

Accident Only Income Protection Policy Conditions



Our policy is designed to pay you a regular benefit if you can't work because of an accident.

Effective 1st May 2022

3 | *Definitions*

5 | *Your cover and benefits*

8 | *Making a claim*

16 | *Your premiums*

17 | *Reviewing your cover*

18 | *Making changes*

21 | *General information*

Welcome

This Policy Conditions gives further details about how we administer the Accident Only Income Protection policy, how you can make a claim and how to apply to make changes to your cover.

You may have been given a copy of the Policy Summary that provides the key information you need to know before deciding whether to apply for the policy. If not, please ask us or your financial adviser for a copy.

Should your application for a policy be accepted you will be provided with a Policy Schedule which shows the personalised details of the cover provided by your Accident Only Income Protection policy.

Your contract with National Friendly consists of these three documents and the information contained in your application form and which you provide to us after you take out the policy. You must always take reasonable care to give full and correct information to the questions we ask. You should keep all of these documents together in a safe place in case you need to refer to them in future.

If you have any questions about the Accident Only Income Protection policy, or to make a claim, please get in touch. Our contact details are on the back page.

Definitions

We will use the following words in defining your benefits so you may need to refer to this list just to check your understanding.

Accident – an event resulting in bodily injury occurring while this policy is in force, where the injury is directly and solely caused by accidental, violent, external and visible means without any other contributing cause.

Activities of daily work – there are 8 activities of daily work, which are:

Bending – the ability to get into or out of a standard car, or the ability to bend or kneel to pick up a teacup (or similarly-sized object) from the floor and straighten up again without the assistance of another person but including the use of appropriate aids.

Climbing – the ability to walk up and down a flight of 12 stairs with the use of a handrail and taking a rest.

Communicating – the ability to:

- hear conversational speech clearly in a quiet room, unaided or with a hearing aid or other aid if normally used; or
- understand simple messages; or
- speak with sufficient clarity to be clearly understood

Dexterity – the physical ability to use hands and fingers, such as being able to communicate effectively using a pen, pencil or keyboard.

Eyesight – having eyesight which, even after correction by spectacles or contact lenses, is sufficient to read a standard daily newspaper or to pass the standard eyesight test for driving. Failure of this activity would include being certified blind or partially sighted by a registered ophthalmologist.

Financial competence – the ability to recognise the transactional value of money and the handling of routine financial transactions such as paying bills or checking change when shopping.

Responsibility and independence – the ability independently to make arrangements to see a doctor and take regular medication as prescribed by a medical practitioner.

Walking – the ability to walk a distance of 200 metres on a level surface without stopping due to breathlessness, angina or severe discomfort, and without the assistance of another person but including the use of appropriate aids, for example a walking stick.

Continuing income – this means:

- income you continue to receive from your employer, including sick pay and benefits in kind;
- income you continue to receive from your business, including sick pay, benefits in kind and earned dividends;
- income from a pension due to ill-health or as a result of your accident;
- income from insurance policies, with us or other providers, which you receive as a result of a claim for your accident. This may include mortgage, loan, income, credit and premium protection policies;
- any other payments you receive in the place of income.

It does not include:

- state pension or state benefits you receive, even where these may be employment-related benefits such as contributory Employment and Support Allowance (ESA) and Statutory Sick Pay (SSP);
- income from savings and investments;
- lump sum payments from savings, investments, pensions or insurance products.

Deferred period – this applies when we accept your claim and means the continuous period of either 30, 60, 90, or 180 days, whichever you choose, which must pass following your disabling injury, until you are entitled to receive the benefit.

Deterioration in mental capacity – this means that as a direct result of your accident you have been diagnosed with a brain injury (confirmed by neurological investigation) which has affected your ability to reason and understand and has caused deterioration to an extent that you can no longer look after yourself without the need for continual supervision and assistance of another person.

Disabling injury – means due to an accident occurring after the policy start date shown on your Policy Schedule, you are:

- under medical care, in relation to your injury for which you are claiming; and
- unable to perform your occupation; and
- not working in any other occupation; and
- suffering a loss of earnings.

Doctor – a medical doctor currently registered with the GMC (General Medical Council) to practise medicine in the UK or any consultant or specialist to whom you have been referred by a doctor as defined here. We will use our judgement to determine whether a doctor in another country outside the UK holds an equivalent degree of competence and accreditation by an equivalent body to practise medicine.

Earnings – this means your earnings from your employment or self-employment:

- Employed earnings. Your personal taxable income from your employment, including any benefits in kind;
- Self-employed earnings. These will be your personal share of the pre-tax profits, in the form of income and commission from the business, in the last 12 months, in respect of your occupation, after any allowable expenses against income tax;
- If you're a company director. Your personal taxable income and any dividends you take from your business.

Houseperson – A person who has not been in paid occupation for at least 3 months during which time they have been looking after their home or providing child care.

Indexation – If you select indexation, we will adjust your benefit and premiums each year to match the Retail Prices Index (RPI). Indexation will take place on the policy anniversary, matching the RPI rate to the month of April which precedes the point of indexation.

Medical care – care being provided by a doctor or qualified medical professional.

Occupation – work undertaken for profit, pay or reward.

Pre-existing condition – any disease or injury for which you have had medication, advice or treatment, or that has produced signs or symptoms, whether or not a medical condition was diagnosed, in the five years before the start date of your policy, or in the five years before any change you make to the policy, as shown on your Policy Schedule.

Resident – throughout the period during which you hold the policy you need to reside in the UK for at least 6 months each year, with your main home in the UK, hold a UK bank account and be registered with a UK doctor who has access to your medical records for the past 3 years.

