

10TH NOVEMBER 2009

ALL MEMBERS IN GENERAL INSURANCE

General Insurance Plans 238 More Job Losses Next Year

General Insurance has today announced plans to make redundant a further 238 jobs during next year, increasing to 500 the total number of jobs that will have been lost across the business unit since Lloyds' merger with HBOS.

This announcement is part of an overall announcement of 1,188 further job reductions across the whole of the Insurance Division - including Life & Pensions - and around 4,500 across the entire Lloyds Banking Group during 2010. The Retail Division is expected to double the number of planned job losses when it is in a position to communicate its own plans for next year.

The key features of General Insurance's plans for next year will be:

- **125 jobs will be lost from across Customer Services; the majority of which (around 83) will be from HBOS's Shannon operation.** The Group Organisation Design Principles will be extended to Shannon, whilst the Bank will also continue reducing duplication within Customer Service Support functions across the whole of General Insurance.
- **9 jobs will be lost from the Finance function, through a rationalisation of processes, systems and management information capabilities.**
- **104 jobs will be lost from the Direct business, as Insurance focuses its Direct operations across just two sites: Bournemouth and Leeds.** The Bank has denied that the deployment of staff from Leeds to Bournemouth is part of a longer-term plan to close the Bournemouth operation.

DIVISIONAL JOB LOSSES PLANNED FOR 2010

General Insurance	238
Life & Pensions	950
TOTAL	1,188

Safeguarding Staff Rights

Over recent weeks, concerns have begun to emerge that staff affected by earlier phases of job reductions within General Insurance have been misled about their employment rights.

In particular, some staff have been told that they must accept downgradings across status / benefit breaks - from Band 3 to Band 4, Band 4 to Band 5, or Band 5 to Band 6 - and that if they refuse to accept these downgradings, they will be dismissed without compensation. This is wholly incorrect.

The Bank has accepted that staff have been given wrong information and that it will hold individual meetings with staff to ensure that they are now given the correct information.

LTU will continue to monitor current and future job reductions within General Insurance closely to ensure that staff are treated correctly, that the Bank takes all reasonable steps to avoid compulsory redundancies and to prevent staff being threatened with transfer into unsuitable roles.

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LTU's Key Priorities

Throughout these and all other job reductions arising from Integration, LTU will have three key priorities:

- **Ensuring that the Bank takes all possible steps to avoid making affected staff compulsorily redundant.** LTU will be doing all it can to avoid staff being made compulsorily redundant until all other possibilities have been exhausted. Measures must include seeking volunteers for redundancy - both in the areas affected and elsewhere to creating 'bumping opportunities' - removal of contractor and agency roles and, wherever work has been offshored, return of these activities to the UK.
- **Avoiding 'Forced Redeployment'.** An issue for many staff that is almost as emotive as redundancy, concerns circumstances where people are forced to redeploy into alternative roles that they may not wish to accept (perhaps preferring Voluntary Severance) or consider unsuitable. LTU will also be giving these staff its

fullest support.

- **Continuing and stepping up LTU's campaign to pressurise the Bank into abandoning its 'Jobs To India' policy, forcing the Bank to return work to the UK.** LTU has been intensifying its lobbying of MP's over recent months as we seek their support to make the Bank live up to its responsibilities to the UK economy.

Later in this Newsletter, LTU provides detailed advice on staff job security rights and entitlements, guidance on how to calculate the Severance Terms and information on the high quality, professional support that LTU will be providing our members in General Insurance at this very important time.

But first, over the following pages we detail the impact of the General Insurance's plans and what staff affected by these reorganisations can expect over the coming year.

Key Staff Issues

With all the reorganisations planned by General Insurance, the Bank has said it is committed to achieving job reductions through a combination of:

- **Voluntary Redundancy and where necessary the use of what is known as 'bumping'.**
- **Natural attrition through not replacing permanent staff between now and when the reorganisations are complete.**
- **Reducing numbers of Contractor and Agency Staff.**

However, General Insurance is refusing to return to the UK other work that has been offshored to India and which could be used to provide longer-term job security for its existing UK-based staff.

Frankly, it is disgraceful that the Bank - which has accepted so much financial support from UK

taxpayers - should be disregarding the interests of the UK economy and its existing UK staff, when it could be safeguarding jobs in the UK through repatriating work from India.

This is why LTU will be further stepping up its campaign opposing the Bank's Offshoring Policy and continuing to seek the support of MP's and the British Government to force the Bank to live up to its responsibilities to the UK.

