

# BREATHING SPACE

Terms and Conditions

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Reference: MKT000060



**BRITISH  
FRIENDLY**

It feels good to be covered

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## Terms and Conditions

### 1. Policy definitions

In these Terms and Conditions the following terms and expressions shall have the meaning set out below.

#### Back to Work Support Payments

These are payments we can make to members who return to their own occupation in a reduced capacity or take up a new, lower paid occupation.

#### Benefit

The benefit payments which you have requested under the policy as stated in your Policy Schedule, subject to any automatic annual increases and subject to the maximum benefit level.

#### Deferred period

This is the period, starting on day one of your incapacity, during which time no benefit payments are made. Benefit payments will start the week after the expiry of your chosen deferred period of either 1, 4, 8, 13, 26 or 52 weeks. Your chosen deferred period is shown in your Policy Schedule.

#### Doctor

A duly qualified and registered general practitioner or consultant or specialist. The Society may specify the type of medical practitioner who will qualify as a "Doctor" for these purposes.

#### EU

The Member States of the European Union.

#### Family history

Details of medical conditions or ailments suffered by any of your biological brothers, sisters, mother or father (whether alive or deceased).

#### Financial Adviser

A Financial Adviser authorised and regulated by the Financial Conduct Authority and/or the Prudential Regulation Authority.

#### Higher premium

This means a higher premium which applies to your policy as a result of the underwriting process. If applicable, this will be shown in your Policy Schedule and calculated in accordance with section 2.8.

#### Income

The term "income" means any of the following, as applicable to your circumstances:

- Employed income: this is your personal taxable income from your employment. Your personal taxable income is your gross annual earnings and P11D benefits before the deduction of income tax.
- Self-employed income: this is your personal taxable income from your business. Your personal taxable income from your business is your gross annual earnings from your business, less any amount allowable as expenses against income tax, before deduction of income tax. In other words this is your annual share of pre-tax profits from your occupation or occupations.
- Company dividends: income includes taxable income received from your business in the form of company dividends provided that the dividends are paid direct to you in lieu of regular wages or salary in the 12 month period immediately preceding the onset of your incapacity; the dividends are consistent with the level of regular wages or salary which the paying company's trading position reasonably allows on a continuing basis; and the dividends cease in the event of incapacity.
- We do not include any income from savings or investments.

#### Incapacity or incapacitated

This means that you are totally unable to carry out your occupation due to physical or mental illness or injury resulting in a complete or partial loss of income.

#### Maximum benefit level

This means the maximum amount of benefit payable by the Society.

#### Medical Certificate

This is a signed written confirmation from your Doctor that you are unable to carry out your occupation due to incapacity. Photocopies are acceptable. The Society may specify additional reasonable requirements in relation to Medical Certificates in certain circumstances.

#### Medical Condition

This refers to any disease, illness or injury or any condition which reasonable medical opinion considers to be directly related or any investigation or test that has identified the risk of a specific condition developing in the future, for which you have received consultation, treatment, medication, or asked advice on, or had symptoms of (whether or not diagnosed).

#### Mortgage Payment Option

This option allows your claim benefit payment to be paid directly to your mortgage lender.

#### Occupation

This is your current occupation(s) from which you derive your income.

#### Occupation Promise

If you change your occupation after your policy has started, you don't need to let us know since it won't affect your policy and you'll still be covered.

#### Policy

This refers to your Breathing Space policy.

#### Policy Anniversary

The policy anniversary occurs annually on the month and day of your policy issue date.

#### Policy Schedule

This is the document which shows a summary of the terms applicable to your policy including any special terms or higher premium.

#### Premium

This is the monthly premium that you pay to the Society in order to secure your entitlement to benefit.

#### Premium Holiday

This refers to a period of suspension of premium payments as described in section 6.

#### Policy End Date

This is the age when your policy will end and entitlement to benefit under the policy will cease.

#### RPI

The Retail Prices Index issued by the Office for National Statistics.

#### Society's Medical Adviser

A registered medical practitioner or health professional appointed by the Society.

#### Society representative

An employee of the Society, the Society's Medical Adviser or any other person authorised to act on behalf of the Society.

