
KINDLY READ THIS FIRST

This document will help you as an eligible policyholder of The Barbados Mutual Life Assurance Society (The Mutual/The Society) to decide whether to vote **YES** or **NO** to the proposal to demutualize. Your Board of Directors unanimously approved the proposal on October 9, 2002 and recommends that you vote “**YES**” to the proposal.

This document contains:

- A message and recommendation from the Board of Directors of The Mutual.
- Notice of the special meeting and the resolution pertaining thereto.
- “At A Glance”, which highlights key information on how you should proceed to vote for the proposal to demutualize.
- A summary which gives an overview of the proposal to demutualize. However kindly note that this is only a summary and we encourage you to read the rest of the document to help you decide how to vote.
- A detailed explanation of the proposal to demutualize.
- A profile of The Mutual and financial information reflecting the financial performance and position of the company.
- A number of expert opinions including the Appointed Actuary’s report, the Independent Actuary’s report, the Auditor’s report and the Financial Valuation Expert’s report.
- General information.
- The conversion proposal including copies of the articles for the reincorporated company and by-laws, together with the articles and by-laws of the proposed holding company.
- Appendices including a glossary defining key terms used in the document.

With this document you also received a letter from the Chairman and Board of Directors, your share allocation form, a ballot paper together with instructions on how to vote and a pre-addressed envelope.

The Mutual intends to hold a series of information sessions aimed at providing any clarification or additional information you may require. The location and times of these meetings will be advised in the media.

The Initial Public Offering

Immediately following demutualization, and the allocation of shares to eligible policyholders, Sagicor Financial Corporation, which will be the new holding company of the demutualized Mutual, plans to invite the public to subscribe for new shares. This new issue will be the initial public offering. Under the Securities Act and the Companies Cap 308 of the Laws of Barbados, a prospectus detailing the offering is required to offer securities to the public. A prospectus is being prepared for approval by the Securities Commission in Barbados and will be available at any branch of The Mutual, any branch of FirstCaribbean International Bank in the region or any branch of Republic Bank in Trinidad & Tobago.

It is intended to offer approximately 50 million shares to the public at a share price of between BDS \$1.86 to BDS \$2.48 per share. Policyholders will also be entitled to subscribe to the public offering and are encouraged to do so. It is anticipated that the prospectus will be available on December 3, 2002.

If you have any questions please call our Call Centre at our toll free number 1-800-744-0145 for calls originating in the Caribbean region except Barbados. If you are located in Barbados or outside of the Caribbean region, telephone (246) 436-5001(-4).

**MESSAGE AND RECOMMENDATION FROM
THE BOARD OF DIRECTORS OF THE MUTUAL**

The proposal to demutualize involves a change from a mutual company structure to a shareholder owned company with share capital. This change is of major significance to The Mutual's continued growth.

*While The Mutual is proud of its past, it is essential that it positions itself to compete and grow in the global economy. To this end, we all support the proposal to demutualize and encourage you to vote **YES** to demutualization.*

We are all convinced that the proposal is in the best interests of members and is the best way for The Mutual to move forward and, at the same time, protects the interests of policyholders.

The Board is convinced that if the proposal to demutualize is not approved, that the long-term strength of The Mutual could be challenged. This is because The Mutual would not have a flexible enough capital structure to enable it to compete and grow.

We believe we have provided full and fair disclosure in this document. This information will assist you in making an informed decision. You, the policyholder, will determine whether the proposal is approved or rejected. Your vote is important and we encourage you to vote.

*Your Board is unanimous in its recommendation that you vote **YES** for demutualization.*

Signed by:-

.....
Colin G Goddard

.....
Krishna Narinesingh, CMT

.....
David W Allan

.....
J Arthur L Bethell

.....
R Geoffrey Cave, BCH

.....
Hon. Sir Henry de B Forde, QC

.....
V Anne L Gittens

.....
Dr. Oscar W Jordan

.....
Stephen D R McNamara

.....
Dodridge D Miller

NOTICE OF INFORMATION SESSION ON THE PROPOSED CONVERSION OF THE BARBADOS MUTUAL LIFE ASSURANCE SOCIETY

AN INFORMATION SESSION will be held by The Barbados Mutual Life Assurance Society ("the Society") at Sherbourne Conference Centre, Two Mile Hill, St. Michael, Barbados, on **Friday November 22, 2002, at 5.30 p.m.** to discuss the proposal dated October 9, 2002 to convert the Society from a mutual company to a company with share capital.

