

## Policyholders to discuss suit

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THE Lester Vaughan Secondary School, St. Thomas, is expected to be a hive of activity this evening. That's when former policyholders of the Manufacturers Life Insurance Company (Manulife) will assemble at a meeting to discuss a class action suit which has been brought against the company.

Four of them – Richard Mandeville, Wismar Greaves, Marcus Jordan and Anthony Bowen – have filed the suit against the company on the grounds that Barbadian policyholders were wrongly excluded when the company demutualised in 1999.



Harvey Strosberg

The plaintiffs are seeking \$150 million in damages on behalf of the Barbadian policyholders.

On May 30, 1996, Manulife reached an agreement to sell its Barbadian business to Life of Barbados Limited, which had been administering the policies. The suit alleges Manulife told Barbadian regulatory officials at the time it had no plans to demutualise.

Canadian attorneys Harvey Strosberg Q.C. and Patricia Speights, who have been retained, arrived in the island on Saturday. They will be addressing the policyholders at the meeting, which commences at 5 p.m.

Strosberg told Business Monday that the action is aimed at giving those Barbadians who were stripped of their policy and ownership rights access to justice.

While he could not say exactly how much the former policyholders are entitled to, Strosberg said the stock of Manulife Financial Corporation opened at Can\$17 on the market, following demutualisation in 1999. On Friday, the closing price was Can\$41 for those shares.

Originally, Manulife was a stock company, which meant that it was owned by shareholders. However, in 1958, it became a mutual company. "That meant that when people in Barbados bought policies, they effectively became part owners of the company," Strosberg said.

He further explained the reason Manulife wanted to become a stock company again. "They recognised that the only way insurance companies could raise capital is to be a stock company, which allows the companies to be listed on stock exchanges," Strosberg said.

“If you are listed on the stock exchange, then the company can go out and borrow money by issuing stock or debentures or similar means,” he said.

The lawyer said that at the time Manulife entered an agreement with LOB, it knew that demutualisation was probably going to happen.

Citing instances to support this claim, the Canadian lawyers noted that on the day Manulife sold those policies to LOB, it transferred a block of business in the US from its parent company to a subsidiary company. “That terms of agreement preserved the policyholders’ rights in the US to participate in demutualisation. The contract said that even though the policies are being transferred to another company, those people in the US were going to participate in demutualisation.”

He also recalled that prior to that, a similar transaction was done in Hong Kong, preserving the rights for Hong Kong policyholders to participate in demutualisation. “There was no right that was protected for the people from Barbados when the transaction closed on December 31, 1996,” he said.

According to him, “We say that gives rise to the right of action in Canada, because the decision to make the transaction was made in Toronto at Manulife headquarters. We say the directors of Manulife owed a fiduciary duty to the policyholders and they owed a duty not to be negligent.”

Strosberg indicated that the company had said through their lawyers that they were looking into the matter.

Richard Mandeville is a Canadian citizen who resides in Toronto. Greaves is a former supervisor of Insurance, and currently managing director of the Insurance Corporation of Barbados Limited.

Jordan is semi-retired and is managing director of Lamberts Limited and Wildey Shopping Plaza Limited. Bowen is managing director of Ultimate Insurance and Financial Solutions Limited.

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