**Society/We/Us/Our/BFS/British Friendly**  
British Friendly Society Limited.

#### Special terms

These are specific exclusions (if any) which apply to your policy as a result of the underwriting process. If applicable, these will be shown in your Policy Schedule. Full details are set out in section 2.8.

#### Tele-interviewing

The process used by the Society, through a service provider, to capture lifestyle and medical information from you over the telephone to assist in the Underwriting process.

#### Terminal Illness

This means an advanced or rapidly progressing incurable illness where, in the opinion of an attending Doctor and the Society's Medical Adviser, life expectancy is no more than 12 months.

#### Underwriting

The process the Society uses to determine whether or not (and on what terms and conditions) to accept your application.

#### You/your

The person named in the Policy Schedule.

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### 2. Terms of admission and policy options

#### 2.1 - Applying for a policy

All applications must be made on the prescribed application form, which must be completed in full and submitted to the Society.

#### 2.2 - Who can apply?

You may apply for a policy if you are:

- resident in the UK and have been for the last 2 years or more;
- aged between 18 and 64 years;
- a UK tax payer and hold a UK bank or building society account;
- registered with a UK GP for at least the last 2 consecutive years and your current UK GP must have access to your medical records for at least the last 2 years;
- employed or self-employed and not due to retire within the next 5 years (minimum policy length is 5 years)
- not working in an occupation(s) which is an excluded occupation (confirmed in our Occupation Guide available on our website [advisers.britishfriendly.com](https://advisers.britishfriendly.com)).

#### 2.3 - Choosing your level of cover

You can select a level of benefit payments from £6,500 per year (£125 per week) up to a maximum of £15,000 per year (£288.46 per week). The minimum and maximum levels of benefit payments may be amended by the Society from time to time. However, any such amendments will not affect your existing level of benefit under the policy. Amendments to the minimum and maximum levels of benefit payments will only apply to you if, during the life of your policy, you want to change your level of benefit under the policy (please see section 7 and 8). The current minimum and maximum levels of benefit payments will be published on the Society's website: [www.britishfriendly.com](https://www.britishfriendly.com).

#### 2.4 - The term of the policy

The policy will end at your chosen policy end date. Your policy end date can be any age between your 50<sup>th</sup> and 70<sup>th</sup> birthday provided that there is a minimum of 5 years between the date that you submit your application form and your chosen policy end date.

If your circumstances change, you may apply to extend your selected policy end date or to bring it forward (please see section 7).

#### 2.5 - Deferred periods

You may choose when you want benefit payments to commence in the event of your incapacity.

You can choose from a 1, 4, 8, 13, 26 or 52 week deferred period. The amount of your premium will vary accordingly.

You will receive no benefit payments for the duration of your deferred period. You will receive no benefit payments at all if your incapacity does not last longer than your deferred period.

#### 2.6 - Automatic annual benefits increase

If you have chosen the automatic annual increase option, the level of your benefit payments will increase automatically each year in line with inflation. We will apply the most recent published rate of RPI, subject to a maximum of 10%. Where the measure of RPI is negative, we will not apply any decrease and your benefit payments will remain at the same level for that year.

An annual increase takes effect on your Policy Anniversary each year. Payment of benefits will be paid at the increased level from that date. Your monthly premium will also increase at the same rate from that date. No premium increase based on the automatic benefit increase will take place during the first 12 months of your policy. This is to

ensure that your premium will remain at the same level for at least 12 months.

You can opt to pause this increase up to 3 times during the term of your policy, you can also reduce the percentage of RPI applied or you can choose to remove the RPI option completely. If you decided to remove this option you cannot reinstate it at a later date.

Where an automatic annual increase takes effect, the maximum benefit payment as specified in 2.3 (currently £15,000 per year) will be increased if necessary to allow for the automatic annual increase.

#### 2.7 - Assessing your application

When you apply for your policy or to vary your cover, your application will be subject to underwriting. In some instances we may offer immediate acceptance, subject to you meeting certain criteria, as set out by the Society.

