

# SUMMARY OF THE POLICY ON PREVENTING AND MANAGING CONFLICTS OF INTEREST AT CARDIF LUX VIE



**CARDIF LUX VIE**  
BNP PARIBAS GROUP

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# SUMMARY

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## 1. INTRODUCTION AND OBJECTIVES

Pursuant to the European directive on insurance distribution (IDD)<sup>1</sup>, Cardif Lux Vie has established, implemented and maintains a written conflicts of interest management policy that is appropriate for the organisation's size and structure, and the type, scale, and complexity of its business (referred to below as the "Policy").

The objective of the policy is to take account of any situation in which Cardif Lux Vie encounters or could encounter a conflict of interest resulting from the structure and business activities of other members/clients of BNP Paribas Group or within Cardif Lux Vie itself.

Cardif Lux Vie recognises that in the normal course of business, as in any large insurance undertaking, permanent, temporary or occasional conflicts of interest may arise. As a regulated company, it is therefore under a legal obligation to take all reasonable measures to identify, prevent and manage any conflicts of interest that might arise in its business in order to protect its clients<sup>2</sup>.

The measures concerned are identified in the Policy and summarised below.

## 2. EFFECTIVE SCOPE

### 2.1 DEFINITION OF CONFLICTS OF INTEREST

A conflict of interest is a situation where an actor has the ability to promote an interest over other interest(s) that such person has a prevailing duty to protect.

An interest is any type of advantage, which may likely provide a benefit or avoid a loss, for oneself or for a relationship of oneself. Such benefit or loss can be of any kind: financial, reputational, professional, commercial, personal, monetary or non-monetary.

### 2.2 CONFLICTS OF INTEREST COVERED

The Policy covers various types of conflict of interest, including those arising between:

- Cardif Lux Vie and its clients;
- the employees of Cardif Lux Vie and its clients;
- various Cardif Lux Vie clients;
- Cardif Lux Vie and its distributors;
- Cardif Lux Vie and other entities of BNP Paribas Group.

## 3. IDENTIFICATION SYSTEM

The identification of situations in which conflicts of interest can or will arise is a mandatory prerequisite for ensuring prevention, management and monitoring.

1- Directive (EU) 2016/97 of 20 January 2016 on Insurance Distribution.

2- A client is understood to be a natural or legal person who has a direct relationship with Cardif Lux Vie or is likely to enter into a commercial relationship with Cardif Lux Vie (in the case of a potential client) or the representative of such an entity (legal representative, beneficiary, etc.).

Conflicts of interest are identified at several levels:

- Definition and updating of a conflicts of interest map<sup>1</sup> ;
- Unprompted notification by an employee of Cardif Lux Vie using a specific declaration form;
- During approval of a new insurance product or a new activity;
- During analysis of certain transactions.

The identification of situations in which conflicts of interest can or will arise allows the business to:

- Determine whether a transaction, service or activity is likely to result in a conflict of interest;
- Qualify the conflict of interest situation that has been identified;
- Identify:
  - The parties concerned;
  - The damage that could be done to the interests of the client or clients;
  - The measures in place to prevent, manage and monitor this situation.

### SPECIAL TREATMENT OF INCENTIVES

Pursuant to the IDD, distributors are *"not [to be] remunerated or do not remunerate or assess the performance of their employees in a way that conflicts with their duty to act in accordance with the best interests of their customer. In particular, an insurance distributor shall not make any arrangement by way of remuneration, sales targets or otherwise that could provide an incentive to itself or its employees to recommend a particular insurance product to a customer when the insurance distributor could offer a different insurance product which would better meet the customer's needs."*

In line with this, a global analysis of the incentives paid to distributors has been carried out by Cardif Lux Vie, taking account of:

- All factors that can increase or mitigate the risk of a negative impact on the quality of service to the client;
- and
- The organisational measures taken by Cardif Lux Vie to prevent this risk of negative impact.tif.

If the global analysis of incentives and their management measures identifies non-compliance with the requirements of the IDD, Cardif Lux Vie defines an action plan to correct the anomaly.

## 4. PREVENTION SYSTEM

Cardif Lux Vie has defined a system aimed at preventing conflicts of interest, comprising various organisational and operational measures.

