

Statement by Mr. Brian Wynter
Executive Director, Financial Services Commission
Re: Temporary Management of Dyoll Insurance Company Ltd.

Ladies and gentlemen...

The action of the **Financial Services Commission (FSC)**, to appoint a **Temporary Manager for Dyoll Insurance Company Limited**, comes against the background of the devastation wreaked by Hurricane Ivan in the Cayman Islands, last September; and the high level of property and motor vehicle insurance claims that have been leveled on companies securing properties in that country.

In the insurance business, Hurricane Ivan and the related storm surges in the Cayman Islands are seen as a 1,000-year catastrophe...and given the level of damage in the Cayman Islands...insurers have come under extreme pressure.

In the case of Dyoll Insurance Company, the Financial Services Commission was advised in December of the company's exposure in the Cayman Islands and of plans to inject new capital in order to meet the claims and continue to grow its business. The amount required was a relatively modest sum.

In January, the company advised the FSC that they were successful in obtaining approximately half of the injection of new capital to meet the insurance claims that were emerging. However, in February it became evident that their level of exposure continued to expand, and that the new capital was not realized.

At this point, the FSC worked with the principals of Dyoll to identify new investment sources, allowing time for the necessary due diligence. However, it became clear that the company's exposure continued to increase and new investment was not being realized in the short term.

In February, it became evident that the information being provided by Dyoll to the FSC was misleading in terms of:

1. The level of exposure
2. The level of capital injection that was supposedly carried out in December

This matter is being investigated and appropriate action will be taken against those responsible.

Once it was ascertained that the information from Dyoll was unreliable, the FSC's examiners went in. Additionally, the FSC called on the services of an experienced regulator from the Office of the Superintendent of Financial Institutions of Canada to provide us with expert guidance on the handling of this type of situation.

It is against that background that the FSC has assumed the role of Temporary Manager of the Company, in order to:

- ❑ Establish the true position of the company
- ❑ Address the matter of settlement to its claimants
- ❑ And ensure that its policies will remain in-force

Other Insurance Companies

I must make it perfectly clear that no other insurance company in Jamaica is similarly exposed as a result of Hurricane Ivan. Nevertheless, the FSC is undertaking a rigorous analysis of insurance companies doing business in Jamaica and overseas.

As part of this review, the FSC will be calling on the technical skills that are available to us through the Bank of Jamaica, our colleague regulator.

The Role of the Temporary Manager

The Financial Services Commission has appointed Mr. Kenneth Tomlinson, Managing Director of BSRL to guide operations of Dyoll during this period.

I must point out that Mr. Tomlinson's role includes, but is not limited to:

- **Continuing or discontinuing Dyoll's operations**
- **Stopping or limiting payments of its obligations**
- **Employing any necessary officers or other employees**
- **Executing any instrument in the name of the institution**
- **Initiating, defending and conducting, any action or proceedings to which it may be party, in the name of the institution**

Policyholders should fully understand that the Temporary Manager has been put in place to protect their best interest. And we wish to state the following:

- For persons who have policies with Dyoll, these policies will still be in force
- For policyholders who have outstanding claims the Temporary Manager will determine the extent of the assets and liabilities as quickly as possible
- For policyholders without claims, efforts are being made to transfer your accounts to another insurance company

It should be noted that the FSC has already received an expression of interest to purchase Dyoll's Jamaican portfolio. This offer is being pursued and policyholders will be advised by the Commission on the status of that offer as soon as possible. Success in this matter means that these policies would be transferred to another insurance company.

The role of the FSC

I am mindful of the demand for information in respect of the operations of Dyoll. However I must explain that the FSC opted not to issue a statement to the public during its investigations, because any such statement could have prejudiced the very sensitive negotiations with and on behalf of the company.

In addition, under section 15 (1) (a) of the FSC Act, 2001, the FSC must:

- regard and deal with as secret and confidential all documents, information and records obtained in the course of its duties relating to a licensee.

However, now that the FSC has assumed temporary management of Dyoll, I wish to assure policyholders, shareholders, the public and the media that we will keep them informed within the ambit of the law.

The FSC has a toll free Help line **1- 888-FSC-HELP** and we would encourage all persons seeking information to call us.

Investigations into the Trading of Dyoll Group shares

On another related matter I wish to announce that based on the information that has emerged about the operations of Dyoll, the FSC has commenced an investigation into the trading of Dyoll Group shares on the Jamaica Stock Exchange (JSE) between September 1, 2004 and February 15, 2005, when trading in its shares was suspended by the JSE.

This investigation is being conducted to determine whether or not there were any breaches of the **Securities Act** relating to insider trading.

March 7, 2005
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