



British Friendly
the income protection specialists



keyfacts®

Key Features of the BFS Protect Policy

A fresh look at
Income Protection



This is an **important document** which you should read along with your Personal Illustration. The purpose of this document is to give you a summary of information to ensure you have a full understanding of the plan before you decide whether to purchase.

Table of Contents

About this document	4
What is the BFS Protect Policy?	5
Its aims	5
Your commitment	6
Risk factors	6
Questions and Answers	8
Do I need income protection?	8
What does 'incapacity' mean?	8
Who can apply?	8
How do I apply?	9
What choices do I have when I apply?	9
How flexible is the Policy?	12
How much does the BFS Protect Policy cost?	13
How are my premiums paid?	14
Will my premiums increase?	14
Are there any specific exclusions or limitations?	15
Can I change my mind?	15
Can the Society cancel my Policy?	16
Is there a payout at the end of my Policy?	16
Does my Policy have a cash-in value?	16
What happens if I move abroad?	16
What happens if my personal circumstances change?	17
What happens if I die?	17

Our Guide to Claims	18
How do I make a claim?	18
How do we assess your claim?	18
What can I claim for?	19
When will benefit payments start?	19
How much benefit will I be able to claim?	19
What type of income will be relevant to my claim?	20
How long does the benefit pay out?	21
Can I claim again after returning to work?	21
What can't I claim for?	22
How is benefit paid?	23
Is there any other assistance available to me when claiming?	23
Do I need to carry on paying my premiums while claiming?	23
Additional Features	24
What happens if I return to a part-time job or a job that is less well paid?	24
What happens if I have a terminal illness?	24
Can I stop paying my premiums and suspend my cover for a period of time?	24
Is there a Guaranteed Insurability Option?	25
Other information	25
Tax status	25
Terms and Conditions	25
Charges	25
Law	26
Language	26
Legislation or other changes	26
How to complain	26
Compensation	26
Membership of the Society	27
Contact information	27

About this document

The Financial Services Authority is the independent financial services regulator. It requires us, British Friendly Society Limited ("**we**", "**BFS**", "**British Friendly**" or "**the Society**"), to give you this important information to help you to decide whether our BFS Protect Policy (the "**Policy**") is right for you.

You should also read and keep safe your Personal Illustration which shows you what the cover may cost.

This document sets out the benefits and risks of, and your key obligations under, the Policy. It also explains the principal features of the Policy, but it does not set out the full terms and conditions of the Policy. You should therefore read the separate Policy Terms and Conditions together with this Key Features Document. Where appropriate, this document cross-refers to relevant sections of the Policy Terms and Conditions. Copies of the Policy Terms and Conditions are available on our website: **www.britishfriendly.com** or you can request a copy from the Society at any time.

We recommend that you speak to your Financial Adviser before you make any decision to purchase a Policy.

What other documents should you read?

You should also read the following documents and keep them together with this Key Features Document for future reference:

- The Policy Terms and Conditions
- Your Policy Schedule
- Your Personal Illustration
- The Memorandum and Rules of the Society are available on our website: www.britishfriendly.com or by request from the Society.

What is the BFS Protect Policy?

It is an income protection policy designed to pay you a regular benefit if you suffer sickness or injury leading to a loss of earnings. The Policy has flexible features to allow you to select the right cover for you.

There are two types of Policy to choose from:

- **the BFS Protect (Long Term) Policy and;**
- **the BFS Protect (Short Term) Policy.**

The BFS Protect (Long Term) Policy provides regular benefit payments for the duration of your incapacity until your chosen retirement date under the Policy or until one of the events listed in the section "How long does the benefit pay out?" on page 20.

The BFS Protect (Short Term) Policy provides regular benefit payments for a period of up to 1, 2 or 5 years depending on which payment period you select. If your incapacity continues beyond this time, you will need to find a different source of income.

Its aims

- To provide you with regular payments to replace a loss of earnings if you are unable to work due to an illness or injury.
- To provide a flexible Policy:
 - (i) with several different options, allowing you to build the Policy that meets your needs; and
 - (ii) which, subject to certain Terms and Conditions, you can change in the future as your income and circumstances change (please see the Terms and Conditions Document for further information).

Your commitment

You agree to:

- Pay a regular monthly premium throughout the term of the Policy by direct debit.
- Give us all the medical and other information we ask for when you apply for your Policy or to vary your cover, when making a claim for benefit payments and when receiving benefit payments. If you are in any doubt whether a fact is material, you should disclose it. If you do not do this we may not pay your benefit and/or your Policy may be cancelled.
- Tell us straight away of any changes to your health, occupation, income, family history, or country of residence, between the time of your completing an application form to join or vary your cover and the start of your cover.
- Tell us as soon as possible if your personal circumstances change. Please refer to the section on "What happens if my personal circumstances change?" on page 17 for more details.
- Tell us if you intend to live or work permanently outside the UK. Please refer to the section on "What happens if I move abroad?" on page 16 for more details.
- Tell us within certain time limits if you wish to make a claim. Please refer to the section on "How do I make a claim?" on page 18 for more details.