UK – for the purpose of your policy cover and eligibility, this means England, Scotland, Wales and Northern Ireland, but not the Republic of Ireland, the Channel Islands or the Isle of Man.

Unemployed – A period of at least 3 months when you have not undertaken any duties of any occupation, paid or unpaid.

1.0 - Your cover and benefits

This section looks at the four main benefits of the policy and different choices available to you.

You should review your cover from time to time to decide whether this policy remains adequate for your needs. There's a section on reviewing your cover on page 17.

The purchasing value of benefits on this policy may be reduced in future as the cost of living generally increases over time.

1.1 What we are covering you for

This policy is designed to provide replacement earnings for those lost when you have an accident which causes a disabling injury and where you are then medically certified as unable to carry out the main duties of your occupation.

You need to be receiving medical care during your claim and not be working in any other occupation in order to be eligible to claim.

If you are employed, you need to be working at least 16 hours a week when your accident occurs. If you are self-employed you need to have been working for an average of at least 16 hours a week in the 3 months prior to the accident. You are also eligible to claim if you were made redundant less than 3 months ago or are on statutory maternity, paternity or adoption leave.

1.2 What we are not covering you for

We will not pay a claim where:

- the primary reason you are unable to work is because of a pre-existing condition made worse by an accident;
- your claim is as a result of intentional self-inflicted injury;
- you suffer a disabling injury participating in an activity that you have been advised not to participate in for medical reasons;
- your claim is caused by the abuse of drugs or alcohol;
- your claim is caused by your involvement in criminal activity or public order offences;
- your claim is due to an accident which occurs whilst working abroad for more than 14 days in any one trip or more than 30 days in total during any 12 months period;
- your claim occurs whilst you are in a country, or specific area of a country, where the Foreign, Commonwealth and Development Office (FCDO) advised against any travel, or essential travel only, prior to your departure from the UK.

1.3 Your level of cover for the main benefit

The level of benefit you are covered for will be the amount you choose, between £500 and £6,000 each month, as shown on your Policy Schedule. This is the maximum regular tax-free sum you will receive in the event of a claim once your claim has been assessed as valid.

The aim of the policy is to replace up to 70% of your pre-accident earnings.

We will check when you claim how much benefit you are entitled to receive.

We set out how we will assess your claim in the section starting on page 8.

1.4 Indexation

If you choose the indexation option, we will adjust your benefit each year in line with the Retail Prices Index (RPI). The increase in benefit will lead to an increase in premiums for the following 12 months; we will write to you each year to let you know what this increase will be.

The maximum increase in your benefit will be 5% in any one year and the minimum 0%.

If the government changes the basis by which it assesses RPI to measure inflation, we may use the new standard method.

If you did not choose an indexation, your benefit amount will not increase each year.

This benefit can only be selected at outset and cannot be added later.

1.5 The benefit guarantee

You can help reduce the impact of any fall in your earnings in relation to the policy by submitting proof of earnings within three months of taking out the policy. This will mean you are entitled to our benefit guarantee.

Under the benefit guarantee you can fix your selected benefit up to a maximum of £3,000 a month, where a fall in your earnings between taking out the policy and the start of your claim would mean you would normally be entitled to less than this.

Where you choose indexation, we will increase the benefit guarantee amount of £3,000 a month each year by the same percentage applied to your covered benefit. So, if your covered benefit

amount goes up by 2%, the benefit guarantee amount will go up by 2%.

We will use the benefit guarantee amount as it stands at the beginning of your claim when calculating payments throughout that claim.

We will deduct any continuing income you will receive during your claim when calculating the amount of benefit we can pay you.

You can see how the benefit guarantee is used in calculation of your benefit on page 10.

1.6 When we start paying your benefit

Subject to us agreeing your claim, we will start to pay your benefit after your deferred period of 30, 60, 90 or 180 days, whichever you chose and as shown on your Policy Schedule. We pay benefit monthly or twice-monthly, as selected by you and in arrears.

1.7 When the policy ends

Your policy will be due to end on the policy end date you choose when you apply. This will be at your selected birthday between ages 60 and 70 and will be shown on your Policy Schedule.

1.8 Hazardous pursuits

Your policy includes cover for certain hazardous pursuits as standard but if you purchase our enhanced hazardous pursuits protection, you are covered for a wider range of pursuits.

The list of hazardous pursuits covered can be found on our website at www.nationalfriendly.co.uk/pursuits or by contacting us.

Any sport or pastime not on the list will not be covered.

If you have a valid claim as a direct result of a covered enhanced hazardous pursuit you are covered for the amount of benefit you choose. You can choose a benefit of at least £500 and no more than £2,000 a month. It also cannot be more than your selected main benefit. The amount you choose is shown on your Policy Schedule.

We will calculate the benefit due using the benefit guarantee and deducting any continuing income where applicable.

1.9 Back to work benefit

We want to help get you back to work after your accident. If you have been claiming the main benefit from us and you're able to return to your occupation, but with reduced earnings due to your disabling injury, you may be eligible to continue claiming under the back to work benefit.

This could be where, for example:

- You return to your occupation on reduced hours;
- The duties of your occupation are restricted to take account of your disabling injury and recuperation.

Back to work benefit will pay you a proportionate benefit. This means we will pay you a percentage of the main benefit which corresponds to your loss of earnings.

1.10 Contingency benefit - If you are working less than 16 hours a week at time of claim

If, immediately prior to your accident, you are working less than 16 hours a week because:

- you are on statutory paternity, maternity or adoption leave; or
- you were made redundant less than 3 months ago

then you will qualify for the main benefit.

