

SHORT TERM IP SIMPLIFIED
Policy Summary



Important Note

This document summarises important information about your Short Term IP Simplified policy and should be read alongside your Personal Illustration which outlines the cost and details of your policy. These documents, along with the policy Terms and Conditions, should be read carefully to ensure the policy is right for you. More detailed information about Short Term IP Simplified can be found in the policy Terms and Conditions. If you require any further information, please contact us by calling 01234 358 344 or e-mail us on enquiries@britishfriendly.com.

Speak to your Financial Adviser to make sure that Short Term IP Simplified is right for you.

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What is Short Term IP Simplified?

Short Term IP Simplified is an Income Protection policy designed to pay you a regular benefit for one or two years if you suffer sickness or injury leading to a loss of earnings. Cover is provided on own occupation basis, meaning that the policy will pay benefits if, in the opinion of a doctor, you are unable to do the main tasks of your occupation.

Things to consider...

- Will my employer continue to pay me when I am unable to work due to illness, injury or accident?
- Do I have enough savings to support myself or my family if I'm unable to work and get paid?
- How will I afford to pay my bills and expenses?
- Am I eligible for State benefits and is it enough to support my lifestyle?
- **Am I suffering currently from a medical condition or have been in the last 3 years before my policy started? If so benefit will not be paid for that condition for a minimum of 2 years (please refer to page 4 for more information)**

Eligibility requirements

- Age 18-64
- Resident in the UK for the last 36 months or more
- UK tax payer
- Holds an account with a UK bank or building society
- Registered with a Doctor in the UK who has access to your medical records from the past 3 years
- Employed or self-employed
- At least 5 years from retirement
- You do not work in one of our excluded occupations

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What are the key features?

What and how much am I covered for?

Short Term IP Simplified provides a regular benefit up to 70% of your annual taxable or pre-tax profit if you are unable to carry out your job/occupation due to sickness or injury leading to a complete or partial loss of income. Short Term IP Simplified covers you until your chosen retirement which can be any age from 50-70 and you must be at least 5 years away from retirement when you apply. You can claim more than once for the same or a different sickness or injury and there is no limit to the number of claims you can make on your policy. Please see section 5.11 of the Short Term IP Simplified policy Terms and Conditions.

Benefit options start from £50 per week (£2,600 per year) up to a maximum of £576.92 per week (or £30,000 per year), paid weekly into your bank account.

What is not covered?

Short Term IP Simplified will only cover you for your chosen benefit if you are unable to carry out your job/occupation due to sickness or injury leading to a loss of income. Benefits will **not** be paid in the following circumstances:

- during the deferred period – benefit will only be paid for any period of continuous incapacity which continues beyond your chosen deferred period;
- any **pre-existing conditions** for which you have received consultation, treatment and/or medication, or asked advice on or had symptoms of (whether or not diagnosed) during the 3 years immediately before policy inception are automatically excluded. Existing conditions are excluded for the first 2 years of cover and will only be covered once you have gone 2 years without any symptoms, treatment, medication, follow-up appointments or investigations.
- if your premium payments are in arrears;
- if you are unemployed, a student, retired or a house person when incapacity starts - we will not pay your claim if you do not have any income; or
- if you become unemployed or you are made redundant without suffering from any incapacity.

How we underwrite your Short Term IP Simplified policy

We will not ask you for medical information on your application for your Short Term IP Simplified policy but **will automatically exclude any specific medical condition(s) that has occurred in the 3 years prior to you commencing the policy.** Once the policy has been in force for 2 years AND you have gone 2 years without any symptoms, treatment, medication, follow-up appointments or investigations, such excluded conditions will be covered by your policy.

What we mean by a medical condition is:

- Any disease, illness or injury for which you have had consultation, symptoms, received treatment, medication or asked advice for.
- Any specific conditions which reasonable medical opinion considers to be directly related.

You should not delay seeking medical advice or treatment for a pre-existing condition simply to obtain cover under your policy.

