

**Conduct of Business Sourcebook**

# Chapter 20

## With-profits

## 20.4 Communications with with-profits policyholders

### Provision and publication of PPFM

- 20.4.1 **R** A *firm* must:
- (1) on request, provide its *PPFM*, or the *PPFM* applicable to specified *with-profits funds*:
    - (a) free of charge to its *with-profits policyholders*; or
    - (b) for a reasonable charge to any person who is not its *with-profits policyholder*; and
  - (2) if the *firm* publishes its *PPFM* on its website, prominently signpost its location there.

### Notification of changes

- 20.4.2 **R** A *firm* must send its *with-profits policyholders* who are affected by any change in its *PPFM*, written notice, setting out any:
- (1) proposed changes to the *with-profits principles*, three months in advance of the effective date; and
  - (2) changes to the *with-profits practices*, within a reasonable time.

- 20.4.3 **R** A *firm* need not give the notice required if the change to its *PPFM*:
- (1) is necessary to correct an error or omission; or
  - (2) would improve clarity or presentation without materially affecting the *PPFM*'s substance; or
  - (3) is immaterial.

### Requirements on EEA insurers

- 20.4.4 **R** [deleted]
- 20.4.5 **R** [deleted]
- 20.4.6 **G** [deleted]

**Annual report to with-profits policyholders**

- 20.4.7** **R** A *firm* must produce an annual report to its *with-profits policyholders*, which must:
- (1) state whether, throughout the *financial year* to which the report relates, the *firm* believes it has complied with its obligations relating to its *PPFM* and setting out its reasons for that belief;
  - (2) address all significant relevant issues, including the way in which the *firm* has:
    - (a) exercised, or failed to exercise, any discretion that it has in the conduct of its *with-profits business*; and
    - (b) addressed any competing or conflicting rights, interests or expectations of its *policyholders* (or groups of *policyholders*) and, if applicable, *shareholders* (or groups of *shareholders*), including the competing interests of different classes and generations.
- 20.4.8** **G** The following documents should be annexed to the annual report in this section:
- (1) the report to *with-profits policyholders* made by a *with-profits actuary* in respect of each financial year (see SUP 4.3.16AR(4)); and
  - (2) any statement or report provided by the *person* or committee who provides the independent judgement under the *firm's* governance arrangements for its *with-profits business*.
- 20.4.9** **G** In preparing the annual report to *with-profits policyholders*, a *firm* should take advice from a *with-profits actuary*.
- 20.4.10** **G** A *firm* should make the annual report available to *with-profits policyholders* within six *months* of the end of the *financial year* to which it relates. A *firm* should notify its *with-profits policyholders* in any annual statements how copies of the report can be obtained.