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August 17, 2009

Ms. Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

VIA E-MAIL TO: rule-comments@sec.gov

Re: *File No. S7-10-09*
Release No. 34-60089
Facilitating Shareholder Director Nominations

Dear Ms. Murphy:

We submit this letter in response to proposed changes by the United States Securities and Exchange Commission (the "Commission") to the federal proxy rules pertaining to the nomination of directors. ACE Limited (NYSE: ACE) is firmly against imposition of the proposed rules. We endorse the positions taken, and the arguments made at length, in the comment letter of the Business Roundtable. We offer these brief comments to emphasize certain points that we believe are significant, which fall into three categories: (1) the proposed rules constitute an unnecessary expansion of the role of the United States federal government in the internal governance of corporations created by the laws of other countries and American states; (2) the latest rationale for adoption -- the financial crisis -- had little or nothing to do with a supposed suppression of corporate democratic choice; and (3) the effect of the regulations will mainly be to empower narrow-interest constituencies with very little stake in an ongoing corporate enterprise (and often with interests inimical to the success or profitability of the enterprise).

(1) *The Federalization of Corporate Democracy*

ACE is a Swiss corporation. We have adopted, and our shareholders have approved, Articles of Association and Organizational Regulations that set forth the corporate and governance framework and principles of our company. These constitutional documents are governed by Swiss law, and augmented by a robust set of statutes governing Swiss corporations and their behavior. As a Swiss corporation we are subject to the jurisdiction of the Swiss Commercial Register and its courts. We are also an NYSE-listed company, subject to the rules and regulations of the Commission.

It is a basic tenet of federalism within the United States that governance of the internal affairs of a corporation -- the creation of such entities, their powers and their governance -- are left to the States. As

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ACE is a Swiss corporation governed by Swiss corporations laws, so is a Delaware corporation subject to corporate laws of Delaware. The diverse approaches of the various states and countries to difficult governance issues involving corporations offers a set of laboratories for best practices. At the very least, the tradition of local corporate governance should give real pause -- as it has done with regard to previous movements to adopt the SEC's nomination proposals -- to seeking to impose a universal solution to governance issues that have been addressed by hundreds of governments around the world. Companies should look to the substance and guidance of applicable corporate laws, and the exercise of the fiduciary duties of directors and officers under those laws, to guide corporate behavior; and to the substance and guidance of the Commission's and NYSE's rules and regulations for guidance as to securities matters and issues of significance to the trading market for securities, and to make sure information is properly disseminated.

Since prior to enactment of the Securities Act and Securities Exchange Act in reaction to the stock market crash and attendant abuses of that era, it has been a stated objective and philosophy of the Commission and U.S. securities laws to focus on disclosure – thereby ensuring a level playing field between issuers and shareholders, and among shareholders as to each other – rather than merit-based thresholds and requirements for issuers. This focus has led to a complementary scheme whereby a company constructs and largely operates itself under laws of incorporation and where it does business, and is required to tell the world about it under the rules of the Commission.

In an increasing global economic community, overlapping regulation is perhaps inevitable. But we believe it should be limited to regulatory schemes that are justified by a compelling case. We do not see a nexus between the current crises in the public markets and director nominations to warrant the Commission promoting nomination procedures driven by merit of substance rather than assurance of disclosure. We may be at a "Sarbanes-Oxley moment", but not with respect to various laws about how shareholders nominate directors and on whose dime.

(2) *A Solution in Search of a Problem*

The current financial crisis was not caused by difficulties shareholders may have in nominating a director candidate. Requiring an issuer to foot the bill and provide the pen and ink to advertise a shareholder nominee will not change such things for the better in the future. The notion that the Commission's proposals are warranted "in light of one of the most serious economic crises of the past century" would seem to be a case of mistaken causality. The crisis was/is real, but the cause was not any failing of corporate democracy.

