



## Equitable Members Action Group Ltd

Press release – Issued 21 September for immediate publication

### **New report suggests Hoban misled Commons over Equitable pensioners**

**A new report by eminent actuary David Forfar, suggests that Treasury Minister Mark Hoban has been seriously misleading MPs over the case of the Equitable Life annuitants.**

The Treasury line has been repeated on the floor of the House and in numerous letters to MPs and constituents from Hoban. The reason given for excluding 10,000 with profits annuitants who bought their policies before September 1992, is that: *“the reduction in the levels of Annuity payments they have experienced is largely due to a combination of poor market performance of investments, and the fact that early annuity payments were inherently high due to the structure of their product and over-bonusing.”*

Forfar’s evidence states that every single point made by the Treasury is wrong.

“There was no significant over-bonusing, early payments were not high and market investments did not perform poorly,” said Paul Weir of EMAG. “On this evidence, the minister appears to have misled the House, giving a false picture to MPs. He should admit his mistakes and include these 10,000 older annuitants in the scheme before it is too late.”

David Forfar analysed actual policies of ELAS annuitants and compared them to the same product, for the same sum, from the same date with the same terms, from The Prudential. He also compared them to a model he has built using market data, which follows a very similar profile. In every case, the early performance was broadly comparable, but with the Equitable annuity underperforming from 1995 and plunging dramatically since 2003.

EMAG claims that including the pre-1992 WP Annuitants can be funded in large part from the £100m contingency allowed for by the Government in the £1.5bn compensation fund.

Forfar’s report also takes the government to task over its “technical” reason for excluding the pre 1992 WP Annuitants – that maladministration could not have affected their “investment decision”.

Speaking to a group of MPs in Parliament last week, Forfar said: *“It would be unfair to compensate one group of annuitants and not the other, when the post-maladministration payments of both groups of annuitants have suffered in the same adverse way from the same maladministration and the same entrapment.”*

Paul Weir added: “A caring, compassionate government would ignore the technicalities, and make payments available to the pre-1992 WPAs NOW on the same basis of calculation as that applied to those whose policies started after 1992. In other words 100% compensation for their relative loss.”

Ends

#### **Editors notes**

David Forfar is a Fellow of the Faculty of Actuaries and was formerly the Appointed Actuary for Scottish Widows. He has produced his findings working independently, with the co-operation of EMAG. He has not received any remuneration for this work.