Details of the conversion plan are set out in the policyholder information circular accompanying this notice. The circular is incorporated into and forms part of this notice.

Dated this October 24, 2002.

BY ORDER OF THE BOARD OF DIRECTORS

Sandra Osborne
Secretary

AT A GLANCE

What is the proposal to demutualize?

If eligible policyholders approve the proposal to demutualize, The Mutual will change from a mutual company to a shareholder owned company with share capital. As part of the demutualization process, The Mutual will be re-incorporated under the Companies Act Chapter 308 of the Laws of Barbados. The re-incorporated company will be called Sagicor Life Inc. A new holding company will be formed. This company will be called Sagicor Financial Corporation and this company will seek to list on the Barbados and Trinidad and Tobago Stock Exchanges. Sagicor Life Inc. will be a wholly owned subsidiary of Sagicor Financial Corporation. You will keep your policies and they will be unaffected. The Board of Directors is comfortable that your policy benefits, your future bonus expectations and other contractual policy rights will be secure. If eligible policyholders vote in favour of demutualization they will receive shares in Sagicor Financial Corporation in exchange for their membership rights in The Mutual. You will not be required to pay for these shares.

A member is a holder of a policy.

A policy is any individual life policy of insurance or assurance or any deferred annuity policy issued by The Mutual or Crown Life Insurance Company Limited and assumed by The Mutual.

An eligible policyholder or policy owner is a member who held an eligible policy with The Mutual on the “eligibility date”.

The eligibility date is November 1, 2000.

Only individual life policies of insurance or assurance or deferred annuity policies held by eligible policyholders are eligible policies.

Demutualization benefits to eligible policyholders will be in the form of shares in the holding company.

It is very important to note that only eligible policyholders will receive shares in the holding company if the proposal to demutualize is approved.

The number of shares which will be allocated to you if you are an eligible policyholder and if the proposal to demutualize is approved is shown on your share allocation form that was sent to you with this document.

In order to convert to a shareholder owned company and for eligible policyholders to receive shares, at least two-thirds of the votes cast validly must be in favour of the proposal to demutualize.

The proposal is subject to approval by the Supervisor of Insurance in Barbados.

Can You Vote?

If you received this document and if you are an eligible policyholder of The Mutual, then you are entitled to vote on the resolution to convert The Mutual to a shareholder owned company with share capital.

What should you do?

You should:

- Read this document carefully
- Decide whether to vote **YES** or **NO**
- Vote
- Return your ballot paper
(Kindly note that the ballot paper should be returned by 4.00 p.m. on November 25, 2002)

How many votes do you have on a ballot?

Each eligible policyholder is entitled to either 1, 2, or 3 votes depending on the type and size of his policy or policies, that is to say:

- one vote for every BDS \$25,000 or part thereof of the basic sum assured or the basic maturity value of all classes of participating policies in his name;
- one vote for every BDS \$60,000 or part thereof of the basic sum assured of all classes of non-participating policies in his name, and
- one vote for every BDS \$120,000 or part thereof of the basic sum assured of all classes of term policies in his name.

No policyholder is entitled to more than 3 votes in total.

Should you vote?

You do not have to vote. However, the Board of Directors considers the proposal to demutualize to be extremely important to the future of The Mutual and to its members and policyholders. The Board therefore would like you to vote.

Whether or not you vote or if you vote against demutualization, you will still receive your shares as long as the required majority (two-thirds) of those voting validly, vote in favour of demutualization.

How may you vote?

If you are entitled to vote, you must do so by post. You should follow carefully the instructions for voting that accompany this document.

Your vote will be counted in the presence of an independent Scrutineer.

Result

The result of the vote will be declared at the special meeting to be held on November 28, 2002 and, will be published in a public newspaper in each country where The Mutual has a branch or agency, following the special meeting.

