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Honorable Actress supports Equitable Life pension victims

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HONOR Blackman, the former Bond girl, has demanded justice for Equitable Life victims if others are to be

encouraged to save, writes Jamie Dunkley. "What's the point of telling my children and grandchildren to save

for a pension, when my own experience shows that the safety net simply isn't there when you need it?" she said.

The Government is expected to offer £1m to victims but policyholders claim they lost £4.67bn.

Equitable Life victims warn of low pay-out

By George Parker and Paul J Davies

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Victims of the Equitable Life scandal will this month learn details of a long-awaited compensation package, but are warning that the coalition government will offer them only a fraction of what they are demanding.

Mark Hoban, Treasury minister, has promised to make an announcement in mid-July and has assured policyholders he will create a “transparent, fair and independently designed” payment scheme.

But policyholders believe the eventual sum paid out will be about £1bn, far less than the £4bn-£5bn they have been demanding.

They had cheered the coalition agreement published in May because they believed it committed the new government to implement in full the 2008 recommendations of the parliamentary ombudsman, who calculated the multibillion pay-outs.

But now they are angry that Mr Hoban has kept faith with a review of their claims instigated by the last Labour government, under the chairmanship of Sir John Chadwick, a process they believe is discredited.

EMAG, the policyholders’ action group, believes Sir John’s terms of reference were over-complicated and were deliberately framed by Labour to minimise payments.

The group claims that continuing to rely on Sir John’s work without any change to his terms of reference is likely to produce an actuarial fudge designed to understate the true scale of losses by as much as 80 per cent. “His discredited terms of reference from the Labour government were heavily criticised by the parliamentary ombudsman who said that they would not deliver the justice she had called for,” said Paul Braithwaite, of EMAG.

“Instead of sidelining Sir John or updating his terms of reference to reflect their election promises, the coalition has allowed the process to continue with no change whatsoever. It looks as though, after 10 years of obstruction, the Treasury is still in control and determined to short-change victims.”

David Cameron has vowed to end the wait for compensation for policyholders. The prime minister has insisted the payments should not be means-tested and that descendants of deceased policyholders should be included.

Mr Hoban will announce this month that an independent commission will be set up to administer the pay-outs, which arise from the near collapse of the world’s oldest insurer 10 years ago. A million people lost up to half of their life savings.

The government will publish Sir John’s report – possibly next week – which will advise on issues such as relative loss suffered by policyholders and the impact of their losses.

Labour made little secret of its willingness to kick the Equitable case into the long grass.

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Equitable Life group's last-ditch compensation bid

Simon Bain 8 Jul 2010

Equitable Life policyholders are making a last-ditch effort to win support from the coalition Government for an independent commission to award them compensation.

Equitable Members Action Group, which claims support from 40,000 policyholders, is urging the Government to follow the recommendations of the parliamentary ombudsman (PO) for a commission, and to "marginalise" the report of Sir John Chadwick due to be published next week.

Retired judge Chadwick was appointed by the last Government to adjudicate on making payments only to classes of policyholder who had been "disproportionately affected", and was steered by the Treasury towards a complex discount mechanism which reduces the value of any payouts.

The Treasury had hinted that compensation would be limited to £1 billion rather than the £4.7bn implied by the PO's report.

Paul Braithwaite, general secretary of Emag, said yesterday that 380 MPs had signed a pledge before the election to support "proper compensation" from an independent scheme, while new Conservative Treasury minister Mark Hoban had said he was "committed to implementing the ombudsman's recommendations".

Ann Abraham, the ombudsman, was highly critical of the last Government's response and its terms of reference for Chadwick.

Braithwaite has told Emag members: "The Treasury's intention, based on Sir John Chadwick's work, is likely to be a clever actuarial fudge which will seem to show that, even if Equitable Life had been properly regulated, compared with the worst performing pension life companies we have hardly lost much at all."

He says it was "outrageous" that Chadwick was allowed to proceed with unchanged terms of reference, which were "entirely incompatible with the PO's recommendations and hence totally at odds with the coalition's promise and MPs' individual pledges".

Braithwaite commented: "Chadwick's report was conceived to both delay and to minimise payouts on what was essentially a charity hardship scheme, on the instructions of the Labour Government ... We want independent assessment of the losses that will form the basis of compensation, not just independent distribution of compensation."

Emag has been refused by the Treasury an explanation of the critical methodology used by actuaries Towers Watson to determine the relative performance of Equitable Life and other insurers in the 1990s.

Justice at last for Equitable Life victims... But they still might not receive full compensation

By James Chapman

Last updated at 3:28 AM on 8th July 2010



Angry: David Cameron speaking in the Commons yesterday. He said it was a disgrace Labour had dragged its heels knowing policyholders were dying off

Up to a million victims of the Equitable Life scandal will finally win compensation under plans to be unveiled by the Government.

The Treasury is preparing to set up an independent commission to make the payouts.

A million people lost up to half their life savings when the world's oldest insurer came close to collapse a decade ago.

