



Prudential Policy unit
International Credit Institutions
Financial Regulator
P.O. Box 9138
College Green
Dublin 2

Dublin, 29 June 2010

Re.: CP 41 – Corporate Governance – Response to Consultation

Following the release of the Consultation Paper CP 41 on Corporate Governance, I am please to submit for your attention, CNP Europe Life's remarks and suggestions.

While we welcome the general spirit of corporate governance improvement as described within CP 41, some points mentioned in the present document may raise concerns and lead to potential opposite effects than those sought.

In particular, we foresee three main areas of potential difficulty:

- Application of the new requirement of minimum standards or proportionality;
- Composition of the Board and its functioning;
- Audit and risk committees and other points.

1. Application of the new requirement or proportionality

Paragraph 1.4 notes that:

"We recognise differences in the nature of business and risk characteristics of different institutions.... Institutions with lesser economic significance and lower risk activities as well as those that are part of a larger financial services group within a comparable governance framework will also be subject to the requirement but implementation may be applied proportionately."

While CNP Europe Life could be categorised as small institution from an insurance industry stand point, we are not sure about whether we would be considered as a major institution as defined by CP 41.

Thus the new requirements that will be asked to banks or bigger financial institutions may also apply to CNP Europe Life despite a significant difference in risk exposure (the nature of our business being so

far 100% unit linked). As a direct consequence, CNP Europe Life would face operational constraints to implement these new requirements and related costs would impact severely our profitability.

2. Composition of the Board and its functioning

CNP Europe Life Ltd is a subsidiary of CNP Assurances SA that owns 100% of its share capital. So far this has been a standard practice at Group level that the Chairman of the Board be a representative of the parent company. In addition, the Board of Director is made up of a mix between Executive Directors, non Executive Independent Directors and Directors representing the shareholder.

In CNP Europe Life, the Board is made off five NED's and one executive member; two of them are Irish Independents, three represent CNP Assurances and one Executive Director, the Chairman position being held by a represent of CNP Assurances.

It is a standard at Group level to have a majority of representatives at subsidiary's Board and we believe our balanced organisation allows our parent company to ensure oversight of its Irish entity, CNP Assurances' representatives being independent of CNP Europe Life, while benefiting from the Irish Independents inputs.

Reducing the number of shareholder representatives or naming an independent Chairman as mentioned in Paragraph 4.1 would have a potential negative effect as this would limit the CNP Assurances' ability to monitor its subsidiary at the highest level of the parent company. This would be exactly the reverse of what CP 41 as well as CNP Europe Life's shareholder would expect in relation with the monitoring of the company at Board level.

Limiting the Chairman position to an independent director and the number of chairmanship a person could handle would cause concern to the sole shareholder of CNP Europe Life, as it current Chairman, who is the General Deputy Manager of CNP Assurances in charge of International Affairs, may have also similar responsibility at Group level. We believe that naming a shareholder representative as Chairman is a clear indication of CNP Assurances' willingness to oversight its subsidiary at the highest level of the Group. In addition the Paragraph 4.6 brings very little indication about what would constitute "*a detailed rationale*" and we regard this clause as impractical.

3. Audit and risk committees and other points

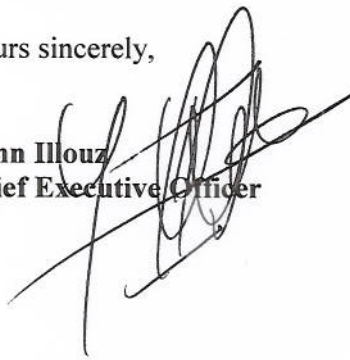
While normal standard of corporate governance would recognise and encourage audit and risk committees at company's level, we would like to highlight that in most cases, subsidiaries of major insurance companies benefit from internal audit and risk committees of their parent company. Thus imposing such constraint to us would bring no benefit, and would generate operation constraints as well as unwarranted cost. Board meetings could be used to ask for audit or risk assessments of the Company using parental or external resources. In such circumstance, these inquiries could be managed by an independent Director.

It would be the same consequence in Paragraph 11.1 was to apply and would demonstrate inappropriateness. The current standard seems to present enough flexibility while addressing the same objective: 4 Board meetings a year and more if required by the company's activity.

As far as remuneration / nomination are concerned, we believe this may not bring value to small subsidiaries like CNP Europe Life and would increase overall expenses.

Yours sincerely,

Yann Ilouz
Chief Executive Officer

A handwritten signature in black ink, appearing to be 'Yann Ilouz', written over the typed name and title. The signature is stylized and somewhat abstract, with a long horizontal stroke extending to the right.