

BRITISH
FRIENDLY

It feels good to be covered

Tracey

Self-employed Hairdresser &
British Friendly member

Claims Report 2019

*Winners of the Life and Health Claims
Award at Protection Review Awards
2019*





Nicole
Self-employed Social Worker &
British Friendly member

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Introduction

Statistics are a useful tool to highlight customer need and claims performance but we believe **there is more we can do to bring our proposition to life** for intermediaries and their many potential customers out there in the real world.

This is why we are publishing our first annual claims report. We hope through providing a fuller picture about our claims proposition and the experiences of our claimants we can bring the true value of Income Protection insurance to life and show that what we offer is more than just money. We are very proud of the work we do to support our members financially, practically and emotionally when they need it most.

Andy Parker
Claims and Underwriting Director

Did you know...

In the UK only 1 in 10 people are covered by Income Protection, 13% of adults have no savings and a further 24% have less than £1,000 in savings, the risk of financial vulnerability in the event of an “income shock” is clear**.

Sources:

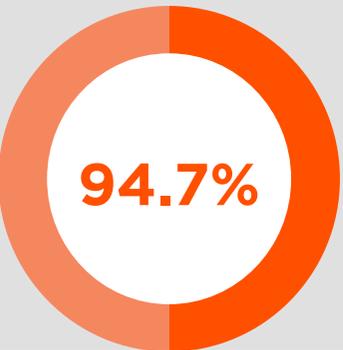
*ABI April 2019 Claims report on 2018 data

** FCA Financial Lives Survey October 2017



Total number of claims paid in 2018

Total amount paid out in claims in 2018



Percentage of all claims paid in 2018

Reasons for declined claims

1.3% non-disclosure of medical conditions and injuries

4% not meeting definition of incapacity

At British Friendly we have been **helping people in times of need since 1902**. As a mutual with no shareholders to answer to, **we exist purely for the benefit of our members** and every decision our business makes is guided by our principles, which you can view on page 4.

Over the last 117 years the demands and needs of customers have evolved as has our proposition but **our purpose remains the same; to be a trusted and relevant provider of financial support in times of need**.

As an industry we have much to be proud of. **Collectively we pay out £14.5 million a day* in Life, Critical Illness and Income Protection claims**. We have also become more transparent around claims statistics but there still remains an element of consumer distrust and lack of appreciation of the risks that they face.

Most insurers now publish their claims statistics annually. This helps to dispel the myth that we don't pay out. Industry organisations and initiatives such as the Income Protection Task Force, 7Families, Protection Distributors Group and Building Resilient Households Group have created a momentum across the distribution chain to improve understanding of the need for Income Protection insurance.

More Than Just Money

Talking through our Philosophy

Check out the interview with our Claims Manager, James on **page 10** to read about what he offers to members when they need to make a claim.

Q&A

Andy
Claims and Underwriting
Director

How do British Friendly's four principles influence our claims philosophy?

Our four principles drive everything we do and every decision we make across our business. As a mutual organisation we exist solely for our members, and our philosophy is to provide cover for as many applicants as possible and to pay claims. It's as simple as that.

Commitment

To Put Our Members at the Heart of What We Do

There are two key strands to our claims philosophy, how we can ensure claimants receive the best level of support when they need to claim, and how we can offer more discretionary benefits which add further value to their cover in order to provide greater peace of mind for our members.

We provide each claimant with a dedicated Claims Manager to provide bespoke support and do all we can to make the process efficient, caring and hassle free.

The needs of consumers vary greatly and we're proud to provide tailored solutions for workers who have historically been underserved when it comes to protection insurance. We're renowned for helping manual workers access affordable, quality cover, but we also provide valuable protection for those who have fluctuating, hard to evidence income such as self-employed and gig economy workers. Our Breathing Space product isn't financially underwritten at application stage and is a key example of how we make it easier for our members to claim, even when finances are not straightforward.

British Friendly principles



Promise

To Do The Right Thing

Doing the right thing is paramount and we're constantly looking at how we can do more to help our members. Our Immediate Support Payment, launched last year, is one such example; it means we can pay an early initial payment of up to £500 to eligible claimants where we need medical evidence to fully assess their claim. Even where we pay for medical reports in advance and chase surgeries up, sometimes, doctors can take weeks to respond. We've paid 96.2% of claims over the last 13 years, so given the very low chance of a claim not being paid, we believe it's fair to give claimants money to help tide them over during this period.