If you're not working, or you are regularly working less than 16 hours a week immediately before you have an accident for any other reason, then you won't qualify for either the main benefit or, subsequently, the back to work benefit. You may qualify for our contingency benefit.

The contingency benefit works differently from the main benefit and back to work benefit.

If you have an accident and as a direct result of the accident you are unable to perform 3 or more activities of daily work, or you meet our definition of deterioration in mental capacity, you are eligible to claim the contingency benefit of £500 a month.

1.11 Accidental death benefit

If you purchase accidental death benefit, where death occurs within 30 days of your accident, we will pay a lump sum equivalent to the main benefit for 1 year or 2 years, whichever you choose as your benefit term. The death certificate must show that your death was a direct result of that accident.

Where death is as a direct result of your involvement in a covered hazardous pursuit, the amount payable will be a lump sum equivalent of 12 or 24 times your monthly benefit for hazardous pursuits, depending on whether you choose a maximum benefit term of one year or two years when you take out the policy.

1.12 Waiver of premium

Your policy includes a feature called 'waiver of premium' at no extra cost. Waiver of premium means that, should we accept your claim for benefit, we will pay your premiums after the deferred period, when we are paying you the benefits.

You will pay the premiums which fall due within the deferred period of your claim.

We will not refund any part of the premiums you pay during the deferred period.

You will start paying premiums again when they fall due in the month after we stop paying your benefit. For example, if we stop paying your benefit in March, you will resume paying the premiums for April onwards.

1.13 Where you are covered

This policy is designed to cover policyholders living and working in the UK. It will also cover periods of holiday abroad but it is not designed to provide cover whilst working abroad other than for short business trips lasting for no more than 14 days in any one trip, and no more than 30 days in total during any 12 months period.

It will not cover visits to countries (or specific areas within countries) to which the Foreign, Commonwealth and Development Office (FCDO) advises against any travel, or to those where only essential travel is advised.

You can find details of your responsibilities in respect of making claims whilst abroad in Medical Evidence on page 8.

2.0 Making a claim

Ideally, you, or a representative acting on your behalf, should tell us as soon as possible when you want to make a claim. We will do all we can to help you during this difficult time.

For details of how to claim for the accidental death benefit, please see page 15.

You can find our contact details and opening hours on the back page of this document. Our experienced and sympathetic claims team will be on hand to explain the claims process and answer any questions you might have.

We recognise you won't always be able to tell us about your claim straight away, but would ask wherever possible that you notify us within the following time scales:

Deferred period	Notification period after stopping work due to disabling injury
30 days	14 days
60 days	30 days
90 days	30 days
180 days	30 days

This is because we have to request certain information from you to help us verify your claim and so that we can arrange to pay you the benefit in good time after your deferred period ends. We may even be able to help you access assistance in your treatment.

If you don't notify us within these timescales, or we don't have all the information we need within these timescales to agree your claim, then our ability to assess your claim may be impacted. This means that the start date of your first benefit payment could be delayed. Should this happen, then once your claim is agreed, the first benefit payment will include any backdated benefit due from the end of the deferred period.

Where you ask another person to make the claim on your behalf, we will not be able to share your personal information with that person unless you give us your consent.

This person will act as your representative only to assist you in your claim and cannot make decisions on your behalf. Only a legally appointed representative can make decisions on your behalf.

2.1 Information we will need from you to support your claim

At the start of your claim and ongoing, we will let you know what we need from you so that we can check your claim and decide how much benefit we can pay you.

We will ask you to provide us with information to help us confirm your claim is valid and as a direct result of an accident and that it prevents you from carrying out the main duties of your occupation. We will ask you to complete a claim form as well as providing proof of your earnings and any continuing income you're receiving.

We'll also ask for your consent to obtain certain information from another person, such as your employer or a medical professional involved in your care.

The types of information we need are as follows:

2.2 Medical evidence

We will ask you to provide medical evidence to support your claim. This could be a signed, original certificate from your doctor stating that you are unable to carry out your occupation due to your disabling injury as well as any other medical evidence necessary to assess your claim.

All medical evidence we receive must be in English. If you are overseas when you start your claim, we may accept non-UK issued medical evidence, in English or translated into English, from a relevant, qualified and licensed doctor. Where the disabling injury allows, we expect you to return to the UK for medical assessment and treatment within 30 days of being certified as fit to travel and reserve the right in this scenario to stop payment of benefit where you choose to remain outside the UK. You must remain a UK resident to be able to claim.

We don't accept evidence from homeopaths or other alternative medical practitioners.

We will ask for your consent to:

- allow us to access your medical reports, or to see your test results;
- allow us to contact medical professionals and other third parties involved in your care and claim;
- attend an assessment by a medical professional of our choosing. We will pay for any additional tests or examinations we request to support your claim.

We will send you a consent form to complete which explains your legal rights concerning giving us access to your medical and health records.

Where we accept your medical evidence, we do so on the basis that you will undertake any treatment, take prescribed medication and attend any therapist session or rehabilitation treatment recommended by your doctor or specialist. If you fail to follow the appropriate medical advice you're given, we could decline to pay you the benefit.

We will ask you to provide ongoing medical evidence throughout your claim. What we ask for and how often will depend on the nature and severity of your disabling injury.

2.3 Evidence of your earnings

We may ask you to provide evidence of your earnings from your occupation at the time you make a claim.

Depending on whether you're employed, a director or self-employed, we may typically ask for the following documents:

Employed and contract workers

Your last 3 months' payslips or your P60. Where you receive additional benefits in kind, and we took these into account with the amount of benefit you're covered for, we may also need to see your most recent P11D.

Where you are a contract worker, we will ask you to provide evidence of your employment contract(s).

