

Application for Authorisation

Supplement for Funeral plan providers and funeral plan intermediaries

Firm Name

Important information to read before completing this form

The notes that accompany this form will help you complete the questions and explain why the information is being requested.

Purpose of this form

This form collects information that is specific to the type of business the applicant firm is applying for.

You must answer every question. If a question does not apply to the applicant firm, please write 'Not Applicable'.

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Schedule of supporting documents

During the course of the application, firms will be required to supply additional documents. Please see a comprehensive list below:

All firms

- Regulatory business plan
- Wind-down plan
- Vulnerable customer policy
- Complaints handling policies comprising the below:
 - Complaints handling procedures
 - Complaints root cause identification procedure
 - Example Management Information (MI) for complaints root cause analysis and correction
- Compliance monitoring procedures comprising the below:
 - Compliance monitoring programme
 - Example MI to monitor ongoing compliance with FCA rules
- Financial projections comprising the below:
 - Opening balance sheet
 - Forecast closing balance sheet at the end of the first 12 months of trading post-authorisation
 - Monthly cash flow forecast for first 12 months of trading post-authorisation
 - Monthly profit and loss forecast for first 12 months of trading post-authorisation
- Latest annual accounts (if already trading)
- Up-to-date management accounts (if already trading and year-end date for most recent annual accounts is greater than 12 months)
- Details of subordinated loans (if applicable)
- Details of other external funding (if applicable)
- Detailed IT controls form (if applicable)
- Evidence of the firm's registration with the Information Commissioner's Office

Funeral plan providers only

- Asset adequacy review (if applicable/trading)
- Copies of the firm's agreements with each of its insurance providers together with any related documents and agreements such as a service level agreement (if applicable/trading)
- Copies of the trust deeds for each trust together with any related documents and agreements such as a service level agreement (if applicable/trading)
- Latest Solvency Assessment Report (SAR) (if applicable/trading):
 - This must be dated within last 12 months
 - If the trust's latest SAR was not produced within the last 12 months, it must provide one during the authorisation during the authorisation stage and its application cannot be deemed Complete until it has done so
- Terms of reference or instructions agreed with the appointed actuary for the conduct of the actuarial valuation report (if applicable/trading)

1

Application contact details

We need this information in case we need to contact you when assessing this application.

Contact for this application

1.1 Please enter the contact details of the person we will get in touch with about this application

This must be someone directly employed by the firm and not a professional adviser.

Title	
First names	
Last name	
Job title	
Email address	

2

Scope of permission and fees

If we grant the applicant firm authorisation, we will issue a Scope of Permission Notice. This sets out:

- the regulated activities the applicant firm is authorised to carry on
- the client types
- any limitations
- any requirements

- 2.1 The applicant should make sure that it applies for permission to conduct the appropriate regulated activities for the business it wishes to carry on. Please consult the Perimeter Guidance Manual (PERG) before completing this section. Specific guidance concerning the regulated activities is in PERG 2.7.**

Please note that the selections below are limited to the investment types funeral plan contract and rights to or interests in funeral plan contracts and the client type retail only.

If your firm wishes to undertake regulated activities in relation to other investment types as well, you should also complete the relevant forms for those activities.

View a full list of all regulated activities, definitions and exemptions in PERG.

Funeral plan providers

- Entering as provider into a funeral plan contract
- Carrying out a funeral plan contract as provider
- Advising on investments

Funeral plan intermediaries

- Making arrangements with a view to transactions in investments
- Arranging (bringing about) deals in investments
- Dealing in investments as agent
- Advising on investments

Providers

- 2.2 How will the applicant firm's funeral plan contracts be backed?**

- Contract of insurance
- Held on trust
- Both

The FCA will display information about the status of your application for authorisation through a public register. Please confirm you understand this by ticking the box

Fees and levies

Changing your firm's permission can generate an application fee and vary your firm's periodic fee.

Please note:

- Firms that are **currently trading** should provide values based on the previous year's accounts unless they forecast a material change to their annual income
- Firms that are **not currently trading** should provide a projected valuation covering the first 12 months from the date of authorisation measured according to the relevant tariff bases(s).
- Monetary figures should be denominated in **GBP**. Please round your answers up for this section to the nearest whole number.
- Take care to be as accurate as possible – a poor estimate or forecast is unlikely to be grounds to revise fees at a later stage.
- **If the answer is 'nil' please write 'nil' – do not leave any boxes blank.**

[FEES 4 Annex 1A](#) of the FCA Handbook has detailed notes on the fee blocks and tariff bases.