Another example is our approach when imposing an exclusion due to pre-existing health conditions. In many cases we can offer to review the exclusion after a set period of time. It's only fair that if a member has not experienced any further symptoms, effectively becoming a standard risk for that condition, that we remove the exclusion without having to fully underwrite them again.

Example

Claire had suffered low back pain 18 months prior to her application date, so we accepted her with a lower back exclusion. As it was a musculoskeletal type of exclusion, we discounted her premium by 10% as we believe this is the fair thing to do. Two years into the policy Claire asked us to review the exclusion, and confirmed she'd had not suffered any further symptoms since she'd taken the policy out. We were able to remove the exclusion so she's now fully covered and paying our standard premium rate.

Aim

Easy to Do Business With

When a member needs to claim they are given a dedicated Claims Manager to speak to who will help them through the claim from start to finish. The Claims Managers will offer as much support as they can to help people recover. This includes our extensive Mutual Benefits. We want us to pay claims as quickly and easily as possible. We keep paperwork to a minimum, using a digital signatures and keeping members updated by phone and email.

Our approach means we approve and pay 84% of claims within one week (where the deferment period is completed) and 90% within 2 weeks.

As the majority of our members have either a 1 week or 4 week deferred period this is something we are extremely proud of.

We believe it's important for intermediaries to be informed whenever there is a claim. We value the added support intermediaries can give their clients during the claims process so we aim let them know whenever a claim has been made.

We're delighted to have signed up to Protection Distributors Group's Claims Charter which outlines a level of best practice expected from all insurers. We were one of the first insurers to deliver all the Charter's requirements.

Purpose

To be a Trusted and Relevant Provider of Financial Support in Times of Need

We provide a holistic approach to financial resilience and wellbeing through our flexible and comprehensive Income Protection policies which come with a wide range of benefits available including our discretionary BF Care programme.

BF Care includes Death Benefit, Bereavement Benefit and our Care Assistance Benefit (which provides financial support for those who have loved ones needing full-time care). We are the only provider to include parents in our carers' coverage, as we recognise the care needs of parents could cause a real income shock for many policyholders.

In qualifying circumstances we can also pay a lump sum Recovery Support Benefit for members who return to work after claiming for more than six months, to help with their transition back to the workplace. In November we launched a Terminal Illness Benefit to provide even more support allowing members and their families to receive the Death or Bereavement Benefit early following diagnosis of a terminal illness so they have more choice about how they want that money to be used.

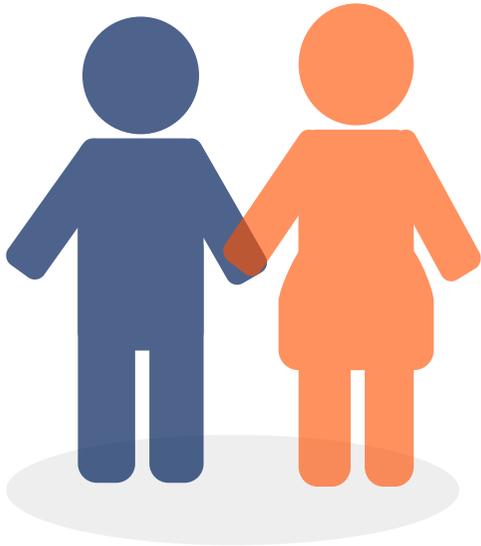
During 2018, we paid more than £130,000 under the BF Care benefits.

“Our principles drive our actions...”

Our Claims Experience

Men
60%

Women
40%



For our Protect and Breathing Space policies
11% of claimants were under 30!

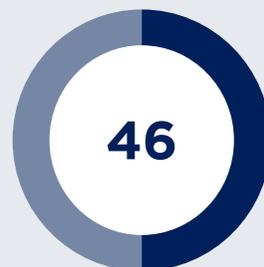
This shows IP is also very important for younger generations of the working population! [Click here](#) to view our new flyer focused to toward protecting your millennial clients



