



CACI Life Limited
CACI Non-Life Limited
CACI Reinsurance Limited

Corporate Governance
Prudential Policy Unit,
International Credit Institutions,
Financial Regulator,
PO Box 9138,
College Green,
Dublin 2,
Ireland.

30th June 2010

Re: Submission Re Corporate Governance Consultation Paper CP41

Dear Sir/Madam,

Please find enclosed our submission regarding the aforementioned CP41 Consultation Paper.

Yours faithfully,

Jean-Pierre Paumier
Managing Director

CACI Life Limited Registered in Ireland No. 306030
CACI Non-Life Limited Registered in Ireland No. 306027
CACI Reinsurance Limited Registered in Ireland No. 276449
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Directors: James Deeny, Henri Le Bihan (French), Jean-Pierre Paumier (French), Irene Ryan
CACI Life Limited, CACI Non-Life Limited & CACI Reinsurance Limited are regulated by the Irish Financial Services Regulatory Authority

SUBMISSION RE CORPORATE GOVERNANCE CONSULTATION PAPER CP41

1. Introduction

CACI (Credit Agricole Creditor Insurance) has been operating in Ireland for over ten years. The Irish companies are wholly owned subsidiaries of Credit Agricole the leading French bankassurer which has operations in 70 countries, 160,000 staff worldwide, 89 million personal customers and shareholders' equity of €68.8 billion. Credit Agricole is a regulated entity in France. Within the group the CACI companies are part of the Credit Agricole Assurances Division and are accordingly subject to Group Supervision from the French regulator.

The Irish operations comprise a holding company: Space Holding Limited and three operating companies: CACI Life Limited, CACI Non-Life Limited and CACI Reinsurance Limited which together operate an integrated creditor insurance business throughout Europe selling Life and non-Life insurance as a packaged product which is managed and operated by an integrated team.

We welcome clarity in corporate governance requirements and take our responsibilities in this regard very seriously. In addition we operate to exacting standards of group corporate governance guidelines. However there are a number of issues raised in the consultation paper that would cause us very significant concerns if implemented as drafted. We outline below the specific areas of concern but would like to highlight the area of independent non-executive directors and chairman in particular:

- 1-1 These guidelines introduce an inappropriate rebalancing of the respective roles of the Group stakeholders as represented by the Group non-executive and executive directors and the proposed independent chairman and independent non-executive directors. This raises issues not just at operational level but also a matter of principle. In our view the considerable investment of our shareholder would not be adequately respected by this provision.

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- 1-2 As a Group with subsidiaries worldwide we must and do operate to rigorous Group standards for all our subsidiaries and these do not envisage an independent chairman, indeed our requirement to exercise adequate oversight of our subsidiaries could be compromised by this requirement and could also compromise our confidence in our Irish operations.
- 1-3 Furthermore, the cumulative impact of having an independent director as Board Chair and a separate independent director as chair of the Audit Committee together with a requirement to have a majority of independent directors on the Audit Committee (not including the Board Chairman) will impose an onerous requirement to appoint additional independent directors to what would be a relatively small Board. The perception this could create at group level is one of transfer of control of a wholly owned subsidiary outside the group.

2 Specific Issues Arising

- Section 4.0 Composition of the Board
 - We understand that, as a subsidiary of an entity regulated in France, the provisions of 4.1.a) will apply to us. However in our view the requirement to have an independent Chairman and a balance of independent directors does not reflect the nature of our operations and our relationship with our parent company. As a subsidiary of a major global institution the Chairman of our companies is required to play a key role in interaction with our key stakeholders. Accordingly, group practice is to have a Chairman from the group and for this reason we would not favour an absolute obligation to have an independent Chairman.
 - The requirement at 4.2 to have a majority of non executive directors present and voting at each Board meeting will difficult to ensure and monitor on each occasion and could give rise to significant practical difficulties when, for example, an independent director resigns or retires and we are in the process of appointment and seeking approval for a replacement.

- Number of directorships: we understand that by virtue of 4.5 the directorships held by our group directors on other group companies will not be limited. We understand that, other than in this situation, the number of directorships is limited to three credit/insurance institutions and there is a rebuttable presumption where directorships in excess of five are held in other types of institutions that there may be insufficient time available to fulfil the role of director. In the case of the rebuttable presumption it is the institution that must make the case to the Regulator. Apart from the timing and sequencing issues involved, these provisions may have the impact of making it more difficult to attract the best quality independent directors if the pool is reduced.

- Section 5.0 Chairman

As above in our view the requirement for an independent Chairman is not appropriate in our circumstances.

- Section 6.0 Chief Executive Officer

The requirement at 6.2 for a CEO not to hold the position in more than one credit/insurance institution at a time is not appropriate in our circumstances where the business and resources of the three regulated entities is so integrated.

- Section 11.0 Meetings

The requirement at 11.1 to have a monthly Board meeting is not appropriate or necessary for our business. We have fixed quarterly meetings and other meetings as required from time to time.

- Section 17.0 Audit Committee

Paragraph 17.3 requires that the Chairman of the Audit Committee shall be an independent non-executive director. In our view the Audit Committee should be chaired by the most appropriate non-executive director whether that is an independent director or not.

