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Handwritten initials: 'JMS' and 'MS'

Prime Minister.
As regards compensation for ex-
Ministers and Opposition spokesmen,
are you content to leave matters
as they are, or
least for the time
being?

Handwritten initials: 'JMS' and 'MS'

4 February 1982

Dear Nick,

Thank you for your letter of 8 January to John Kerr about the Lord President's wish for more detailed guidance on the position of Ministers whose property is damaged as a result of politically motivated criminal attacks.

The first sentence of paragraph 6 of the Chancellor's minute of 18 December to the Prime Minister is the starting point. Ministers are expected to insure themselves against damage to property from whatever cause, and it is to their private insurers that they should look for compensation in the first instance. It is, therefore, Ministers' own responsibility to inform their insurance companies, including of course those with whom they have life insurance, of the nature of their appointments and to ensure that their insurance cover is adequate and not subject to unacceptable invalidating clauses. If an insurance company loads a premium because of the nature of the Minister's appointment, provision exists for the excess to be met out of public funds. We know of one instance where an insurance company loaded the life insurance premiums because it considered that the Minister's appointment made him a bad risk, but we have not yet had a case of loading of premiums on property insurance.

If damage occurs to a Minister's property which is not covered by his insurance policies through no fault of his own, compensation for that damage will be paid out of departmental funds provided that it is accepted that the damage was incurred as a result of his appointment. If an insurance company repudiates a claim for compensation in the event of criminal damage attributable to the Minister's appointment, again compensation should be available out of departmental funds, but the department in that event is likely also to pursue a claim against the repudiating insurance company.

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Riot damage presents its own problems since most insurance policies exclude damage caused by civil disturbance or commotion. As the Chancellor's minute explained at paragraph 6, except in Scotland compensation for riot damage generally falls to the Police Fund; though even here Ministers should make a claim on their insurance companies in the first instance.

No arrangement exists at the moment for compensating ex Ministers or Opposition Spokesmen for loading of insurance premiums or for damage to property attributable to their former or present responsibilities. The Lord President is of course right in saying that such people are still potential targets for terrorist attacks and loading of premiums is likely to continue after a Minister leaves office. However, ex Ministers and Opposition Spokesmen are not Government employees and therefore fall outside the arrangements described in this letter. It may be that the absence of such arrangements is explained by the simple fact that no case has yet arisen of damage or loaded premiums for such people or for MPs in general for that matter. Certain provisions do of course exist for the security of certain ex Ministers and for access to the Government car service for some individuals. These provisions are the subject of agreement between the Government of the day and the Opposition, and Ministers could of course make a similar agreement with the major Opposition parties that certain Opposition Spokesmen and ex Ministers should be covered by the compensation arrangements available to Ministers. It may, however, be thought advisable to leave matters as they are until a case actually arises. An agreement of that sort might provoke criticism if it became known. Moreover, the financing arrangements would be tricky since it would hardly be appropriate to charge any payments made to departmental funds, and it would probably be difficult to decide where to draw the line between those members of the Opposition who were to be covered and those not.

I am copying this letter to the recipients of yours.

*Yours sincerely,
Adrian Carter*

A. A. CARTER
Private Secretary

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