Where you are on statutory maternity, paternity or adoption leave, and have been for less than a year, we will use the 12-month period of earnings immediately before your leave started and will ask you for your 3 months' payslips prior to you taking this leave.

Where you were made redundant in the 3 months before your claim, we use your earnings in the 12 months before your redundancy.

Director

In addition to the financial information above for employed persons, we may also need evidence of:

- your dividend income for the last 12 months, typically that shown on your most recent tax return;
- your most recent profit and loss accounts.

Self-employed

We may need proof of your personal income / earnings from the business, typically in the form of your most recent tax return, showing your earnings for the previous 12 months. These earnings should include your personal share of income and commission from the business. We may also ask for your most recent profit and loss accounts.

If you have been self-employed for less than 12 months or your latest tax return has not been completed at the time of claim, we will attempt to use alternative sources of information such as bank statements or a letter from your accountant to validate your income. However if we are unable to validate your income this will affect the amount of benefit we are able to pay.

2.4 Evidence of your continuing income

Where you receive continuing income, or when the amount of continuing income changes during your claim we will ask you to provide evidence. This is typically:

- bank statements;
- payslips (for employed persons);
- a letter or statement from an insurer.

2.5 How we calculate your main benefit

When we accept your claim for the main benefit under the policy, we will need to work out how much we can pay. In order to qualify for the benefit guarantee, you must provide us with proof of your earnings within 3 months of the policy start date.

We calculate your benefit in a series of steps:

Step 1

We first check that the amount of benefit you're covered for does not exceed 70% of your earnings immediately before your disabling injury. Where you choose for your benefit to increase each year, we allow for this increase in our calculation.

If your earnings do not support your benefit, we may reduce the amount we pay in line with the maximum cover available.

Step 2

Next we check whether the benefit guarantee applies.

In **Step 1** we said that we pay claims based on your earnings right before your disabling injury, rather than your earnings at the start of your policy. To guard against falls in your earnings between taking out a policy and making a claim, your policy includes a benefit guarantee. It provides some protection when you claim where the calculation of 70% of your earnings is lower than your chosen benefit amount.

If your chosen benefit amount is £3,000 a month or less, you are eligible for the benefit amount shown on your Policy Schedule.

If your chosen benefit amount is over £3,000 a month, and the 70% calculation in **Step 1** gives a lower figure than your chosen benefit, you are eligible for either £3,000 a month or 70% of your earnings before your disabling injury, whichever is higher.

If the claim is in respect of a disabling injury as a result of an enhanced hazardous pursuit, benefit is payable at the rate shown on your policy schedule, which will be no more than £2,000 a month.

Step 3

In the last step of the calculation we look at any continuing income you receive. When continuing income is added to your benefit, if it takes you over the benefit guarantee amount (in **Step 2**), we will adjust the benefit payable accordingly so you are not receiving more than 70% of your pre-disabling injury earnings.

Where you pay tax on any of this continuing income, we will use the net figure you receive.

If the amount of continuing income you receive changes during the period that we pay you benefit, then we will re-calculate how much we pay you.

If we have to reduce the benefit to stay within the maximum payable, we won't refund you any premiums or part of your premiums.

We will pay on either the 14th or the 28th of each month, or both dates if you choose to receive half the benefit twice-monthly.

If your benefit starts or ends part-way through a payment period, we will calculate an equivalent daily amount of benefit for the relevant number of days.

On the next page there is an example of a main benefit calculation.

Example

Alisha had earnings of £60,000 a year when she took out a policy with us. She sent proof of her earnings when her policy started.

The maximum cover available was £60,000 x 70% = £42,000 a year, equal to £3,500 a month. Alisha chose this amount of cover.

Now that she needs to claim her main benefit, her earnings have fallen to £51,000. Alisha's disabling injury was not as a result of a hazardous pursuit.

Step 1

We check the maximum amount of benefit available. Alisha's earnings have dropped, so we re-calculate her maximum benefit based on her earnings of £51,000:

$$£51,000 \times 70\% = £35,700 \text{ a year, equal to } £2,975 \text{ a month.}$$

Step 2

Because Alisha's earnings have fallen, we apply the benefit guarantee.

Alisha's selected benefit of £3,500 a month is more than 70% of her earnings (£2,975 a month), so the benefit guarantee applies.

The benefit guarantee means that if her chosen benefit amount is over £3,000 a month, and the 70% calculation in Step 1 gives a lower figure than her chosen benefit, we will pay either £3,000 a month or 70% of her earnings before her disabling injury, whichever is higher.

In Alisha's case, £3,000 is higher than 70% of her earnings, this being £2,975 a month.

The benefit guarantee means that we would pay this benefit of £3,000 a month after Alisha's deferred period.

Step 3

We then take her continuing income into account. Alisha has net continuing income of £300 a month. When added to the figure calculated in Step 2, it would take her benefit over the maximum benefit guarantee amount of £3,000, so we deduct this from the £3,000 to work out the amount we pay her.

$$£3,000 - £300 = \text{£2,700 a month}$$

Original earnings	Monthly benefit selected	Earnings at start of claim	Maximum 70% of latest earnings	Guaranteed benefit	Continuing income	Monthly benefit we will pay
£60,000	£3,500	£51,000	£2,975	£3,000	£300	£2,700

If Alisha's continuing income stops completely during her claim, we will increase her benefit to £3,000 a month.

These figures are for illustrative purposes only. If you claim the benefit, the amount we pay you will depend on your individual circumstances.

2.6 Paying your main benefit

We will pay all benefit payments in GB pounds sterling to a UK bank account in your name.

