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Mr Paul Myners
Myners Review
Room 4/16
HM Treasury
1 Horse Guards Parade
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Dear Mr Myners

Thank you for your letter of 20 August asking for my views on the Life Mutuals consultation document.

I don't believe that I have the necessary knowledge or experience to be able to respond meaningfully to the individual questions, but based upon 25 years experience as a Non-Executive Director across a wide range of large, complex companies (but never more than two at one time), I have set out below some broadly based thoughts which hopefully will be helpful to you.

Eleven years on the Board of the old public sector British Gas (until it was privatised), eight years with ICI then Zeneca, six years with Lloyds Bank during the acquisition of the C&G Building Society and the TSB, and currently running six years on the Supervisory Board of Royal Philips Electronics, have all taught me that:

1.
 - a). NEDs should not get involved in the highly technical aspects of a business (eg treasury activities in a bank, R&D in a drug company).
 - b). To maintain objectivity and best use their outside experience they must not become immersed in the day to day running of the business.
 - c). Are heavily dependent upon the Chairman and CEO keeping them well informed with up to date information as well as properly prepared Board papers for discussion. In addition, they should have their attention drawn to issues, problems and challenges requiring decisions/judgements via private discussions with the CEO and Chairman.
 - d). Should spend 1-2 days a month in the business outside of Board meetings.
 - e). It is vital that the mix of the NEDs is from a variety of disciplines and industries
 - f). Must not have more than two Non-Executive appointments at one time.

2. The CBI/Government sponsored committee on remuneration policy which I chaired in 1995, made full disclosure of every aspect, the main

platform. This enables experts in any field of activity to more easily evaluate operations and policies from outside the company, and such an approach presumably could be applied and help the insurance industry including mutual life offices.

3 Since Actuarial advice is at the heart of many decisions and policies can it be made more transparent between companies. In the mid 90s, when I was on the boards of three top 20 companies, actuarial advice on the long-term pension liabilities of each company varied in their assumptions not inconsiderably. Could the actuarial profession be encouraged to perform a role on separate boards of directors and mutual life offices?

4. I do not see how policy holders can be objectively involved in the running of any operation in which they have invested. One only has to look at major pension fund managers who understandably take increasingly short-term decisions about their shareholdings.

5. Steps should be taken to ensure that auditors are more thorough and professional when examining the report and account each year. Internationalisation and mergers have blunted their levels of individual company experience, focus and efficiency.

6. Although I have always felt that all directors should bear equal legal responsibility for the company's performance and governance standards, it is becoming clear that this approach is deterring many good potential NEDs from accepting appointments. Changes and material improvements to remuneration practice and legal responsibilities are needed, notably in large complex companies, including the insurance industry.

7. In respect of large, complex companies I believe the continental Supervisory Board system has much to recommend it, and should be looked at again in the UK, including the insurance industry.

Finally, I cannot see how further corporate governance rules (Cadbury is still the best and mine in 1995 concentrated on remuneration) and more prescriptive regulations will improve matters. The Marconi and Equitable Life disasters were due to poor judgement by the executive senior management and directors. How can that be improved and facilitated through training, development and experience?

Yours sincerely

RICHARD GREENBURY