

NATWEST 3 PLIGHT HIGHLIGHTS THE IMPORTANCE OF DIRECTORS AND OFFICERS INSURANCE

The much-publicised plight of the NatWest 3, who now face combined legal costs in excess of \$4 million to fight fraud charges in the United States serves to highlight just how important Directors and Officers Insurance is.

According to specialist D&O insurer Angel Underwriting, the high profile case is a classic example of the real value of Directors and Officers insurance and should act as a warning to brokers across the UK to ensure that any clients they have involved in transatlantic business have adequate cover for their Directors and Officers in place.

Following the decision by the European Court of Human Rights to reject the NatWest 3's appeal against extradition to the USA to face fraud charges, the former bankers look likely to face combined legal expenses of around \$4.5 million to fight the alleged fraud allegations, following the collapse of energy trader Enron back in 2000.

The three have been charged by the US Department of Justice with wire fraud for allegedly conspiring with former Enron executives to siphon off \$7.3 million from an Enron subsidiary in 2000. They are accused of advising NatWest to sell its stake in the business for less than it was worth, then, after leaving the bank, of buying into the business and selling it off for a much higher price.

Angel Underwriting CEO Mark Shreeve, believes that in the increasingly global marketplace, this and other recent cases highlight the need for Directors to have comprehensive insurance protection in place and adds that although most UK stock market listed companies buy insurance for their Directors, until now, privately very few have considered it.

"The NatWest3 – even if they are found not guilty – will have to pay very substantial legal bills just to defend themselves. As part of their defence they will have to fly over 32 witnesses to the USA, as well as having documents to support their case flown out to the states. And unlike Britain where the loser pays the legal costs, in America even if found innocent,

the three would be unable to recover their legal costs.

"If they are not going to be reimbursed by their employers or do not have Directors and Officers cover in place, all of their defence costs will have to be funded out of their own pocket using their personal assets – a truly frightening prospect," said Mr Shreeve.

According to Mr Shreeve, brokers with clients of any size selling into the United States, if they have not already done so, should look to provide them with comprehensive cover for their Director's potential personal liabilities, which are unlimited in law.

"The new extradition laws which were introduced following the September 11 terror attacks now allow the US to demand extradition of British Citizens without the need to present evidence against the accused. It was originally thought only potential terror suspects would be targeted however US authorities are now using it to facilitate the extradition of British businessmen. With Peter Norris already languishing in a US jail for alleged bribery and two British Airways Directors currently suspended whilst UK and US authorities investigate price fixing allegations, insurance protection for innocent Company Directors has never been more important.

"There are 5,000 US businesses currently operating in the UK alone and £300 billion worth of trade taking place annually between the US and the EU, not to mention ever increasing amounts of business taking place over the internet, so the threat of litigation is a very real one as we can see," added Mr Shreeve.

Angel Underwriting has created a range of specialist Directors and Officers policies many designed specifically for small businesses.

For more information on Angel's D&O policies visit www.angelunderwriting.com or call 0207 847 8600.