Following a series of scathing judgments on the Government's role, ministers say the Coalition is legally obliged to pay compensation. A Bill will be unveiled the week after next, sources said.

It is expected that the payouts will total £1billion, but this falls well short of the £4.7billion policyholders have demanded.

In the Commons yesterday, David Cameron said it was a 'disgrace' that the Labour Government dragged its heels for years knowing that policyholders-were dying off.

'We are committed to a Bill in this session,' the Prime Minister said. 'This needs to happen. It was in 2008 that the Parliamentary ombudsman referred to a "decade of regulatory failure".'

'The fact that we have had to wait until now for this to be done is wrong.

'The last Government had plenty of opportunities to grip this, but I am afraid that, in quite a cynical way, they were just waiting and waiting, so that more of the Equitable Life policyholders were dying off. That is disgraceful.'

The new commission is expected to draw up the detail of the scheme, in which payouts will be based on what investments would be worth today.

The Labour Government caused anger by suggesting that only the 'disproportionately affected' should be recompensed.



But awards will be made regardless of investors' remaining wealth, meaning some money will go to former judges, accountants and other middle-class professionals.

The move to press ahead with taxpayer-funded payouts at a time of crisis in the public finances could prove controversial.

But the Treasury says it has no option following the verdict of the Parliamentary ombudsman.

Ann Abraham concluded that there had been ten instances of maladministration at the Department of Trade and Industry, the Government Actuary Department and the Financial Services Authority between 1998 and 2001, all of which contributed to the insurance company's problems.

The Government was accused of giving the public a 'wholly misleading picture' of the safety of their investments.

Watchdogs failed to warn investors that the insurer had been in trouble for several years before it was forced to close to new business.

Policyholders suffered massive cuts to the value of prospective or existing pensions as Equitable struggled to stay afloat.

Earlier this month, Stuart Pole of the Equitable Life Members Action Group said: 'We are deeply disturbed by the gulf between the expectations raised by the Government's promise and what appears to be actually going on at the Treasury.'

'If the Government offers victims 20p in the pound there will be outrage.'

The Daily Mail revealed in April that victims were likely to be compensated if the Tories won the General Election.

MEPs' help sought over fears of cut in Equitable UK payouts

By Charlie Weston Personal Finance Editor

Wednesday July 07 2010

MORE than 8,000 Irish policyholders with British investment firm Equitable Life are being urged to lobby their MEPs to press the British government to keep its promise to fully compensate them.

The policyholders lost almost everything when the investment company collapsed and the British government promised to compensate them after it was found to have failed to properly regulate the life company.

But the Equitable Members' Action Group (EMAG) fears that payments may be restricted to just 20pc of the losses, despite assurances given by the new UK government that it would pay the full amount.

The lobby group has urged its Irish members to contact their MEPs.

Yesterday, Ireland East MEP Mairead McGuinness said policyholders should be compensated in full.

Commitments

Ms McGuinness, who chaired the European Parliament's investigation into the issue, said EMAG had been given commitments by the Tory party before the British general election.

"Mark Hoban, the UK Financial Secretary to the Treasury, has now said that the government will be making payments to Equitable Life policyholders. However, he also indicated that it will be for 'relative' loss rather than full compensation. This is very disappointing," she said.

There were fears that compensation might be restricted to just 20pc of losses.

"I am urging the EU Commission to press the UK government into honouring its commitments and, as chair of the committee of inquiry, I am writing on behalf of all policyholders to the UK government expressing our concerns that the compensation offered may fall far short of expectations.

"Some policyholders have died without compensation being paid, others have been left suffering huge financial losses and are now terrified that they will once again lose out," added Ms McGuinness.

EMAG's Paul Braithwaite said swift action was needed to secure their entitlements.

- Charlie Weston Personal Finance Editor

Government 'broke Equitable pledge'

Updated on 08 July 2010

The Government has been accused of breaking its promise to make "fair" compensation payments to Equitable Life policyholders.

The Equitable Members Action Group (EMAG) said relying on work carried out by former Appeal Court judge Sir John Chadwick to calculate compensation for policyholders without changing his terms of reference would produce an "actuarial fudge".

Sir John was appointed by the previous government to advise it on the level of compensation that should be paid to Equitable policyholders.

But EMAG believes the terms of reference being used by Sir John will lead to him understating the losses suffered by policyholders by as much as 80%.

As a result it fears policyholders may collectively receive just £1 billion in compensation, rather than the £5 billion the action group thinks they have lost.

Paul Braithwaite, of EMAG, said: "His discredited terms of reference from the Labour government were heavily criticised by the Parliamentary Ombudsman who said that they would not deliver the justice she had called for.

"Instead of sidelining Sir John or updating his terms of reference to reflect their election promises, the Coalition has allowed the process to continue with no change whatsoever.

"It looks as though after 10 years of obstruction, the Treasury is still in control and determined to short-change victims."

The Government is expected to set out details of an independent commission which will design a compensation scheme for policyholders next week.

Sir John is expected to publish his report this month and it is thought the committee will take his work into account when considering payments.