average length of claim

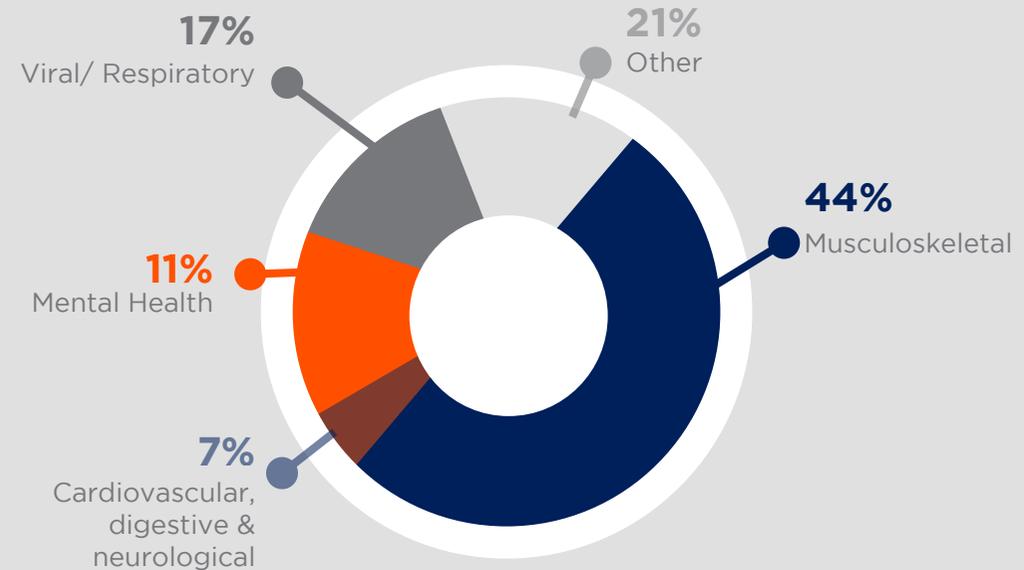


average age of claimants making their first claim



average age of our claimants

Top Claim Reasons



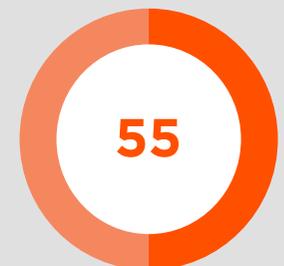
Claims for Serious Illnesses



average age of members who claimed due to **cancer**



average age of members who claimed due to a **heart attack**



average age of members who claimed due to a **stroke**

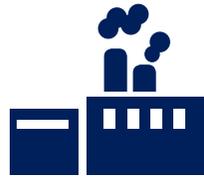
What jobs do our claimants do?

384 different occupations were represented amongst our claimants in 2018

The top 4 occupations represented were...



Warehouse workers



Factory workers



HGV, Taxi & Delivery drivers



Construction & Household Maintenance

Digging a little deeper...



14.7%

of members claimed more than once

15%

of claims made **within 3 months** of taking a policy out

27%

of claims made **within 6 months** of taking a policy out

48%

of claims made **within 1 year** of taking a policy out

“

That's a little over a year after they've taken out their policy. Even more reason for you to keep in touch with your clients to make sure they stay up to date on their premium payments after the first few months and years!

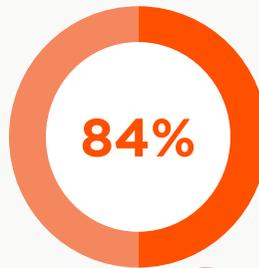
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525 days

average period from taking out a policy to making a claim

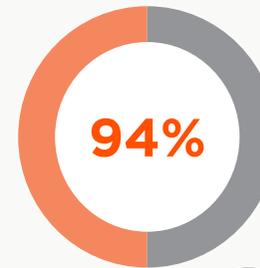
Average time it takes to pay a claim after a claim form is received where the deferment period is complete...



