



Confidential

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

8 January 1982

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Prime Minister

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M.S.

Dear John

The Lord President found the Chancellor's minute of 18 December to the Prime Minister about compensation for victims of terrorist attacks extremely interesting. He does not want to suggest any changes in the existing policy, but he thinks that it would be helpful to colleagues if more detailed guidance could be given on the position of Ministers whose property is damaged as a result of politically motivated criminal attacks.

Paragraphs 6 and 7 of the Chancellor's minute explain that there are three possible sources of compensation in these circumstances - private insurance, police funds, and payments by Departments - but do not bring out the relationship between them. In the event of an incident of the kind envisaged, should Ministers look in the first instance to their private insurers or to public funds for compensation? If the latter, it is hard to see how insurance companies could be justified in regarding Ministers as bad risks from their point of view. Do any companies in fact load their premiums for this reason? Should Ministers who took out policies on their properties before assuming office inform their insurance companies of their changed circumstances? And do the arrangements for compensation from public funds apply to ex-Ministers and to Opposition spokesmen whose homes may still be prime targets for terrorist attacks.

I apologise for raising so many detailed points but the Lord President thinks it important that Ministers should be in no doubt of where they stand, so that they can make any necessary arrangements on the basis of the fullest possible information.

I am copying this letter to the Private Secretaries to the recipients of the Chancellor's minute.

John Kerr
N.P.M. Huxtable

N P M HUXTABLE
Private Secretary

John Kerr Esq
Private Secretary
to the Chancellor of the Exchequer