.2 million in total assets, and total revenue of about \$13 million. Brydens was the bigger of the two companies based on the financial statements.

If the Trident Insurance acquisition receives approval, it would mark the latest in a series of consolidations in the local insurance sector, most of it in the general insurance segment.

In September 2018 Sagicor General Insurance Inc. completed its acquisition of Harmony General Insurance Company.

Last year Consumers' Guarantee Insurance Company Ltd completed its amalgamation with Sun General Insurance Inc. and the majority ownership of the Insurance Corporation of Barbados Limited changed hands.

Based on the most recent Financial Stability Report, the sector's assets is dominated by the life insurance market (\$2.67 billion). The assets of companies writing general insurance business was an estimated \$985.3 million at the end of December 2019, most of it from cash, loans and investments.