**NOTICE OF SPECIAL MEETING
OF ELIGIBLE POLICYHOLDERS OF
THE BARBADOS MUTUAL LIFE ASSURANCE SOCIETY**

NOTICE is hereby given that a Special Meeting of Eligible Policyholders of The Barbados Mutual Life Assurance Society ("the Society") will be held at Sherbourne Conference Centre, Two Mile Hill, St. Michael, Barbados, on **Thursday November 28, 2002, at 10.00 a.m.**, to transact the following business:

To consider and if thought fit to pass a resolution as a single special resolution ("the Demutualization Resolution") providing for the implementation of a Plan for the Conversion of the Society from a mutual company to a company with share capital.

THE TEXT OF THE DEMUTUALIZATION RESOLUTION IS SET OUT IMMEDIATELY FOLLOWING THIS NOTICE. A POLICYHOLDER INFORMATION CIRCULAR ACCOMPANIES THIS NOTICE. THE CIRCULAR PROVIDES ADDITIONAL INFORMATION RELATING TO THE PLAN FOR THE CONVERSION OF THE SOCIETY.

THE DEMUTUALIZATION RESOLUTION AND THE POLICYHOLDER INFORMATION CIRCULAR ARE INCORPORATED INTO AND FORM PART OF THIS NOTICE.

Dated this October 29, 2002.

BY ORDER OF THE BOARD OF DIRECTORS

Sandra Osborne
Secretary

THE DEMUTUALIZATION RESOLUTION

WHEREAS:

- (1) The Barbados Mutual Life Assurance Society ("the Society") wishes to convert from a mutual company to a company with share capital pursuant to the provisions of the Insurance Act Chapter 310 of the Laws of Barbados and the Regulations made thereunder ("the Insurance Act").
- (2) In order to implement the conversion, the Society has prepared a Plan for Conversion dated October 9, 2002 ("the Conversion Plan").
- (3) The Conversion Plan, including the articles of reincorporation, the change of name and the directors of the Society and the articles of incorporation, the bylaws and the first directors of the Society's proposed holding company ("the holding company") must be approved by a special resolution of the Society's eligible policyholders.
- (4) The Conversion Plan and all matters incidental thereto must be approved by the Supervisor of Insurance of Barbados ("the Supervisor") under the Insurance Act.

BE IT RESOLVED as a single special resolution of the eligible policyholders of the Society that:

The Conversion Plan, in the form of the plan set out in the Policyholder Information Circular, which is incorporated into and forms part of this special resolution, to effect the conversion of the Society from a mutual company to a company with share capital, be and is hereby approved and, without limiting the generality of the foregoing:

- (a) the eligibility date for the determination of policyholders entitled to receive demutualization benefits under the Conversion Plan be and is hereby November 1, 2000;
- (b) articles of reincorporation of the Society, in the form of the articles set out in Section 11.9 of the Policyholder Information Circular, be and are hereby approved, and the Society do make application under the Companies Act Chapter 308 of the Laws of Barbados ("the Companies Act") to reincorporate the Society;
- (c) the Society do change its name from "The Barbados Mutual Life Assurance Society" to "Sagicor Life Inc";
- (d) the directors named in the notice of directors, in the form of the notice set out in Section 11.11 of the Policyholder Information Circular, be and are hereby approved as the directors of the Society on reincorporation;
- (e) articles of incorporation, in the form of the articles set out in Section 11.12 of the Policyholder Information Circular, of the holding company to be incorporated under the Companies Act under the name of Sagicor Financial Corporation be and are hereby approved and the holding company be the holding company of the Society within the meaning of the Insurance Act;
- (f) the by-laws of the holding company, in the form of the by-laws set out in Section 11.13 of the Policyholder Information Circular, be and are hereby adopted;
- (g) the directors named in the notice of directors, in the form of the notice set out in Section 11.14 of the Policyholder Information Circular, be and are hereby approved as the first directors of the holding company;
- (h) the board of directors of the Society be and is hereby authorized to make application on behalf of the Society to the Supervisor for approval of the Conversion Plan pursuant to section 147(2)(b) of the Insurance Act and approval to reincorporate the Society and to change its name, and to incorporate the holding company, under the Companies Act in order to effect the Conversion Plan and all other matters incidental thereto;
- (i) the proper officers of the Society be and are hereby authorized to execute and deliver all such documents and instruments and to do all other acts and things as may be necessary or desirable to give effect to the conversion and other actions contemplated by this special resolution and incidental thereto.

