CASE STUDY

Damages Related to a Shareholder Dispute in the Insurance and Banking Sector

SITUATION

Two companies (the "Claimants") jointly acquired a minority stake in a group operating in the insurance and banking sector in West Africa. At the time of their acquisition, the Claimants signed a shareholder agreement with the majority shareholder that provided them with stability in the governance of the group and granted them strong rights, as well as a large number of protections.

Following actions from the majority shareholder, which are considered to be in breach of the shareholder agreement, the Claimants considered having suffered damages, equivalent to the loss of value of their stake in the group resulting from these actions.

OUR ROLE

FTI Consulting assessed the damages suffered by the Claimants as a result of the actions of the majority shareholder.

We have demonstrated that the violations directly impacted the value of the Claimants' stake in the group by weakening their ability to exit.

In order to quantify this damage, we have conducted extensive research on both the concepts of illiquidity and minority and on the decisions of courts and judges in similar cases in which majority shareholders took actions to the detriment of minority shareholders.

Based on this research, we have applied a minority and illiquidity discount to the value, post actions of majority shareholder, of the Claimants' stake in the group.

We prepared two financial expert reports that were submitted along with the Claimants' statements, and our expert gave oral testimony at the hearings.

OUR IMPACT

Our analysis strengthened the demonstration of causality between the actions of the majority shareholder and their impact on the value of the Claimants' stake in the group from an economic perspective.

We quantified the damages suffered by the Claimants as a result of the violations of the majority shareholder.

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