



## **Equitable Members Action Group Ltd**

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### **Equitable action group fears Treasury 'ambush' over compensation**

**The Equitable Members Action Group (EMAG) has sounded the alarm over the new government's promises of fair compensation, after ministers failed to reassure them over the methods being used by the Treasury to assess the amount of compensation due.**

EMAG fears that the work of Sir John Chadwick and the actuaries Towers Watson will be used by the Treasury to justify a huge reduction in the amount of compensation. EMAG's (unchallenged) estimate of losses published by the Parliamentary Ombudsman in her 2008 report, was £4.67 billion. This figure is further confirmed by Sir Howard Davies' comment to the Treasury and the Bank of England in 2001 that a bailout of Equitable life would cost (at that time) between £3 billion and £5 billion.

But EMAG says the figure floated in the press is much less - £1 billion.

"We are deeply disturbed by the gulf between the expectations raised by the Government's promise and what appears to be actually going on at the Treasury" said EMAG's Paul Braithwaite.. "If the government offers victims 20p in the pound – there will be outrage."

EMAG claims that asking the victims of the scandal to fight over a few crumbs instead of proper compensation would reveal that the new government had simply rebranded the discredited 'ex-gratia' payment scheme of the last government as 'compensation' with no change to the amount involved.

"Given the Treasury's continuing refusal to make public the calculations of Towers Watson, and the many unrealistic assumptions they have been briefed to make, EMAG's suspicion is that what they are doing is nothing better than a work of fiction designed to come up with the number the Treasury intended in the first place" says Braithwaite.

In a letter sent to MPs, EMAG argues that if cuts have to be made to government spending now, it should be a percentage across the board – Equitable Life victims should not be first in line to shoulder the whole burden.

The letter says: "If health, education, civil service pensions, local government salaries etc are to be subject to cuts then one might expect us to shoulder part of the burden by accepting the same percentage cut as other spending commitments, but robbing 80% from the compensation due to one million elderly and increasingly infirm Equitable Life victims would be an outrage."