As we don't ask for medical information when you apply for the policy, we require information from your doctor in the event of a claim.

Any conditions that are likely to continue to need regular or periodic treatment, medication or medical advice, are unlikely to ever be covered by the policy.

Benefit payments

Payments will only be made if your sickness or injury lasts longer than your deferred period. For example, if your policy has a 4 week deferred period, you will only get paid benefits if you are sick or injured for more than 4 weeks and your payments will begin from the 5th week of your sickness or injury.

Policy value

Your policy has no cash value at any time and there is no lump sum payable at the end of your policy - this includes if you die.

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Limitations and exclusions

- When you apply for your policy or to increase your cover, we will not ask you to provide any medical information or evidence. Instead, your policy will include a standard exclusion for any medical conditions that have affected you in the three years prior to commencing the policy. Such conditions will only be covered by your policy once your policy has been in force for 2 years and you have gone 2 years without any symptoms, treatment, medication, follow up appointments or investigations. If you apply for an increase the 3 year exclusion mentioned above will apply to the new benefit only from the date your increase of cover was accepted.
- Involvement in dangerous sports may prevent your claim from being paid under your policy.

Premium pricing and payments

Your initial monthly premium will be shown in your policy document. Please refer to the 'premium and benefit tables' section of the Terms and Conditions, which outlines premium pricing.

Your premium payments include the cost of administration, underwriting, deferred period, claims and commission and any fees incurred in obtaining further medical information.

Policy pricing is based on age banded premiums that increase as you get older, automatic annual benefit increases, your chosen retirement age, your benefit amount and the Society's need to review premiums. Please see section 4 of the Short Term IP Simplified policy Terms and Conditions for more details.

We always recommend that you speak to your Financial Adviser to help you determine the type and amount of cover you need as this will directly affect the premium amount you will pay each month.

In purchasing a Short Term IP Simplified policy you agree to pay a regular monthly premium throughout the term of the policy by direct debit. You have the option to choose whether you wish your monthly premium to be taken on either the 1st or the 15th of each month. If you stop paying your monthly premiums, your cover will stop. For more information please see 'changing your mind and cancellations'.

Can I take a break or increase my cover?

At British Friendly, we understand that your circumstances may change so we try to be as flexible as we can by offering you more options so you can still have cover. We provide options such as a 'career break' which gives you the flexibility to suspend your cover and your premium payments for 3-24 months at any one time.

We even provide a 'guaranteed insurability' option, which automatically increases your amount of benefit. This option is available on every third anniversary of the start date of your policy, when you get married or enter a civil partnership, when you or your partner give birth or legally adopt a child or you take out or increase a mortgage on your primary residence.

Changing your mind and cancellations

Once your application has been accepted your policy is subject to a 'cooling off period' which allows you to cancel your policy within the first 30 days and receive a full refund on any premium payments you have made.

Policy cancellations may be done at any time by completing and returning the cancellation notice enclosed with your policy document to British Friendly. If you cancel outside of the 30 day 'cooling off period' your premium payments will not be refunded.

The Society reserves the right to cancel your policy if you provide us with false or misleading information, you do not disclose a relevant fact when you apply for a policy or to vary your cover or make a claim, your premium payments are 4 months in arrears, you make a fraudulent claim, you are subject to a custodial sentence, you change to an excluded occupation or become unemployed.

Membership of the Society

If you purchase a Short Term IP Simplified policy you will automatically have membership of our mutual Society, which means you have the right to vote and attend our Annual General Meeting each year along with the other members of the Society.

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How do I make a claim?

Your quick guide to claims

If you do ever need to make a claim, simply request a claim form by telephone, e-mail or in writing and we will send you all you need to get started. You can also download a copy from our website. You will need to notify us of your claim within the below time frame from the start of your sickness or injury:

- for deferred periods of 8 weeks or less: notify us within 14 days
- for deferred periods of 13 weeks: notify us within 8 weeks

What can I claim for?