You must provide us with any information we reasonably require to help us in assessing your application. This may include, without limitation, information on your current health, income, lifestyle, occupation(s), medical history, family history and any other factors relevant to the Society's decision on whether or not to accept your application.

We will use tele-interviewing to obtain information from you and you will be contacted in advance to arrange a convenient time.

You must take reasonable care to answer all questions honestly and to the best of your knowledge. If you do not answer the questions correctly your policy may be cancelled, or your claim rejected or not fully paid. If you are unsure whether or not any details are relevant, you should disclose them.

We may also ask for your consent to request a medical report from your Doctor or ask you to undergo medical tests. We will pay any medical fees involved.

If you refuse to comply with our reasonable requests under this section 2.7, we cannot proceed with your application.

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We may also request from you:

- Evidence of employment or occupation(s) and income.
- Evidence of your address and identity to enable the Society to discharge its duties under applicable anti-money laundering legislation and regulation.

When applying for your policy you must notify the Society straight away if there are any changes to the information that you have given to the Society, including, without limitation, changes to your health, occupation(s), family history, or country of residence, up until you receive written confirmation from us that your application has been accepted.

### 2.8 - Special terms and higher premiums

Following the underwriting process, we may:

- accept your application with special terms. Special terms will take the form of a medical exclusion or an excluded activity. A medical exclusion means that a particular condition or part of your body will not be covered under the policy. An excluded activity means that we will not cover any injuries or illnesses arising as a result of a particular activity. The special terms (if any) that apply to your policy will be stated in your Policy Schedule.
- accept your application subject to payment of a higher premium. If your policy is subject to a higher premium, this will be shown in your Policy Schedule and will be expressed as a fixed percentage increase to the standard premium rates. For example, where the standard monthly premium is £30.00, a higher premium of 50% will mean the actual premium you pay will be £45.00. In the event of any subsequent changes to premium rates (in accordance with sections 4.4, 4.5, 7 and 8), the fixed percentage increase will be applied to the revised standard rate of premium.

### Review of special terms and higher premiums

Special terms and higher premiums may be reviewed by the Society upon your request if you consider that the circumstances or medical condition which gave rise to the special terms or higher premiums no longer apply. In the case of a medical condition, you must be free of any symptoms and must not be receiving any ongoing treatment for this condition. Unless otherwise stated by the Society, you will be required to pay for any medical evidence we may need from your Doctor as part of the review. The Society will discuss with you:

- the type of medical evidence that is likely to be required for a review;
- the likely level of expense associated with such medical evidence and
- whether a review is likely to lead to the removal of special terms or higher premiums.

### Society's right to refuse

Although we will always act reasonably in considering your request for a review or when carrying out a review, we reserve the right to:

- refuse to carry out a review which is unlikely to be successful or which would lead to you incurring unreasonable or unnecessary levels of expense in providing the required medical evidence; and/or
- refuse to remove special terms or higher premiums following a review.

If we do this, you still have the right to cancel the policy and cease paying further premiums.

## 3. The general duties of policyholders

### 3.1 - Changes in personal circumstances

You must inform the Society, as soon as reasonably possible (and in any event within 2 calendar months), of any of the following changes in your circumstances as these may affect your entitlement to benefit under the terms of your policy:

- You change your address, country of residence or you are no longer a resident of the United Kingdom
- You change the country in which you work
- You become unemployed, a house person or student
- You retire
- When you are claiming benefit, you are fit enough to return to work.

If your circumstances change please make sure you contact your financial adviser/or the Society to discuss your options.

As stated in our Occupation Promise, you don't need to let us know if you change your occupation after your policy has started.

### 3.2 - Reviewing your cover

You should review your cover against your income on a regular basis to ensure you have enough cover for your needs but not more than the maximum benefit level.

## 4. Premiums

### 4.1 - Payment of premiums

You must pay regular monthly premiums by direct debit throughout the term of the policy. Premiums will be collected from your bank account on the day of each month that you have chosen. If this date falls on a weekend or Bank Holiday your premium will be collected on the next working day.

If your premiums are more than 7 days in arrears we will only pay you benefit from the date that all arrears are paid.