1 week



2 weeks

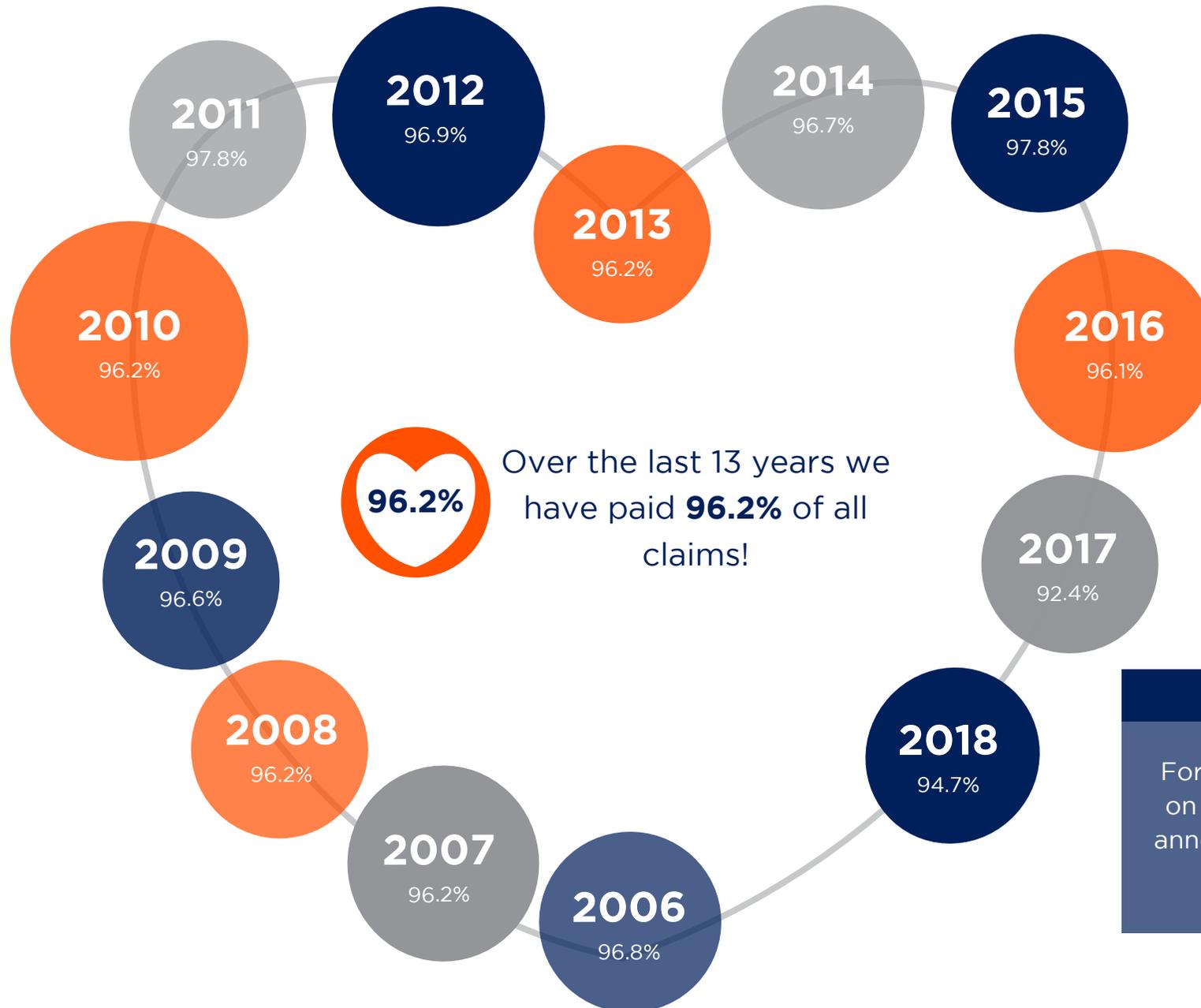


4 weeks

You may be surprised to find we also get claims for less common conditions like...



Did you know we've been paying claims for over 117 years?



For more coverage on our Claim Stats announcement [click here.](#)



Interview with James, our Claims Manager

Tell us a bit about what you do as a Claim Manager?



James: Each member needing to claim is assigned a dedicated Claims Manager. Every claim is different and we treat every person as an individual, listening to their situation and working out the best way to help them. These are people going through a really difficult time so I make things easy as possible for them, keeping paperwork and additional medical evidence to a minimum so we can pay claims quickly.

I love the fact we get to know our claimants, speaking to them in depth to fully understand their worries and needs. As these are Income Protection claims we can be in touch with people for weeks and months, if not years, meaning we often get to build strong relationships with many members. I've been supporting one of our claimants, David, since my first week at British Friendly and that was seven years ago! It's a very rewarding job.



James

Winner of the Unsung Hero Award at Protection Review & Winner of Outstanding Customer Care (individual) at the Cover Customer Care Awards 2019



We want our claims process to be easy as possible so we've created a Claims Promise for our members to help them on their road to recovery. To view our Claims Promise, [click here.](#)

How does the Mutual Benefits programme help claimants?

