



Investor Protections Upheld: Court Reaffirms Corporate Separateness

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INTRODUCTION

In a recent decision by the Eastern Caribbean Court of Appeal, sitting in Antigua and Barbados, the Appellant, CLICO International Life Insurance Ltd. (CLICO), successfully appealed a lower court ruling that had granted an order for the sale of property owned by Colonial Life Insurance Company (Trinidad) Limited (Colonial). CLICO was represented by the Clarke Gittens Farmer team of Ramon Alleyne, S.C., and Rene Butcher, and was instructed by Talia DaCosta of Stapleton Chambers, Antigua.

BACKGROUND

The case involved three consolidated appeals against a High Court judgment that ordered the public auction of land to satisfy a judgment debt against CLICO. Although the property was registered in Colonial's name, it was managed by CLICO and recorded in its books as one of its assets. A formal transfer process had been initiated but not completed.

The High Court judge ordered the sale on the basis that CLICO was the beneficial owner of the property. On appeal, Clarke Gittens Farmer argued that the Court was not entitled to make such an order, as the property was legally registered in Colonial's name. They contended that the corporate veil could only be pierced where a company was used to evade legal obligations or engage in wrongdoing. Furthermore, they argued that beneficial ownership alone was insufficient grounds for an order of sale.

The Court of Appeal accepted these arguments, applying the approach adopted by the UK Supreme Court in *Prest v Petrodel*. It set aside the High Court's decision, affirming that the principle of separate legal personality must be respected unless there is clear evidence of abuse.

WHY IS THIS DECISION SIGNIFICANT?

This decision is significant for two reasons. First, it underscores the Court's restrictive approach to disregarding corporate structures based solely on beneficial ownership. Second, it confirms that even where property is used for the benefit of a shareholder or related party, the Court will not order its sale to enforce a judgment unless legal thresholds are met.

From a commercial perspective, the ruling reinforces the importance of corporate separateness, providing clarity and assurance to investors and corporate planners. It affirms that legitimate asset protection and estate planning arrangements will be respected, thereby enhancing predictability and stability in business operations.



CORPORATE GOVERNANCE

The CLICO decision also signals the Court's commitment to a clear and stable legal framework for corporate entities. It offers greater confidence to businesses, investors, and legal practitioners operating in the region. As binding authority in the Eastern Caribbean and persuasive guidance for the wider Caribbean, the decision strengthens the legal foundation for corporate governance across the region.

This article was written by René Butcher, an attorney in our firm's Litigation and Dispute Resolution Department. René regularly advises corporate and institutional clients on utility regulation, insolvency, civil recovery actions, and financial services disputes across Barbados and the Eastern Caribbean.

He frequently appears before the High Court (Commercial Division), acting both independently and as part of large teams in complex insolvency and regulatory matters, as well as in winding-up proceedings and other contentious financial sector cases.

Before joining the firm, René practised as a barrister in the British Virgin Islands, appearing before the Eastern Caribbean Supreme Court, including the Commercial Court, and advising financial institutions and regulators on corporate finance and payment system regulation.



About Clarke Gittens Farmer

Clarke Gittens Farmer (CGF) is a leading full-service law firm in Barbados with a reach that extends across the Caribbean and internationally.

The firm comprises a team of over 80 professionals, including more than 25 attorneys and consultants admitted to practice throughout the English-speaking Caribbean.

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