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Dear Daniel and Fabian,

EQUITABLE LIFE

Thank you for inviting Sir John Chadwick and I to meet the All-Party Group on Equitable Life yesterday. I was pleased to see so many colleagues were able to join us. I promised I would write with a summary of our opening remarks.

2. Equitable Life is one of the most important and complex issues I have had to deal with at the Treasury. I have three key objectives. First, delivering a payment scheme that meets the imperative to act; second, to deliver it swiftly; and, third, to ensure the right people are included. It is against these objectives that our work should be held to account.

3. I would like to commend Sir John on the progress he has made. Since he has been appointed, he has published his proposed approach and two detailed Interim Reports, and he plans to submit his third, and final, Interim Report in the next week. Once he has had a chance to reflect on the responses to this Report, he will be in a position to put his final advice to the Government in May.



4. It is important that once this advice is received that the Government responds as quickly as possible. To accelerate this, we are already undertaking work in the Treasury, in parallel to Sir John's process. Thanks to these urgent preparations, the Government will be in a position to announce details of a payment scheme - fair to both policyholders and taxpayers - within two weeks of receiving Sir John's advice.

5. A number of specific issues were raised and it might be helpful to record my position.

6. First, there was some concern over the prospect of means testing. While I cannot yet give a categorical answer, I am currently of the view that it is neither desirable nor administratively feasible to means test every individual policyholder.

7. Second, colleagues rightly raised concerns about policyholders who have passed away. This is an important issue that Sir John will advise on in his final Report. While I cannot again give a categorical answer now, based on the evidence I have seen to date, I hold the view that they should be included in any scheme.

8. Third, colleagues asked about interim payments to some policyholders. After investigating the practicalities of this proposal, and receiving Sir John's views, I decided not to pursue interim payments. We could not estimate the right value of interim payments without first agreeing a total sum for the complete scheme.

9. That said, payments clearly need to begin as quickly as possible once we set up the scheme. We are investigating the possibility of prioritising payments within the scheme, so that groups that have been the most



disproportionately impacted would be paid first.

10. Given the wider interest in this issue, I am copying this letter to all Members of Parliament.

*Yours
Liam*

LIAM BYRNE