If your premiums are 4 months in arrears the Society will cancel your policy without your request or permission. No payment will be due to you on cancellation. You will lose the cover

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provided by your policy and you will need to reapply for a new policy which will be subject to underwriting.

The only occasions when you are not required to pay premiums are during a “Premium Holiday” which has been approved by the Society (in accordance with section 6) or if your claim for benefit has entered the “waiver of premiums” phase, as described in section 4.2 below.

### 4.2 - Waiver of premiums

When you start receiving your claim benefit payments, following the expiry of your deferred period, we will not collect any monthly premium payments until you cease to receive benefits from the Society.

The Society will recommence the collection of premiums by direct debit when you are no longer receiving benefit payments.

### 4.3 - Premium rates

The premium rates which we use to calculate your premium are guaranteed for the life of your policy. However, the premium that you pay will vary according to your:

- age at your policy anniversary;
- chosen level of benefit payments;
- choice of deferred period;
- chosen policy end date;
- current health and medical history; and
- premium changes (please see section 4.4).

### 4.4 - Premium changes

Premiums increase on your policy anniversary each year based on your age on that date. We will give you at least 10 days’ notice of a change to your premium based on your age.

When you have selected the automatic annual increase option, your premium will increase on your policy anniversary each year at the same rate as the increase to your benefit payments as set out in section 2.6.

Notification of premium changes will be issued in accordance with the direct debit guarantee.

No premium increase based on age will take place during the first 12 months of your policy.

### 4.5 - Admission of age

If at any time your date of birth is discovered to have been incorrectly recorded we reserve the right to correct your premium payments accordingly and collect any underpaid premiums or refund any overpaid premiums.

## 5. Payment of benefit

### 5.1 - Incapacity

In order to claim benefit, you must be incapacitated as set out in our definition of incapacity.

The Society will determine whether you are Incapacitated based on the evidence you provide

and in consultation with the Society’s Medical Adviser. Please see section 5.5 for details on how we assess claims.

### 5.2 - Payment of benefit

If we accept your claim, benefit payments will commence following the expiry of your chosen deferred period. There may be a delay in receiving your benefit payments while we are assessing your claim.

Benefit is payable on a 7 day a week basis for every qualifying day of incapacity. A qualifying day of incapacity is each day for which you provide medical evidence of your incapacity in the form of a Medical Certificate.

Benefit payments will be made by direct credit to your own bank account (see section 5.15 for more details). You also have the choice of receiving your benefit payments on either a weekly or a monthly basis.

Benefit will be paid up until the first of any of the following outcomes:

- Your Doctor declares that you are fit enough to carry out your occupation. In other words you no longer meet our definition of incapacity
- You no longer suffer any loss of income
- Your policy finishes at your chosen policy end date
- You reach the end of the stated payment period in your policy (1, 2 or 5 years)
- You voluntarily cancel your policy
- You die
- You are a resident or temporarily residing abroad and you reach the end of the period for which the Society will make benefit payments (please see section 5.12)
- Any agreed back to work support payments end (please see section 5.14).

Please note, any other benefit payments you receive during your sickness or injury will not affect the amount of cover you will receive from the Society when claiming on your Breathing Space Policy. However, your British Friendly benefit payments may affect the amount of benefit you receive from other sources and we recommend you check with your other providers if applicable.

### 5.3 - Notice of incapacity

Let us know as soon as possible if you are expecting to be or are unable to work due to illness or injury, even if you have a long deferred period or are unsure if you will remain off work once you reach the end of your deferred period. The sooner you talk to us the sooner we can help you, even if you have not stopped working. Early in the claims process we can offer support by helping you gather all the information we need for your claim so we can pay your benefit promptly. We can also help you with your recovery by arranging treatment or services to support you



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during your claim or when you return to work. You must notify us of your incapacity by telephone, by email or by post within the following timescales 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, 26 or 52 weeks - notify us within 8 weeks.

If you notify us of your claim later than the deadline above you will only be entitled to receive benefit payments from the date that we receive your completed claim form. Please see section 5.4.