Risk factors

- If you stop paying your monthly premiums, your cover will stop and you will get nothing back. Your Policy has no cash in value at any time.
- If you do not regularly review the amount of cover you have under the Policy against your earnings, your cover may be higher than the Society's Maximum Benefit Level. If you make a claim, we will not pay more than the Maximum Benefit Level. You will not be entitled to any refund of premiums if we do not pay the full amount of cover that you have under the Policy for this reason. For more details see page 19 "How much benefit will I be able to claim?".

- We will not be obliged to pay your claim for benefit if:
 - a) you do not meet the stated time limits for notifying us of a claim or for returning your claim form;
 - b) you do not disclose all relevant medical information and other material facts;
 - c) you have made an untrue statement or withheld information;
 - d) you do not provide us with any information or documents which we request from you and which we consider necessary for the purpose of assessing your claim;
 - e) you do not comply with our reasonable requirements to attend medical examinations or to undergo tests;
 - f) we discover that you are working when claiming benefit under the Policy;
 - g) you make a claim for any condition where we have applied an exclusion on that specific condition;
 - h) you do not pay your premiums;
 - i) you retire, change to an excluded occupation (please see section 2.3 of the Policy Terms and Conditions) or become unemployed, a houseperson or a student; or you move abroad. Please refer to the sections on "What happens if I move abroad?" and "What happens if my personal circumstances change?" on pages 16 and 17 for more details.
- Your monthly premiums may be reviewed and increased or decreased by the Society in certain limited circumstances.
- If you choose our BFS Protect (Short Term) Policy we will only make payments for a maximum of 1, 2 or 5 years for any one period of incapacity depending on which payment period you have chosen. This means you will need to find another source of income after this time.
- The current tax free treatment of benefit payments under the Policy may change.
- Any benefit we pay you may affect your eligibility for certain State means-tested benefits.
- Over time, inflation will reduce how much your cover is worth in monetary terms. You can help to protect against this by applying at the outset to have your benefits automatically increase each year either by reference to inflation or at a fixed rate of 5%.

Questions and Answers

Q: Do I need income protection?

The regular benefit payable from an income protection policy is intended to replace a part of the income that you lose when you cannot earn your living because of illness or injury. It is not intended to put you in a position where you are better off not working or to completely replace all of your lost earnings. To help you decide if you need income protection, ask yourself the following questions:

- Will my employer continue to pay me when I am off work through illness or accidental injury?
- How much will I get paid and for how long?
- Do I have any other insurance policies that will pay me money because I am off work?
- Could I survive on State benefits?
- Do I have enough savings to support me and my family?

We recommend that you speak to a Financial Adviser in order to decide whether you need income protection and the level of cover you need. If you do not have a Financial Adviser, visit www.unbiased.co.uk to find one near you.

Q: What does 'incapacity' mean?

We refer throughout this document to "incapacity" or being "incapacitated". By this we mean that you are totally unable to carry out your occupation due to physical or mental illness or injury leading to a complete or partial loss of income.

Q: Who can apply?

You may apply for the BFS Protect Policy if:

- You are normally resident in the UK and have been for the last 36 months or more;
- You are aged between 18 and 64 years;
- You are a UK tax payer and hold a UK bank or building society account;
- You are registered with a UK doctor who has access to your previous 3 years' medical records;
- You are employed or self-employed and you are not due to retire within the next 5 years; and
- Your occupation is one for which we offer cover.

Q: How do I apply?

As you will be submitting your application through your Financial Adviser they will guide you through the application process.

Once we receive your application, we will ask you for further information to help us in assessing it. Depending on certain factors, such as your chosen level of cover or medical history, we might also need to request a medical report from your doctor or ask you to undergo some medical tests. We will pay any medical fees involved and keep you updated as your application progresses.

We use telephone interviewing to gather information from you. We will always contact you beforehand to arrange a convenient time with you to do this.

If you do not comply with our reasonable requests in relation to further information or medical examinations and tests, we will not be able to proceed with your application.

If your application is accepted, we will send you your Policy documents. You will then have a 30 day “cooling off” period to check that the Policy is right for you. See “Can I change my mind?” on page 15.

Q: What choices do I have when I apply?