DEMUTUALIZATION PROPOSAL

TABLE OF CONTENTS

		Summary of the proposal to demutualize	Page 01
■ Part A The Proposal to Demutualize	Section 1	Why is the Board Recommending Demutualization?	Page 07
	Section 2	What is the Proposal to Demutualize?	Page 18
	Section 3	Will the Demutualization affect your Policies?	Page 26
	Section 4	How will your rights as a shareholder in Sagicor Financial Corporation compare to the rights you now have with The Mutual?	Page 29
	Section 5	Information about Shares in Sagicor Financial Corporation Limited	Page 34
■ Part B The Mutual Group's business and financial information.	Section 6	The Mutual Group's Business	Page 40
	Section 7	Financial Information	Page 56
■ Part C Policyholder communication And general information	Section 8	Policyholder Communication	Page 57
	Section 9	General Information	Page 60
■ Part D Expert reports	Section 10	- Appointed Actuary's Report	Page 63
		- Independent Actuary's Report	
- Financial Valuation Report			
■ Part E Conversion proposal	Section 11	- Conversion Proposal	Page 64
		- Sagicor Life Inc <ul style="list-style-type: none">- Articles of Re-incorporation- By-laws- Notice of Directors	
		- Sagicor Financial Corporation <ul style="list-style-type: none">- Articles of Incorporation- By-laws- Notice of First Directors	
		- Glossary	
		- List of Directors	
- List of Senior Officers			
- List of Advisers for Demutualization			
- List of Branches & Agencies with contacts			
Appendices			Page 87

SUMMARY OF THE PROPOSAL TO DEMUTUALIZE

What does it mean to demutualize?

A “mutual” company is a company that is owned by its members. The company has no share capital.

Demutualization is the process by which a “mutual” company such as The Barbados Mutual Life Assurance Society (“The Mutual”) converts to a company with shareholders and share capital. Demutualization separates the interests of members as owners from the contractual interests of policyholders.

What is the purpose of this document?

This document:

- gives you notice of a special meeting of The Mutual’s eligible policyholders called to consider the proposal to demutualize contained in a resolution pertaining to demutualization; and
- gives you information to help you decide how to vote.

Why has this document been sent to you?

This document has been sent to you because you are an eligible policyholder of The Mutual.

You are an eligible policyholder because on the eligibility date you owned an individual life insurance policy or deferred annuity with The Mutual or a participating or non-participating life insurance policy issued by Crown Life Insurance Company Limited and assumed by The Mutual. (This portfolio was purchased by The Mutual in 1985).

As an eligible policyholder you are entitled to vote on the resolution pertaining to demutualization;

Why has the Board called the meeting?

The Board has called the meeting to allow The Mutual’s eligible policyholders to vote on the resolution to convert the company to a shareholder owned company.

For the proposal to proceed, the resolution must be approved by a two-thirds majority of those who cast their vote. Voting is by postal ballot.

Has the proposal been independently reviewed?

The proposal has been developed by The Mutual in association with its Appointed Actuary, Sylvain Goulet, FCIA, FSA, MAAA, Consulting Actuary with Eckler Partners Ltd. and a number of external experts. The reports of the external auditors, PricewaterhouseCoopers, the Appointed Actuary, and Financial Valuation Experts, Standard and Poor’s, are included in this document for your consideration.

In addition, the Office of the Barbados Supervisor of Insurance, through its Independent Actuary, John McKenzie, FFA, conducted a review of the proposal to demutualize and has prepared a report on his findings and conclusions. These conclusions support the Board’s view that the proposal is in the best interests of members as a whole.

Why now?

The Board has considered carefully the changes in the global financial services arena, particularly as they relate to mergers and acquisitions and general consolidation of the industry. It has determined that in order for The Mutual to have sustained growth, a change to a more flexible capital structure is essential.

The Board believes that The Mutual needs to respond in an urgent manner to the rapid changes taking place in the financial services arena. Board members are also conscious of the fact that the types of products demanded have shifted from the traditional with-profits policies which were typical of a mutual company to the non-participating or investment-type policy.