FCA fees

2.3 Fee Block A.23 – Funeral plan intermediaries and funeral plan providers

What is the total income from regulated activities the applicant firm expects to receive for the first year of authorisation from its funeral plan contracts business?

Amount	£
Confirm amount in words	

The Financial Ombudsman Services (FOS) General Levy

Businesses that are covered by the FOS must pay a general levy to fund its operating costs and to deal with the forecast volume of complaints about relevant business activity. It is payable by all firms authorised or registered by the FCA and we raise and collect it on behalf of the FOS.

The general levy is based on the amount of regulated business done with consumers eligible to refer their complaint to the ombudsman.

2.4 What is the total eligible income from regulated activities the applicant firm expects to receive for the first year of authorisation from its funeral plan contracts business?

Amount	£
Confirm amount in words	

Financial Services Compensation Scheme (FSCS) Levy

The FSCS levy only covers business that relates to a protected claim from an eligible claimant. Newly authorised firms are not liable to contribute towards the FSCS specific and compensation costs in the first fee year. We will only use the information here for calculating the FSCS's levy in the second fee year when a firm obtains authorisation in the last quarter of the of the fee year.

2.5 What is the total eligible income from regulated activities the applicant firm expects to receive for the first year of authorisation from its funeral plan contracts business?

Amount	£
Confirm amount in words	

3

Funeral Plan Conduct of Business

We need to know about the business the applicant firm intends to carry on so we can assess the scope of the authorisation it will need, the adequacy of its resources and its suitability.

Background

3.1 You must provide a regulatory business plan. This must be tailored to the applicant's business and consider the matters described in the Threshold Conditions Handbook under COND 2.7 – Business Model, otherwise it may lead to delays in the authorisation process.

The business plan should include:

- the background to the business
- the types of products the applicant firm will be selling, including identifying areas it may specialise in
- the types of products that will be sold on both an advised and non-advised basis
- the background and experience of all the persons performing senior management functions and how this will help them with their role – this should include employment background.
- any long-term strategy and expansion plans for the business
- details of governance framework and personnel
- details of key operational matters
- analysis of key business and regulatory risks
- financial projections for 3 years
- details of websites, promotions and communications to be used by the applicant
- details of all fees payable by customers
- details on when fees are levied and collected from customers

Please confirm that you have attached a business plan with the application

Attached

Sales channels and revenue

3.2 Which sales channels does the applicant intend to use?

Method of sale	Approximate Number of sales	Approximate value of sales	Approximate % of total sales value
Face-to-face			%
Telephone sales			%

Internet-based sales			%
Postal			%

Other ▶ Give details below of the method(s) the applicant firm intend(s) to use and the approximate number, value and percentage of total sales.

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3.3 How will the applicant source its customers?

- Advertising (including websites, television, radio, magazines, leaflet drops, post, billboards etc)
- Third Parties
- Lead Generator
- Word of Mouth/Personal Recommendations
- Other ▶ Please specify below

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All business activities

3.4 Does the applicant, or any entity of the group of which the applicant is a member (if applicable), intend to carry on any unregulated business activities?

- No
- Yes ▶ Give details below

Total unregulated activities

%
£

Description of the unregulated business the applicant firm will be conducting.

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3.5 Does the applicant firm intend to generate income from any other activities

- No
- Yes ▶ Give details of the other activities that will be undertaken and indicate the percentage of income to be generated from provision of these activities (e.g. fixed fees, percentage-based fees, commissions or any other structure)

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3.6 Is the applicant currently taking over the business of any other firm or are there any plans for the applicant to do so?

(Or, if the firm is already trading, has the applicant acquired the business of any other firms in the last 5 years?)

3.7 Does the applicant intend to use third party lead generators?

3.8 How will the applicant firm be remunerated?

Please give precise details regarding the applicant's remuneration structure, include both monies received from the client and from any providers firms used.

