

Subject: Fairness and justice delivered? What fairness means for Equitable Life victims

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Sent on behalf of Paul Braithwaite, General Secretary, EMAG

As a signatory to our campaign pledge, EMAG would like to congratulate you on your election to Parliament and to sincerely thank you for your support, which has been so important to our members.

The decade long campaign for justice for Equitable Life policyholders has reached a crucial point. EMAG and its members have fought a long hard battle to ensure that justice is not denied, and that those who lost out because of regulatory failure are treated fairly and get the compensation they deserve.

We now - at last - have a government that is committed to treating the victims of the Equitable Life scandal fairly.

The new coalition government has committed to what EMAG has been asking for: implementing recommendations of the Parliamentary Ombudsman (PO) to make fair and transparent compensation payments, through an independent scheme, for peoples' relative loss as a result of regulatory failure.

EMAG very much welcomes this break with the policy of the previous government, a policy characterised by delay, unfairness and obfuscation, through which "ex-gratia" payments were to be rationed through the concept of 'disproportionate impact' and be reduced by discounts for the actions of others, despite the PO's recommendations being for compensation arising only from failed regulation.

What is crucial now, though, is to ensure the new policy becomes a reality and that the level and manner of distribution of payments is fair

EMAG recognises that the total amount of compensation to be paid is ultimately for the Government and Parliament to decide. But EMAG is also clear that the assessment of losses must be transparent and fair and not designed through non-independent assumptions and actuarial theories and fabrication to produce as small a figure of loss as possible – the approach under the previous Government.

EMAG believes:

- Sir John Chadwick's remit – designed to deliver on the previous government's policy – is obsolete. **What has been published under "The Chadwick Process" so far cannot and will not provide a fair assessment of relative loss.** We are sure it was designed to fit a compensation figure the previous government always had in mind - around £1billion. The PO was clear that the previous government's approach, of which Chadwick was the core component, could not deliver justice. As the product of a failed policy approach, Sir John's final report can at best only inform and must certainly not be a basis for policy going forward.

- Losses can and should be verified independently and in a straightforward manner - by comparing policy performance with that of Equitable's leading competitors. This should be done - as envisaged by the Ombudsman - by the independent tribunal and not the Treasury or its retained advisors. **EMAG calculates losses to be in the region of £4.7 billion and that is the only figure quoted in the PO's report.** Howard Davies, when Chairman of the FSA in 2001, estimated losses to be up to £5bn.

- EMAG recognises the country's finances are in a poor state, and public purse considerations will inevitably play a part. But **those who have been waiting for justice and compensation for 10 years should not bear the brunt of others' mistakes. That could not be considered fair.** 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 a percentage cut similar to other spending commitments, but **robbing 80% from the compensation due to up to one million elderly and increasingly infirm Equitable Life victims would be an outrage.**

We anticipate that the Justice for Equitable Life Policyholders All Party Parliamentary Group will be formally re-established in early July. As a signatory to the EMAG pledge we very much hope that you will remain a member. We will be in touch with a date. In the meantime I hope we can count on your continued support for fairness for Equitable Life victims.

Yours sincerely

Paul Braithwaite

General Secretary

Equitable Members' Action Group (EMAG)