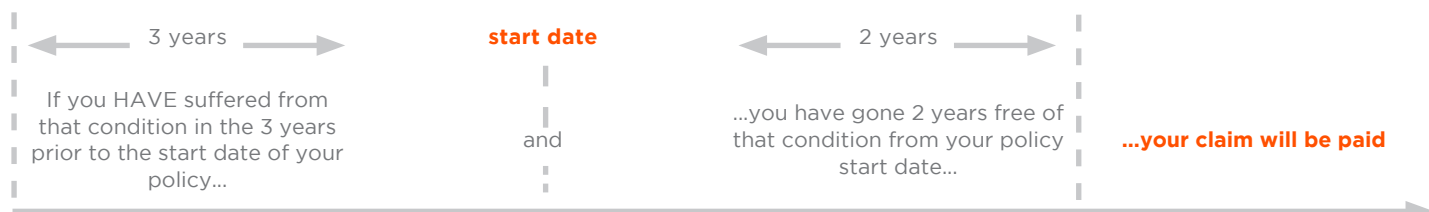
You can claim for any sickness or injury that prevents you from doing your job/occupation as long as it is not a pre-existing medical condition. Our definition of your job/occupation and pre existing medical condition is outlined in the Short Term IP Simplified policy Terms and Conditions. Please see illustration below.



Example

Jack took out a Short Term IP Simplified policy with a 4 week deferred period. Jack fell from a ladder at work as a painter decorator and broke his ankle. His doctor certified that he was unable to work so after 4 weeks British Friendly started paying benefit under his Short Term IP Simplified policy for 4 months until he was able to return to his job.

The fact that Jack had taken time off work for a bad back just 6 months before taking out his Short Term IP Simplified policy had no bearing on his claim; that condition wasn't directly related to the broken ankle.



Example

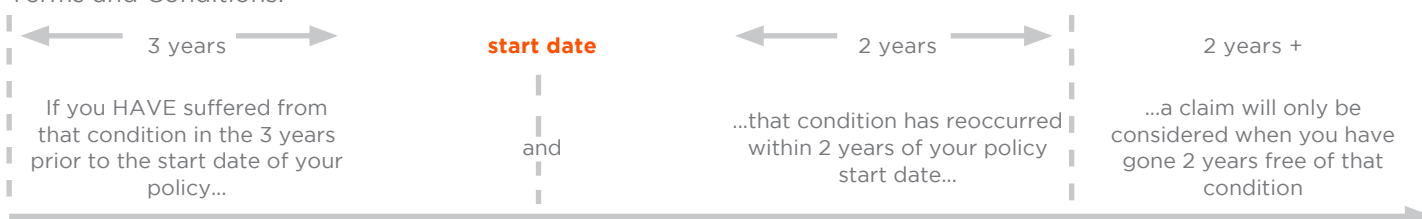
Judy took out a Short Term IP Simplified policy with a 4 week deferred period. Judy had consulted a doctor about persistent back pain 2 years before taking out her Short Term IP Simplified policy. The problem settled down but 2 years and 3 months into her Short Term IP Simplified policy the condition flared up again and she was directed to take an extended time off her work as a cleaner by her doctor. Although this was a condition that had occurred before and within 3 years of commencement of her Short Term IP Simplified policy, she had been symptom free for more than 2 years after taking out the policy. So after 4 weeks, British Friendly paid her claim for the further 2 months she was certified unable to work.

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What can't I claim for?

You will not be able to make a claim for sickness or injury if it is directly related to a disease, illness or injury which you have not had any symptoms, treatment, medication, follow-up appointment or investigation of the condition for the two years prior to the claim.

Such medical conditions will only be covered by your policy once your policy has been in force for two years and you have not had any consultation, symptoms, treatment, follow up appointment or investigation of the condition for the two years prior to a claim. However, you will not be able to claim for a condition if in the three years prior to taking out your policy, you had been told by a doctor you are at risk of developing that specific medical condition in the future. For our definition of 'medical condition' please see section 1 of the Short Term IP Simplified policy Terms and Conditions.