Besides being a solution in search of a problem to cure, we believe that the proposal will, in fact, make things worse. The proposal will have the unintended effect of empowering relatively small (or even tiny) shareholding constituencies seeking to further self-centered and self-driven objectives, with this empowerment coming at the expense of shareholders as a whole. While all shareholders deserve a forum for expressing confidence in a company and its satisfaction with its conduct, shareholders may vote with their trade requests every single day, a form of democracy that provides nearly constant democratic feedback to managements, articulated to two (or more) decimal places in the form of streaming stock

quotations. And as things stand, the Commission's existing rules also provide a more than adequate stage by which passionate shareholders can, albeit often at their own expense, solicit support for positions or directors and effect real change within an organization.

Vesting shareholders with the pre-paid legal right to run proxy contests in a company's publication is tantamount to supporting dissent or confusion for its own sake. It provides a public platform for grievance -- grievance without regard to subject matter. With all due respect for the views of any of the various interest groups who will use the new tools provided by the proposal, we submit that none of them should be permitted to re-direct corporate attention to their divergent and often non-capitalistic agendas. And empowering any of them would have done nothing to spare the world from the recent financial difficulties; rather, there is legitimate argument that it may exacerbate one of the agreed-upon causes of the crisis—the emphasis on short-term gains at the expense of long-term, sustainable growth and risk-minimization.

(3) *The proposal will mainly empower interests who are pursuing agendas other than corporate vitality.*

Especially for large corporations, takeovers and large-scale Board turnover are highly traumatic for all of the constituencies of the company, from shareholders to employees to suppliers, and fraught with dangers and risks of abuse in their own right. If the current system imposes on dissenting shareholders a significantly higher burden of proof and commitment, this is perhaps a good thing. Again, the corporate laws of the various jurisdictions provide for the rules of the road with respect to how a shareholder can influence the conduct of the corporation; if a shareholder of an SEC company believes (thanks to the Commission's disclosure requirements that provide the shareholder information to make an individual assessment) the rules of the road of a company are inadequate, that shareholder can acquire shares of a corporation with rules more to its liking.

We think the proposed rules mainly empower aggregations of modest amounts of capital who are inclined to use that capital to pursue agendas other than the success and profitability of the corporation. Although no one can know for sure, we would predict that adoption of the SEC's proposal will result in a barrage of interventions by national and international political/social interest groups seeking to be heard and seeking votes for their nominees to promote individualistic agendas. There is no shortage of political operatives who use shareholdings to challenge management about political issues and not economic ones (the SEC disclosure rules and website themselves perhaps best serve as a source of information in this regard).

It is no leap of logic to imagine proxy advisory firms becoming politicized, or union stock ownership being voiced to extract compensation "from the inside". We fear that the SEC's proposal may well create a new "industry" dedicated to affecting corporate behavior along political and social lines. For instance, environmental groups may push for directors who will discourage ACE from selling insurance to oil and gas companies, chemical companies or other industrial manufacturers in order to advance an agenda around global warming. Yet it is these commercial insureds who have been the mainstay of ACE's business for generations and it is not in the shareholders' financial interest to interfere

with this business in order to support a social agenda.

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Corporations are organized and conducted under the laws of a particular jurisdiction for the purpose of conducting a business enterprise. In doing that, they by and large do other things well, like make useful things, employ people, and lead technological advancement. Due to disclosure-oriented securities regulators like the Commission, they now (and for nearing a hundred years) do so under a framework of market-oriented regulations designed to make sure that they are subjected to sunshine, sufficient to both act as its own governor of conduct as well as ensure that no matter the conduct or construction it is disclosed to owner shareholders and available for analysis by the investor community. The proposed shareholder access rules should not be enacted/enforced by the Commission; they do not serve the purpose for which they are intended and concern matters best not addressed by the Commission as described.

We thank you for your kind attention to our comments.

Sincerely,

/s/ Robert F. Cusumano
Robert F. Cusumano
General Counsel