Your Policy Schedule will show a monthly benefit, which we will pay on the 14th or the 28th of each month. If you would prefer to receive your benefit twice a month, we will pay you at half the monthly amount on the 14th and 28th of each month.

2.7 How long you can claim for

You can claim for a maximum of your selected period of one year or two years as shown on your Policy Schedule, provided we have all the evidence we need to support your claim.

If you claim for the full term of one year or two years after your accident, your claim will end.

2.8 When we stop paying the main benefit

We will continue to pay the benefit until one of the following happens:

- You get better and your disabling injury no longer prevents your ability to work in your occupation;
- You return to work in your occupation;
- You are no longer suffering a loss of earnings;
- You become resident outside of the UK;
- Your benefit has been paid for the full benefit term;
- The policy ends because it's reached the end of its term;
- We do not receive the ongoing medical or financial evidence we need to continue paying the benefit;
- You cancel the policy;
- You retire from your occupation;
- You die.

2.9 Claiming again for the main benefit

If you return to work before your maximum benefit term is reached, then we accept a claim for the main benefit for the same disabling injury within 30 days of your return to work, we will not apply a deferred period. We will continue your claim. Effectively, we will treat your claim as carrying on from the date your disabling injury recurred. In this scenario we will resume paying benefit from that point forwards for the remaining period of your claim.

If you return to work and then have a different accident and this causes disabling injury, we will treat this as a new claim.

2.10 When we pay the back to work benefit

Where we accept your claim, we aim to pay this benefit to follow on directly after we stop paying you the main benefit, so you don't have to wait the deferred period.

As with the main benefit, the back to work benefit is paid in arrears and you can choose to be paid monthly or twice monthly.

2.11 When we stop paying the back to work benefit

We will continue to pay this benefit until one of the following happens:

- You get better and your disabling injury no longer prevents your ability to perform your occupation;
- You are no longer suffering a loss of earnings;
- You become resident outside of the UK;
- We have paid the main benefit and back to work benefit for the combined maximum benefit term of 1 or 2 years;
- Your policy reaches the end of its term at your selected birthday age between 60 and 70;
- We do not receive the ongoing medical evidence we need to continue paying the benefit;
- You cancel the policy;
- You retire from your occupation;
- You die.

2.12 How we calculate your back to work benefit

We calculate the difference between what your earnings were at the start of your claim for the main benefit and what your earnings are now. This gives us a percentage telling us by how much your earnings have changed. We then multiply your main benefit by that percentage. This figure will be your back to work benefit.

On the next page there is an example of your back to work benefit calculation.

Example

$$\frac{\text{Earnings at time of disabling injury} - \text{earnings now}}{\text{Earnings at time of disabling injury}} \times \text{amount of main benefit}$$

Here's a worked example to show how we use this calculation:

Jo's earnings were £30,000 before her disabling injury and she is now returning to her occupation on restricted duties for a few months as she recuperates, so will only have earnings of £18,000.

The difference in Jo's earnings is calculated like this:

$$\frac{£30,000 - £18,000}{£30,000} \quad \text{which is the same as} \quad \frac{£12,000}{£30,000} = 40\%$$

So she has lost £12,000 or 40% of her earnings. This means we will pay Jo 40% of the main benefit as a back to work benefit.

We were previously paying Jo her main benefit of £1,200 a month.

Her back to work benefit will be 40% of £1,200, which is **£480 a month**.

If you choose to receive your benefit twice monthly, we will make payments at half the monthly rate.

If your benefit starts or ends part-way through a payment period, we will calculate an equivalent daily amount of benefit for the relevant number of days.

2.13 When we pay the contingency benefit

This benefit is payable where we accept your claim. We pay the benefit to you after your deferred period has ended.

Claims for this benefit are limited to 12 monthly payments, or 24 twice monthly payments, in total over the duration of the policy. If your benefit starts or ends part-way through a payment period, we will calculate an equivalent daily amount of benefit for the relevant number of days. Payments will first become due at the end of your deferred period and will be made in arrears.

Any continuing income you receive will be deducted from the maximum £500 a month payment.

Example

Sarah makes a claim for contingency benefit, which we accept. She receives net continuing income of £100 a month. We deduct this £100 from the benefit of £500 a month and pay her £400 a month.

If we pay a claim under this benefit you must be working for 16 hours a week or more, for a continuous period of 6 months, before you can make a claim under the main benefit.

2.14 When we stop paying the contingency benefit

We will continue to make payment of benefit until one of the following happens:

- You are no longer unable to perform 3 or more activities of daily work or you no longer meet our definition of deterioration in mental capacity, whichever is relevant to your claim;
- We have paid the benefit for a total of 12 months or 24 twice-monthly payments. Please note that this maximum term is not for each claim. It is a maximum across the whole policy term;
- You become resident outside the UK;
- Your policy reaches the end of its term;
- We do not receive the medical or financial evidence we need to continue paying the benefit;
- You cancel the policy;
- You retire from your occupation;
- You die.

2.15 Claiming for Accidental Death Benefit

Claimants should use the contact details on the back page of this document.

We will pay the benefit to the appropriate payee and upon receipt of the appropriate supporting evidence, which could include probate or letters of administration.

Payment of the accidental death benefit may form part of the estate for inheritance tax purposes.

3.0 Your premiums

To continue having the cover provided by this policy you will pay premiums throughout the duration of your policy, except when we are paying you benefit and also paying your premiums for you under the waiver of premium benefit.

Premiums are due monthly on the same date each month. They are payable monthly or annually in advance by direct debit on the dates shown on your Direct Debit Confirmation which contains details of the Direct Debit Guarantee.

You can pay your direct debit on any day between the 1st and 28th of the month.

If you would like to change your premium payments from monthly to annually or from annually to monthly, you can ask us to do this at the policy anniversary.