### 5.4 - Claims procedure

Once you have notified us of your claim, a claim form will be sent to you. You must return the completed claim form together with any other documents requested by the Society as soon as possible so we can assess your claim and pay you without delay. We may only be able to pay your benefit from the date we get your claim form or medical evidence. You do not need to submit a Medical Certificate in respect of the first 7 days of incapacity unless requested to do so by the Society.

You must provide a Medical Certificate after your first 7 days of incapacity, for each day of incapacity throughout the duration of your benefit payments. The Society will not pay benefit for any day of incapacity that is not supported by medical evidence in the form of a Medical Certificate.

You must ensure that all Medical Certificates are received by the Society within 14 days of expiry of the previous Medical Certificate in order to avoid a suspension of benefit payments. In exceptional circumstances, such as a severe deterioration in your health or your admission to hospital, we may grant an extension of a further 14 days in order that you or someone on your behalf may forward a Medical Certificate without any suspension of benefit payments.

### 5.5 - Assessing your claim

Upon receipt of your claim form, we will assess whether you fall within our definition of incapacity. We will base our assessment on medical evidence and objective medical criteria where possible. In cases of doubt, the opinion of the Society's Medical Adviser will be final.

We will require evidence that you are under the care of a Doctor and that you are following all treatments and investigations recommended by that Doctor. We must also be satisfied that you are not behaving in a manner which is likely to delay your recovery.

We will also need confirmation that suitable treatment options have been investigated. We may ask you to provide further information or undergo further investigations or tests, including an examination by the Society's Medical Adviser. All such investigations or tests will be carried out

at our expense. If you refuse to comply with our reasonable requirements, we will not be able to proceed with your claim and we will not make benefit payments to you.

### 5.6 - Ongoing assessment

All claims are subject to ongoing assessment. When you are receiving benefit payments, we may therefore ask you for updates on your condition from time to time. This may require the Society's Representative to visit you and interview you in your own home.

We may ask you to provide further information or undergo further investigations or tests. We may also request your consent to approach your Doctor for a medical report, or your employer or other third party for additional information which we consider relevant to your claim.

If you refuse to comply with or withhold your consent for any of our reasonable requirements, we will suspend the payment of benefit to you. If after 14 days you still refuse to comply with our reasonable requirements, we will not be able to pay you any further benefit for the remainder of your incapacity.

### 5.7 - Circumstances in which we will not pay benefit

We will not pay benefit:

- in respect of any deferred period – benefit will only be paid for any period of continuous incapacity which continues beyond the expiry of your chosen deferred period;
- in respect of any pre-existing medical condition which you did not disclose to the Society prior to the start of your policy or when you applied for a subsequent variation to your policy. A pre-existing medical condition is a medical condition affecting you (whether or not a diagnosis was made) which existed prior to the start of your policy or at the time of an application to vary your policy;
- in respect of any condition excluded by the special terms applicable to your policy;
- 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;
- if you become unemployed or you are made redundant without suffering from any incapacity or after incapacity;
- Where we require your consent to process your personal information in the context of a claim, you do not provide that consent. Please see section 10.9 for further information.

### 5.8 - Amount of benefit payable when you claim

If we accept your claim and you are working in your normal occupation or occupations when

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incapacity starts, we will pay the full amount of benefit stated in your Policy Schedule (plus any automatic annual increases).

### 5.9 - Your income before incapacity

In the event of a claim we will ask to see proof that you have an income, although we will not look at the level of income, this may be in the form of:

- Recent bank statements
- 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 need to contact your accountant, if appropriate, for more information.

### 5.10 - Claiming again after returning to work

You can claim more than once in respect of the same incapacity. There is no limit to the number of claims you can make under your policy. However, you will not be able to claim if you return to your occupation against the advice of your Doctor. Throughout this section we refer to the “same incapacity” or a “different incapacity”. The question of whether you have already made a claim in respect of the same or a related condition, illness or injury will be determined in accordance with medical evidence. In cases of doubt, the opinion of the Society’s Medical Adviser will be final.

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 the benefit payment period (1, 2 or 5 years) has expired, 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 and your chosen deferred period will apply. If you need to claim again for a different incapacity, you must have returned to work and your chosen deferred period will apply.