Compulsory Redundancies Inevitable

It is inevitable that, as a direct consequence of General Insurances' plans for 2010, a number of staff will face the prospect of being made compulsorily redundant.

Once the Bank begins consulting LTU with specific details of its plans in each area, LTU will be rigorously

challenging these to ensure that all possible measures are adopted to avoid staff being made compulsorily redundant.

This will include ensuring that the Bank takes full advantage of 'Bumping'. This involves staff who are at risk of being made compulsorily redundant switching positions with staff who have been found roles in the new structure - or perhaps work in unconnected areas - but who would prefer instead to be allowed to leave the Bank on Voluntary Severance Terms.

CREST

Staff who have not been found roles in General Insurance's new structure will be issued with 'at risk' letters, which will also trigger their referral to CREST. CREST's role is to assist staff redeployment into suitable roles elsewhere in the Lloyds Banking Group.

CREST provides a remote, telephone-based service rather than face-to-face support.

For those staff who wish to be redeployed, a telephone briefing will be set up with a CREST consultant (often involving several affected staff at the same time) where details are provided of the type of support staff can expect to receive. This may take place up to two weeks after 'at risk' letters are issued.

This support includes:

- A dedicated CREST intranet support site to guide staff on how to conduct their job search; including advice on updating 'Your Profile' forms and preparing for interviews.
- Job matching displaced staff with vacancies across the Group that are relevant to their skills and experiences. CREST receives all IJA's at the same time as they are posted on the vacancies board, at which point individuals are matched against roles for inclusion in the formal selection process.
- Where CREST identifies suitable candidates, it creates a shortlist of up to three candidates for each role, using information provided in the most recently updated Your Profile forms. These shortlisted staff are guaranteed an interview.

CREST consultants are expected to maintain at least monthly contact with displaced staff until they either leave the Bank or are successful in finding new roles.

Unsuitable Roles?

One of the key concerns for staff who do not want Voluntary Severance will be that once work they currently do is transferred elsewhere - or they are unsuccessful in being appointed to one of the remaining roles in their areas - they might be under pressure to accept alternative roles that they do not consider suitable.

Equally, this might apply to staff who would like to leave the Bank but are told the Bank can find them alternative work that they might not want to do.

As LTU will explain in more detail at the time when each individual reorganisation is announced, for roles that staff are asked to accept to be considered 'suitable alternative employment', they must be:

- **Positions at the same Band or level of seniority.** It is, however, possible for staff to be offered roles at one Band lower, so long as this does not involve a drop in status from Band 3 to 4, Band 4 to 5, or Band 5 to 6.

In circumstances where staff do have to drop a grade, their pay is protected for three years by the Bank's Protection of Pay & Allowances (PPA) policy.
- **Within the skills, competencies and experiences of individuals, subject to adequate training.**
- **'Proper jobs' rather than jobs of only a short-term nature**
- **With the same working patterns.**
- **Within recognised mobility parameters.** This typically means the location of the new role should be within 25 miles of home or involve a journey time of no more than 1 hour 15 minutes by public transport.

Where staff are offered genuinely 'suitable alternative employment' they cannot unreasonably decline the alternative role. If they do, they risk being treated by the Bank as having resigned and will therefore not be entitled to any compensation.

However, where staff are concerned about the

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suitability of new roles they are being asked to consider, they can insist upon Trial Periods of between 4 and 12 weeks duration before confirming their final acceptance. Details of the Trial Period should be confirmed in writing.

Where the roles being offered to staff are unsuitable, they have a right to be offered Severance.

Unsuccessful Candidates - CREST

Staff who are unsuccessful in applying for roles in the areas available to them, but remain interested in redeployment, will be allocated to a 'Displaced Pool'.

HR will seek to source possible alternative roles elsewhere in General Insurance, possibly leading to candidates unsuccessful in one Selection Pool being allowed to join different Selection Pools, possibly for roles one Band lower.

Displaced staff who remain unable to find alternative roles will then receive the support of CREST; a function set up to seek redeployment opportunities across all Divisions in the Lloyds Banking Group, which takes the place of LTSB's Pathways function.

CREST provides a remote, telephone-based service rather than face-to-face support.

CREST is responsible for:

- Providing a Group-wide perspective to redeployment, co-ordinating redeployment forums in key locations (i.e. where there are concentrations of staff over more than one Division).
- Receiving details of all Group vacancies, which it will seek to fill from displaced staff before consideration is given to advertising vacancies externally.