You can choose:

- The term of the Policy. The Policy will end at your chosen retirement age, which can be any time between your 50th and 70th birthday.
- How long you want the benefit payments under the Policy to last. There is a choice between the BFS Protect (Long Term) Policy and the BFS Protect (Short Term) Policy. We describe the differences between these two types of Policy on the next page.
- The level of benefit payments that you require.
- Whether you want the benefit payments to be index-linked.

The amount of premium that you will need to pay will vary depending on the options that you choose. Please see “How much does the BFS Protect Policy cost?” on page 13.



a) The term of the Policy

You can choose for the Policy to end at any age that suits your retirement plans between your 50th and 70th birthday. You will need to ensure there is a minimum of five years between the date you submit the application form and your chosen retirement age. We do not provide cover for individuals who are less than five years away from the date on which they intend to retire.

b) The BFS Protect (Long Term) Policy or BFS Protect (Short Term) Policy

You will be covered for periods of incapacity throughout your working life until your chosen retirement age and may claim more than once in respect of the same incapacity or a different incapacity. However, the length of time for which benefit payments under the Policy will last in the event of your incapacity will depend on whether you choose the BFS Protect (Long Term) Policy or the BFS Protect (Short Term) Policy.

(i) The BFS Protect (Long Term) Policy

In the event that you are unable to work due to incapacity, the BFS Protect (Long Term) Policy will make payments from the date that payments start until the retirement age that you choose for your Policy or one of the other events listed in the section "How long does the benefit pay out?" on page 21.

(ii) The BFS Protect (Short Term) Policy

In the event that you are unable to work due to incapacity, the BFS Protect (Short Term) Policy will make payments for up to 1, 2 or 5 years, depending on which payment period you select. If your incapacity continues beyond this period, you will need to find a different source of income.

In the case of the BFS Protect (Short Term) Policy, you will continue to be covered for further periods of incapacity until your chosen retirement age under the Policy. You can claim more than once either for the same or a different incapacity. Please see "Can I claim again after returning to work?" on page 21.

c) The level of benefit payments that you need

You can select to receive benefit payments from £50 per week (£2,600 per year) up to a maximum of £875 per week (£45,500 per year). The amount of your premium will vary depending on the level of payments that you select. The Society will only cover you for benefit payments up to 70% of your gross annual income in the 12 months prior to your incapacity (the "**Maximum Benefit Level**"). Therefore, in the event of a claim, the Society will only make benefit payments up to the Maximum Benefit Level, regardless of the amount of benefit payments which you have asked for under the Policy.

Example: You choose a level of benefit payments of £600 per month and pay premiums at a level which will provide cover at that level. When you claim, the Maximum Benefit Level will be applied to your earnings in the previous 12 months. If benefit payments of £600 per month would come to more than the Maximum Benefit Level, we will only pay benefit payments up to the Maximum Benefit Level.

It is therefore important, when applying for your Policy, and throughout the duration of your Policy, that you review the level of your intended benefit payments against your earnings to ensure that the benefit payments will not be higher than the Maximum Benefit Level. You can apply at any time to decrease your level of benefit payments under your Policy. Please see the section "How flexible is the Policy?" on page 12.

d) How soon is the benefit paid (the deferred period)?

BFS Protect (Long Term) Policy:

In the case of the BFS Protect (Long Term) Policy, you decide when you want benefit payments to commence in the event of your incapacity. You can choose benefit payments from day one of your incapacity or after a deferred period of 1, 4, 8, 13, 26 or 52 weeks. Your choice of deferred period will affect the amount of premium that you have to pay.

For example, if you choose a deferred period of 8 weeks, you will receive no payments for the first 8 weeks of your incapacity. Payments will start in the ninth week of incapacity. You will receive nothing at all if your incapacity does not last for more than 8 weeks.



When deciding which deferred period to choose, or whether to have a deferred period, you should take into account:

- any other income that you may receive in the event that you are unable to work due to incapacity, such as sick pay from your employer or payments under another insurance policy; and
- the length of time that you will receive payments from these other sources.

You may also choose to have different amounts of benefit paid after different deferred periods. For example, this option is useful for those who have a graduated company sick pay scheme, where an employee receives their full salary for the first 6 months of sickness and then half of their salary for the next 6 months.

BFS Protect (Short Term) Policy:

The BFS Protect (Short Term) Policy has a fixed deferred period of 4 weeks. This means that you will receive no benefit payments in the first 4 weeks of incapacity; benefit will be paid from the fifth week of incapacity. You will receive no benefit payments if your incapacity does not last for more than 4 weeks.

e) Automatic annual benefit increase

You can help to protect your benefit payments against the effects of inflation by choosing to have them increase automatically each year, either at a fixed rate of 5% or linked to inflation (based on the latest available measure of RPI published by the government and capped at a maximum of 10%).

