

## Chapter 15

# Prudential requirements

## 15.5 Core capital resources requirement for funeral plan provision activities

- 15.5.1 **R** Subject to ■ FPCOB 15.7.1R, for a *firm* with a *Part 4A permission* to carry on regulated funeral plan provision activities to which ■ FPCOB 15.6.1R does not apply, the *core capital resources requirement* is the higher of:
- (1) £20,000;
  - (2) 2.5% of the *firm's annual income*; or
  - (3) the sum of:
    - (a) the number of undrawn *funeral plan contracts* backed by *trust arrangements*, multiplied by the median of the amounts that would be payable to the *firm* under each *trust arrangement* if a funeral were required on the day following the end of the *firm's* previous period for submitting its funeral plan financials return in accordance with ■ SUP 16.12, multiplied by 0.5%; and
    - (b) the number of undrawn *funeral plan contracts* backed by a *whole of life insurance policy*, multiplied by the median of the amounts payable to the *firm* under each *whole of life insurance policy* if a funeral were required on the day following the end of the *firm's* previous period for submitting its Funeral plan financials return in accordance with ■ SUP 16.12, multiplied by 0.5%.
- 15.5.2 **R** The calculation in ■ FPCOB 15.5.1R(3) does not include any undrawn *legacy funeral plan contracts* held by the *firm*.