CREST consultants are expected to maintain at least monthly contact with displaced staff until they either leave the Bank or are successful in finding new roles.

Only once CREST has sought out and failed to secure vacancies for displaced staff will the Bank consider making staff compulsorily redundant.

Job Security Appeals Process

General Insurance staff who believe they have been treated unfairly - either by being pressurised into accepting unsuitable alternative jobs or being told they are being made compulsorily redundant - can pursue Job Security Appeals with full representation from LTU's team of experienced Officials.

This procedure, which has been used successfully by a number of LTU members, means that staff can have their cases presented by professional Union Representatives in front of Panels consisting of an equal number of senior Union and Bank Officials.

It is up to the Job Security Appeals Panel - after hearing submissions from the member of staff's representative and the local management team - to decide whether staff have been treated fairly:

- **Where staff are resisting redundancy, the Panel can decide that the period of job search be extended and/or that other measures be taken to provide 'bumping' opportunities for surplus staff to move into.**
- **Where it believes a role doesn't match up to the definition of 'suitable alternative employment', the Appeals Panel can insist that a member of staff be offered either a different role or given an opportunity to take the Severance Terms instead.**

Members concerned about their own job security should speak to one of LTU's experienced Officials, Mike De Vorchik, during one of his regular visits to Tredegar Park Newport and Holdenhurst Road Bournemouth, or telephone LTU's 24 Hour Advice Line Service on 01234 262868.

HBOS Members

Though the finer details might differ slightly in HBOS where the Bank is less specific in detailing staff employment rights, the same principles will apply.

Preparing For Integration ... & Taking Precautions

Where staff work in areas where there is clearly going to be a reduced need for staff, or they are likely to be required to take on different types of roles, the Preference Forms staff are asked to complete and recent Performance Ratings will assume critical importance in determining whether staff succeed in being selected for the roles they are seeking.

Preference Forms

Often it is only the information that staff provide in their Preference Forms that will be considered when selecting staff to roles.

If staff fail to 'sell' themselves effectively, they might miss out against what may appear stronger candidates for the roles they are seeking or even be placed in alternative roles that they do not want.

Performance Ratings

We know that many staff - aware as they are that forced distribution of Performance Ratings is common throughout the Bank - tolerate receiving 'Partial Met' or 'Not Met' Performance Ratings on the basis that it will be 'someone else's turn' next time.

However, with Performance Ratings accounting for up to 40% of the overall score staff receive when being considered for roles, staff simply cannot afford to accept performance ratings that they do not think they deserve. It could mean the difference between them getting or not getting the job they want.

Taking Control

Staff who work in areas likely to be affected by the Bank's Integration plans may be able to take important steps now to protect their future job security, rather than wait until the Bank eventually unveils its detailed intentions for their areas.

It is certainly the case that once a reorganisation commences, if staff fail to immediately find a role

in the new structure or to be redeployed into other areas, there is little prospect of CREST being able to provide much meaningful assistance.

It is therefore important that staff who want to remain working in the Bank start to take active control of their job search now, rather than leaving it to CREST whose contribution may be limited.

Such proactivity on the part of staff could include:

- Reviewing and updating their CV's and considering what information they would want to enter on their 'Your Profile' forms to ensure they most effectively reflect the experience and skills staff have for the types of roles they are applying for.
- Regularly checking Job Shop in case suitable vacancies arise that might enable them to transfer into more secure roles.
- Networking with contacts who might be aware of current or potential vacancies that may be of interest.
- Where unsuccessful at interview, seeking feedback in order to identify opportunities for future improvement.

Advice & Support From LTU

LTU provides considerable support to our members who are affected by reorganisations and job reductions.

The Union provides guidance to members completing Preference Forms and advice and full representation to any members challenging unfair Performance Ratings. The Union has also been able to assist members with job search.

Unlike CREST, LTU also has experienced officials visiting all offices on a regular basis to provide our members with face-to-face support.

Members seeking advice or support can telephone LTU's 24 Hour Advice Line Service at any time on 01234 262868.

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Calculating Severance Terms

Even though it may be some time before the Bank provides further details for each area on how it plans to achieve job reductions, many members will want to know what their Severance Terms would be if they left the Bank.

The Terms are exactly the same whether staff leave by Voluntary Severance or Compulsory Redundancy.

