

Principles and Practices of Financial Management (PPFM)

The PPFM explains how we manage our with-profits business. It sets out the decisions we make when managing the fund. It also explains how we use discretion and balance customers' interests fairly, where there are competing or conflicting interests.

Updates to the PPFM

We plan to update the PPFM following the proposed merger with OneFamily. The revised PPFM will set out how your with-profits fund will be managed after the merger.

This will explain how OneFamily will manage the new Scottish Friendly Assurance Society sub-fund (SFAS sub-fund). This sub-fund will hold the with-profits business that transfers from Scottish Friendly to OneFamily. The revised PPFM will apply from the merger date, which is expected to be in early 2027.

Why are changes being made?

These updates are needed because of the proposed merger with OneFamily. They explain how the with-profits fund would be managed after the merger. To find out more about why these changes are being made and how they may affect you, please read the letter and brochure included in this pack.

Key changes

The main updates fall into three areas: the structure of the business, how the SFAS sub-fund will be managed, and the risks the SFAS sub-fund will be exposed to after the merger.

Changes to the structure:

- References to Scottish Friendly Assurance Society Limited ("Scottish Friendly") will be replaced with references to Family Assurance Friendly Society ("OneFamily").
- References to the "Main Fund" will be replaced with references to the "Long-Term Business Fund" to reflect OneFamily's corporate structure.
- The overriding principles will be expanded to reflect the new business structure and OneFamily's responsibilities.

Changes to how the fund is managed:

- The SFAS sub-fund will be closed to new business from the effective date of transfer, except where certain contract options allow otherwise. To find out how this may affect you, please read the letter and brochure included in this pack.
- The PPFM will explain the capital support arrangement that will apply if the solvency of the SFAS sub-fund is threatened. This support would come from OneFamily's Long-Term Business Fund.
- The PPFM will be updated to reflect the expenses that the SFAS sub-fund will incur under the fixed agreement set out in the transfer documentation.
- The risk appetite framework will be updated to reflect how the SFAS sub-fund will operate after the merger, including that it will be closed to new business.

Changes to risk exposure:

- Updating the risks that the SFAS sub-fund is exposed to as, after the merger, the SFAS sub-fund will not directly share in the profits and losses made by OneFamily.

What will stay the same

Your policy will continue to be administered in the same way, and you'll use the same contact details. Your policy terms and conditions will not change.

A key part of managing with-profits policies is making sure decisions are checked and overseen properly. Scottish Friendly currently has a with-profits committee, which provides independent oversight of the fund and helps ensure that with-profits customers are treated fairly. This arrangement will continue after the merger.

Learn more

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