The annual increase takes effect on 1 January each year. Your monthly premium will also increase at the same rate from this date. There will be no automatic benefit increase during the first 12 months of your Policy.

Q: How flexible is the Policy?

You may apply to the Society to increase or decrease the amount of your benefit payments and vary the optional elements of your Policy to suit your changing circumstances. We recommend that you review your cover regularly to ensure that it continues to meet your needs.

Applications to vary some elements of your cover will be subject to assessment and approval by the Society. Please refer to section 7 of the Policy Terms and Conditions for details of which variations require assessment and approval. We will take into account your current circumstances, including your health, residence, occupation and earnings, when assessing your application. We may ask you for further information and may require a medical report and/or ask you to undergo medical tests.

Some variations will not need to be assessed by the Society. For example, if you wish to decrease the level of benefit payments under the Policy, you can request this by post or phone. We will let you know when the decrease in your cover will take effect and the amount of your new monthly premium.

Your Policy also includes a “Guaranteed Insurability Option” which allows you to increase your cover within limits and in certain circumstances without the need for assessment by the Society. Please refer to the section entitled “Is there a Guaranteed Insurability Option?” under the “Additional Features” section on page 25 for further details.

Q: How much does the BFS Protect Policy cost?

Your monthly premium will vary according to the following factors:

- Your age
- Your chosen retirement age
- Whether you have selected the BFS Protect (Long Term) or the BFS Protect (Short Term) Policy
- The amount of benefit payments that you require
- In the case of the BFS Protect (Long Term) Policy, your choice of deferred period(s)
- Your current health and medical history
- Automatic annual increases (if applicable)
- A review of premiums by the Society.

Please refer to the “Premium and Benefit Tables” section of the **Terms and Conditions document**, which illustrate how the monthly premium may vary according to the factors above.

We recommend that you speak to a Financial Adviser in order to help you determine the type and amount of cover that you need. The type and amount of cover will affect the amount of premium that you will have to pay.



Please note that we will provide you with a Personal Illustration without considering your personal circumstances in full. Any premium quoted by the Society may turn out to be higher once your application has been fully assessed if we consider there to be a higher than average likelihood that you will make a claim under the Policy due to past or present health.

Your initial monthly premium will be shown in your Policy documents if your application is accepted.

Q: How are my premiums paid?

Premiums must be paid by monthly direct debit. You can choose either the 1st or the 15th of the month for the premium payment to be taken from your account.

Q: Will my premiums increase?

Premiums increase each year in line with your age. The premium increase will occur on 1 January based on your age on that date. There will be no increase based on age during the first 12 months of your Policy. Please refer to the **Terms and Conditions document** for an illustration of the age bands and the incremental increases in premium in line with your age. We will notify you at least 10 days in advance of the change to the amount of your monthly premiums due to your age.

Where you have selected the automatic annual increase option, your premiums will increase on 1 January each year at the same rate as the increase to your benefit payments. Please see the section on the "Automatic annual benefit increase" on page 12 for further details.

Your monthly premiums may also be reviewed and either increased or decreased by the Society. The Society sets its premium rates based on a carefully considered estimate of cost variables such as the estimated cost of providing the benefits under the BFS Protect Policy. Therefore the Society may need to change the premium rates where these assumptions change in the future.

Premium rate changes will be caused by one of the following reasons:

- An increase or decrease in the amount of claims that we either have received or expect to receive under the Policy
- An increase in the total expense to the Society in providing the Policy
- Changes to the amount of capital reserves that the Society is required to hold
- Legislative, regulatory or taxation changes
- Events outside of our control, such as medical advances, which we expect will have an impact on future claims and which we could not reasonably have foreseen when setting premium rates for the Policy
- Actual or future investment returns change significantly from those assumed by the Society when setting premium rates for the Policy.

Any increase or decrease in premium rates as a result of a premium review will be applicable to all Policyholders; it will not be based on your personal circumstances.

We review the rates under your Policy whenever our actuarial advisers indicate that there is a need to do so. However, there will be no increase or decrease in premium rates as a result of a premium review before 1 January 2014.

We will notify you in writing of any rate changes at least one month before making any change. You may cancel the Policy at any time, so you can cancel the Policy rather than pay increased premiums if you prefer.

Q: Are there any specific exclusions or limitations?

