



**KINGSTON UNITY
FRIENDLY SOCIETY**

EST. 1840

Kingston Unity Friendly Society Limited

Report to the With Profits Policyholders

Kingston Unity's Report to With Profits Policyholders for the Year Ended 31 December 2017

The Society is required to produce a "Principles and Practices of Financial Management" (PPFM) document to describe the way in which we manage our With Profits business. It is also required to provide an annual report to our With Profits Policyholders on how we have complied with the PPFM. This report covers the calendar year 2017, during which the PPFM was not altered (the last amendment was in November 2016). A customer friendly copy of the PPFM can be obtained on request from our Head Office or alternatively by visiting: www.kingstonunity.co.uk/withprofits

Compliance with the PPFM

The Society's With Profits Committee provide independent views on the exercise of discretion during the year. The Society also has a With Profits Actuary to report to the Board regarding compliance with the PPFM during the year. A statement from the With Profits Actuary is included at the end of this report.

Payouts, Bonuses and Smoothing

The Board utilises asset shares as the basis for trying to ensure fairness between different groups of policyholders. We can advise that maturity values for the year are in line with the PPFM target range of between 70% and 130% of asset share. In addition, surrender values are in accordance with their target range between 85% and 115% of asset share.

The Board exercised its discretion in deciding upon bonus rates for the year and the rates declared met the requirements contained in the PPFM.

A smoothing account has been established and this forms part of the estate of the Society. The smoothing policy contained within the PPFM is being followed.

Investment Policy

The Society's Board, via a delegated Investment Sub Committee, is responsible for monitoring the strategy and performance of the Investment Manager. Holdings in the various asset classes have been within the Investment Matrix and Investment Policy set by the Board during the year was carried out in accordance with the PPFM.

Business Risks

The nature of the Society's business means that it is exposed to risks, the majority of which relate to investment risks and insurance risks. However, there are wider business risks including those relating to the writing of new business. This is being managed in line with the PPFM, and the Board continues to carefully monitor new business volumes, expenses and charges

Report of the With Profits Actuary to Policyholders of Kingston Unity Friendly Society

I have made a report to the Board in accordance with the requirements of the Financial Conduct Authority (FCA) Handbook to inform them of my view of the way in which the Principles and Practices of Financial Management (PPFM) has been applied and how discretion has been exercised in respect of the With Profits Policyholders.

I am also required by the FCA Handbook to provide a report to With Profits Policyholders to accompany the firm's annual report, stating whether, in my opinion, the discretion exercised by the firm in respect of the period covered by the report may be regarded as taking the interests of the firm's With Profits Policyholders into account in a reasonable and proportionate manner. In doing this, I must have regard to the rules and guidance laid down in the FCA Handbook.

I took over the role of With Profits Actuary on 1 January 2018. Whilst my role commenced after the period which this report covers, having considered the manner in which the Society has managed the With Profits business, and having reviewed the discretion applied during 2017, I can confirm that, in my opinion, the Board has acted in a manner consistent with the PPFM in the year from 1 January 2017 to 31 December 2017.

I can also confirm that, in my opinion, the Board has taken the interests of With Profits Policyholders into account in a reasonable and proportionate manner.

Scott Robinson

With Profits Actuary for Kingston Unity Friendly Society Limited



Kingston Unity is a trading name of Kingston Unity Friendly Society Limited, 9 Navigation Court, Calder Park, Wakefield, WF2 7BJ.
The Society is registered and incorporated under the Friendly Societies Act 1992, registered number 775F and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, firm reference number 110056.