

keyfacts

about our Income Protection Plan

Reference
XIP1/A 08.10

The Financial Services Authority is the independent financial services regulator. It requires us, Friends Provident, to give you important information to help you decide whether our Income Protection Plan is right for you. You should read this document carefully so that you understand what you are buying, and keep it safe for future reference.

Helping you decide

- This document gives you a summary of information to help you decide if you want to go ahead with our Income Protection Plan.
- You should also read and keep safe your personal quotation which shows what the cover may cost.

Its aim

- To pay you a tax-free regular income benefit if you suffer illness or injury, other than a deliberately self-inflicted injury, and are unable to work leading to a loss of earnings. Your income benefit can replace lost earnings.

Your commitment

- To answer all questions truthfully, accurately and completely to the best of your knowledge when applying for your plan and when making a claim.
- To check information in any confirmation schedule we send you is true, accurate and complete. If it isn't, you must tell us in writing straight away as this may affect the terms of your cover. We will only issue a confirmation schedule to you if your adviser completes your application electronically.

- To tell us if there is a change to your health, family history, occupation, occupational duties, working or travelling abroad, country of residence, or if you take up any hazardous pastime. Your commitment to tell us continues until the date the cover you're applying for starts.

If these commitments aren't met, we may not pay a claim.

- To pay monthly or yearly premiums for the plan term you've chosen.
- To increase your premiums each year where you have chosen increasing cover.
- To select a suitable level of cover and review it regularly to make sure you have enough for your needs but not more than we'll pay.
- To give us all the information we ask for when applying for the plan and when claiming any benefit.
- To tell us of any claim within 4 weeks of incapacity or within 2 weeks of incapacity if the deferred period is 4 weeks.
- To allow us access to your medical records to consider a claim.

Risks

- If you stop your premiums your cover will stop and you'll get nothing back. However, you can stop your premiums while we're paying income benefit to you.
- If you do not regularly review your cover to keep it in line with earnings, it could be less than you need.
- If your cover is too high compared with your income, we'll reduce the income benefit we pay. We won't give you back any premiums if this happens.

- Any benefit we pay may affect your claim to some means tested State benefits. It won't affect your right to Employment and Support Allowance. State benefit rules may change.
- The present tax-free treatment of income benefit may change.
- We may not pay a claim in some cases. **Please see 'What will stop the Income Protection Plan paying out?' on page 5.**
- Any benefit we pay may affect your claim under any income protection policy already held by you or your employer.
- Inflation will reduce the spending power of any money you get back in the future.

Questions and answers

What is the Friends Provident Income Protection Plan?

- It can pay you a tax-free regular income benefit if you suffer an illness or injury, other than a deliberately self inflicted injury, and are unable to work leading to a loss of earnings. Your income benefit can help replace lost earnings.
- You select the features to make sure the cover is right for you.
- You decide:
 - how much income benefit you need
 - how soon it should start
 - how long the cover should last.
- You pay monthly or yearly premiums to keep the cover going.
- We provide cover until the end of the plan term, no matter how many claims you make.
- You tell us when illness or injury, other than a deliberately self-inflicted injury, has stopped you working.
- We pay a monthly benefit for as long as the claim is valid.

- You must be aged 18 or over to take out the plan.
- The plan has no cash-in value at any time.

What choices do I have when setting it up?

This section helps you select the cover's features so you can set it up to meet your needs.

The amount of income benefit that can be paid

- You choose how much benefit you'll need.
- Remember that income tax and national insurance are deducted from your normal earnings but not from the income we pay you.
- The maximum income benefit we'll pay is the weekly equivalent of:
 - 70% of the first £10,000 a year of your 'pre-incapacity earnings', plus
 - 60% of the next £20,000 a year of your 'pre-incapacity earnings', plus
 - 50% of the next £120,000 a year of your 'pre-incapacity earnings', plus
 - 40% of your 'pre-incapacity earnings' over £150,000 a year.
- This is subject to a maximum benefit of £3,000 a week. For certain occupations with a 4 week deferred period the maximum benefit is £600 a week.

Please also see 'Other income which may reduce the benefit we pay' on page 5.

