

SURVEY OF POLICYHOLDERS' VIEWS

The following is the text of a Press Release issued by the Society at 16.00 on Wednesday 23 May 2001.

At its AGM today, the Society published findings of research conducted by MORI amongst policyholders. This was undertaken to help the Society understand the concerns of all policyholders.

MORI's findings will assist the Society as it designs a proposed compromise agreement between policyholders with guaranteed annuity rate (GAR) policies and policyholders without (non-GAR).

Commenting on the findings, Vanni Treves, Chairman of the Society, said:

"MORI's findings are highly useful. The main points we conclude from the findings are:

- Policyholders want the situation resolved;
- There is wide support for a compromise of some sort;
- The 20% illustration of an uplift on GAR policies as part of a compromise, is not wildly out;
- Restriction of investment freedom is a major issue for most policyholders.

"It is abundantly clear from this research and from the policyholder meetings we held around the country that policyholders want the situation to be resolved and are prepared to support a compromise agreement to allow that to happen."

"Our overriding priority now is to move ahead with designing a compromise scheme that is acceptable to all policyholders. If successful this will stabilise the Society and will allow investment freedom to be restored."

The research also showed that letters to policyholders are a highly effective method of communication, more so than advertisements in the press, although they take longer to reach policyholders. This will be factored into the Society's future communications activities.

MORI will continue to be used to track policyholders' opinions, particularly as the Society seeks policyholders' views on compromise proposals over the coming months.

NOTES

MORI'S FINDINGS

UNDERSTANDING OF THE ISSUES

1. 98% of policyholders say they have heard about the Society's problems with guaranteed annuity rates. When asked how they thought the situation would affect them, only 23% said the situation would not have an adverse effect on them personally.
2. Policyholders were then asked about a range of issues and asked about how they felt about them on a scale where 10 is extremely worried and 1 is not worried at all. Answers in categories 7,8,9,10 are regarded as 'worried'.
 - Half of all policyholders say they are worried about the safety of their savings.
 - Policyholders are concerned about good investment returns and therefore bonuses in the future - two thirds (65%) say they are worried, with one-quarter (26%) saying they are extremely worried.
 - Half (52%) say they are worried that guaranteed annuity rates may cost more than currently expected.
 - 53% of GAR policyholders are worried that guaranteed annuity rates may be worth less than expected.

COMMITMENT TO FINDING A SOLUTION

3. Over 8 out of 10 (85%) of all policyholders believe that if the current situation is not resolved soon, then the financial performance of the Society will be in jeopardy. Over half (53%) say they are prepared in principle to make some sort of sacrifice in order to help stabilise the fund and allow greater investment freedom.
4. When explained that the Society was seeking to construct a compromise agreement 9 out of 10 (91%) of all policyholders felt that some form of compromise was important.
5. All policyholders were asked to suggest ways out of the problem. The most common unprompted suggestion was that the Society should find a solution that suits both GARs and non GARs.
6. Of non GAR policyholders, 8 out of 10 (79%) believe that if the compromise illustration referred to does not go ahead, their policy will end up being worth less when it matures than would currently be the case.

VIEWS OF GARS AND NON-GARS

7. MORI asked for policyholders' views on the Society's initial illustration of a compromise scheme that gave GAR policyholders an uplift on their policies, in exchange for waiving their guaranteed annuities. Here 57% of GAR policyholders felt that this was an acceptable solution, only 21% regarded it as unacceptable and the remaining 22% were undecided. For policyholders without GARs, 73% regarded this as acceptable, 12% as unacceptable, with the remaining 14% undecided.
8. Policyholders were then asked to consider an illustrative uplift of around 20% in exchange for waiving guarantees. 53% of GAR policyholders said they would be likely to accept such a compromise, 26% were undecided.
9. 66% of non-GAR policyholders believe that whilst stabilising the fund and increasing investment flexibility is important, they are not prepared to allow GAR policyholders to get more than they already have obtained at a cost on their policy.
10. Concerning GAR policyholders' retirement intentions, 7 out of 10 (69%) say they plan to take around 25% of their fund in tax free cash; 23% have not yet decided. 63% of GAR policyholders with a spouse plan to pass their pension onto their spouse after their death; however, just under half (48%) were not aware that many GAR pensions do not continue to one's spouse after death. Knowing this, 38% of GAR policyholders who have a spouse said they will convert part of their fund to provide a pension for their spouse.

COMMUNICATING WITH POLICYHOLDERS

11. **Policyholders were asked what they thought was the best way for Equitable Life to communicate with them concerning the current situation with guaranteed annuity rates. Around 9 out of 10 (88%) said the best way was via the post, either by letter or leaflet.

METHODOLOGY

Market and Opinion Research International (MORI) conducted research into the opinions of Equitable's with profits policyholders in March and April. Phase 1 of the research was qualitative, comprising 6 focus groups of policyholders held in 3 regional centres around Great Britain. Issues raised were used in drawing up a questionnaire for use in Phase 2, the quantitative research. This involved interviewing 511 policyholders with guaranteed annuity rate (GAR) policies and 541 policyholders without GARs, selected randomly from three age groups: policyholders up to the age of 50, those between 51 and 59 and those 60 or over. Interviewing took place face to face and by the telephone.

** In a second survey conducted subsequently, policyholders were asked about different forms of communication issued by the Society. Only the paragraph asterisked ** above refers to this 2nd survey. This second survey was conducted in a similar manner to the first survey, and involved interviewing 461

GAR policyholders and 457 non-GAR policyholders.

Fieldwork for the surveys took place between 20 March and 1 April 2001 for the main research project and on 11 and 12 April for the readership survey.

For further information:

[The full text of MORI's findings](#) (90 KB) and [the questionnaire](#) (97 KB) used can be accessed on the Equitable's website www.equitable.co.uk.

Note that the MORI information above is in pdf format, and that the first page of the findings report is virtually blank as delivered by MORI.