James: It forms an important part of the support we can offer in addition to the benefit payments. Physiotherapy and Counselling for example help with the rehabilitation aspect of the claims experience, supporting people's recovery programmes.

The 2nd Medical Opinion service is also a great option to offer claimants who have health conditions which aren't straightforward, or where they tell me they're not entirely sure about their diagnosis or treatment plan. And even when we can't pay a claim, for example because they returned to work before reaching the deferment period, we'll still offer any suitable Mutual Benefits as the member could still benefit from some added support.

How does the BF Care programme help claimants?

James: The Immediate Support Payment has really made a difference to the claims experience. Given we've paid 96.2% of claims over the last 13 years, we don't think it's fair to make people wait for money when medical evidence is needed so it's great to be able to pay members some money to tide them over until we can assess the claim in full. And all the other benefits such as our Terminal Illness and Bereavement benefits which go beyond the core Income Protection cover, means we can provide extended help to our members in times of need.

How else do you help claimants?

James: Any way I can! Sometimes, just some helpful tips can make a difference. For example, it can be worrying for claimants who are waiting for an appointment or a scan for example, as this can hold up their recovery and sometimes even the claim, so I recommend they ring their GP or consultant to see if there are any last-minute cancellations. Might seem obvious, but not everyone is aware they can do this and can often enable them to be seen quicker.

The money side is obviously vital. We always keep claimants in the loop about payments, so they know when they'll receive them and we offer support to help them plan their finances while they claim. When appropriate, we discuss their options around going back to work, for example if a phased return is suitable or if there are any changes, they could make to their role to help them return.

Ultimately, whilst we can't work miracles and naturally have perimeters to work within, we genuinely do look to help every claimant as much as we can. This has even led to us paying some claims where we technically didn't need to, for example shortly before we launched our Death Benefit, we learned that a member had passed away. Paying a claim to help that family felt like the right thing to do, even though the Death Benefit didn't technically exist yet. So, we decided to just pay it. Doing the best, we can for our members and their families in distressing times is why I'm proud of the work I do, and I know my colleagues feel the same.

Did you know...

In 2018 the top 3 Mutual Benefits used by our claimants were:

- **Physiotherapy**
- **Counselling**
- **2nd Opinion Service**



Exceeding Expectations



Leslie
Gas Engineer
& British Friendly member



Typically with an insurance product customers only receive money back when something bad happens to them, which in the case of Income Protection means that you are unable to work due to illness or injury but with **Mutual Benefits we offer a whole range of benefits available to members both in sickness and in health, giving members everyday value to their policy.**

Mutual Benefits also provides a number of services that enhance the support we can provide to members when they need to claim on their policy, including access to private healthcare services offered by Square Health.

This **includes physiotherapy, which has helped to significantly increase recovery times for musculoskeletal claims and counselling which has provided vital support** to claimants struggling with their mental health. These services are typically available faster than treatments on the NHS and provide an extra level of specialist support for our claimants to access.

BF Care is a package of discretionary benefits available to all insured British Friendly members and is automatically included as part of their policy at no extra cost. BF Care provides members with additional financial support when life-altering events occur such as the death of a loved-one or returning to work after a long-term claim.

BF Care includes...

Bereavement Benefit

Pays a lump sum equal to 13 weeks of the member's Income Protection benefit if their partner/spouse or child (up to 18) dies during their policy.

11

claims paid in 2018

→ **£35,569**

total claims paid out

Death Benefit

Pays a lump sum equal to 26 weeks of a member's Income Protection benefit if they die during their policy.

12

claims paid in 2018

→ **£81,954**

total claims paid out

Care Assistance Benefit

Provides additional financial support for your clients caring for a partner/spouse, child or parent full-time.

6

claims paid in 2018

→ **£7,357**

total claims paid out

Recovery Support Benefit

An additional discretionary payment paid at the end of a long-term claim to provide additional support to ease a transition back to work.

8

claims paid in 2018

→ **£7,591**

total claims paid out

Terminal Illness Benefit

Gives the option to pay Death or Bereavement Benefit in advance if a member or their partner/spouse or child suffers from a terminal illness. We added this benefit in November 2018.

Elroy

Builder & British Friendly member



Real Life Claims Stories

Gavin's Story

Gavin, a truck driver from Belfast, had his world turned upside down without warning.