Has the Board considered alternatives?

The Board considered a number of alternatives to demutualization. These alternatives are set out at pages 13 - 16.

However, the Board believes that demutualization is the alternative that would provide the best value to policyholders and to the company in the future.

The Advantages of Demutualization

There are several reasons why eligible policyholders should vote **YES** to demutualization. These are:

- Demutualization will place a value on the rights which you have as eligible policyholders of The Mutual. You will receive the value of your membership rights in The Mutual in a fair and equitable way.
- Demutualization will provide eligible policyholders with shares in Sagicor Financial Corporation. Then you will be able to sell your shares although we do not encourage you to do so. If you retain your shares you will receive dividend payments when dividends are declared from time to time. You may also benefit from any growth in the value of the company.
- Your policy benefits and the reasonable future expectations of participating policyholders, including bonus expectations will be maintained and protected.
- Since only shares will be allocated as benefits, the capital strength of The Mutual will not be impaired.
- Demutualization provides you with ownership rights as a shareholder that are better understood than your current ownership rights as a policyholder.
- Demutualization allows you to keep your ownership rights even after your policy matures.
- Demutualization allows you to choose between being a policyholder or an owner or being both.
- Demutualization allows the company to have more efficient means to raise capital because of the flexibility in its capital structure.
- Demutualization promotes improved management accountability since, as a public company, there tends to be increased scrutiny.

If the proposal is not successful, you will eventually lose your membership/ownership rights when your policy is terminated. Of course, you will continue to receive your policy benefits until such time as the policy is terminated.

The Disadvantages of the Proposal to Demutualize

The Board believes that the advantages and resulting benefits far outweigh any disadvantages. However:

- You may believe that one of the alternatives considered by the Board is better than the proposal to demutualize.
- You may be committed to the concept of “mutuality” and therefore see no need to change the structure.
- You may disagree with the way the shares are allocated.
- You may be concerned that your interests as a policyholder may compete with the interests of shareholders.
- You may feel that there is no guarantee of how much the shares may be worth at the time of listing or thereafter.
- You may have concerns about the additional costs associated with being a publicly listed company.
- You may believe that by listing the company on a Stock Exchange it exposes the company to a potential take-over.

The Board of Directors addresses these concerns on pages 10 to 13 of this document.

How will the proposal maximize value to members?

The Board of Directors believes that the proposal to demutualize will offer more value than any other alternative considered because:

- The Stock Exchanges will reflect a value in the share price which in turn should reflect the value of the company as a whole. Remember, however, that our stock markets are small, and not very liquid and occasionally stock prices move for reasons other than the economic fundamentals, which move prices on well-established markets.
- Should The Mutual remain a mutual company, and still try to achieve its strategic objective to grow and compete, the amount of capital which it could distribute as bonus over time to members could be limited by the need to protect the solvency of the company and still ensure that capital is available for future business operations. Alternatively, the growth of The Mutual could be restricted.

On the basis of the information provided by the Financial Experts, Standard & Poor's, the potential market value that eligible policyholders would receive if the proposal were implemented on October 9, 2002 is between \$326.3 million and \$434.1 million.

How will The Mutual demutualize?

There are five main steps in the process, assuming that all legal and regulatory requirements are approved and eligible policyholders have voted **YES** to demutualize:-

1. The Mutual will convert from a mutual company to a shareholder owned Company and will reincorporate as a company with share capital under the Companies Act, Chapter 308 of the Laws of Barbados.
2. A holding company will be incorporated under the name of Sagicor Financial Corporation.
3. As an eligible policyholder, you will be issued shares in the holding company Sagicor Financial Corporation in exchange for your membership rights in The Mutual.
4. The business of The Mutual will be continued in the converted company which will be known as Sagicor Life Inc. and which will be a wholly owned subsidiary of Sagicor Financial Corporation. The business of Sagicor Financial Corporation will be to hold all the issued shares in the converted company,
5. On approval from the relevant authorities, Sagicor Financial Corporation will list on the Barbados and Trinidad & Tobago Stock Exchanges.

Will the Proposal Affect Your Policies?

The proposal will not affect your policies in any way. Your policies will remain unchanged and your policy benefits will be secured adequately.

