

Appendix 2

Insurers: Regulatory intervention points and run-off plans

2.14A Fairness issues for with-profit firms in difficulty or in an irregular situation

App2.14A.1 G ■ SUP App 2.14A applies to a *firm* carrying on *with-profits* business.

App2.14A.2 G Action which a *firm* takes either to restore its capital resources to the levels set by the intervention points in *PRA Rulebook: Solvency II Firms: Undertakings in Difficulty* or *PRA Rulebook: Non-Solvency II firms: Run Off Operations*, or to prevent its capital resources falling below those points, should be consistent with *Principle 6* of the *FCA's Principles for Businesses*. *Principle 6* requires a *firm* to pay due regard to the interests of its *customers* and treat them fairly.

App2.14A.3 G If a *firm* intends either (a) to remedy a fall in capital resources, or (b) to prevent such a fall, for example, by taking management action to reduce the risks to which a *with-profits fund* is exposed or by reducing non-contractual benefits for *policyholders*, it should explain to the *FCA* how such proposed actions are consistent with the *firm's* obligations under *Principle 6* (Customers' interests).

App2.14A.4 G Where a *firm* submits a plan for restoration under *PRA Rulebook: Solvency II Firms: Undertakings in Difficulty* or *PRA Rulebook: Non-Solvency II firms: Run Off Operations*, the *FCA* would expect an explanation of how any actions it plans to take to restore its capital resources are consistent with the *firm's* obligations under *Principle 6* (Customers' interests).