3.9 How does the firm communicate all the fees it charges to its customers?

3.10 How many clients does the applicant expect to have in relation to its funeral plan contracts business?

At authorisation	
12 months after authorisation	

Products and target market**3.11 Please give an overview of all the funeral plan contracts, and/or related services the applicant intends to provide.**

This should include:

- the key features of each contract
- the range of terms offered for each contract
- the pricing structure and payment plan of each contract
- any instances in which each contract will not provide a benefit

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3.12 How will the applicant firm identify the target market for each funeral plan contract?

This should include:

- how the firm makes sure the products are designed to meet the needs of the identified target market
- how the applicant firm determines that the product line is appropriate and suitable for the target market
- the factors the applicant firm takes into consideration when determining whom to sell each product line to
- how the firm identifies key risks in the designing, marketing and selling of its products and services and how it mitigates these risks.

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3.13 How will the applicant firm make sure customers are only sold funeral plan contracts and services that are suitable for their individual needs?

This should include:

- the processes and procedures the applicant has put into place to prevent the sale of unsuitable products and services to customers
- details of how the monitoring of the sales of products and services is undertaken and what the action will be if unsuitable sales are identified
- the provisions the applicant has made to make sure it can meet any costs that arise from taking steps to rectify inappropriate sales

3.14 Does the applicant firm provide advice in relation to the sale of funeral plan contracts?

No

Yes ▶ Please give an overview of the advisory service it provides. This should include:

- steps taken to make sure that individuals giving advice are competent and capable to do so
- how the firm satisfies itself on an ongoing basis that individuals who give advice remain competent and capable to do so

3.15 What type of firm is the applicant?

- Funeral plan provider ▶ Continue to Question 4.16
- Funeral plan intermediary ▶ Continue to Question 4.28

Providers

How are the applicant firm’s funeral plan contracts backed?

- Contract of insurance ▶ Complete Questions 3.16 to 3.18 and then proceed to Question 3.29
- Held on trust ▶ Complete Questions 3.19 to 3.28 and then proceed to Question 3.29
- Both ▶ Complete Questions 3.16 to 3.28 and then proceed to Question 3.29

Insurance-backed plans

3.16 Which insurer or insurers provides the underlying insurance? Which regulatory body supervises each insurer? How did the firm select each insurer?

Please provide copies of the firm’s agreements with each of its insurance providers together with any related documents and agreements such as a service level agreement

- Attached

3.17 When was the last actuarial review conducted? Who conducted it, what was the outcome and what steps has the firm taken to address any findings raised in the actuarial review? What processes and procedures has the firm implemented to satisfy itself, on an ongoing basis, that its insurance arrangements are sufficient to cover its funeral plan contract liabilities?

3.18 Please provide a detailed and comprehensive explanation of the insurance product structures the underlying insurer(s) uses to back the firm's funeral plan contract offering?

This should include:

- The risks associated with these product structures
- How it communicates these risks to its customers
- The steps it has taken to mitigate these risks
- How it monitors these risks on an ongoing basis

Trust-backed plans

3.19 What is the name of the underlying trust or trusts for the funeral plan contracts the applicant firm provides?

Firms with multiple trusts should include details on which funeral plan contracts are backed by each trust.

3.20 The applicant must provide details of each of its trusts and their trustees. Please do so using this template (<https://www.fca.org.uk/sites/default/files/publications/forms/funeral-plan-trustee-details-document-template.xlsx>) and attach

Attached

Please provide copies of the trust deeds for each trust together with any related documents and agreements such as a service level agreement

Attached

3.21 Please give the date of formation for each trust the firm uses and any significant changes to date, for example a change of trustee, change to terms and any other matters the firm believes the regulator should be aware

3.22 Please provide information on any other relationships that exist between the trustee(s) and the applicant or its distribution channels

3.23 Has the trust appointed a trust actuary?

- No ▶ Please explain below why the firm has not appointed a trust actuary
- Yes ▶ Please give the name of the actuary, details of the actuary's qualifications, their competency and capability to perform the role of trust actuary and details of the applicant's appointment process

3.24 Has the trust appointed an FCA-authorized investment manager?

- No ▶ Please explain below why the firm has not appointed an FCA-authorized investment manager
- Yes ▶ Please provide the name of the investment manager, details of their qualifications, their competency and capability to perform the role of investment manager and details of the applicant's appointment process

