

SATURDAY
April 12, 2003

WORLD | UTAH | BUSINESS | SPORTS | OPINION | LIFESTYLE

Quick Search

9 Utahns Must Pay Lloyd's

By Steven Oberbeck
The Salt Lake Tribune

Nine Utahns who invested with Lloyd's of London must pay the insurance giant a combined \$2.3 million as their share of a complicated and controversial 1996 bail-out plan designed to ensure the survival of the company and ostensibly cut losses for investors.

U.S. District Judge Tena Campbell ordered the Utahns to pay the premiums for the "reconstruction and renewal" plan based upon an English court ruling that found the investors owed the money under their investment agreements.

Salt Lake City councilman Stephen M. Harmsen must pay more than \$322,000 to Lloyd's. His wife, Kelly, owes \$155,000.

Harmsen, though, said the judgment comes from a "gutless judge" not willing to take a look at what happened with investors who put their trust in the 315-year-old insurance institution. "It is just a travesty," he said. "Lloyd's is one of the world's worst frauds ever."

Lloyd's has a unique practice of using

Today's Headlines:

• [Airport Shops Struggle](#)

• [Firm Cheney Ran Got Plum Iraq Contract](#)

• [Wall Street Stumbles A Little](#)

• [Judge: Bankruptcy Court Erred on Kmart](#)

• [March Economy Sends Mixed Signals](#)

• [Business Glance](#)

• [Business Digest](#)

• [Your Money](#)

• [More of Today's Headlines](#)

• [Return to Top](#)

Advertising

[Classifieds](#)[Cars/RVs](#)[Real Estate](#)[Jobs](#)[Education Guide](#)[Utah Bride Guide](#)[Utah City Guide](#)[Shopping Guide](#)[Grocery Guru](#)[Fantasy](#)[Sports](#)[TV Week](#)[Advertising Info](#)

investors, who were called "names," to guarantee insurance policies arranged through syndicates associated with the company. The names were required to pledge personal assets to back the policies.

Throughout most of the company's history, Lloyd's names made money and were never required to turn over additional money to the insurance company. However, in the late 1980s, Lloyd's faced huge claims for asbestos, pollution and hurricanes -- claims that threatened to far surpass the company's assets and those held by its named investors.

Most of the Utah names contend they were promised a secure investment with reasonable profit. Instead, many found themselves guaranteeing Lloyd's insurance policies with huge environmental cleanup or other liabilities. Many names refused to pay, saying they were cheated by the company.

Lloyd's, however, contends all the risks were spelled out before names signed on. But faced with fraud claims from thousands of names who went to court, Lloyd's offered 34,000 investors a \$4.8 billion package that it claimed would cut their losses.

The plan to cut name losses revolved around the establishment of Equitas Reinsurance Ltd., a separate group organized to take on Lloyd's liabilities prior to 1992. Each of the names, however, was required to pay Equitas an additional premium.

"According to Lloyd's, less than 5 percent of all names did not accept the settlement offer," Campbell wrote in a recent order in

favor of the insurance company. "A still smaller number, including the [Utah] defendants, refused to pay the Equitas premium."

Harmsen said he balked at paying the premium because Lloyd's never gave an account of how they calculated what he owed.

And there is another problem.

No one knows if payment of the Equitas premium means that the losses names face are at an end. "It is something all of us have been wondering," said Alan Sullivan, a Salt Lake attorney who represents six of the nine Utah names.

The Utahns who were ordered to pay Lloyd's include the Harmsens, Wallace R. Bennett, Grant R. Caldwell, Calvin P. Gaddis, David L. Gillette, James R. Kruse, Edward W. Muir and Kent B. Petersen.

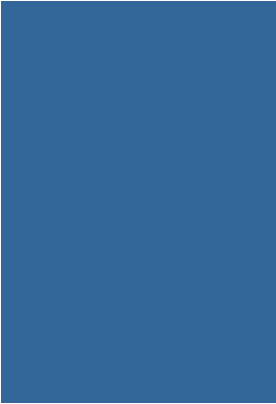
An appeal of Campbell's ruling has been filed with the 10th Circuit Court in Denver.

steve@sltrib.com

 **PRINT THIS STORY**

© Copyright 2003, The Salt Lake Tribune.

All material found on Utah OnLine is copyrighted The Salt Lake Tribune and associated news services. No material may be reproduced or reused without explicit permission from The Salt Lake Tribune.



[Front Page](#) | [Contents](#) | [Search](#) | [World/Nation](#) | [Utah](#) | [Business](#) |
[Sports](#) | [Editorials](#) | [Public Forum Letters](#) | [Commentary](#) | [Lifestyle](#) |
[Movies](#) | [Travel](#) | [Science](#) | [Religion](#) | [Archives](#) | [Weather](#) | [Obituaries](#)

[Mobile Editions](#) | [Online Poll](#) | [Utah Politics](#) |
[Contact Us](#) | [FAQ](#) | [Privacy Policy](#) | [Print Subscriptions](#) | [Reader Panel](#) |
[Newspapers In Education](#)

webmaster@sltrib.com