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Dear Member,

GOVERNMENT COMPENSATION SCHEME FOR EQUITABLE POLICYHOLDERS - YOUR URGENT RESPONSE NEEDED

At the end of last month, the Financial Secretary to the Treasury, Mark Hoban, announced in Parliament the long-awaited timetable for government compensation to Equitable Life policyholders as a result of the Parliamentary Ombudsman's findings of regulatory maladministration.

The Minister also published Sir John Chadwick's report on a proposed Equitable Life payment scheme (as instructed by the former Labour Government) as well as preliminary estimates of potential policyholder losses. The estimate of loss based on Sir John's specific advice was just £400m to £500m. That works out at about £250 to £350 per policyholder.

The Parliamentary Ombudsman, who reported on the Equitable over two years ago and recommended a compensation scheme, wrote to MPs immediately after Mark Hoban's speech to say that Sir John Chadwick's advice was '*an unsafe and unsound basis on which to proceed*'.

The Board of the Equitable, on behalf of its policyholders, has long advocated compensation based on relative loss which the Parliamentary Ombudsman described in her report as '*a loss that they would not have suffered had they saved or invested elsewhere*'.

The Minister announced that relative loss is estimated to be in the range of £4bn to £4.8bn - around 10 times the compensation based on Sir John Chadwick's advice.

The Minister has said that Sir John's advice is just one building block. But, the Parliamentary Ombudsman has said that Chadwick's approach '*cannot provide a basis for the implementation of my recommendation*'.

Compensation will be debated in Parliament on 14 September, and this will be followed by an announcement on 20 October of the total amount that the Government is going to pay out. **So time is short.**

continued overleaf....

Mark Hoban has invited representations to him following his speech and your Board will certainly be doing that. However, we think a fairer outcome is much more likely to happen if you add your personal voice directly to the Minister.

All you need to do is write and say that you expect and deserve fair compensation as recommended by the Parliamentary Ombudsman and promised by the Coalition Government; and not a figure based on the Chadwick advice which the Ombudsman described as '*an unsafe and unsound basis on which to proceed*'.

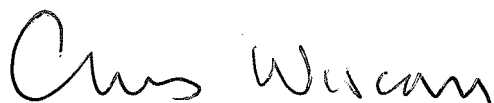
We enclose an addressed envelope for your assistance.

Your letter will have greater force if you copy it to the Prime Minister and your own MP so they too know just how you feel. Letters to the Prime Minister should be addressed to The Rt Hon David Cameron MP, The Prime Minister, 10 Downing Street, London SW1A 2AA.

You can find out who your MP is and how to contact him or her on the internet by entering your postcode into the box at <http://findyourmp.parliament.uk>. Alternatively, you can telephone the House of Commons Information Office on 020 7219 4272.

If you write to the Minister, ideally before the end of August, that is how we think you can help bring the maximum influence to bear.

Yours sincerely

A handwritten signature in black ink that reads "Chris Wiscarson". The signature is written in a cursive, flowing style.

Chris Wiscarson
Chief Executive

More information on the background to the Parliamentary Ombudsman's Report, the role of Sir John Chadwick and the Government's response is available on the Society's website (www.equitable.co.uk) in the section 'The Campaign for Government compensation'.