When assessing your application, the Society may consider that there are one or more factors which could result in a higher than average chance of you suffering from incapacity, such as a medical condition or engagement in dangerous sports. If so, the Society may only accept your application with special terms or subject to payment of a higher monthly premium as follows:

- **Special terms** are clauses specific to your Policy and will be in the form of a medical exclusion or an excluded activity. A medical exclusion is a particular medical condition or part of your body which will not be covered under the Policy. For example, we might exclude the spine from cover for someone who has an ongoing back or neck condition. An excluded activity means that we will not cover any injuries or illnesses arising out of that activity. For example, we might exclude injuries sustained whilst carrying out a dangerous sport.
- **Higher premium:** we might consider it more appropriate to offer a higher premium to cover an increased risk of a claim due to your incapacity. This will be as a result of your current health and/or medical history.

Q: Can I change my mind?

Yes. You can cancel your policy at any time. If you change your mind within 30 days of it starting, any premiums paid will be refunded to you. If you cancel at any other time, your cover will end and any premiums paid will not be refunded.

To cancel your policy you will need to complete and return the cancellation notice enclosed with your policy document to British Friendly, 1 Trevor Street, Bedford, MK40 2AB or telephone us on 01234 358344.



Q: Can the Society cancel my Policy?

The Society may end your Policy without your request if:

- You provide false, incomplete or misleading information when you apply to join, vary or increase your cover or when you make a claim;
- Your premium payments are at least 4 months in arrears;
- You make a fraudulent claim;
- You are the subject of a custodial sentence; or
- You change to an occupation which is an excluded occupation.

Q: Is there a payout at the end of my Policy?

No, there is no lump sum payable at the end of your Policy.

Q: Does my Policy have a cash-in value?

No, the Policy does not have a cash-in value at any time.

Q: What happens if I move abroad?

When you take out your Policy or apply to vary your cover, you must be resident and actively working in the UK. You must notify the Society if you subsequently move abroad.

- If you are resident or temporarily resident in another EU country or in one of the following countries when you make a claim, we will only pay claims for a maximum of 104 weeks (2 years) in total:

Andorra	Iceland	Switzerland
Australia	Isle of Man	United States of America
Canada	Liechtenstein	Vatican State
Channel Islands	New Zealand	
Gibraltar	Norway	

- If you are resident or temporarily resident anywhere else in the world when you make a claim, we will only pay claims for a maximum of 26 weeks in total.

If you have previously made a claim for benefit whilst resident or temporarily resident outside of the UK, all earlier benefit payment periods will be added together for the purposes of applying the maximum payment periods stated above.

As is the case when you are resident in the United Kingdom, benefit will be paid only if you provide us with the information we need to assess your claim in a form which is reasonably acceptable to us. Your medical evidence must be provided in English. You must have a UK bank account for payment of your premiums and claims.

Q: What happens if my personal circumstances change?

You must inform the Society of any of the following changes to your personal circumstances:

- You change your address or country of residence
- You change your occupation, or the country in which you work
- You change from being employed to self employed or vice versa
- You become unemployed, a house person, student or retired
- You have a decrease in your annual income of more than 10%
- Your employer changes the provisions of your sick pay entitlement
- When you are claiming benefit, you are fit enough to return to work.

If you change your occupation to an excluded occupation (please see section 2.3 of the Policy Terms and Conditions), the Society will cancel your policy as we can no longer provide you with cover. We will notify you if this is the case.

The Policy is designed to replace part of the income that you lose if you are unable to work due to incapacity. If your circumstances change such that you are no longer earning any income, you will not be entitled to claim any benefit payments under the Policy. If these circumstances are likely to be long-term, you should cancel the Policy.

Alternatively, you may choose the career break option (See “Additional Features section” on page 24) if you intend to return to work within 2 years.

Q: What happens if I die?

If you die before your chosen retirement age your Policy will end and there is no cash value.

Our Guide to Claims

Q: How do I make a claim?

You can request a claim form by phone, email or in writing. We will post or e-mail the form to you on request (please see page 27 for our contact details).

You must notify us of your claim by telephone, email or in writing within our stated deadlines. If you have a deferred period of 8 weeks or less you must notify us within 14 days of the start of your incapacity. If you have a deferred period of 13, 26 or 52 weeks you must notify us within 8 weeks of the start of your incapacity. In all cases you must return the completed claim form and any other requested documents to us within 7 days of the form being received by you.

Our stated deadlines allow us to assess your claim and commence your benefit payments in a timely manner. If you do not meet these deadlines, you will only be entitled to benefit payments from the date that we receive your claim form.

To support your claim, you will also need to send us:

- medical certificates (also known as sick notes or fit notes) signed by your doctor or other registered medical practitioner (photocopies are acceptable). You will need to provide medical certificates throughout the duration of your incapacity. Please see section 5 of the Policy Terms and Conditions for further details
- proof of your gross annual income in the 12 months before your incapacity. Please see page 20 for further details.