The Appointed Actuary and Independent Actuary have reviewed this proposal to demutualize. Within the scope of their reviews they have concluded that the proposal is fair and equitable and will maintain adequate protection for policy entitlements.

What will happen to bonuses and benefit expectations?

The Board is satisfied that future bonus expectations will not be adversely impacted in any way.

Over the years your participating policies have been credited with bonuses. A "closed fund" has been established with sufficient assets to meet the future benefit expectations of the participating policies. Consequently, with respect to future bonus expectations, the Board of Directors is satisfied that these will continue to be met adequately.

What will you give up?

You will give up your membership rights in The Mutual. These rights are conferred by the company's Deed of Settlement.

These rights are:

- To call for, attend, participate and vote at general meetings.
- To elect and remove Directors.
- To propose business to be considered at meetings of policyholders.
- In the event of a wind-up, to share in any remaining surplus of the company.

What will you receive?

At the time of demutualization, if you are an eligible policyholder, you will receive shares in Sagicor Financial Corporation in exchange for your membership rights and in The Mutual.

Eligible policyholders will not have to pay any money for these shares.

The number of shares allocated to you is set out on the form accompanying this policyholder information circular. **However, the company reserves the right to correct the allocation of shares shown on the share allocation form if it is found to be incorrect at the time of the allocation.**

What rights will you have as shareholder?

As a shareholder in Sagicor Financial Corporation you will be able to:

- Call for, attend, participate and vote at general meetings.
- Elect and remove Directors.
- Propose business to be considered at meetings of shareholders.
- Sell your shares, when the company has listed, on the Barbados and/or Trinidad & Tobago Stock Exchanges or retain the shares and benefit from any growth in the value of Sagicor Financial Corporation.
- Receive a share of any surplus remaining in the event that the company is wound up.
- Receive dividend payments from time to time as and when declared.

There is a specific process involved in listing the company on the Stock Exchanges. As a result of this process, demutualization and listing will not be simultaneous. Some time will elapse between demutualization and the listing of the company. However, the Board of Directors will do all that is within its control to ensure that the elapsed time is short.

You should note also that there will be a shareholding limitation. Between the time of incorporation of Sagicor Financial Corporation, and 5 years following the effective date of incorporation no person or group may own directly or indirectly or otherwise be entitled to more than 5% of the issued share capital of any class of Sagicor Financial Corporation. After 5 years no person or group may own directly or indirectly or otherwise be entitled to more than 20% of the issued capital of the company.

This shareholding limitation is specified in the Articles of Incorporation of Sagicor Financial Corporation and also in the Regulations pertaining to demutualization.

We encourage you to retain your shares. If you retain your shares you may receive dividend payments as and when dividends are declared by the Board of Directors. These dividends will be declared in Barbados dollars, but will be paid in your local currency, where possible, subject to Exchange Control approval. While we encourage you to retain your shares, **this should not be construed as investment or financial advice in any way whatsoever.**

How will the holding company maintain its share register and issue and transfer shares?

The holding company intends to register its shares with The Barbados Central Securities Depository Inc. (BCSDI), a self-regulatory organization registered under the Securities Act, 2001–13 of the Laws of Barbados.

BCSDI will be appointed Registrar and Transfer Agent of the holding company which will through BCSDI issue its shares by means of book entries. BCSDI will issue statements to shareholders showing the number of shares owned when shares are initially issued and thereafter from time to time. No share certificates will be issued. This means that the holding company will, in accordance with the Securities Act, maintain its share register in a dematerialized form. The register will be kept at the office of BCSDI, Carlisle House, Hincks Street, Bridgetown, Barbados.

It is a requirement of the Securities Act that shares be registered or held by BCSDI provided that:

- ▲ the shares assigned carry the national identification number of the beneficial owner or in the case of a corporation, the registered name and number of the corporation or
- ▲ Sagicor Financial Corporation has written authorization signed by and on behalf of the beneficial owner to issue the shares in the name of the beneficial owner.

Accordingly, it is essential for every eligible policyholder who receives a share statement from BCSDI to return to BCSDI details of his national identification number or, in the case of a corporation, the corporate number of the corporation.

How and when will you be able to sell your shares?