3.1 When we can review your premiums

Your premiums may change each year, as a result of the following:

- a. If you choose for your benefit to increase with RPI each year, we will factor the cost of this increase into your premiums;
- b. The premiums you pay for your policy have an increase factored in each year to take account of age-related risks;

In addition, every five years we will review your premiums and either increase or decrease them to make sure you are paying the right amount for your cover. We will not review rates on an individual basis.

When we do this, we look at the expected future frequency and value of all claims for our Accident Only Income Protection policies for all our policyholders. The premiums you pay take these and related costs into account, and so our review also looks at any expected changes to these costs because of taxation, regulation, and other assumptions we used when we set your premiums.

Where this results in new premiums, the change will take effect from your next policy anniversary.

Any change we make at a five year review will be combined with the factored annual increase because of your age, and any increase because of RPI, and could result in your premiums going up or down for the next year or staying the same until the next annual review.

We will write to you in good time before each anniversary of your policy to tell you your new premiums for the following policy year.

3.2 Missed premiums

It's important to keep up payment of your premiums to maintain the cover provided by this policy. Any unpaid premiums could mean we won't pay benefits, or even that we end your policy.

Should you be aware of any changes which could prevent us collecting your premiums, for example if you change bank, or are experiencing financial difficulty, please contact us as soon as possible, so that we can offer appropriate assistance.

If you miss a premium, we will write to you to let you know and ask you to contact us to make arrangements to pay it. If you don't pay it within one month after it becomes due, you will lose your entitlement to claim benefits.

If you miss three months' premiums, you can pay them up to date at any time before the end of the third month. If you're not able to do this by the end of the third month, we will end your policy and all cover under it. It won't be possible to reinstate your policy after this time.

4.0 Reviewing your cover

Throughout the time you hold this policy, you should review your cover and policy terms to make sure they are still appropriate to your working circumstances and budget.

For example, you should review your cover when:

- your occupation changes;
- your earnings change;
- your ill health benefits from your employment or business change;
- you consider taking out a new insurance policy to protect your income, or you change or cancel an existing policy;
- you change your retirement plans, such as the age at which you expect to retire;
- you become unemployed or regularly work less than 16 hours a week;
- you are no longer resident in the UK or are no longer working in the UK. In this scenario you should tell us immediately. We will arrange to close your policy and take no further premiums from you.

If you want to discuss changes to your policy, please contact us using the details on the back cover of this document, or contact your financial adviser.

You can make certain changes to your policy at any time, except when you are currently claiming benefit or when you are eligible to make a claim for benefit.

5.0 Making changes

5.1 Changes to your personal information

Please carefully read through and check the copy of your application and Policy Schedule. You should notify us of any incorrect or missing information as soon as possible.

Please tell us about any change to your name, postal or email address, telephone number or bank details as soon as possible, so we can maintain contact with you and collect your premiums when due.

We may ask you to provide further information, such as evidence of a change of name on marriage.

You should also tell us of any changes to your continuing income when claiming benefit, or if you are no longer resident in the UK or working in the UK.

5.2 Changes to your occupation

If you change your occupation, you need to let your financial adviser or us know immediately and you can apply for a change to your cover.

We could refuse to cover your new occupation if it is not one that we are prepared to cover.

If we cover your new occupation, then you can apply for a change to your cover. We will assess your application and let you know if this means an increase or decrease to the premiums you are required to pay. We might also restrict the deferred periods available to you.

5.3 If you become unemployed or a houseperson

Should your circumstances change and you become unemployed or a houseperson while you are a policyholder, you should inform us as may wish to reassess whether the policy still meets your demands and needs.

After these time periods, the benefits you are eligible to are restricted to the contingency benefit and accidental death benefit.

To tell us about any changes, please find our contact details on the back page of this document.

5.4 Changing the payment frequency of your premiums

Premiums are due monthly, and you can pay for them in advance either monthly or annually. If you wish to change the frequency, from either monthly to annually, or from annually to monthly, you can do so at your policy anniversary.

When we write to you each year to confirm your premiums for the following year, we will remind you about this option. If you wish to change the frequency you need to tell us before your policy anniversary so that we can change your direct debit instruction.

5.5 Making changes to your cover

If you apply to:

- increase your monthly benefit;
- reduce your deferred period;
- extend your policy end date;
- increase your benefit term from one year to two years.

then we will ask you about your earnings and occupation from which we can assess your application.

You can apply to make any of these changes provided you're not claiming or you are eligible to claim and that you apply at least five years before the end of the policy.

Our assessment of your change request may result in one or more of the following outcomes being offered to you:

- Cover which is lower than the normal maximum amount of cover available;
- A reduced choice of deferred periods;
- We specify a particular policy end date for the terms.

You will then be able to decide whether you wish to accept our revised offer. You don't have to accept our offer.

In some cases we may decline to cover the change to your policy.

For any other changes, we will let you know your new premiums.

You should also consider shopping around to see whether you can find more appropriate cover for your needs with other providers.

The changes you can make are as follows:

5.6 Increasing or decreasing your benefit amount

You can apply to increase your benefit amount in increments of £100 a month, provided your new benefit amount does not exceed either:

£6,000 a month; or

70% of your earnings at the time of your increase, whichever is lower.

Where your benefit amount has been increased each year because of the increase in the RPI, we'll take these increases in cover to date into account in working out the maximum amount you can be covered for.

We will ask you some questions about your earnings and occupation to help us assess your application.

You can apply to reduce your benefit amount in increments of £100, provided your new level benefit amount does not go below £500 a month.

5.7 Increasing or decreasing your deferred period

The deferred period options are 30, 60, 90 and 180 days.