If you are able to return to your occupation before your benefit payment period (of 1, 2 or 5 years) has expired, but then during the following 26 weeks you need to claim in respect of the same incapacity, then:

- your chosen deferred period will not apply; and
- the second period of incapacity will be taken as a continuation of the earlier period of incapacity. This means that the earlier period of

incapacity will be added to the second period of incapacity for the purposes of calculating your benefit payment period of 1, 2 or 5 years.

### 5.11 - Terminal illness

If you fulfil our definition of incapacity and you are diagnosed with a terminal illness, any deferred period applicable to your policy will not apply.

If there is a difference of opinion between the attending Doctor and the Society’s Medical Adviser, the Society retains the right to base its final decision on the opinion of our Medical Adviser.

If the terminal illness is diagnosed whilst you are already in receipt of benefit, any benefit that you did not receive during any applicable deferred period will be paid to you retrospectively.

Payments of premium will cease in accordance with “waiver of premiums” as set out in Section 4.2.

### 5.12 - Claiming whilst abroad

We will consider your claim if you are a resident or temporarily residing outside of the UK providing we are permitted by local regulation and have agreed with you in advance that we are able to insure you in that country. If you are a resident in an EU country where we are able to insure you or in one of the following countries, states, territories or dependencies, when you submit a claim to us and we approve that claim, we will only pay benefit for a maximum of 2 years in total unless you return to the UK:

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

If you are a resident anywhere else in the world when you submit a claim to us and we approve that claim, or any subsequent claim(s), we will only pay benefit for a maximum of 26 weeks in total unless you return to the UK.

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

Benefit will be paid only if you provide us with the information we need to assess your claim in accordance with these Terms and Conditions and 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 benefit.

### 5.13 - Overpayment of benefit

You shall be required to repay to the Society any



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overpayment of benefit which has been made to you either in error or as a result of you being able to return to your occupation earlier than expected. The amount of benefit overpaid must be repaid within 30 days of a request by the Society. Otherwise the Society reserves the right to charge interest on the amount outstanding at the Bank of England lending rate prevailing at the time.

### 5.14 - Back to Work Support Payments

If you are unable to return to your pre-incapacity occupation due to illness or injury but can return in a part time or reduced role, or you are able to return to a new occupation which pays a lower salary, we can still pay you a reduced amount of benefit once you are back to work.

If you need help and support in returning to work, please let us know as soon as possible as we may be able to arrange treatment and services to help you get back to work.

### 5.15 - Mortgage Payment Option

This option allows your claim benefit payment to be paid directly to your mortgage lender. It applies to residential mortgages on UK properties only and must be your main residence (meaning your current residence or the residence where you spend a majority of your time living).

## 6. Premium Holiday

### 6.1 - Premium Holiday

You may suspend your cover and your premium payments for a minimum period of 3 months up to a maximum of 24 months at a time subject to meeting the criteria and your request being accepted by the Society. Such a suspension of premium payments is referred to in this policy as a "Premium Holiday". The following conditions will apply:

- You must contact the Society to request a Premium Holiday by phone, email or post.
- The Society will notify you if your Premium Holiday has been agreed and the start and end date of the career break.
- Premium payments and entitlement to benefit will be suspended for the duration of the Premium Holiday and you will be unable to apply to vary your cover during this time.
- You can apply to suspend premiums for up to 4 years in total during the life of your policy. Any applications to exceed this period will be considered at the discretion of the Society at the time of application.
- If your premium payments are in arrears when you apply for a Premium Holiday, you can only suspend your cover from the date the arrears are paid.
- You can cancel a Premium Holiday at any time before the Premium Holiday starts.

- Once your Premium Holiday has started, you may only cancel the Premium Holiday if the Society agrees to such cancellation.

At the end of your Premium Holiday, premium collection and your entitlement to benefit will recommence. After your premium holiday has ended, if you do not pay premiums for more than 4 months, then your policy will end and you will need to fully re-apply for cover.

Where a Premium Holiday is taken within 6 months of the expiry of an earlier one then it shall be taken as a continuation of the former one for the purposes of applying the maximum period of 24 months at a time.

