

Krishnan, Sudesh

From: Krishnan, Sudesh
Sent: 15 November 2004 11:38
To: Krishnan, Sudesh
Subject: RE: CONSULTATION ON THE GOVERNANCE OF LIFE MUTUALS

From: [Irvine, Fred](#)
To: 'Paul Myners'
Cc: [Mcperson, Stuart](#)
Sent: Friday, September 10, 2004 12:54 PM
Subject: RE: CONSULTATION ON THE GOVERNANCE OF LIFE MUTUALS

At Goldman Sachs Asset Management (GSAM) we clearly have no direct involvement in the "mutual" sector. We do, however, take great interest in promoting good corporate governance and I have tried to respond appropriately to the Consultation Document wherever I can.

- Q1. Though some areas may be less easy to apply, the incorporation of broad "best practice" guidelines to the mutual sector can only be beneficial.
 Q2. An expansion of policy holders' voting rights should help, backed by the introduction of a "comply or explain" regime by the FSA.
 Q3. In a "mutual" structure, it should be particularly important to have a strong, independent non-executive presence to scrutinize the executive.
 Q4. The example of Equitable Life would clearly indicate that NED's may not have historically had the necessary technical competence or understanding. It would be beneficial to appoint some with technical (e.g. actuarial) expertise and for all to be given training in the important technical principles affecting the business. The same undoubtedly applies to non-mutual "technical" businesses.
 Q5. The NED's should scrutinise and question the executive from an outside (i.e. non-"day-by-day") perspective. They should also advise on strategy. Both aspects should be based on sound business principles. Their understanding should be enhanced by the suggestions under Q4.
 Q6. NED's should provide independent scrutiny, free from day-to-day pressures. They can also usefully act as a sounding board for the executives. Both executive and non-executive directors should have the same legal duties.
 Q7. Policyholders should be given proper voting powers and should be provided with regular, timely, clear, honest information on the progress of the business and of their stake therein.
 Q8. The position is inevitably more fragmented and less liquid than in a listed plc with large institutional holdings. The approach will need to be different.
 Q9. Not in a position to comment.
 Q10. Yes.
 Q11. Not in a position to comment.
 Q12. Not in a position to comment.
 Q13. Not in a position to comment.
 Q14. Not in a position to comment.
 Q15. Not in a position to comment.
 Q16. Not in a position to comment.

Regards,

Fred Irvine

-----Original Message-----

From: Paul Myners [mailto:paul.myners@myners.com]
Sent: Thursday, July 15, 2004 1:00 PM
To: Irvine, Fred
Subject: CONSULTATION ON THE GOVERNANCE OF LIFE MUTUALS

Dear Mr Irvine

The Treasury has asked me to conduct a review into the governance of Life

Mutuals following Lord Penrose's Report on his Inquiry into Equitable Life.

I have issued a Consultation Document in connection with this Review seeking responses by no later than 17 September.

I am sending the Consultation Document to you to seek your views. The questions asked are summarised on page 9. Most are specific to Mutuals but some address wider issues of Governance raised by Lord Penrose. Those on which I would particularly welcome your views are question 4 on page 22 and 5 and 6 on page 23.

Very best wishes

Paul

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