Q: How do we assess your claim?

We will assess:

- on the basis of medical evidence, whether you are totally unable to carry out your occupation due to physical or mental illness or injury;
- whether you have suffered a complete or partial loss of income.

We will require evidence that:

- you are under the care of a registered medical practitioner and that you are following all recommended treatments and investigations;
- suitable treatment options have been investigated. We may ask you to have an examination or undergo tests for this purpose; and
- you have suffered a loss of earnings.

Q: What can I claim for?

You may claim benefit under the Policy if you are incapacitated in accordance with our definition of "Incapacity." This means that you are totally unable to carry out your occupation due to physical or mental illness or injury such that you suffer a complete or partial loss of income.

The Society will determine whether you fulfil this definition on the basis of the information that you provide and on the advice of the Society's medical adviser.

Q: When will benefit payments start?

If your claim is accepted by the Society, benefit payments will start following the expiry of any deferred period applicable to your Policy. If there is no deferred period applicable to your Policy, you will qualify for benefit payments from the first full day that you are unable to work due to incapacity provided that you have been unable to work for more than 3 consecutive days.

Q: How much benefit will I be able to claim?

You must ensure that the benefit payments which you have asked for do not exceed our Maximum Benefit Level. The Maximum Benefit Level is 70% of your gross salary and P11D benefits (if employed), or 70% of your pre-tax profits from your business (if self-employed), in the 12 months prior to your incapacity.

In the event of a claim, the Society will only make benefit payments up to the Maximum Benefit Level, regardless of the amount of benefit payments which you have asked for under the Policy. You will not be entitled to any refund of premiums if we do not pay the full amount of benefit payments for this reason.

We will also take the following sources of income into account when determining the amount of your benefit payments. We will only make benefit payments up to the Maximum Benefit Level if any of the following (taken together with your benefit payments under the Policy) take you over the Maximum Benefit Level:



- a) Continuing payments from your employment such as sick pay
- b) Pension payments, unless you were receiving them before you took out your cover
- c) Similar benefits under other income protection or permanent health insurance policies. This includes payment protection plans, such as loan or mortgage protection policies or other forms of insurance which either pay you a regular benefit or make repayments directly to your lending company whilst you are incapacitated
- d) State benefits for which you are eligible. However, we will not take into account state benefits for the first 12 months of any claim
- e) Any taxable income from your trade or business received in the form of company dividends
- f) In the case of rehabilitation benefit and proportionate benefit only, any income that you receive.

We will not take into account any investment income you receive except as under e) above.

Example: You choose a level of benefit payments of £600 per month. When you claim, you are receiving sick pay entitlement of £200 per month. We will add the sick pay entitlement to your benefit payments for the purposes of applying the Maximum Benefit Level test. If the two payments taken together would come to more than the Maximum Benefit Level, we will only pay benefit payments so that the total amount that you receive does not exceed the Maximum Benefit Level.

Q: What type of income will be relevant to my claim?

Please note that we will ask you for proof of your pre-incapacity income at the time of your claim. Our test for Maximum Benefit Level will be applied to your gross annual earnings in the 12 months before your incapacity - please see the section above for further details on this test.

We will ask for proof of your personal taxable income in the form of:

- If you are employed, your printed payslips and a P60
- If you are self-employed, your most recent agreed HM Revenue and Customs Tax Computation and Self Assessment together with a copy of the accounts that relate to this
- If you are a director of a limited company, printed payslips, a P60 and the most recent copy of your company accounts as submitted to HM Revenue and Customs.

If you are self-employed or a company director, we may also need to contact your accountant, if appropriate, for more information.

Q: How long does the benefit pay out?

Benefit will be paid up until the occurrence of any of the following:

- You are fit enough to return to work. In other words, you no longer meet our definition of incapacity
- You no longer suffer any loss of earnings
- Any agreed period of rehabilitation or proportionate benefit ends. Please see page 24 for further details
- Your Policy ends at your chosen retirement age
- If you have a BFS Protect (Short Term) Policy, and you reach the end of the stated payment period of your Policy (1, 2 or 5 years)
- You voluntarily cancel your Policy
- You die
- You are resident or temporarily resident abroad and you reach the end of the period for which the Society will make benefit payments. Please refer to the section on "What happens if I move abroad?" on page 16 for more details.

Q: Can I claim again after returning to work?

There is no limit to the number of claims you can make under the BFS Protect (Long Term) Policy or the BFS Protect (Short Term) Policy. You can claim more than once in respect of the same incapacity.

