



Ms H O'Sullivan
Project Director
The Auditing Practices Board Limited
5th Floor
Aldwych House
71-91 Aldwych
London WC2B 4HN

RSA Insurance Group plc
9th Floor,
One Plantation Place
30 Fenchurch Street
London EC3M 3BD

Tel +44 (0) 20 7111 7117
Fax +44 (0) 20 7111 7612
www.rsagroup.com

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Dear Ms O'Sullivan

Consultation on audit firms providing non-audit services to listed companies that they audit

I am pleased to respond to the APB's consultation paper.

I do not believe that the imposition of greater restrictions on the services that may be provided by professional firms to their listed audit clients would enhance the audit service that they provide and that it may in fact be detrimental to the quality of non audit services that would consequently need to be sourced from other firms. I believe that any perceived threat to auditor independence, and thus the interests of investors, are already safeguarded by the existing governance procedures in place, both within listed companies and within the audit firms themselves.

At RSA, when the Board of directors require the use of external resource to provide non audit services, it decides on the appointment by seeking to obtain the candidate that can provide the best and most efficient service for the business, which, depending on the services needed, may include a detailed current knowledge and understanding of the business. To exclude the current audit firm from these considerations would be detrimental to the interests of the business and thus its shareholders and potential investors.

In response to the specific issues on which the APB has sought views, I respond as follows:-

- 1(a) I do not believe that the provision of non-audit services by accounting firms to their audit clients currently should impact confidence in the independence of auditors. As previously stated, I believe that the governance processes within the listed companies and the audit firms provide confidence in the independence of auditors.
- (b) I am not aware of any instances where the provision of non-audit services by accounting firms to their audit clients has or may have adversely affected audit quality.
- 2 I do not consider that the provision of non-audit services has adversely affected audit quality or currently impacts confidence in the independence of auditors.
- 3 I do not think that there needs to be a change in the approach taken by APB to the setting of standards relating to the provision of non-audit services by auditors to the entities that they audit. I believe that the governance processes in force provide sufficient safeguards over the independence of auditors of listed companies.
- 4 I consider that change is unnecessary and could indeed be detrimental to investors in so far as any restrictions will reduce the choice available to listed companies.
- 5 As already stated in question 4 above, I believe that the choice of service provider, the quality of service and the time costs savings arising from auditors current knowledge of their client would be unnecessarily restricted if constraints were placed upon services provided by audit firms.

- 6 I believe that the issue being addressed by the paper is more one of the perception of the independence of auditors when conducting non-audit services to listed companies than an underlying flaw in the process of ensuring that such services are provided independently. The APB may wish to consider how the extant governance processes can be better explained to provide greater levels of confidence in the existing system.

Yours sincerely



George Culmer
Group Chief Financial Officer