3.25 Has the trust appointed an auditor of the trust accounts?

- No ▶ Please explain below why the firm has not appointed an auditor of the trust accounts
- Yes ▶ Please provide the name of the auditor of trust accounts

3.26 Has the appointed actuary for each trust(s) produced a Solvency Assessment Report (SAR) within the last 12 months?

- No ▶ If one has not been produced within the last 12 months, you must state below when the report will be completed and submitted to us. Without this document, your application cannot be deemed to be Complete.
- Yes ▶ If one has been produced within the last 12 months, please detail below what actions the firm has taken to address any of the findings
- Trust not yet used

3.27 Please attach a copy of the latest SAR obtained from the appointed actuary for each trust

- Attached
- Firm is not yet entering into and/or carrying out funeral plan contracts as provider

3.28 Please attach a copy of the terms of reference and/or the instructions agreed with the appointed actuary for the conduct of the actuarial valuation report

- Terms of reference Attached
- Agreed instructions Attached

3.29 What is the longest-term funeral plan contract paid in instalments the firm currently provides?

3.30 Please attach a copy of the firm's funeral plan summary document to be issued to customers prior to the conclusion of a funeral plan contract

- Attached

3.31 Please attach a copy of the firm's nominated representative document to be to a customer's nominated representative within five business days of the date of the conclusion of the funeral plan contract

- Attached

4 Financial resources

All authorised firms must meet certain financial resources requirements. We need to be satisfied that the applicant firm will meet these requirements from the date it is authorised

Core capital resource requirement for funeral plan contracts business

Please attach a copy of the firm's calculation of its core capital resources requirement

Attached

4.1 In relation to its funeral plan contracts business, will the firm be a provider or an intermediary?

Funeral plan provider ▶ Continue to Question 4.2

Funeral plan intermediary ▶ Continue to Question 4.7

4.2 What is the applicant firm's core capital resources requirement?

Where a firm has a Part 4A permission to carry on one or more regulated funeral plan provider activities, its core capital requirement is the higher of:

(a) £20,000

(b) 2.5% of the firm's annual income; or

(c) The sum of:

1) the number of undrawn funeral plan contracts backed by trust arrangements, multiplied by the median amount due to be paid from the trust fund(s) to the firm when the funeral is required, multiplied by 0.5%; and

2) the number of undrawn funeral plan contracts backed by a whole of life insurance policy that have yet to be redeemed against a funeral, multiplied by the median death benefit payable under each funeral plan contract valued at the most recent accounting reference date, multiplied by 0.5%

Core Capital resources requirement	
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This will be the applicant firm's core capital resource requirement.

Where a funeral plan provider also has Part 4A permission to carry on other regulated activities, the capital resources requirement is the higher of:

(1) the core capital resources requirement; and

(2) a capital resources requirement (however described) applied to the firm by any other rule or requirement

4.3 Has a review been conducted within the last 12 months of the adequacy of assets available to ensure that customers receive, when needed, the benefits and services they have purchased?

No ▶ If one has not been conducted within the last 12 months, you must state below when the review will be completed and submitted to us. Without this document, your application cannot be deemed to be Complete.

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Yes ▶ Attached

Continue to Question 4.5

4.4 What is the applicant firm's core capital resources requirement?

Where a firm has a Part 4A permission to carry on one or more funeral plan intermediary activity and does not also carry on a regulated funeral plan provider activity, its core capital resources requirement is the higher of:

- (a) £10,000; or
- (b) 2.5% of the firm's annual income

Core Capital resources requirement	
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This will be the applicant firm's resource requirement.

Where a funeral plan intermediary also has Part 4A permission to carry on other regulated activities, the capital resources requirement is the higher of:

- (1) the core capital resources requirement; and
- (2) a capital resources requirement (however described) applied to the firm by any other rule or requirement

Continue to Question 4.5

4.5 You must confirm that the firm will meet and will continue to meet its capital resource requirement on an ongoing basis and have projections available to prove so.

Yes

5 Supporting documents

5.1 Please attach and list below any other documents you have provided.

5.2 Please provide any details on supporting documents if necessary.

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Other information

5.3 Is there anything else you would like to tell us or should tell us about this application?

- No
 Yes ▶ Give details below

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