The earnings on which to base your cover

- We base your cover on the 'pre-incapacity earnings' you receive in the 52 weeks immediately before your period of incapacity. We'll use your 'pre-incapacity earnings' in these 52 weeks even if they are lower or higher than your average earnings over previous years.
- If you're employed, your 'pre-incapacity earnings' are:
 - your pre-tax earnings for PAYE assessment purposes, as shown on HM Revenue & Customs form P60, plus
 - benefits in kind received and as shown on HM Revenue & Customs form P11D
 - dividends received from a private limited company in which you and not more than 3 other shareholders are employed as full-time working directors, and which represent your share in the net trading profit from the company's normal regular business during those 52 weeks.
- If you're self-employed, your 'pre-incapacity earnings' are:
 - your income chargeable to tax under Part 2 Income Tax (Trading and Other Income) Act 2005 in those 52 weeks.
- This is the basis we'll use when assessing your claim. We'll need financial information to support your claim.
- We don't take into account income from savings, drawings and investments, except for dividends as above.

Increasing your cover

- You can choose at the start of your plan for your cover to increase automatically by 5% compound each year. Your premiums will also increase by 5% compound each year. **Please see section 11 of the policy conditions for examples.**
- If you're under age 50 and in good health, you can include the increasable insurance option from the start for an extra charge.
- It allows you to increase your cover by up to 30% without further evidence of health, occupation or pastimes on any of the following events:
 - your marriage;
 - your registration of a civil partnership;
 - the birth of your child;
 - your legal adoption of a child under 16;

- an increase in your mortgage, either to move house or pay for home improvements;
- an increase, of at least 5%, in your salary due to a job change or promotion; or
- the 3rd, 6th, 9th, 12th, 15th, and 18th anniversaries of the date your cover starts.
- You can exercise this option during the cover term up to your 55th birthday.
- This option may be exercised on a maximum of 6 occasions.
- Your premiums will increase when your cover increases. **Please see section 10 of the policy conditions for more details.**
- Although your cover may increase, your 'pre-incapacity earnings' and continuing income may limit the maximum income benefit we can pay. **Please also see 'The earnings on which to base your cover' on page 3 and 'Other income which may reduce the benefit we pay' on page 5.**

When income benefit payments start

- There will be a period when you're first unable to work for which we don't pay benefit. We call this the 'deferred period'. You can choose between 4, 13, 26 and 52 weeks. The longer the deferred period, the cheaper your plan will be.
- Your choice should allow for any earnings which you expect to continue after you stop working, such as sick pay and how long you're prepared to live off your savings.

How long the benefits can be paid

- Until the first of these events:
 - you recover and are no longer incapacitated
 - you're no longer suffering a sufficient loss of income for us to pay benefit
 - the plan term ends
 - you die.

How long the cover should last

- You choose for your plan to end when you think you will no longer need the benefits. This should be no later than your planned retirement date.

Medical and other details we may need

- Your application will include questions about your medical history, finances and other personal circumstances. We may ask you to have a medical examination at our expense.
- We may need access to your medical records to consider a claim.

How flexible is it?

This section deals with choices you can make once your plan has started.

Regular review of your cover

- You should consider how prices and your earnings have changed since you last reviewed your cover.
- Please contact us if you wish to increase your cover to keep up with your earnings. The increase will be subject to evidence of your health, occupation and pastimes. Your premiums will increase.

Suspending your cover

- If you stop full-time employment, our career break option allows you to replace your Income Protection Plan with Houseperson's Benefit. You can keep this going up to the end of the plan term you chose. Or you can restore, within 5 years, the income protection plan. We don't ask for further evidence of health, family history, occupation or pastimes. **Please see section 13 of the policy conditions for full details.**

Change of occupation

- You don't need to tell us if you change your occupation after the plan starts.

When will the Income Protection Plan pay out?

When to claim

- If you're unable to work because of illness or injury, other than a deliberately self-inflicted injury, resulting in a loss of earnings. You should be under regular medical care and supervision suitable to your condition.

The deadline for claiming

- Tell us as soon as possible, but always within 4 weeks of becoming incapacitated or within 2 weeks of incapacity if the deferred period is 4 weeks.

The extent of incapacity

- You must be totally unable because of illness or injury, other than a deliberately self-inflicted injury, to carry out the main and substantial duties of your occupation or occupations at the start of incapacity. Main and substantial duties are the essential duties of an occupation that take a significant part of a person's time and that neither they nor an employer can reasonably omit or adjust. When deciding if you're able to perform your occupation, we look at the standard duties for your occupation type rather than the particular duties for your own specific job.

