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15 February 2005

Sir Derek Morris
The Morris Review
Room GC/08 Our Ref: SJO'H
1 Horse Guards Road
London
SW1A 2HQ

Dear Sir Derek

Morris Review of the Actuarial Profession - Consultation Document

I realise that any comments now are far too late to be considered, but here goes anyway:

I have learnt that among the submissions to you is a claim that Equitable Life had declared bonuses far too high and for far too long, so that they were in severe financial difficulties before the Law Lords GAR ruling in July 2000, and that as a result, the GAR ruling made no practical difference.

Equitable Life's fund had been around £30 billion. If the excess bonuses amounted to £3 billion, that represents only 10% of the fund. I am sure that this could have been handled by a cut in all policy values. Many other LifeCos have cut policy values by more than that, so cuts of that order would have been no more than typical.

I get the impression from internet discussion forums, that some want to shift Equitable's downfall from the GARs to sometime earlier, in the hope that this will improve their chances of compensation. I tried to find out whether Equitable would have been worth saving without the GAR ruling; if it was, then earlier excess bonus declarations were not the 'killer' that some are claiming.

Yours sincerely

David Stonebanks