

**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:	GEMA	
Disclosure of comments:	<p>EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential.</p> <p><i>Please indicate if your comments on this DP should be treated as confidential, by deleting the word <b>Public</b> in the column to the right.</i></p>	Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> <li>⇒ <u>Do not change the numbering</u> in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool</li> <li>⇒ Leave the last column <u>empty</u>.</li> <li>⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph or a cell, keep the row <u>empty</u>.</li> <li>⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below.</li> </ul> <p><b>Please send the completed template, <u>in Word Format</u>, to <a href="mailto:DP-14-IMD@eiopa.europa.eu">DP-14-IMD@eiopa.europa.eu</a>. Our IT tool does not allow processing of any other formats.</b></p>		
<b>Reference</b>	<b>Comment</b>	
General Comment	<p>GEMA is an association of mutual insurers. It provides a mutualist vision for economic, legal and social problems of the insurance and reinsurance market.</p> <p>GEMA's mutuals mainly distribute insurance products by mean of direct sales. Among them, a minority uses intermediaries.</p> <p>GEMA's mutuals point out that it is premature to work on possible delegated acts on</p>	

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	<p>conflicts of interests in the distribution of insurance-based investment products, as long as an agreement has not been found on IMD 2 between the European Parliament and the Council.</p> <p>Moreover they do not believe that the MIFID Implementing Directive 2006/73/CE could be a relevant starting point for insurance-based investments products. The criteria for identifying conflicts of interests as listed in article 21 of the MIFID Implementing Directive should fully be adapted to the insurance sector. It is not only a matter of replacing terms, for example "insurance distribution activities" instead of "investment services". The MIFID Implementing measures seem too inappropriate to the insurances' special features.</p>	
Q1.	/	
Q2.	<p>As far as GEMA members are concerned, they believe that conflicts of interests are not relevant for direct sales. Indeed when employees distribute insurance policies tailored by their employers, there is no place for conflicts of interests. These employees are paid the same whatever the number and the type of products they sell. Furthermore they usually sell one type of product by risk. These are the reasons why employees will not act in their own interests rather than that of the customer. Most of GEMA's mutuals follows this kind of distribution.</p> <p>This being said, it happens that employees receive variable commissions linked to the successful sales of one line of product in particular. However, there are no conflicts of interests since in France all life insurance products' sales have to be advised. This is true whatever the distribution channel and the type of insurance-based investment products, eg classical life insurance or unit-linked insurance. For GEMA's mutuals, a formalized service of advice (that is to say in a written document) is an effective way of handling conflicts of interests between distributors and customers because both of them keep the evidence of the advised product.</p>	

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	For all these reasons, GEMA's mutuals express that any text adopted by EIOPA following this public consultation should be proportionate and appropriate.	
Q3.	/	
Q4.		
Q5.		
Q6.		
Q7.		
Q8.		
Q9.		
Q10.	<p>GEMA's mutuals believe that the future texts on conflicts of interests for insurance distributors should not exceed the provisions of article 91 of MIFID 2 directive, which are the same as article 23 of the MIFID 2 directive for investment firms.</p> <p>They emphasise that the most important is to establish procedures beforehand in order to prevent, detect and manage these conflicts. The disclosure of conflicts of interests should be the final solution.</p> <p>From GEMA's mutuals' point of view, the provisions dealing with the prevention, detection and the management of conflicts of interests and the provisions on the service of advice are sufficient to avoid conflicts of interests. Therefore, there would be no added value to disclose distributors' remunerations to the customers. Indeed, what consumers need is to be able to compare the guaranties and premiums of different products distributed through different channels. This is the reason why GEMA's mutuals fully support the disclosure on entry costs, ongoing costs and exit costs as</p>	

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	well as information about the status of the distributor (his links with insurance undertakings, his degree of independency etc.). But they believe that providing information on remunerations is useless for these comparisons and could even be confusing for consumers.	
Q11.		
Q12.		
Q13.		
Q14.		
Q15.		
Q16.		
Q17.		
Q18.		