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LIBERTY MUTUAL COMPRA COMPAÑÍA DE SEGUROS PENTA

Thomas Muskett-Ford

Chile's Carey has helped US insurer Liberty Mutual International acquire Chilean counterpart Penta Security for US$162 million amid a corruption probe into one of the target company's owners.

Liberty Mutual obtained a 96 per cent stake in Chile's fourth largest insurer on 12 July. Penta Security's parent companies, multi-sector investment platform Empresas Penta and financial services holding company Grupo Security, sought advice from Alcaíno Abogados | Estudio de Abogados and Baker & McKenzie (Chile) respectively. Gazmuri y Cía also provided special insurance counsel to both sellers for the transaction.

Penta's former 70 per cent stakeholder, Empresas Penta, has been divesting assets at the same time as its owners, Carlos Delano and Carlos Lavin, are under investigation for alleged fraud and bribery. Last week, Penta sold off Banco Penta's credit portfolio to Banco de Chile and handed its brokerage assets to Grupo Security without disclosing the value of the two sales. Delano and Lavin, in a letter to Banco Penta's employees over the divestment, explained that the bank was not involved in the anti-corruption investigation and was financial healthy, but added that the probe meant that it could become affected.

The corruption probe into Penta's owners stems from a tax fraud investigation, which uncovered evidence that Chilean officials were helping companies avoid paying tax in exchange for bribes.

The investigation led prosecutors to Penta and its chief executive Hugo Bravo, who agreed to cooperate with the case. He claimed that Delano and Lavin had bribed tax officials to avoid paying tax and used the money saved to support the right-wing Independent Democratic Union (UDI) party. The pair, who are under curfew while the prosecution gathers more evidence, have hired criminal law boutique Julián López Masle at Harasic & López for the trial, which will start in

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October.

For Liberty, the deal builds upon the company's presence in Chile where it has operated since acquiring AGF Allianz Chile in 2004. The Boston-based company also operates in Brazil and Colombia and is Venezuela's largest insurance provider.

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