



FRIENDS PROVIDENT
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Policy and Planning Manager
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2 April 2008

Dear Sirs

Levy Proposals 2008/9

We are grateful for the opportunity to submit our views on the levy proposals for 2008/9 and set out our comments and answers to the questions raised below.

Funding FRC responsibilities for accounting, auditing and corporate governance Q1. Do you agree with our proposed levy rates for 2008/9?

Yes, although we are disappointed to note that the Government intends to reduce its financial support to FRC. We will consider and respond to the forthcoming consultation on the options for the new funding arrangements.

Funding FRC responsibilities for actuarial standards and regulation Q2 (3 in the paper). Do you agree with our proposed insurance and pension levy rates for 2008/9?

In overall structural terms yes. However, we cannot agree with the proposal to perpetuate the clear anomaly where some firms are being charged both the Insurance and Pension levies in relation to the same business. With reluctance, we settled the Pension Levy invoices for 2006/7 and 2007/8 on the understanding that FRC would review the double charging concerns expressed at the time and seek a satisfactory resolution of those concerns in relation to the funding arrangements for 2008/9 and future years. We continue to believe that it is inappropriate and unreasonable for the levy to be applied in this way and this should be addressed.

A suggestion made previously for resolving this anomaly would be for firms to pay the higher of the sets of invoices for the Insurance and Pension levies. For 2007/8, FP Group companies paid a combined Insurance Levy of £36,953 compared to the Pension Levy invoices totalling £16,305. Our proposal is that the higher of the two amounts should be the levy payable.

Alternatively, if the Insurance Levy tends to be higher in most cases, another solution would be to exempt life companies from the Pension Levy.



We hope that our comments will be helpful. Please do not hesitate to contact us if you require any further information.

Yours faithfully

A handwritten signature in blue ink, appearing to be 'Ian Harrison', written over a horizontal line.

Ian Harrison
Group Compliance Manager