

Brussels Parliament official press release:

Equitable Life: MEPs refuse to let the matter drop

Committee on Petitions

The British government's latest proposals to compensate victims of Equitable Life, the insurance company whose near-collapse ten years ago led to huge financial losses for many of its policyholders, were deemed inadequate on Wednesday by MEPs, who spoke forcefully on the matter at a meeting of the EP Petitions Committee.

Britain's new coalition government had promised to make "fair and transparent" payments to Equitable policyholders, MEPs heard from Paul Braithwaite of the Equitable Members Action Group (EMAG). Yet when in October this year the government published the figures it intended to pay, not only was the amount insufficient, the allocation among different policyholders "makes no sense", said Mr Braithwaite: some victims would get 100% of what they were owed while others would get little or nothing. EMAG members felt "bitter and betrayed" at the UK Treasury's "paltry and illogical" proposal.

"We as MEPs owe the policyholders a response" to the UK government's proposals, contended Mairead McGuinness (EPP-ED, IE), chair of the EP committee of inquiry into Equitable Life, which completed its work in 2007. She was concerned to hear about the "injustice among policyholders" but also highlighted the existence of victims outside the UK. There was as yet no official commitment to pay compensation to the non-British policyholders. "We want fairness across Europe", she said.

The plight of Equitable victims could be contrasted with that of British victims of the Icelandic bank collapse, who "were immediately compensated", argued Diana Wallis (ALDE, UK),

author of the report by the committee of inquiry. She had heard, but only informally, that non-British policyholders would be compensated. A "clear public statement" was needed from the new government about this and about the general "equity" of what was being offered.

A "sorry and shabby business" was how Michael Cashman (S&D, UK) described a situation from which "no political party in the UK comes out well". He contrasted the £3 billion extra needed to compensate Equitable policyholders in full with the £6 billion in tax owed by Vodafone which had recently been written off by the British tax authorities.

"We need to see that compensation is paid out", said Axel Voss (EPP, DE), adding that he would like to hear from the UK Ombudsman. Ann Abrahams, the Ombudsman, submitted a written statement to the Petitions Committee ahead of today's meeting in which she distanced herself from proposals to pay reduced amounts of compensation to Equitable's victims (see link below to Meeting documents).

The European Parliament must not let the matter rest, concluded Erminia Mazzoni (EPP, IT), chair of the Petitions Committee. The recommendations of the EP inquiry would be sent to the Speaker of the House of Commons with a request that he forward them to all MPs and she would also ask EP President Jerzy Buzek to write to the Speaker.

EP committee of inquiry into the Equitable Life crisis

In 2000, allegedly as a result of mismanagement, Equitable Life found itself unable to meet its obligations to over a million policyholders in the UK and more than 15,000 in other EU countries. The victims had to accept huge cuts in their savings and pensions.

The EP committee of inquiry was set up after the European Parliament received two petitions from Equitable policyholders alleging that the UK regulatory authorities had failed to monitor

the company's behaviour as required by EU law. The committee of inquiry's final report - which was approved by the full Parliament by a huge majority in June 2007 - agreed that failings in the UK financial regulation system were partly to blame for the victims' losses, and called on the UK government to provide compensation.

Website of EP Committee of Inquiry into Equitable Life

http://www.europarl.europa.eu/comparl/tempcom/equi/default_en.htm

MEPs label Equitable Life package "inadequate"

Money Marketing, 2 Dec, by [John Kenchington](#)

<http://www.moneymarketing.co.uk/politics/meps-label-equitable-life-package-as-inadequate/1023003.article>

The remarks were in response to an update to the committee from the Equitable Members Action Group, which said the compensation was insufficient and its allocation “makes no sense”. EMAG said its members feel “bitter and betrayed” at the package.

The MEPs spoke three years after they completed their official report on Equitable in 2007.

UK Chancellor George Osborne announced compensation in the comprehensive spending review in October for those Equitable Life policyholders who may not have invested if it were not for regulatory failures. It later emerged the package excludes all pre-1992 annuitants.

EP committee of inquiry chair Mairead McGuinness said: “We as MEPs owe the policyholders a response to the UK Government’s proposals. We want fairness across Europe.”

Labour MEP Michael Cashman described the package as a “sorry and shabby business”, saying “no political party in the UK comes out well”.

Liberal Democrats MEP Diana Wallis said the plight of Equitable victims could be contrasted with that of UK victims of the Icelandic bank collapse who “were immediately compensated”.

Centre-right German MEP Axel Voss insisted that compensation be paid out, and demanded the UK Ombudsman make public its views on the package.