Example

Matthew injured his left knee whilst playing football 1 year before taking out his Short Term IP Simplified policy. Whilst Matthew was able to return to his job following his injury, he still experienced pain in his left knee on an intermittent basis.

Absence from work due to an operation to repair a torn cartilage caused by the original injury six months after taking out his Short Term IP Simplified policy meant that British Friendly did not pay his claim as the condition was not covered.

However, when the problem reoccurred 3 years later and further surgery and absence from work was necessary, Matthew's claim was paid because the condition had reoccurred more than 2 symptom and treatment free years after the original operation.

Important Note

If you have suffered from that condition in the 3 years prior to the start date of your policy and the condition is likely to continue to need regular or periodic treatment, medication or medical advice then this policy may not be right for you.

Example

George was diagnosed with underactive thyroid 1 year before taking out the Short Term IP Simplified policy. As this is a lifelong condition, he will expect to take medication for the rest of his life. This means that George will never be covered by the policy for any time he may need off work due to symptoms caused by his underactive thyroid.

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How much can I claim?

We will cover you for benefit payment up to 70% of your annual taxable income if you're employed and up to 70% of your pre-tax profits if you're self-employed ('the maximum benefit level'). Please see section 5.10 of the Short Term IP Simplified policy Terms and Conditions for our definition of 'maximum benefit level'.

What if I am in receipt of other income?

We take the following sources of income into account when assessing your claim:

- sick pay from your employer,
- pension payments as a result of sickness or injury,
- similar benefits under other Income Protection plans,
- taxable dividends or income received through rehabilitation and proportionate benefit.

If you are in receipt of any of other income we will make benefit payment up to the maximum benefit level if any of the payment taken together with the amount of benefit payments under the policy takes you over the maximum benefit level. You should check with your other providers if you are receiving additional benefits as these may be affected by the payments you receive from British Friendly.

What documentation do I need to supply at claim stage?

We ask that you return your completed claim form along with medical certificates signed by your doctor and proof of your annual taxable income or pre-tax profits in the 12 months prior to your sickness or injury within 7 days of receiving the claim form from us. The following documents will be required as proof of income:

- if you are employed: printed payslips and a P60 from the most recent tax year,
- if you are self-employed: recent HM Revenue and Customs Tax Computation and Self Assessment together with a copy of related accounts from the most recent tax year,
- if you are a director of a limited company: printed payslips, a P60 and a copy of your company accounts as submitted to HM Revenue and Customs from the most recent tax year.

How is my claim assessed?

The Society will start the assessment procedure of your claim upon receipt of your claim form. It is the Society's procedure for this policy to request a GP report and medical records for the past 3 years to help the Society fully assess the claim with regards to pre-existing conditions. The Society relies on the turnaround times of the GP surgery for the provision of medical records.

When will I receive my first benefit payment?

Once your claim has been approved by the Society, benefit payments will start following the expiry of your chosen deferred period applicable to your policy.

How long will I be able to receive benefit payments?

You will receive benefit payments until you reach the end of the one or two year payment period.

Your Short Term IP Simplified policy will make payments from the date specified in your policy schedule until:

- your Doctor declares that you are fit enough to work,
- your policy ends at your chosen retirement age,
- you no longer suffer from loss of income,
- any agreed rehabilitation or proportionate benefit ends,
- you cancel your Policy,
- you die,
- or you move abroad (please see section 5.15 of the Short Term IP Simplified policy Terms and Conditions).

Tax status of benefit payment

Short Term IP Simplified Policies currently have a tax free status, however, the Society reserves the right to amend this status if tax legislation changes in the future.

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What happens to my premium payments when I make a claim?

Once your claim has been in payment for at least 28 days we will not collect any monthly premium payments until you cease to receive benefits from the Society.