If you have a BFS Protect (Long Term) Policy and need to claim again for the same incapacity within 26 weeks of returning to work then any deferred period will not apply. If you need to claim again for a different incapacity any deferred period will apply.

If you have a BFS Protect (Short Term) Policy the length of time for which benefit payments will be made for each period of incapacity will be limited to 1, 2 or 5 years, depending on which benefit payment period you have chosen. After reaching the end of the benefit payment period (1, 2 or 5 years) under the Policy, you can claim again either for the same or a different incapacity. However, the following conditions apply:

- Before you can claim for the same incapacity you must have returned to work for a continuous period of at least 26 weeks without suffering a recurrence of the original illness or injury. Benefit will become payable after the usual deferred period of 4 weeks (i.e. payments will start after 4 weeks of continuous incapacity)
- If you need to claim again for a different illness or injury, benefit will become payable after the usual deferred period of 4 weeks (i.e. payments will start after 4 weeks of continuous incapacity).



If you are able to return to work before you reach the end of your benefit payment period (1, 2 or 5 years) and need to claim again for the same incapacity within 26 weeks of returning to work then the 4 week deferred period will not apply, but the period of your first illness will be brought forward to your latest claim and will count towards your payment period limit.

Example: You choose the BFS Protect (Short Term) Policy with a 5 year benefit payment period and with a retirement age of 65. If you suffer from incapacity at age 45, you will be entitled to benefit payments for up to 5 years. After the benefit payment period of 5 years has passed, all benefit payments will cease. Before you can claim again for the same incapacity you must have returned to your occupation for a continuous period of at least 26 weeks without suffering from a recurrence of the original illness or injury. If you need to claim again for a different incapacity, the 4 week deferred period will apply.

Q: What can't I claim for?

If your Policy has a deferred period, benefit will only be paid for the duration of your incapacity following the deferred period. For example, if you were unable to work for 10 weeks and your policy was subject to a 4 week deferred period, you would only receive benefit payments for the last 6 weeks of this period.

We will not pay benefit for any pre-existing condition, illness or disorder which was known or suspected but not disclosed to the Society when you applied for a Policy or to vary your cover. (Please refer to the section "Your Commitment" on page 6 of this document.)

There will be no benefit payments in the following circumstances:

- You become unemployed or you are made redundant without suffering from any incapacity
- You retire earlier than planned without suffering from any incapacity
- You die. This is not a life assurance policy; there will be no payments in the event that you die.

In addition, when you join or vary your cover, you will be informed of any special terms which are specific to your Policy. You cannot claim for any condition or circumstances which are excluded by a special term.

Q: How is benefit paid?

Benefit payments are paid directly in to your bank or building society account on a weekly basis. Benefit payments will always be paid in arrears and never in advance for any period of incapacity.

Q: Is there any other assistance available to me when claiming?

Yes. Our Registered Nurse will be pleased to discuss concerns relating to your health and medication and offer advice in respect of medical investigations, suitable treatment options or seeking a second opinion. Our Registered Nurse will be happy to talk to you both during your claim and at any other time during the life of your Policy and can be contacted on 0800 975 6565.

Q: Do I need to carry on paying my premiums while claiming?

No. Once your claim has been in payment for at least 28 days we will not collect any further premiums until you cease to be in receipt of benefit payments.



Additional Features

Q: What happens if I return to a part-time job or a job that is less well paid?

If as a result of your illness or injury you can only return to work part-time or on a lower income, we may consider paying you a reduced benefit which takes account of your reduction in earnings.

Please refer to sections 5.12 and 5.13 on Rehabilitation Benefit and Proportionate Benefit in the Policy Terms and Conditions.

Q: What happens if I have a terminal illness?

If you are diagnosed with a terminal illness, and otherwise meet the criteria for claiming benefit, we will not apply any deferred period applicable to your Policy. This means that you will be entitled to benefit payments from the first day of your incapacity rather than having to wait until the expiry of the applicable deferred period.

By “terminal illness” we mean an advanced or rapidly progressing incurable illness where, in the opinion of an attending consultant and the Society’s medical adviser, life expectancy is no more than 12 months.

Q: Can I stop paying my premiums and suspend my cover for a period of time?

Yes. We call this a “Career Break.”

You have the option to suspend your cover and your premium payments for a minimum period of 3 months up to a maximum of 24 months at any one time. You can apply to suspend premiums for up to 4 years in total during the term of your Policy. This option could be exercised when you raise a family, study or travel or for other reasons that give rise to a career break.

This option allows you to recommence your cover without having to reapply and without the need for further assessment of your application by the Society.

Please refer to section 6 of the Policy Terms and Conditions for the detailed conditions which apply to career breaks.

Q: Is there a Guaranteed Insurability Option?