How we assess your claim

- We'll look at the duties of your occupation or occupations, your ability to do them and whether adjustments can be made to help you do them. You'll qualify for the benefit if you're unable to perform the main and substantial duties of your occupation or occupations and are not doing any work.
- Please note availability of work isn't a factor in deciding whether you're able to perform your occupation.

Claiming again after returning to work

- There is no limit to the number of claims you can make. You must restart premiums when you return to work to keep your cover going.
- If we've paid benefit and you claim again from the same cause within 52 weeks of returning to work, the deferred period won't apply.

Returning to part-time or less well-paid work

- As well as the money you earn we may pay you a lower benefit, which takes account of your lost earnings, to help you back into the workplace.
- If you're unable to perform your normal occupation, but take up a new, less well-paid occupation, we'll pay a lower benefit.

- In both cases we'll increase your 'pre-incapacity earnings' in line with inflation when calculating the lower benefit we pay. We calculate this by reference to the drop in your income.

How the benefits are paid

- We'll pay the benefit monthly starting one month after the end of the deferred period.

Premiums when claiming

- You should carry on paying your premiums throughout the deferred period and until we accept your claim. You can stop paying your premiums while we're paying benefits, other than hospitalisation benefit.

Other income which may reduce the benefit we pay

- We'll reduce your income benefit if any of the following, net of any income tax, take you over the maximum benefit allowed:
 - continuing payments from any employment, such as sick pay or self-employment
 - pension payments, unless you were receiving them before you took out your plan
 - benefits we pay under any other income protection cover or houseperson's income protection cover
 - other insurance payments, if they arise because of your incapacity and either result in regular payments to you or make regular payments you normally make, such as insurance payments, mortgage payments or credit repayments
 - payments made under your unemployment cover, if they arise from incapacity
 - State benefits arising from incapacity, including Employment and Support Allowance or other means tested benefits. We'll ignore any amounts relating to dependants and Disability Living Allowance.

If we reduce your benefit, we won't refund any of your premiums.

We explain the term 'maximum income benefit' in 'The amount of income benefit that can be paid' on page 2.

- We won't reduce your benefit because you receive investment income (except for dividends as described in 'The earnings on which to base your cover' section on page 3).

What will stop the Income Protection Plan paying out?

- We may not pay a claim, or may extend the deferred period before we pay a claim, if you don't tell us within 4 weeks of becoming incapacitated or within 2 weeks of incapacity if the deferred period is 4 weeks. **Please see section 17 of the policy conditions for more details.**
- We won't pay a claim if you make any untrue statement or withhold information.
- We won't pay out if the cause of a claim is one we exclude by applying special terms to your plan when we accept your application. We will show any special terms in the schedule we issue with your plan documents.
- We will limit the period for which we pay benefit if you are not living in the UK or any of the following places:

Andorra, Australia, Austria, Belgium, Canada, Channel Islands, Cyprus, Denmark, Finland, France, Germany, Gibraltar, Greece, Iceland, Isle of Man, Italy, Liechtenstein, Luxembourg, Malta, Netherlands, New Zealand, Norway, Portugal, Republic of Ireland, San Marino, Spain, Sweden, Switzerland, the USA and the Vatican State.

The limit is 26 weeks in any 52 week period with a maximum total of 52 weeks.
- You cannot claim just because you become unemployed. If you wish you can select the career break option. **Please see 'Suspending your cover' on page 4.**
- If incapacity occurs while you're not in full-time employment we'll pay Houseperson's benefit if you're unable to carry out certain basic tasks. This benefit will be £300 a week, or your income benefit under this cover, whichever is the lower. **Please see section 6 of the policy conditions for more details.**

What other features are there?

- **Hospitalisation benefit.** We include this benefit at no extra cost. We'll pay it if you're confined to hospital for 8 or more days during the deferred period. We won't pay it if the cause of the claim arises from a mental disorder or some nervous disorders or any non-specific chronic viral infection or chronic fatigue syndrome. You must carry on paying your premiums during a claim for this benefit. **Please see section 7 of the the policy conditions for full details of when this is payable and how we calculate it.**
- **Career break option.** We include this at no extra cost. **Please see 'Suspending your cover' on page 4 for more details.**

What will my premiums be?

