

Minutes of the
Parliamentary All Party Group for Justice for Equitable Life Policyholders
Held on 18th May 2011 at 3pm
In Committee Room 8, House of Commons

Present: Bob Blackman MP (co-chair); Fabian Hamilton MP (co-chair); Stephen Lloyd MP (secretary); Christopher Chope MP; Tracey Crouch MP; Mark Durkan MP; Tim Farron MP; Sheila Gilmore MP; Sam Gyimah MP; Mark Hunter MP; Margot James MP; Marcus Jones MP; Stephen Metcalfe MP; James Morris MP; Anne-Marie Morris MP; Tessa Munt MP; Jim Shannon MP; David Simpson MP; Bob Walter MP; Sammy Wilson MP and Sarah Wollaston MP (and about 20 MPs' staff).

Speakers: Paul Braithwaite and Paul Weir of the Equitable Members' Action Group; Honor Blackman, Helen Livney and Ian Cleveland.

- Fabian Hamilton MP (Lab, Leeds North East) (FH), co-chair of the group, opened the meeting. This meeting was called to discuss policyholders who had taken with-profits annuities (WPAs) prior to September 1992. FH proposed another meeting to discuss the details of the compensation scheme announced on 16th May should be held in July.
- Paul Braithwaite (PB), general secretary of the Equitable Members' Action Group (EMAG), addressed the meeting. He observed that the Government had stated its intention to honour the Parliamentary Ombudsman's recommendations and accept her methodology.
- The meeting adjourned for 10 minutes for a vote in the House of Commons.
- FH reconvened the meeting and PB continued his presentation:
 - He said that EMAG did not agree with the Government's different method for calculating compensation for policyholders who took with-profits annuities before and after 1992. EMAG believes they should be treated with the same methodology.
 - The Parliamentary Ombudsman had confirmed twice in writing that she did not intend to exclude pre-1992 annuitants from compensation. The compensation cut-off date in 1992 being used by the Treasury is arbitrary. Many of the 10,000 living pre-1992 WPAs had only taken their pensions a short time before this date - more than half of those excluded stated their pension payments in the 18 months prior to the 1st September cut-off.
 - Fabian Hamilton, Bob Blackman and Stephen Lloyd had introduced an amendment at the third reading of the Equitable Life (Payments) Bill to include pre-1992 annuitants. This was defeated but PB believes that MPs did not realise they were voting against compensation for the pre-1992 annuitants. MPs have confirmed this privately.

- The excluded policyholders have suffered loss in income directly comparable to post-1992 annuitants. Many do not realise they will not receive compensation or even a letter. EMAG does not consider this fair treatment.
- Paul Weir (PW) of EMAG introduced three Equitable Life (EL) policyholders. One – Honor Blackman (HB) – would receive 100 per cent compensation. Two others – Helen Livney (HL) and Ian Cleveland (IC) – are pre-1992 annuitants who will receive no compensation at all.
- HB told the meeting:
 - that she was one of 37,000 EL pensioners who have been told they will receive 100 per cent compensation, tax-free for life.
 - She credited the continued campaign of EMAG, in the face of resistance from successive Governments, with making it possible for her to receive compensation.
 - HB had always thought it wise to put money aside for retirement. HL and IC had thought the same but, because they had taken an annuity a few months before the September 1992 cut-off date, will receive nothing.
 - She said she felt a burning sense of injustice for those citizens whose only crime was to provide for their retirement.
 - Excluded annuitants would not live to see any compensation unless the Government acted urgently. The cost of compensating the remaining 10,000 is small in contrast to the total cost of compensation.
 - HB's pension has fallen in value by 60% since 2003. IC and HL were in the same position but would receive no compensation. They face a bleak future.
 - A caring and compassionate Government would ignore the technicalities. This Government should honour all their MPs' election pledges – and the spirit of the pledge – and right what is a disgraceful wrong.
- FH thanked colleagues who had supported his amendment to the Equitable Life (Payments) Bill and stressed that it was the job of MPs to right injustices.
- HL explained that she was attending the meeting to speak on behalf of her husband and herself. She said:
 - She is nearly 84 years old and her husband, David, is 91. She is her husband's designated carer and he was too unwell to attend the meeting.
 - Her husband is an ex-servicemen and served during World War II. Injuries sustained at this time should entitle him to a war pension but he was told of that too late to apply.
 - Mr Livney worked until the age of 72 and took his annuity in March 1992 – six months before the compensation cut-off.
 - Governments have regularly urged people to make their own provision for retirement. This is what they did and EL was considered a safe pension provider.