The BFS Protect Policy includes an automatic option to increase your benefit payments under the Policy (subject to certain conditions and up to the Maximum Benefit Level) without supplying medical evidence upon the occurrence of one of the following events:

1. On every third anniversary of the start date of your Policy
2. You get married or enter into a civil partnership
3. Either you or your partner give birth to, or legally adopt, a child
4. You take out or increase a mortgage on your primary residence.

The exercise of this option is subject to a number of conditions as set out in section 8 of the Policy Terms and Conditions.

To apply, please contact your Financial Adviser or contact us by telephone or email us at enquiries@britishfriendly.com.

Other information

Tax status

Benefit payments under the BFS Protect Policy are free of personal income tax and capital gains tax under current legislation, providing premiums are paid from a personal bank or building society account and not a corporate account. Premiums for Policies paid by individuals are not allowable as an expense for tax purposes. The current tax free treatment of the Policy benefits may change.

Terms and Conditions

The terms and conditions of the BFS Protect Policy are contained in the "BFS Protect Policy Terms and Conditions" booklet, copies of which are included with your Policy documents when you join, or are available from our website or on request.

Charges

Your premium payments include the cost of administration, underwriting, claims and commission and any fees incurred in obtaining further medical information to assess your application. You do not need to pay for the cost of medical evidence in addition to your premiums except in the limited circumstances where you ask the Society to review the Special Terms under your Policy. Please see section 2.11 of the Policy Terms and Conditions for further details.



Law

Your Policy is governed by the law of England and Wales.

Language

We will communicate with you in English and all Policy documents, terms and conditions and correspondence will be in English.

Legislation or other changes

The information contained in this document is correct at the time of issue. Please be aware that we may change this Key Features Document and the Policy Terms and Conditions where this is necessary to reflect a change in applicable law or regulation or the applicable tax treatment of benefit payments under the Policy. Wherever possible, we will give you at least 30 days advance notice of any changes. However, it may be necessary for such changes to take effect immediately. If this is the case, we will advise you within 30 days of making the change.

How to complain

Should you wish to register a complaint, please either call or write to us, using the contact details shown on page 27. Your complaint will be acknowledged in writing within 5 business days and passed to the Society's Complaints Officer for investigation. You will receive within 4 weeks either a final response or a holding letter if more information is required. Copies of the Society's Complaints Handling Procedure are available on request.

If you are not satisfied with the outcome of your complaint, you can contact the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR. Telephone 0845 080 1800.

Your legal rights will not be affected by registering a complaint.

Compensation

The BFS Protect Policy is covered by the Financial Services Compensation Scheme. This Scheme is designed to protect you, in the unlikely event that the Society becomes insolvent. If the Financial Services Compensation Scheme judges the Society to be in default, compensation will be paid subject to the following limits:

90% of the claim with no upper limit

This information is correct at the time of issue. For up-to-date information, please contact the Financial Services Compensation Scheme, 7th Floor, Lloyds Chambers, 1 Portsoken Street, London E1 8BN. Telephone 0800 678 1100 or 0207 741 4100. Fax. 020 7892 7301. Email enquiries@fscs.org.uk.

Membership of the Society

If you buy the BFS Protect Policy, you will automatically become a member of the Society. The Memorandum and Rules of the Society are available on our website at www.britishfriendly.com or by request from the Society. This sets out the terms and conditions of your membership, such as your right to vote at an annual general meeting of the Society.

Contact information

Your Financial Adviser will normally be your first point of contact. If you have any questions you can phone us, send an e-mail or fax or write to us.

British Friendly Society Ltd

No.1 Trevor Street
Bedford
MK40 2AB

Tel. 01234 358344 (mainline)

Tel. 0800 975 6565

Fax. 01234 327879

Email. enquiries@britishfriendly.com

Website: www.britishfriendly.com

Authorised and Regulated by the Financial Services Authority. You can find us on the FSA Register by searching for our name or our registered number: 110013.

A member of the Association of Financial Mutuals. The Society is incorporated under the Friendly Societies Act 1992. Registered No. 392F



British Friendly

the income protection specialists



British Friendly Society Ltd
No.1 Trevor Street
Bedford
MK40 2AB

Tel: 01234 358344 (mainline)
Tel: 0800 975 6565
Fax: 01234 327879
Email: enquiries@britishfriendly.com
Website: www.britishfriendly.com

Authorised and Regulated by the Financial Services Authority. You can find us on the FSA Register by searching for our name or our registered number: 110013.

A member of the Association of Financial Mutuals.
The Society is incorporated under the Friendly Societies Act 1992. Registered No. 392F.

BFSP01-03.11 W