### 4.1 ORGANISATIONAL MEASURES

The organisational measures ensure separation of tasks within Cardif Lux Vie between people who are affected by conflict of interest situations, and avoiding such situations that prejudice its clients.

1- This map lists all of the conflict of interest situations that have been identified, the means of prevention that have been implemented to cover the risk of a negative impact on clients' interests, and the system to manage the conflicts of interest. It includes conflict of interest situations that are uncovered through declaration forms.

Examples of prevention measures relating to potential conflicts of interest (segregation of tasks, hierarchical lines):

- Distribution of an insurance product is carried out by specialist teams that are separate from those responsible for handling claims (for example in case of medical expertise);
- Responsibility for the commercial relationship with a distributor cannot be given to an employee who has a family link to the distributor;
- Complaints are handled by an independent team that is subject to management away from the operational teams.

#### 4.2 OPERATIONAL MEASURES

Validation committees are in place in order to verify that a new product or service, relationship with a distributor or supplier, or a transaction do not create a potential or actual conflict of interest situation that could have a negative impact on one or more clients.

#### OPERATIONAL PROCEDURES

The operational procedures that have been implemented include the process to identify, prevent and manage conflict of interest situations. Examples of operational procedures that cover potential conflicts of interest (non-exhaustive list):

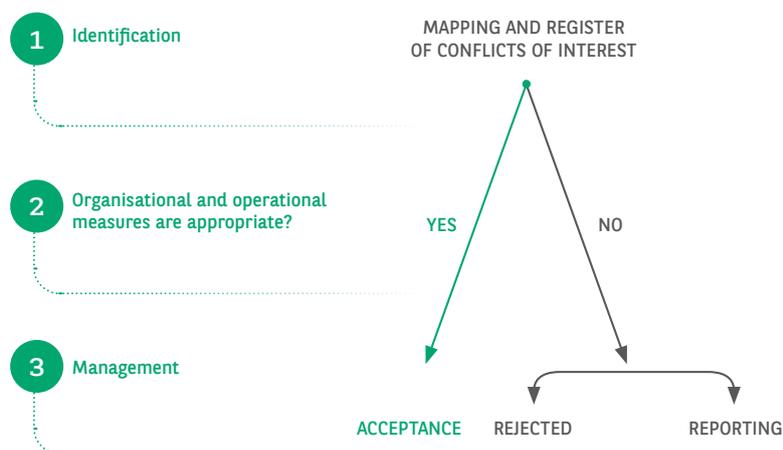
- Code of conduct;
- Client Interests Protection Policy
- Policy on Gifts, Benefits and Making and Receiving Invitations
- Policy on Conflicts of Interest Affecting Employees
- Procedure for Declaring and Authorising Private Mandates;
- Client Assets Policy;
- Employee Remuneration Policy

#### INCIDENT MONITORING

An incident is an event that may indicate that a conflict of interest has not been handled correctly and therefore may reveal a deficit in the effectiveness of the prevention system.

### 5. MANAGE AND REPORT (AS APPROPRIATE)

Once the analysis of organisational and operational measures has been carried out, Cardif Lux Vie will determine whether the prevention system is sufficiently capable of protecting clients. The diagram below represents the macro process defined in the Policy to ensure that Cardif Lux Vie has put in place the necessary measures.



If the organisational and operational measures are sufficient to ensure, with all reasonable likelihood, that the risk of harm to the clients' interests can be avoided, the conflict of interest is deemed acceptable.

If this is not the case, the conflict of interest must be managed, either by refusing the transaction or by reporting the conflict of interest to the client within the period and with the detail set out by the applicable regulation.

## **6. CONTROLS**

Cardif Lux Vie's general provisions covering conflicts of interest are subject to three levels of controls: the first level is provided by the operational teams while the second and third levels are provided by independent roles.

## **7. RECORDING CONFLICT OF INTEREST SITUATIONS AND ANNUAL REPORTING TO MANAGEMENT**

Any conflict of interest situations that are identified, the management and prevention measures that are taken in response and the results of any controls must be recorded within the applicable deadlines according to local standards.

This information is reported to the management of Cardif Lux Vie.



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