

## English High Court Confirms After-The-Event Insurance Sufficient Security

Related Lawyers: **John McElroy**

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### The Claim

The case, Premier Motorauctions Ltd (in liquidation) and Premier Motorauctions Leeds Ltd (in liquidation) v. PricewaterhouseCoopers LLP and Lloyds Bank Plc is brought by the liquidators of the insolvent Premier companies (the "Companies"). The Companies contend that their insolvency was brought about as part of a conspiracy between the two Defendants to arrange matters so that the Companies' business and assets could be sold at an undervalue by the Companies' administrators, PwC, for the benefit of Lloyds. The Companies allege that the Defendants breached various duties to them and conspired to cause loss to the Companies by unlawful means. The claim is for damages in the region of £45 - £54 million.

The Defendants say that the allegations put by the Companies are spurious and implausible, and that the insolvency of the Companies caused significant loss to Lloyds. The Defendants each made applications for security for costs, brought on the basis that because the Companies were insolvent, there was reason to believe the Companies would be unable to pay the Defendants' costs if ordered to do so. The Defendants argued that the ATE policies the Joint Liquidators had taken out on behalf of the Companies were not adequate security because, amongst other things, they could be avoided in certain circumstances by the insurers. PwC sought the provision of a deed of indemnity for its costs from a UK-based insurer that was not subject to the risk of avoidance.

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