

B.D.M. NV

Policy on  
Conflicts of Interest

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Related policy rules/procedures	MiFID conduct of business rules, Remuneration Policy
Owner	Bart Dewulf
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## 1) What are understood to be 'conflicts of interest' in this policy?

A conflict of interest occurs when, in the act of providing an insurance mediation service, B.D.M. NV (hereinafter: BDM), its directors, effective leaders, employees and agents, or a company affiliated to it, on the one hand, and its clientele on the other, or the clients amongst themselves, have conflicting interests as a result of which the interests of the client (or of certain clients) can be damaged.

There are consequently two types of scenarios that could exist in the framework of an insurance mediation service:

- A scenario where the interests of BDM (in a broad sense) could be in conflict with the interests of one of BDM's clients
- A situation where the interests of a client or a group of clients could be in conflict with the interests of another client or group of clients.

the possible consequence of which is that the interests of the client (or specific clients) could be damaged

## 2) What measures do we engage with regard to conflicts of interest?

In general we adhere to a policy that the creation of conflicts of interest must, insofar as is possible, be prevented. This is applied through a combination of control measures that play a role in various aspects of our business operations, such as:

- The 'four eyes' check: (at least) 2 people are involved in all major decisions
- Separation of duties: tasks that, when combined, could result in a conflict of interest for an employee are divided up and allocated to different employees
- Clear written instructions to our staff, through which conflicts of interest are, insofar as is possible, prevented. These instructions range from a code of conduct, which prescribes the general rules of conduct, through to operational procedures in the various processes where conflicts of interest could arise (underwriting, claims management, accounting)
- Education and training: our Compliance department regularly provides internal training courses to our staff involving the proper application of the rules of conduct
- Compliance: our Compliance Officer (a person within the company who independently checks whether we are complying with the law) is involved in the introduction of new rules of conduct that will, insofar as is possible, prevent conflicts of interest from arising, among other things.

If, in spite of the above measures, a client still believes he or she is the victim of a conflict of interest, then they can always approach our Complaints Management department, which independently and impartially investigates complaints and questions the internal department involved on the matter (our complaints manager is Bart Dewulf, Entrepotkaai 5, 2000 Antwerp, tel. +32 3 242 09 36 – email: [bart.dewulf@bdmantwerp.be](mailto:bart.dewulf@bdmantwerp.be); all options for reporting complaints are also detailed on our website, see [http://www.ascocontinentale.be/?page\\_id=630&lang=en](http://www.ascocontinentale.be/?page_id=630&lang=en)).

The conduct of business rules with respect to the markets in financial instruments (MiFID) compel insurance intermediaries, including BDM, to engage suitable measures in order to correctly manage conflicts of interest.

More specifically, BDM must identify potential conflicts of interest and subsequently manage them to an adequate degree. Should potential conflicts of interest still not be able to be prevented, then we must inform our clients of that fact. Finally, we register the conflicts of interest that have effectively occurred.

### 3) List of potential conflicts of interest and our measures for preventing them

Based on our previous experiences and analyses, we distinguish between the following potential conflicts of interest, along with the measures we engage to prevent them:

- A. A scenario where the interests of BDM (in a broad sense) could be in conflict with the interests of one of BDM's clients:
- the fact that financial gains can be made or that a financial loss can be avoided at the expense of the client;
    - The primary concern of our staff is the interests of BDM and the insurers that grant authorisations to BDM. Claims are handled by an autonomous department which is independent from the commercial positions and the commercial contact with insurance brokers.
      - ☞ Clients who believe that their claim has wrongly been refused (either wholly or in part), can approach the Complaints Management department, which independently and impartially investigates complaints and questions the internal department involved on the matter.
  - the fact that a person has an interest in the outcome of a service performed for the client or a transaction performed on behalf of a client, which differs from the interest of the client in the outcome;
    - No choice between multiple products for the same risk:
      - ☞ As an underwriting agent, BDM is in principle only in contact with the client through brokers. In respect of those branches in which we are active, in certain cases the broker charts the demands and needs of the client and, armed with this knowledge, approaches BDM and other companies. In some cases BDM will tailor the insurance offered by its authorising insurers according to the client's needs, but it will always be one product for the same risk. In our view this does not entail a conflict of interest that will disadvantage the client, given that it is up to the broker, and not up to BDM or the backing insurers, to request different offers from different insurers, which the broker will then present to the client, to the extent that they satisfy the demands and needs of the client.
    - Remuneration and benefits awarded to intermediaries
      - ☞ As an underwriting agent, BDM receives a management commission for its services from its authorising insurers, which is based on the premiums for the insurance contracts that it underwrites on behalf of the aforementioned insurers. In our view such management commissions do not pose a conflict of interest that disadvantages the client, given that during the underwriting phase underwriting agents do not have a contractual relationship with the client.
      - ☞ BDM works in turn with insurance brokers. The latter group receive a brokerage fee from BDM for their services, which is based on the premiums for the insurance contracts that they produce and that are underwritten via BDM. For further information on this topic, please refer to our remuneration policy.

