	Comments Template on DP-14-IMD Discussion Paper on Conflicts of Interest in direct and intermediated sales of insurance-based investment products (PRIIPs)	**Deadline 22 July 2014 18:00 CET**
Name of Company:	Association des consommateurs Test-Achats / Test-Aankoop	
Disclosure of comments:	EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential. *Please indicate if your comments on this DP should be treated as confidential, by deleting the word **Public** in the column to the right.*	Public
	Please follow the following instructions for filling in the template: ⇨ Do **not** change the numbering in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool ⇨ Leave the last column empty. ⇨ Please fill in your comment in the relevant row. If you have no comment on a paragraph or a cell, keep the row empty. ⇨ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. **Please send the completed template, in Word Format, to DP-14-IMD@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.**	
Reference	**Comment**	
General Comment		
Q1.	As a consumer organization, we are aware of the different types of conflict of interest mentioned by EIOPA in its consultation document. Contingent commissions, volume based commissions, high commissions linked to cross-selling practices (additional protections to a main PRIPs contract), remuneration in nature (luxurious objects, restaurants, travels,…), up-front high commissions for long-term contracts, etc. are some	

	of the frequent sources of conflict of interest to be avoided. Seel also our response to Question 3.	
Q2.	Conflicts of interst linked to remuneration and inducements are paaticularly important. But, within a firm (insurance undertaking or intermediary) other techniques can put people under pressure and put them in a position that makes them difficult to act in the best interest of the customer. The performance evaluation is a key element in this view. Organising contests between sales people or publishing comparison tables can also have detrimental impact for the quality of the service to the customers.	
Q3.	In addition to the type of sources of conflict of interest mentioned by CEIOPS in its advice to the Commission on the IMD (page 17 of the consultation document), we would like to focus also on conflicts of interest due to the remuneration scheme or evaluation criteria of people involved in the sales process within an insurance undertaking (direct sales) or within a intermediary firm . We would like to mention some examples of bad practices generating conflict of interest: regularly organizing constest between salespeople or agents rewarding the highest sales volume, publishing comparison tables of sales people based on the volume of sales, remunerating salespeaople or intermediaries in nature like holiday travel, high rated restaurants, luxurious objects (watches, etc).	
Q4.	Conflicts of interest can result from a modification in the remuneration of the intermediary during the product's life if it is linked to a modification of the contract the intermediary is asked to obtain from the customer. It can be e.g. an extension of the covered risks or, int the case of PRIPs, higher capital to be invested. We met an insurance undertaking who reduced or stopped the on-going remuneration of its intermediaries as long as the life insurance contract (type with profit with 4,75% guaranted return) was not changed in a combined contract partly guaranteed (with a quite lower intrest rate) and partly invested in a unit-linked life insurance. Almost all clients have been convinced to accept that change, even if it was not in their own interest.	
Q5.		

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Q6.		
Q7.		
Q8.		
Q9.	In our view, it is necessary to take other aspects in account before focusing on themanagement of conflict of interest arising out of third party payments. The most important condition for third party payments to be allowed is that they may not impair the duty to act in the best interests of the customer. They may not induce the intermediary to sell a product or a protection that is not really needed by the customer neither to sell a product that is not suitable to sht situation and the needs of the client. A lot of the commissions or remuneration mentioned on page 17 of the Consultation document do not pass successfully this test and should not be allowed. . The first duty is to avoid, then to reduce conflicts of interest. Managing them and disclosing them are clearly third rank and last resort measures to mitigate the impact of conflict of interest that cannot be avoided. Managing or disclosing third party payments should not allow such payments if they are of nature to impair the duty to act in accordance with the best interests of the customers.	
Q10.		
Q11.	Disclosure must be given product-specific and timely. Accordingly, contingent costs must be disclosed in the same manner via an annual information , certainly in the cas the detailed amounts are not fully known in advance. The impact of costs (entry costs, management fees and retrocessions to disctribution channel are key for the return of mid and long term investments. The interested customer must receive those informations in due time before making its investment decision.	

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	This should occur on an harmonized way for all investments and PRIPS products.	
Q12.		
Q13.		
Q14.		
Q15.		
Q16.		
Q17.		
Q18.		