- They believed the EL pension and the state pension would provide a modest degree of comfort in old age.
- They did not know that EL was already being poorly run. They are now only asking to be treated the same as other policyholders so that their final years are not blighted by financial problems.
- IC described his story:
 - He had worked as an accountant and had been the Chief Executive of the Reading Chamber of Commerce. He had worked long hours to earn his savings.
 - When he took his annuity in 1991 he was led to believe it was a safe investment and would deliver a steady return. His annuity had lost nearly two-thirds of its value.
 - The insecurity of pensions like his was a disincentive to save. It is important that people's savings are protected by regulators.
 - IC told the meeting that he was a veteran of World War II. He now wondered if this was the fairer society he had hoped for at this time. He hoped that society would show more care and respect for the elderly.
 - He has recently received a letter from Prudential that confirmed that his EL pension was continuing to lose value.
- PW explained that EL annuities were now effectively reverse index-linked. HB would receive 100 per cent compensation but IC and HL, who would have had a near identical Anticipated Bonus Rate, would receive nothing. PW said he was pleading with his audience to find the money to compensate pre-1992 annuitants.
- Bob Blackman MP (Con, Harrow East) (BB) said that he received hundreds of letters about EL. There are a wide number of issues relating to EL and Mark Hoban has offered to come to a future APPG meeting and discuss them. BB asked EMAG to prepare calculations on the loss of pre-1992 with-profits annuitants to be presented to HM Treasury so that they could ask them to reconsider the compensation scheme.
- PW said that HM Treasury would, despite having been asked repeatedly by EMAG, not release the data and calculations used by the actuaries Towers Watson to make their recommendations.
- FH proposed another meeting in the next six weeks.
- Bob Walter (Con, North Dorset) declared an interest as an EL policyholder. He asked whether the case could be made for pre-1992 WPAs to receive compensation that reflected a proportion of their loss.
- Stephen Metcalfe (Con, South Basildon and East Thurrock) asked what response Mark Hoban had given to the case of pre-1992 WPAs in private.
- Mark Durkan (SDLP, Foyle) (MD) said that Mr Hoban had been evasive. FH added that the Minister had said nothing in private.

- Tessa Munt (Lib Dem, Wells) said she had been told that the data used by Towers Watson to calculate compensation was spread across 19 computers and that it would be impossible to share it.
- PB said that the Parliamentary Ombudsman was there to provide natural justice and had found that maladministration had begun by 1st July 1991. It was unreasonable of HM Treasury to withhold data used to produce their compensation model. Data stored across 19 computers had only led to publication of one out of the thousands of models generated on different assumptions. PB said that there was a lack of transparency and that he was concerned at the closeness of the relationship between HM Treasury and actuaries Towers Watson.
- Marcus Jones (Con, Nuneaton) asked whether the estates of annuitants would receive compensation. PB said that HM Treasury had promised to pay estates first but added that estate administrators will not be keen to reopen files for what may be relatively small sums. He would prefer for the living to receive priority.
- James Morris (Con, Halesowen and Rowley Regis) reiterated BB's request for EMAG to present their best estimate calculations to HM Treasury.
- MD said that he had tabled an Early Day Motion (EDM 1825) on the compensation scheme. He said it did not use partisan language and asked colleagues to express their support by signing it.
- FH reiterated the determination of the APPG group to continue fighting for fair compensation.
- PB said that EMAG was still digesting the 328-page compensation scheme announcements made two days previously. There would be another APPG meeting in July dedicated to discussing the scheme. He thanked APPG members for securing the level of compensation that they had but said that there were still problems with the scheme. Payments for losses to 2009 will be made over five years and many policyholders would be lucky to be alive in 2016.
- Sammy Wilson (DU, East Antrim) said it was important for the campaign not to take their foot off the pedal. Many policyholders did not yet realise how little compensation they would receive but when they did they would be angry.
- FH closed the meeting at 4.00pm.

Paul Scaping

For EMAG

(Administrators of the APPG)