



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Mr Paul Braithwaite
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26 January 2012

Dear Paul

Thank you for your letter of 12 December 2011 to George Osborne about Mr Gordon Latter's letter of 16 November. I am replying as Minister responsible for this policy area.

I note your points. I am aware of Mr Forfar's work, but the exclusion from the Scheme of those with-profits annuitants who took their policies out before September 1992 is determined not by their investment performance but by the application of the Ombudsman's report.

I also note your point about referring policyholders to the EMAG website and not wanting them to think that EMAG endorses the Government's position on the pre-1992 WPAs. I am well aware of EMAG's position on this issue, and I hope the Government's position is similarly clear.

Mr Latter is concerned about the speed and method of compensation payments. Many thousands of payments a week are being made and the volume will continue to be ramped up. This means that over the coming months hundreds of thousands more eligible policyholders will receive their payment from the Scheme. These payments will be made in accordance with the recommendations of the Independent Commission on Equitable Life payments. The Treasury has also confirmed that the first payments to With-Profits Annuitants have also commenced, and over 5,000 Annuitants have already had their first payment issued.

Thank you for taking the trouble to make us aware of these concerns.

*y sincerely
Mark*

MARK HOBAN