## 7. Variations to your policy

### 7.1 - Variations without underwriting

You can apply to the Society to make the following changes, these changes will not be subject to underwriting:

- Reduce your level of benefit payments provided that you do not reduce your benefit payments below the Society's current minimum level of benefit (please see section 2.3).
- Increase your deferred period up to a maximum of 52 weeks.
- Bring forward your selected policy end date
- Reduce the payment period

The Society will confirm in writing when these changes will take effect and the amount of your premium. In some situations (e.g. if you want to reduce the amount of benefit), the amount of premium will usually be reduced.

### 7.2 - Variations subject to underwriting

The following changes can only be made with our agreement and provided you have more than 5 years to run to your policy end date. Your application will be subject to underwriting (please see section 2.7):

- Increase your level of benefit payments provided that you do not increase your benefit level above the Society's current maximum.
- Reduce your deferred period.
- Extend your selected policy end date to any age, up to the age of 70, provided that not less than 5 complete years remain you have not made more than 2 previous applications to change your policy end date.
- Increase the payment period

We will not allow any variation under this section 7.2 if you do not meet the eligibility criteria in section 2.2, if your premiums are in arrears or if you are claiming or are in receipt of benefit. We may ask you to pay a different level of premium (potentially including higher premiums) or accept special terms.

### Society's right to refuse

Although we will always act reasonably in considering your application to vary your cover,

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we do reserve the right to refuse your request. If we do this, you still have your right to cancel the policy and cease paying further premiums.

### 8. Guaranteed insurability option

#### 8.1 - Guaranteed insurability option

The policy includes an automatic option (the guaranteed insurability option) to increase your benefit without supplying medical evidence when one of the following events occurs:

- You get married or enter into a civil partnership (evidenced by relevant marriage/civil partnership certificate)
- Either you or your partner give birth to, or legally adopt, a child (evidenced by relevant birth/adoption certificate)
- You take out or increase a mortgage on your primary residence (evidenced by copy of new mortgage arrangement)
- Your rental payments increase on your primary residence (evidenced by new rental agreement)
- If you are employed, your basic salary increases (evidenced by a letter from your employer confirming your pay rise or as evidenced through a recent payslip). This option is not available if you are self-employed.

The amount of your premium will increase in line with your additional benefits. You do not have to exercise the option. If you choose to exercise the option, it will be subject to the following conditions:

- You must apply for an increase within 3 months of the occurrence of one of the above events and you will be required to provide evidence of the event as appropriate.
- This option does not apply after your 55th birthday.
- The deferred period may not be shorter than any of the deferred periods stated on your current Policy Schedule.
- The policy end date must be the same policy end date as stated on your current Policy Schedule.
- This option does not apply if you are Incapacitated, are claiming benefit, in a deferred period or your premiums are in arrears.

You may choose an increase of either 10% or 20% of the cover approved when your policy first commenced subject to a minimum increase of £10 of additional benefit per week; and the maximum increase set out in the paragraph below.

The maximum increase in benefit throughout the lifetime of your policy is 20% of the benefit cover approved by the Society when your policy first commenced or 20% of your current level of benefit cover under the policy, whichever is the lower.

The total benefit payable is subject to a maximum of £15,000 per year or the maximum benefit level, whichever is the lower.

You are eligible for the guaranteed insurability option if special terms or higher premiums were applied to your policy when it first commenced, but the same special terms or higher premium will apply.

The automatic annual increase option will not apply to any additional benefit approved under this section.

### 9. Right to cancel the policy

#### 9.1 - Changing your mind

You will have a 30 day 'cooling off' period from the date your policy started in which to change your mind. The cooling-off period begins when the policy starts or when you receive your policy documents. If you decide to cancel your cover, you will need to complete and return the cancellation notice enclosed with your policy documents or telephone us. Any premiums paid will be refunded to you. However, premiums will not be refunded if you cancel after the 30 day 'cooling off' period has expired.