You can apply to reduce your deferred period at any time, provided your current deferred period is greater than 30 days.

We will ask you some questions about your earnings and occupation to help us assess your application.

You can apply to increase your deferred period at any time, provided your current deferred period is less than 180 days.

5.8 Increasing or decreasing your benefit term

You can decrease your benefit term from two years to one year at any time.

You can increase your benefit term from one year to two years provided you're not claiming or you are eligible to claim and that you apply at least five years before the end of the policy. We may ask you some questions about your earnings and occupation.

5.9 Increasing or decreasing your policy term (end date)

Your policy term will be for a minimum of 5 years and you will have chosen for your policy to end at an age between 60 and 70.

Your policy will last until the end of the term you chose when you applied, unless one of the following happens first:

- You are no longer resident in the UK;
- You change to an occupation we don't cover;
- You retire from your occupation;
- You tell us to cancel your policy;
- You fail to pay your premiums for 3 consecutive months;
- You die.

You may be able to change your policy end date should your circumstances change.

You can apply to increase your policy end date, provided your current end date is below age 70.

You can apply to reduce your policy end date at any time, provided your current end date is between ages 65 and 70.

5.10 Change from indexation to a level benefit

Should you choose indexation this will be shown on your Policy Schedule.

You can change to a level benefit at any time.

You cannot change to an indexation from a level benefit, even if you previously had indexation before changing to a level benefit.

5.11 Adding, removing or changing cover for enhanced hazardous pursuits benefit

You can apply to add, change or remove cover for enhanced hazardous pursuits but if you are adding or increasing this benefit, you must apply to do so at least five years from your policy end date.

You can increase your cover for hazardous pursuits provided this does not take your cover above the level of main benefit or above £2,000 a month.

You can reduce your cover for hazardous pursuits at any time, as long as this does not take cover below £500 a month.

5.12 Adding or removing accidental death benefit

You can add or remove the accidental death benefit but must apply to do so at least five years from your policy end date.

Adding this benefit will increase your premium.

5.13 Changes we can make

We can vary these policy conditions:

- to reflect changes in legislation, regulation or taxation which affect the policy;
- to allow us to administer the policy more efficiently;
- to clarify anything which is unclear;
- to correct any errors;
- to provide enhanced policy features or options.

We will write to you in good time to give you notice of any change to the policy conditions and explain any options you have at the time.

Nothing in these policy conditions affects your statutory rights.

6.0 General Information

6.1 Who can apply for this policy

You are eligible to apply for the Accident Only Income Protection policy if you are:

- resident in the UK and working in the UK;
- aged at least 18 and have not passed your 60th birthday;
- 5 years or more from your policy end date when your policy starts;
- registered with a doctor in the UK who has access to your medical records from the past 3 years;
- a UK bank account holder and can pay premiums from that account;
- employed or self-employed and working at least 16 hours a week; and
- working in an occupation we cover. This is because not all occupations can be covered by this policy.

6.2 Customer categorisation

We are required by the Financial Conduct Authority to categorise our customers to determine the level of protection they will receive. On this Accident Only Income Protection policy we will treat you as a retail consumer. This gives you the highest level of protection available under the Financial Conduct Authority rules.

6.3 The Policy Schedule

Your Policy Schedule shows the personalised details of your policy, including the start and end date of this Accident Only Income Protection policy with National Friendly, which is the manufacturer of this product.

6.4 Applicable law, language and currency

In the event of a dispute we will try and solve any disagreements quickly and efficiently. If you are not happy with the way we deal with any disagreement and you want to take court proceedings, you must do this within the UK.

All correspondence will be in English, and all currency used will be in GB pound sterling (£).

6.5 Cancelling the policy

You can cancel your policy at any time and will lose all cover if you do. To tell us you wish to cancel please see our contact details on the back page of this document.

The policy has no cash-in value.

Within 30 days

You have the right to change your mind and cancel your policy within 30 days of receiving your welcome pack of policy documents which includes your Policy Schedule.

If you cancel your policy within the first 30 days, we will refund any premiums you have paid provided you haven't made a claim in the meantime.

After 30 days

If you choose to close your policy after 30 days of receiving your welcome pack, we will not refund any of your premiums, except for any which we receive after the month in which you cancel. For example: a premium received by us on 1st February after your cancellation instruction is given on 29th January would be refunded. Your policy will end from the last day of the month for which cover was purchased by your last premium.

To cancel your policy please let us know as soon as possible.

When we can cancel your policy

- If you have missed three premiums and your policy has then lapsed;
- If you have made a fraudulent claim.

6.6 Fraudulent claims

Throughout your dealings with us we expect you to act honestly and to disclose relevant personal information to us which is truthful, complete and accurate. If you or anyone acting for you:

- a. knowingly provides information to us as part of your application for your policy, or when applying to make changes to your policy, that is not true, accurate and complete to the best of your knowledge and belief; or
- b. knowingly makes a fraudulent or exaggerated claim under your policy; or
- c. knowingly makes a false statement in support of a claim; or
- d. submits a knowingly false or forged document in support of a claim; or
- e. makes a claim for any loss or damage caused by your wilful act or caused with your agreement, knowledge or collusion,

then:

- i. we may prosecute fraudulent claimants;
- ii. we may make the policy void from the date of the fraudulent act;
- iii. we will not pay any fraudulent claims;
- iv. we will be entitled to recover from you, or anyone else who benefits, the amount of any fraudulent claim already paid under your policy since the start date;
- v. we will increase your premiums to what they would have been, if the fraud had not been perpetrated. In addition, we will be entitled to recover the difference between the premiums you would have paid if the fraud had not been perpetrated, and the premiums you actually have paid, from you or from the value of any amount we have paid or will pay out in benefit;
- vi. we may not return any premiums paid for your policy;
- vii. we may inform the police of the circumstances;
- viii. a policyholder may also be expelled from membership of National Friendly in any of the above scenarios, as set out in our Rule Book.

