



Prudential Policy Unit
 International Credit Institutions
 Financial Regulator
 PO Box 9138
 College Green
 Dublin 2

Re Corporate Governance Consultation Paper CP 41

Dear Sirs,

Euroben Life & Pension Limited (“Euroben”) has the pleasure to submit the following comments on CP 41.

Euroben has the impression that CP 41 to a large extent is focusing on quantitative requirements rather than qualitative ones. It can be illustrated with the following examples. The Financial Regulator considers that an individual holding more than five directorships creates a presumption that the director has insufficient time available to fulfil his role as a director (4.6), the renewal of the CEO contract shall be reviewed at least every five years (6.4) and that the Board shall meet at least once each calendar month (11.1) Such an approach easily becomes rigid and it does not seem to be fully consistent with that of Solvency II where proportionality is a key theme. Furthermore it seems that the proposals are quite “intrusive” which may be appropriate for say undertakings that could severely impact on the Irish or wider economies or which could present a systematic risk to the financial system.

This type of regulation will probably increase the burden of formal tasks and therefore increase cost without corresponding benefits and security for the policyholders.

A practical implication of the approach taken in CP 41 may well on formal grounds disqualify individuals who are otherwise fit and important for a company’s success since they may not be easy to replace and that could in the short term cause serious prejudice a company and its policyholders. This is particularly true for smaller companies who are subsidiaries of much larger Groups.

Euroben is of the opinion that the fitness of member to serve as a director of a Board has to be judged separately (by shareholders and other Board Members, in particular the Non Executive Directors) in each individual case and should not be governed by a detailed framework. Of course it is crucial that a non-executive director does not have any business relationship with the company or its virtual owners. Furthermore, directors should not be dependent on board fees as his/her main source of income. Having experience from serving on other boards may enhance the competence of a director serving in the board of an insurance undertaking. These kinds of assessments may be inhibited by a detailed quantitative framework. Of course a company must be prepared to justify to the Financial Regulator why a person is considered fit and proper to serve as a director of the board of the company.

We of course support good governance but consideration should be given to:

- a) A risk based approach for an undertaking considering group governance regimes, impact on stakeholders including shareholders, policyholders, tax payers, international expectations both from a market and political perspective etc...
- b) It should be possible to have a "comply or explain" approach as opposed to a rigid framework where permissions must be granted to vary from the framework which seems expensive and potentially risky from a regulatory standpoint, can the wood be seen for the trees.
- c) The impact on Ireland and its goal to compete with Bermuda and Switzerland as a leading insurance centre.

Yours faithfully
Euroben Life & Pension Limited



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Enclosures

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