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**Website:** [www.equitable.co.uk](http://www.equitable.co.uk)

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Dear Policyholder

### **GOVERNMENT COMPENSATION SCHEME**

Government has recently approved the design of the compensation scheme and, in particular, the approach to making payments. We are writing to you as you may not hear from Government for some months about where you stand.

Government has committed to write to all eligible policyholders by no later than June 2012. In their letter, Government will tell you whether or not you can expect a compensation payment as well as an explanation of how any compensation payment has been calculated.

You will also be told when the compensation will be paid and this could be up to three years away. Government is prioritising the oldest policyholders together with the estates of deceased policyholders.

We set out overleaf an easy-to-read overview of the compensation scheme and hope this is helpful.

Yours sincerely



Dave Pearce  
**Head of Customer Service**

## GOVERNMENT COMPENSATION YOUR QUESTIONS ANSWERED

### **Q: Who is eligible?**

- A: (i) Policyholders who purchased a new with-profits policy after 1 September 1992 and before 31 December 2000; and
- (ii) Policyholders who paid a premium on an existing with-profits recurrent single premium policy between 1 January 1993 and 31 December 2000. Most of our pension policies are recurrent single premium policies.

### **Q: If I am ineligible, will I receive a letter confirming this?**

- A: Government does **not** intend to write and we are looking at how we can identify such policyholders so that we can clarify the position for them.

### **Q: If I am eligible but have suffered no relative loss will I receive a letter confirming this?**

- A: Yes.

### **Q: When can I expect to be paid?**

- A: If you are one of the policyholders who will be compensated before June 2012, payment will be sent soon after the Government letter explaining the compensation. If you are not being paid in the first year, the Government letter will say when you can expect to receive a payment and its value.

### **Q: How much will each policyholder get?**

- A. Government will base compensation on 'relative loss', which is the difference between what policyholders receive from their Equitable policies and what they would have received if they had invested in certain comparator companies.

Eligible policyholders should receive 22.4% of their relative loss. Wherever practicable, Government proposes to offset relative gains against relative losses where policyholders have multiple policies. They are also setting a de minimus amount of £10, beneath which payments would not be made. Government has said that about one third of policyholders have not suffered a relative loss and a further third have relative losses under £500.

### **Q: At what date are the losses calculated?**

- A. For recurrent single premium policies - most of our pension policies - the loss is calculated at 31 December 2009. For policies where policyholders are contractually obliged to continue paying premiums, estimated future losses arising after 31 December 2009 will be included.

### **Q. What is the process for compensating with-profits annuitants?**

- A. With-profits annuitants can find information about how the compensation scheme will apply to them on Government's new website which is detailed below.

### **Q. What can I do if I am not happy about the Government's compensation scheme?**

- A. Enclosed is a letter from the independent Equitable Members Action Group with details of how you can contact them regarding their campaign. Following research among current Equitable policyholders, the Society's focus is exclusively on getting payments made.

### **Q: Where can I get up to date information?**

- A: Further information, including the design document itself, is available on Government's new website for the scheme: <http://equitablelifepaymentscheme.independent.gov.uk>. Government has also established a call centre on 0300 0200 150. We will continue to add up to date information to our website [www.equitable.co.uk](http://www.equitable.co.uk)