Can I claim again after I return to work?

Yes. After reaching the end of your one or two year benefit payment period, you can claim again either for the same or different sickness or injury under the following conditions:

- Before you can claim again for the same sickness or injury you must have returned to work for at least 26 weeks without suffering a recurrence and benefit payments will start after your chosen deferred period.
- If you need to claim again for a different sickness or injury, the benefit payments will start after your chosen deferred period.

What other assistance is available to me when making a claim?

If you need any further assistance while making a claim, we can put you in touch with our Registered Nurse who can offer you advice.

For more information about claims please see the Policy Terms and Conditions.

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Additional information

Premium increases and reviews

Premiums increase each year on the 1 January in line with your age at that date. No premium increase based on age will take place during the first 12 months of your policy. If you have selected the automatic annual increase option, your premiums will increase on the 1 January each year at the same rate as the increase to your benefit payment. More information can be found in section 4.4 of the Short Term IP Simplified policy Terms and Conditions.

The Society also reserves the right to review monthly premiums and in certain circumstances may need to increase or decrease premiums across all policyholders. If the Society does need to review policy rates we will notify you in writing of any changes at least one month in advance. More details of the circumstances when the Society may need to increase or decrease premiums can be found in section 4.5 of the Short Term IP Simplified policy Terms and Conditions.

Terminal illness

If you are diagnosed with a terminal illness (life expectancy is no more than 12 months) and otherwise meet the criteria for claiming benefit we will not apply any deferred period and you will be entitled to benefit payments from the first day of your sickness or injury. Please see the Short Term IP Simplified policy Terms and Conditions for a specific definition of 'terminal illness'.

What happens if I die?

If you die before your chosen retirement age then your policy will end and there is no cash value or lump sum.

Reviewing your cover

We always recommend that you review your policy regularly to ensure that it continues to meet your needs.

Changes to your circumstances

It is important that you notify us of any of the following changes to your personal circumstances as these may affect your entitlement to benefit under the terms of your policy:

- 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 or a student,
- you retire,
- you have a decrease in your annual income of more than 10%,
- your employer changes your sick pay entitlements,
- when claiming benefit, you are fit enough to return to work.

Foreign residency

If you are a resident or temporary resident in another EU country or the following listed countries when you make a claim we will only pay claims for a maximum of 1 year or 2 years:

- | | |
|-------------------|-----------------|
| ■ Andorra | ■ New Zealand |
| ■ Australia | ■ Switzerland |
| ■ Canada | ■ USA |
| ■ Channel Islands | ■ Vatican State |
| ■ Iceland | ■ Norway |
| ■ Isle of Man | ■ Gibraltar |
| ■ Liechtenstein | |

If you are a resident or temporary resident anywhere else in the world when you make a claim, we will only pay claims for a maximum of 26 weeks. You can find more information in section 5.15 of the Short Term IP Simplified policy Terms and Conditions.

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Making a complaint

We hope that you will be satisfied with British Friendly's products and services, however, we encourage members to let us know if they've had a problem or any concerns so we can do our best to help. Call us on 01234 358 344 if you have any concerns you wish to raise.

If we are unable to resolve your issue and you wish to register a formal complaint you will need to call or write to us. Your complaint will be acknowledged in writing within 5 business days and passed to the Society's Compliance 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, please contact the Financial Ombudsman Service, Exchange Tower, London E14 9SR. Telephone 0800 023 4567.

Compensation

The Short Term IP Simplified policy is covered by the Financial Services Compensation Scheme. This Scheme is designed to protect the policyholder, 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 applicable limits. Details of applicable compensation limits are published on the FSCS website - <http://www.fscs.org.uk/> or by telephone or email. Financial Services Compensation Scheme, 10th Floor Beaufort House, 15 St. Botolph Street, London EC3A 7QU. Telephone 0800 678 1100 or 020 7741 4100. Email enquiries@fscs.org.uk.

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It feels good to be covered