- Use of personal data
  - ☞ The use of clients' personal data is tied to strict conditions within BDM. Firstly, access to this data and its use is restricted to those that have an essential need for the data, or that need to do something to it ('need to have'/'need to know'). Outside of that, any other use of the data, such as for commercial purposes, is strictly prohibited.
- The interest of the employee in fulfilling his or her objectives or achieving the results to which his or her remuneration is linked
  - ☞ The underlying intention of our remuneration policy is that the remuneration of our staff is in no sense linked solely to the sale of specific insurance products.
- The interest of the employee in his/her external activities
  - ☞ In principle, our staff may not engage in any intermediation activities on their own account. When it comes to employees that, for historical reasons, have a portfolio, they may perform an intermediation activity under strict conditions (outside of working hours, accredited by the Financial Services and Markets Authority, obliged to discontinue if there is the slightest chance of a conflict of interest with BDM, annual reports).
- the fact that a financial or other motive exists for having the interest of another client or group of clients take priority over the interest of the client concerned (or vice versa);
  - Personal involvement in the underwriting or claims management
    - ☞ These policies and the resultant claims files must always be approved by the head of P&C or Marine.
  - Gifts or any benefits received from third parties
    - ☞ Gifts exceeding a given value that are given to an employee or his or her close family may not be accepted by the employee, unless the Compliance Officer is informed thereof and has approved of the gift.
    - ☞ Accepting money in any form whatsoever (cheques, share options, vouchers, cash, etc) is always prohibited, irrespective of the sum involved.
  - Providing services outside of BDM to clients
    - ☞ Providing services (such as acting as an independent consultant or director) to a company that is a competitor, client or supplier of BDM is prohibited while the employee is involved with that company through his or her position at BDM.
- the fact that a benefit in the form of money, goods or services is given to/received from a person other than the client in exchange for a service performed, which differs from the standard commission or remuneration for this service;
  - Gifts or any benefits received from third parties: see above
  - Remuneration and benefits awarded to intermediaries: see above
- the fact that the interactions between the various group entities are analysed and taken into account;
  - BDM provides various services to the insurance company ASCO NV, including administrative services for insurance contracts, which also covers claims management. The directors and effective leaders of BDM could experience possible conflicts of in-

terest in this regard, due to a combination of a number of factors: BDM has the same shareholder structure and (almost) the same Board of Directors as ASCO, while the chairman of the Executive Committee of ASCO is also the chairman of the Executive Committee of BDM, and BDM is responsible for the largest share of premium collections on behalf of ASCO.

☞ Both companies are managed in a completely autonomous manner, with separate meetings of the Boards of Directors where company-specific risks are discussed. Each company is audited by a different company auditor. ASCO moreover employs a number of additional transversal control functions, such as an independent internal audit and compliance and risk management, which bolster the control of the agency BDM. Nevertheless, should a director have a direct or indirect material interest that is in conflict with a decision or action that falls under the authority of the Board of Directors, then the conflict of interest procedure pursuant to article 523 of the Companies Code is followed. If a conflict of interest should arise with respect to an effective leader that concerns a matter that falls under the authority of effective leaders and that they are required to decide on, the same procedure is followed.

B. Situations where the interests of a client or a group of clients could be in conflict with the interests of another client or group of clients.

- The acceptance and charging structure of risks
  - ☞ Our staff have clear underwriting guidelines that they are required to follow when accepting a risk and determining the charging structure, so as to reduce deviations, insofar as is possible, with respect to handling similar risks in terms of both acceptance and charging structures
- Claims management between multiple clients with distinct interests
  - ☞ If multiple insured parties are involved in the same claim, a strictly separated management is employed so that the interests of the insured parties are not damaged, while these parties are informed of this fact in good time.

#### 4) List of unavoidable potential conflicts of interest

The unavoidable potential conflicts of interest are:

- The primary concern of our staff is the interests of BDM and the insurers that grant authorisations to BDM. Claims are handled by an autonomous department which is independent from the commercial positions and the commercial contact with insurance brokers.
  - ☞ Clients who believe that their claim has wrongly been refused (either wholly or in part), can approach the Complaints Management department, which independently and impartially investigates complaints and questions the internal department involved on the matter.
  - ☞ Nevertheless, we cannot entirely rule out that a conflict of interest arises in certain situations.
- The acceptance and charging structure of risks
  - ☞ Our staff have clear underwriting guidelines that they are required to follow when accepting a risk and determining the charging structure, so as to reduce devia-

tions, insofar as is possible, with respect to handling similar risks in terms of both acceptance and charging structures

- ☞ Nevertheless, we cannot entirely rule out that differences arise in respect of acceptance and charging rates between comparable risks that are presented by different clients.
- The interest of the employee in his/her external activities
  - ☞ In principle, our staff may not engage in any intermediation activities on their own account. When it comes to employees that, for historical reasons, have a portfolio, they may perform an intermediation activity under strict conditions (outside of working hours, accredited by the Financial Services and Markets Authority, obliged to discontinue if there is the slightest chance of a conflict of interest with BDM, annual reports).
  - ☞ Nevertheless, we cannot entirely rule out that a conflict of interest arises in certain situations.
- Personal involvement in the underwriting or claims management
  - ☞ These policies and the resultant claims files must always be approved by the head of P&C or Marine.
  - ☞ Nevertheless, we cannot entirely rule out that a conflict of interest arises in certain situations, when personal links are not immediately obvious or are not reported by the employee concerned.
- Gifts or any benefits received from clients or third parties
  - ☞ Gifts exceeding a given value that are given to an employee or his or her close family by clients or involved third parties may not be accepted by the employee, unless the Compliance Officer is informed thereof and has approved of the gift.
  - ☞ Accepting money in any form whatsoever (cheques, share options, vouchers, cash, etc) is always prohibited, irrespective of the sum involved.
  - ☞ Nevertheless, we cannot entirely rule out that a conflict of interest arises in certain situations, when the acceptance of gifts or any benefits from clients or third parties is not reported by the employee concerned.

## 5) Registering conflicts of interest that have effectively occurred

Conflicts of interest that have effectively occurred are registered. The register is kept updated by our Compliance Officer. BDM will inform the client concerned in this respect in a separate notification, within the framework of the claim settlement for that contract.