On the 23rd May 2017 Gavin's wife, Avril was diagnosed with breast cancer. After having surgery to treat the cancer, she was initially given the all-clear. But then within a very short space of time it was revealed that the cancer had spread to Avril's lungs and had become terminal.

At this point Gavin was signed off work due to the anxiety following his wife's terminal diagnosis and now focussed on caring for his dying wife and two sons, Joel and Ewen aged 7 and 5. On the 27th January, the day of his 7 year-old son's birthday, Avril Knocker passed away.

Gavin credits the Income Protection benefit he received from British Friendly as an important solace during this incredibly difficult time for him and his young family.

"The most important thing to me through this was having that Income Protection payments safety net. If I hadn't had this in place I would only have been getting SSP... and that wouldn't have been

enough to run the house, for me to stay off work... caring for my wife before I lost her."

After his wife's death Gavin also received an additional Bereavement Benefit payment of £3,600 from us as part of the BF Care package. Gavin spent the majority of this discretionary lump sum on Avril's funeral costs.

"I wasn't aware of this before now, but everything regarding a funeral... it's not tens of pounds, its hundreds or thousands of pounds... The Bereavement Benefit payment was the icing on the cake."

Gavin is now back to work and is very grateful for the support we provided to financially support him throughout this tragic time for his family.



You can find out more about Gavin's story by [watching our case study video on our YouTube page](#). Gavin's story was also published in the Mail on Sunday, [click here](#) to read more.

Neil's Story

Neil, a self-employed bathroom fitter from Bristol, suffered from an illness that completely changed his life but we were there to help him every step of the way.

Neil admits he'd hardly ever been ill and had never before missed a day's work due to illness or injury. But after visiting his GP to discuss some belly pain he was experiencing, Neil was diagnosed with Bowel Cancer.

Neil had to stop work completely, undergoing surgery to remove the cancer and then recover from sepsis, a life-threatening complication that he developed after the surgery.

“It was a long journey for me but thankfully I had Income Protection for when I was out of work”

We're very pleased to confirm Neil is now cancer-free, but he was unable to work full-time for over a year during his recovery. If it hadn't been for his Income Protection cover, Neil wouldn't have been able to pay all the bills and maintain his lifestyle let alone afford the mortgage on his new home.

“Knowing that you've got something in place to protect your mortgage like Income Protection gave me great positive experiences, knowing that I wouldn't lose my house with my illness.”

As Neil's recovery progressed and he started to transition back to work, we paid Neil an additional discretionary payment of £1,292 as a Recovery Support Benefit payment to further financially support him during the early stages of his return to work.

Neil is now back to work full-time and cancer-free. He feels that the Income Protection payments he received from us were a “great relief” throughout his recovery.

“I had a rough ride, but knowing that if I have any issues and I'm off work, I can go to British Friendly and they would support me again I think is a great relief, knowing that I have got someone on my side.”



More case studies can be found on our [Youtube here](#). You can find out more about Neil's story by watching our case study video [on our YouTube page](#).



Spreading the word

Producing claims statistics helps to increase consumer trust in insurance by providing greater transparency around the likelihood of a claim being paid. However, statistics alone are not enough to demonstrate the true value of Income Protection or persuade customers to buy something which they never want to use.

We believe it's our role as an insurer to provide deeper insights into our actual claims experience as well as share real life stories from our members to help bring the important work we do to life.

Throughout this report, we have done just that. We have outlined our principles as a business and how they shape our claims philosophy, we've revealed our claims experience through key statistics, we've provided first-hand accounts from our Claims Managers on the front line assessing claims, we've demonstrated how we go above and beyond just paying Income Protection claims and we've provided real life claims stories from our members. We've also given some helpful resources to help intermediaries better illustrate the importance of Income Protection and to help them reassure their clients that our aim is to pay as many claims as possible.

We hope you find this report provides greater understanding and confidence in British Friendly when it comes to that moment of truth – paying the claim. With this greater certainty, perhaps we're one step closer to assisting more individuals across the UK to protect themselves, their families and the things they love by securing the valuable Income Protection cover they need.

Claire
Account Assistant
& British Friendly member



Does your client need to make a claim?
To download a claim form simply visit our [website](#) or
contact our Claims Team on 0800 975 6565.

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