The Board of Directors has agreed to list the company on the Barbados and Trinidad & Tobago Stock Exchanges. You will be able to sell your shares on or after the listing date. You should note that there may be a charge for disposing of your shares.

In the interval between demutualization and listing on both Exchanges, the share register will be closed and you will not be permitted to sell your shares until it is opened. This restriction is in keeping with other demutualizations internationally and will help to ensure that eligible policyholders are not disadvantaged by selling their shares in an unofficial market at a lower price than would obtain on the market at the date of listing. Following demutualization and the issue of shares, Sagicor Financial Corporation intends to present an Initial Public Offering (IPO) to the public. In this regard, and in compliance with Barbados legislation, the company will issue a prospectus.

The Board has set up a facility through The Mutual's subsidiary, The Mutual Asset Management Inc., an asset management company, to assist eligible policyholders from all jurisdictions in disposing of their shares at any time after listing, if they so desire. The toll free number for The Mutual Asset Management Inc. is 1-800-744-0145. This number may be called from Trinidad, Jamaica and the Eastern Caribbean at no expense to you. Barbadian or extra-regional shareholders should call (246) 431-7209 or (246) 431-7056 to reach a Mutual Broker.

Will directors, executives and employees receive shares?

Membership in The Mutual is a pre-condition for being a director of The Mutual. Consequently, all directors are members. These directors, along with any executives and employees who held eligible policies on the eligibility date of November 1, 2000, will receive shares in the same way that eligible policyholders will receive shares, should the proposal be successful. Directors, executives and employees will not receive any additional preferential benefits. The proposed holding company, Sagicor Financial Corporation, is not permitted to implement a share option scheme for executives and employees until one year after listing. However, after this period, the company intends to consider such a scheme.

What are the tax consequences of a share allocation to you?

The Board of Directors engaged a team of lawyers and PriceWaterhouseCoopers – Barbados to obtain an opinion on this matter. The consensus is that the allocation of shares represents a capital distribution and not income, and therefore would not be subject

to taxation. This opinion was obtained in respect of Antigua, Barbados, Dominica, Grenada, St. Kitts, St. Lucia St. Vincent, Trinidad & Tobago and Jamaica.

You should note that the Board has been advised that dividends declared and paid may be subject to taxation (see Section 5.11 pages 37 to 39) and that there is a 12.5% withholding tax payable by individuals resident in Barbados on dividends declared in Barbados.

What will your shares be worth?

The Board has relied on the valuation report produced by Standard & Poor's.

The Board is of the opinion that a reasonable estimate of the market price of the shares at the time of listing will range between \$1.86 per share and \$2.48 per share based on 175 million shares issued to eligible policyholders resulting in a capitalization of between \$326.3 million to \$434.1 million. This is the value of the Mutual Group plus or minus any premium or discount which the stock market may place on the value of the Group's business.

Are the share allocation rules fair and reasonable?

The Board engaged the services of Eckler Partners Ltd., The Mutual's current Consulting Actuary, to assist in recommending the share allocation rules. This recommendation was reviewed and supported by the Independent Actuary, John McKenzie, who was appointed by the Barbados Supervisor of Insurance as Regulator. The Board believes that the share allocation rules are fair and reasonable as they:

- recognize that all eligible policyholders have membership rights, which they will give up when The Mutual demutualizes and that these rights may have variable values based on different parameters. Eligible policyholders will therefore receive shares for giving up these rights.
- recognize the special position of participating policyholders who, based on the company's Deed of Settlement (by-laws) are entitled to receive periodic distributions of surplus as identified from time to time in the form of a bonus distribution.

What if eligible policyholders reject the proposal?

If eligible policyholders reject the proposal to demutualize the following would obtain:-

- The Mutual will remain a mutual life insurance society and you will retain your membership rights in The Mutual.
- Eligible policyholders will not receive shares.
- You will eventually lose your membership rights when your last policy is terminated for any reason. Eligible policyholders will have no opportunity to share in the value of The Mutual.
- The Board may decide to develop another proposal, which would involve substantial costs and delay in preparing to take on the global challenges.

The Board is firmly of the view that any other proposal will provide less value to The Mutual's members and to the company as a whole.