6.7 Complaints

We hope that you never have reason to complain about your policy or the service you receive from us. If you do, you have the right to complain and we would like to put things right. Our complaints process is published on our website at www.nationalfriendly.co.uk/complaints and can be provided on request.

You can make a complaint by emailing complaints@nationalfriendly.co.uk or contacting us by telephone, by post, through our website, or in person at our registered office. Our contact details and opening hours are given on the back page.

We will explain our complaints process, investigate your complaint and try to resolve it promptly to your satisfaction.

We aim to resolve complaints and send you a written response within three business days, or within four to eight weeks for more complex complaints.

If we cannot resolve your complaint to your satisfaction, you may be able to refer your complaint for free to the Financial Ombudsman Service by:

- Telephoning 0800 023 4567;
- Emailing complaint.info@financial-ombudsman.org.uk;
- Their website at www.financial-ombudsman.org.uk; or
- Writing to Financial Ombudsman Service, Exchange Tower, London E14 9SR.

This will not affect your right to take legal action.

6.8 How the policy is protected

National Friendly is covered by the Financial Services Compensation Scheme (FSCS) in the event that we are unable to meet our liabilities.

Full details of what you are protected for can be found at: www.fscs.org.uk or by telephoning 0800 678 1100. Alternatively, you can write to The Financial Services Compensation Scheme, PO Box 200, Mitcheldean GL17 1DY9

6.9 Assignment

You cannot assign this policy and are not permitted to sell it on, or trade it, to anyone else.

6.10 Solvency and Financial Condition Report

On our website, in the 'About Us' section under Corporate Governance, you can download our 'Solvency and Financial Conditions Report' which provides information about our performance, governance, risk profile, solvency and capital management.

6.11 Tax and effect on state benefits

Under current UK legislation, the benefits you receive from this policy are not subject to income tax, capital gains tax or National Insurance contributions. Payment of the accidental death benefit may form part of the estate for inheritance tax purposes. If you select accidental death benefit, you may wish to speak to your financial adviser about the tax implications. You can nominate a beneficiary or beneficiaries to receive up to £5,000 after your death by making a nomination. Please contact us if you wish to do this.

You are not able to claim tax relief on the premiums.

The premiums are not currently subject to insurance premium tax.

However, tax law and practice can change in future. Should the tax status of this type of policy change in the future then we will let you know.

The benefits you receive from this policy could affect your entitlement to some means-tested state benefits and may affect your ability to claim under other income replacement insurance policies. Benefits that are not means-tested shouldn't be affected, however state benefits rules may change in future and so you should check with your benefits office whether any state benefits you receive, or to which you might be entitled, could be affected.

6.12 About National Friendly

National Friendly is a trading name of National Deposit Friendly Society Limited, which is incorporated in England and Wales no. 369F. Our registered office is at 11-12 Queen Square, Bristol BS1 4NT.

We are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential

Regulation Authority. Our Financial Services Register number is 110008. You can check this at <https://register.fca.org.uk> or by telephoning 0800 111 6768.

Policyholders of this policy are automatically members of National Friendly, have voting rights, and can attend our Annual General Meeting.

As a mutual society we're owned by our members and so all of our profits are invested in improving member benefits and our service to our customers, instead of paying dividends to shareholders. The manner in which the Society operates is set out in a Rule Book. This can be found at www.nationalfriendly.co.uk/downloads. You can also request this from our Customer Services department.

6.13 Data Protection

We are committed to protecting your privacy and as such National Friendly will only obtain, hold, and use your personal information where permitted by and in accordance with the Data Protection Act 2018. For further details on how we obtain, hold, and use your personal data, please see our privacy notices at www.nationalfriendly.co.uk/privacy which set out the types of information we collect about you, how we collect and use the information, who we might share the information with and where such information may be transferred, how long we will hold the information for, the steps we will take to make sure it stays private and secure, and your rights in respect of your information.

You should receive a copy of our Protection Privacy Notice with your policy application form. As well as being available online, you can request a copy of our privacy notices by contacting us using the details on the back page of this document.

You are responsible for making sure you provide us with accurate and up-to-date information. If you provide information for or about another person in the context of your dealing with National Friendly, you will need to tell them how to find the Protection Privacy Notice and make sure they agree to us using their information for the purposes set out in it.

Contact us

For information on setting up this policy, to request a copy in Braille, large print, or audio, or to make a claim, please:

Call us on:

0333 014 6244 Calls from UK landlines and mobiles cost no more than a call to an 01 or 02 number and will count towards any inclusive minutes. Lines are open 8am-6pm, Monday to Friday excluding bank holidays. Calls are recorded for training and quality purposes.

Or email us on:

info@nationalfriendly.co.uk

Or visit us at:

www.nationalfriendly.co.uk

Or mail us at:

11-12 Queen Square, Bristol BS1 4NT



**National
Friendly**



**Financial
Ombudsman
Service**

National Friendly is a trading name of National Deposit Friendly Society Limited. Registered office: 11-12 Queen Square, Bristol BS1 4NT. Registered in England and Wales no. 369F. National Deposit Friendly Society Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our Financial Services Register number is 110008. You can check this at: <https://register.fca.org.uk>. National Deposit Friendly Society Limited is covered by the Financial Services Compensation Scheme and Financial Ombudsman Service.

AOIP PC 05.22