Your Relevant Earnings

First, staff must work out the weekly earnings upon which Redundancy Payments would be based. Weekly Pay would include:

- **Basic Salary**
- **London / Territorial Allowance**
- **Car Allowance Limit**
- **Shift Allowance**
- **Contractual Overtime (regular, rostered, predetermined - including On Call Payments)**
- **For Sales Staff, Personal Sales Related Pay averaged over the last 12 months**

The total pay figure is then divided by 52 to arrive at a weekly figure.

The Redundancy Terms

The formula for calculating Severance Pay is as follows:

LTSB REDUNDANCY TERMS

- 2 weeks' pay for every year of service under age 22**
- 4 weeks' pay for every year of service aged 22 to 40**
- 6 weeks' pay for every year of service aged 41 and over**

Only the last 20 years service is used in the calculation and payment is capped at a maximum of 104 weeks' pay.

The first £30,000 of any Redundancy Payment is paid tax-free.

Severance payments apply to all staff aged between 16 and 65.

Payment is based on each individual's length of service in the Bank, up to the date of termination and is rounded up to whole years based on age at last birthday. For example, service of 12 years 1 month at date of leaving would be rounded up to the next whole year - 13 years.

Members can use the table on the next page to calculate their Severance Terms entitlement.

Pensions

Under these terms, there is no augmentation of pension for early retirement – either in the form of payment of a non-actuarially reduced pension for staff in the Defined Benefit Schemes or extra pension payments for staff in the Defined Contribution Schemes.

The actuarial factors that apply for pensions drawn early are a 6% per annum reduction for deferred pensioners and 3% per annum reduction for those retiring from active service until April 2010 and 4.75% thereafter.

Staff aged 50 or over taking severance therefore have the choice of:

- taking their full severance payment and leaving their pension to be drawn at age 60;
- drawing immediate pensions and sacrificing some or all of their severance payment to mitigate the actuarial reduction (if part or all of a severance payment is waived in this way there is no tax liability)
 - taking their full severance payment and drawing an immediate actuarially reduced pension.
 - staff who are members of the Bank's No 2 Scheme and aged 50 or over are recommended to speak with the LTU Advice Team prior to making a final decision

Female staff who joined Lloyds Bank before July 1974 retain their rights to retire at age 55 with non-actuarially reduced pension.

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Support You Can Count On

With so much important change ahead, it is important that Insurance Staff belong to a strong, effective and professional trade union who they can trust.

This is particularly so since some staff make the mistake of believing that the unions operating within Lloyds are all the same, rather than understanding that the unions offer vastly different levels of support to their members.

LTU guarantees to provide our members working in General Insurance with:

- **Regular visits to Tredegar Park Newport and Holdenhurst Road Bournemouth by our experienced full-time official, Mike De Vorchik.**

Naturally, Mike specialises only in representing Lloyds Staff - not staff in other companies or even industries - and as a result of his one-to-one meetings with members, has already tackled a number of issues and concerns encountered by staff during previous phases of Insurance Integration.

- **Frequent, detailed Newsletters explaining staff rights and entitlements.**

LTU publishes around ten times as many Newsletters a year as Unite. Of course, members can compare the quality of communications from LTU with those received from other unions.

- **A genuine 24 Hour Advice Line Service - manned only by people who focus exclusively on representing Lloyds Staff - that members can phone at any time of the day, night or weekend. The telephone number is 01234 262868.**

- **Regular negotiations and consultation between Insurance Senior Management and LTU, where the Union is able to ensure that full account is taken of the needs and concerns of staff.**
- **Individual Representation that is provided by professionals: officials paid directly by the Union who have considerable expertise at successfully representing members in Job Security, Performance, Disciplinary and Grievance Hearings.**

Unlike other unions, LTU does not use Bank staff to represent members since we believe that on matters that may have major implications for individuals' employment, they should be represented by people who are independent of the Bank and have the experience that comes from being involved in representation on a daily basis.

Considering Leaving The Bank?

Members who eventually leave the Bank can remain as members of LTU at a significantly reduced monthly subscription.

This entitles them to continue to receive LTU's professional support and advice if they chose to work for another employer and enables them to continue to take full advantage of LTU's comprehensive package of discounts, benefits and savings. Many members have retained their membership and LTU has an excellent record for representation within the companies to which they have moved.

How To Join

Insurance Staff who are not already members can join by either returning the enclosed Membership Application Form or by phoning LTU on 01234 262868.

STEVE TATLOW
Assistant General Secretary

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