- Your quotation will show the cost of the cover you have chosen.
- Your premiums depend on your age, sex, whether you smoke or use nicotine products, occupation, pastimes, medical history, family history and on the level and features of the cover you choose. We'll tell you the amount you'll have to pay once we've assessed your application.
- You can pay monthly by direct debit (minimum £10) or yearly by direct debit or cheque (minimum £112).
- We guarantee we won't change the premiums agreed at the start. If you increase your cover then your premiums will also change.

What happens to the plan if I die?

- Your plan will end. We won't refund any of your premiums.

What are the charges?

- We allow for all charges, including the cost of providing the cover, and all expenses, such as commission, within the premiums you pay.

What if I stop paying?

- If you miss a premium we'll stop the plan straight away and your cover will cease.
- You won't get any money back.

Does the plan have a cash-in value?

- Your plan has no cash-in value at any time.

What about tax?

- Under current tax rules, you don't:
 - get tax relief on the premiums you pay to us
 - pay tax or national insurance contributions on your income benefits.
- Tax rules may change.

Can I change my mind?

- You have a right to change your mind. If you decide you don't want the plan, let us know in writing within 30 days and we'll give you your money back.
- The easiest way to cancel is to complete the 'Cancellation Form' we send you and return it to us. Or you can write to us at Friends Provident, PO Box 1550, Salisbury SP1 2TW but please remember to include your full name and address and state that you wish to cancel your Income Protection Plan.
- If you don't cancel within the 30 days, your plan will continue as set out in these key facts and the terms and conditions.

Other information

How to contact us

- Remember your financial adviser will normally be your first point of contact.
- If you have any questions, you can:

 Call us on **0845 602 9199** at the following times:
Lines are open weekdays from 8.30am and 6.00pm

We may record and monitor calls. Calls may be charged and these charges will vary, please speak to your network provider

 Fax us on **0845 600 0624**

 e-mail us at
customer.services@friendsprovident.co.uk

 Write to us at **Friends Provident, PO Box 1550, Salisbury SP1 2TW**

- To make changes to your cover, please write to us at the above address.

How to make a claim

- To make a claim, please call 0845 602 9199 and ask to speak to our Claims Department. Or write to: The Claims Department, Friends Provident, PO Box 1550, Salisbury SP1 2TW. We'll explain our requirements and how we'll proceed with your claim.

How to complain

- Please contact our Customer Relations Manager using details in the 'How to contact us' section on the previous page.
- To see our procedures for dealing with complaints, please ask for our 'FRIENDS Listen' leaflet.
- If you are not satisfied with our response you can contact:

**Financial Ombudsman Service,
South Quay Plaza, 183 Marsh Wall,
London E14 9SR
Telephone: 0300 123 9123 or 0800 023 4567
Email: complaint.info@financial-ombudsman.org.uk
Website: www.financial-ombudsman.org.uk**

- Making a complaint won't affect your legal rights.

Terms and conditions

- This leaflet sets out the main points about the Income Protection Plan. It doesn't include all the definitions, exclusions, terms and conditions.
- If you would like a copy of the full terms and conditions, please ask your financial adviser or contact us direct.
- We have the right to change some of the terms and conditions. We'll write and explain if this happens.
- This leaflet complies with the ABI (Association of British Insurers) statement of best practice for income protection cover. You can contact them at:

ABI, 51 Gresham Street, London EC2V 7HQ

Law

- The law of England and Wales will apply unless your plan documents show otherwise.

Language

- Our plan documents and terms and conditions are in English and all our communications with you will be in English.

Compensation

- If a financial adviser recommends this plan, you have a legal right to compensation if the Financial Ombudsman Service decides it wasn't suitable for your needs at the time.
- We are covered by the Financial Services Compensation Scheme (FSCS). If we cannot meet our obligations you may be entitled to compensation under the scheme. For this type of plan, the scheme covers 90% of the claim. Please note that FSCS's first responsibility is to seek continuity of cover rather than to pay compensation. For further information see www.fscs.org.uk or telephone 020 7892 7300.

About Friends Provident

- Friends Provident Life Assurance Limited's main business is providing life assurance and protection products. It's entered on the FSA Register, number 110413.

Friends Provident Life Assurance Limited

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Authorised and regulated by the Financial Services Authority

www.friendsprovident.com Telephone 0845 602 9189

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