#### 9.2 - The Society

We reserve the right to cancel your policy or to amend its terms if:

1. You make an untrue statement
2. You make a misleading statement
3. You fail to disclose a relevant fact when you apply for a policy or to vary your cover or make a claim
4. You are the subject of a custodial sentence
5. You make a fraudulent claim. This would apply for instance if you are claiming other benefits or you are working and claiming benefit and have not notified the Society
6. If you are a resident or temporarily residing outside of the UK and local regulation does not permit us to insure you in that country.

We reserve the right to demand the refund of any benefit paid as a result of the events in (1), (2), (3), or (5) above and no further benefit will be paid to you.

If your premium payments are 4 months in arrears we will cancel your policy automatically as explained under section 4.1. You will not be entitled to any refund of premiums.

#### 9.3 - You

You may cancel this policy at any time by notifying us in writing. You will not get any money back. The policy has no cash-in value at any time.

# BREATHING SPACE

## Terms and Conditions

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### 10. Other

#### 10.1 - Tax status

Benefit is paid free of personal income tax and capital gains tax in the UK under current legislation, provided premiums are paid from a personal bank or building society account and not a corporate account. Premiums paid by individuals are not allowable as an expense for tax purposes. The current tax free treatment of benefits under this policy may change.

#### 10.2 - Charges

The premium payment shown in your Policy Schedule includes the cost of administration, underwriting, claims and commission and any fees incurred in obtaining further medical information to assess your application. You will only be required to pay for the costs of obtaining medical evidence in the limited circumstances where you ask the Society to review special terms or higher premiums as set out in section 2.8.

#### 10.3 - Law

This policy is governed by the laws of England and Wales.

#### 10.4 - Language

All policy documents and terms and conditions will be in English and all correspondence and communication between you and the Society will be in English.

#### 10.5 - Changes to the Terms and Conditions

The information contained in this document is correct at the time of issue. Please be aware that we may change these 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.

#### 10.6 - Complaints

Should you wish to register a complaint, please either call or write to us, using the contact details shown at the end of this document. Alternatively, please e-mail [complaints@britishfriendly.com](mailto:complaints@britishfriendly.com). Your complaint will be acknowledged in writing within 5 business days and passed to the relevant team for investigation. Within 8 weeks, you will receive either a final response or a request for further information from the Society. Copies of the Society's Complaints Handling Procedure are available from the Society on request. If we're unable to resolve your complaint to your satisfaction, or if we've been unable to resolve your complaint within 8 weeks, you have the right to refer your complaint to the Financial Ombudsman Service free of charge by writing to them at **The Financial Ombudsman Service, Exchange Tower, London E14 9SR**, by telephone

on **0800 023 4567** or online at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk). Your legal rights will not be affected by registering a complaint.

#### 10.7 - Compensation

In the unlikely event that the Society becomes insolvent, you may be entitled to compensation under the Financial Services Compensation Scheme. You can contact the Financial Services Compensation Scheme via their website, via post at **Financial Services Compensation Scheme, PO Box 300, Mitcheldean, GL17 1DY** or via telephone on **0800 678 1100**.

#### 10.8 - Assignments

This policy is personal to you: it is not transferable.

#### 10.9 - How do you use my personal information?

The Society obtains and processes your personal information in accordance with our Privacy policies which can be accessed at <https://members.britishfriendly.com/privacy-policy/> or upon request by the Society. If you wish to receive a copy of the policy, please contact us using the details shown at the bottom of these terms and conditions.

#### 10.10 - No waiver

Nothing done or said by, or on our behalf, is to be interpreted as a waiver of any of our rights under this policy.

#### 10.11 - Currency

All payments made under this policy will be made in sterling at the rate ruling in England.

#### 10.12 - Right of Subrogation

You agree to take all necessary steps which the Society may reasonably require for enforcing our right of action against any other party arising out of any circumstances which give rise to the payment of benefit by the Society under this policy. You should notify the Society without delay of any claim or right of action against such third party.

#### 10.13 - Solvency and Financial Condition Report

Each year we publish a Solvency and Financial Condition Report which provides an overview of our financial position, how we are governed and our financial performance, amongst other things. Our Solvency and Financial Condition report is available on our website at <https://members.britishfriendly.com/about-us/society-information/>

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**British Friendly Society Limited**

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