

This leaflet sets out the main points about our Executive Income Protection Plan. The quotation shows what the plan may cost. Please read both carefully and keep them with your plan documents if you go ahead.

Its aims

- It pays a regular benefit if your employee suffers illness or accidental injury and is unable to work.
- You can choose up to three benefits:
 - a regular income benefit for you to pass on to your employee to replace their lost earnings
 - a protection benefit so you carry on paying your national insurance contributions for the employee
 - a protection benefit so you can carry on paying your pension contributions for your employee.

Your commitment

- To make monthly or yearly payments for the plan term you've chosen.
- To increase your payments each year where you have chosen increasing cover.
- To select a suitable level of cover and review it regularly to make sure you have enough for your needs but not more than we'll pay.
- To give us all the information we ask for from you and your employee when applying for your plan and when claiming any benefit.
- You and your employee must tell us if there is any change to your employee's health, family history, occupation or country of residence, or if your employee takes part in any hazardous pastimes, before the cover you apply for starts. If you don't, we may not pay a claim.
- To tell us of any claim within 4 weeks of incapacity (within 2 weeks of incapacity if the deferred period is 4 weeks).
- To tell us if your employee leaves your employment.

- To pass on to your employee any income benefit we pay, less any Statutory Sick Pay (SSP) you pay.
- To ensure your employee allows us access to their medical records to consider a claim.

Risk factors

- If you stop your payments your cover will stop. However, you can stop your payments while we're paying benefits to you.
- The plan has no cash-in value at any time.
- The cover may be less than you need if you don't review it regularly to keep it in line with your employee's earnings. On the other hand if your cover is too high compared with their income, we'll have to reduce the income benefit we can pay. We won't give you back any of the payments you've made if this happens.
- Any income benefit we pay may affect your employee's claim to some means-tested State benefits. State benefit rules may change.
- We may not pay a claim in some cases. *Please see 'What will stop the plan paying out?' on page 4.*

Questions and answers

What is the Friends Provident Executive Income Protection Plan?

- It's a plan which pays a regular benefit if your employee suffers illness or accidental injury and is unable to work.
- You select the features to make sure the cover is right for you.



- You decide
 - how much income benefit you need to pass on to your employee to replace their lost earnings
 - how much national insurance protection benefit you need
 - how much pension contribution protection benefit you need
 - how soon the benefit payments should start (if you wish, you can choose two different periods under one plan)
 - how long the cover should last.
- You make monthly or yearly payments to keep the cover going.
- We provide cover until the end of the plan term, no matter how many claims you make.
- You tell us when illness or accidental injury has stopped your employee working.
- We pay you an income every month for as long as the claim is valid.
- Your employee must be aged 18 or over to take out the plan.

How do we select the plan's features so it meets our needs?

This section deals with the choices you make when setting up your plan.

The amount of benefit that can be paid

- You choose how much of each benefit you need.
- The maximum income benefit we'll pay is the weekly equivalent of 75% of your employee's 'pre-incapacity earnings'. This is subject to a maximum benefit of £3,365 a week. For certain occupations with a 4 week deferred period, the maximum benefit we'll pay is £600 a week.
- The maximum national insurance protection benefit we'll pay is the amount you're paying, up to £425 a week if less.
- The maximum pension contribution protection benefit we'll pay is the amount you're paying, up to £1,000 a week if less.

Please also see 'Other income which may reduce the benefit we pay' on page 4.

The earnings on which to base your cover

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

Increasing your cover

- You can choose at the start of your plan for your cover to increase automatically by 5% compound each year. Your payments to the plan will also increase by 5% compound each year.
- If your employee is in good health you can choose, at extra cost, to include the increasable insurance option. This allows you to increase your cover by up to 30% every 3 years without having to provide further evidence of your employee's health, occupation or pastimes. This option is available for up to the first 18 years of your plan term but not within the last 10 years of the plan term. Your payments will increase when your cover increases. *Please see section 10 of the plan conditions for more details.*
- Although your cover may increase, your employee's 'pre-incapacity earnings' and continuing income may limit the maximum income benefit we can pay. *Please also see 'The earnings on which to base your cover' above and 'Other income which may reduce the benefit we pay' on page 4.*

When benefit payments start

- There will be a period when your employee is first unable to work for which we don't pay benefit. We call this the 'deferred period'. You can choose between 4, 13, 26 and 52 weeks. The longer the deferred period, the cheaper your plan will be.
- Your choice is likely to depend on when short-term sick pay would normally stop. If you wish, we can set your plan up in two parts, each with a different deferred period.

How long the benefits can be paid

- Until the first of these events:
 - your employee is no longer incapacitated
 - your employee is no longer suffering a sufficient loss of income for us to pay benefit
 - the plan term ends
 - your employee leaves your service
 - your employee dies.

How long the cover should last

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

Medical and other details we may need

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

How flexible is it?

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

Regular review of your cover

- You should consider how the cost of living and your employee's earnings have changed since you last reviewed your cover.
- Please contact us if you wish to increase your cover to keep up with your employee's earnings. The increase will be subject to a fresh reassessment of their health, occupation and pastimes. Your payments to us will increase.

Suspending your cover

- You cannot suspend your cover under this plan.

Switching between income benefit, and national insurance and pension contribution protection benefits

- You can switch from one benefit to another, or alter the levels of benefit between them. The new total benefit must not be higher than the original total benefit.

Change of occupation

- You must tell us if your employee leaves your employment.
 - If you pay yearly and your employee leaves part-way through a plan year, we'll refund part of the payment for each complete month left.
 - Your employee can take out replacement cover using our continuation option.
 - Alternatively, you can assign ownership of this plan to the new employer within one month of the employee leaving. They will then take over the monthly or yearly payments.
- You don't need to tell us if your employee's duties change while in your service.

When will the plan pay out?

When to claim

- When your employee is unable to work because of illness or accidental injury resulting in a loss of earnings. They should be under regular medical care and supervision suitable to their condition.

The deadline for claiming

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

The extent of incapacity

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

How we assess your claim

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

Claiming again after returning to work

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

Returning to part-time or less well-paid work

- If continuing disability means your employee can only return to work on a restricted basis, we may pay you a lower benefit to help the employee back into the workplace.
- If your employee is unable to do their normal job and takes up a new, less well-paid job, we may pay a lower benefit.
- In both cases we'll increase your employee's 'pre-incapacity earnings' in line with inflation when calculating the lower benefit we pay. We calculate this by reference to the drop in their income.

How the benefits are paid

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

Payments when claiming

- You should carry on your payments until we accept your claim. You can stop your payments while we're paying benefits, other than hospitalisation benefit.

Other income which may reduce the benefit we pay

- We'll reduce your benefit if any of the following take your employee over the maximum benefit allowed:
 - continuing payments from any employment, such as sick pay, commission, benefits in kind, and dividends as described in 'The earnings on which to base your cover' on page 2

- pension payments, unless your employee received them before you took out the plan
- other insurance payments, if they arise because of your employee's incapacity and either result in regular payments to you or your employee, or make regular payments normally due from you or your employee such as insurance and mortgage payments, or credit repayments
- State benefits arising from incapacity, including incapacity benefit, income support or other means-tested benefits. We'll ignore any amounts relating to dependants and disability living allowance.

If we reduce your benefit, we won't refund any of your payments to us.

We explain the term 'maximum benefit' allowed in 'The earnings on which to base your cover' on page 2.

- We won't reduce your benefit because your employee receives investment income (except for dividends as described in 'The earnings on which to base your cover' on page 2).

What will stop the plan paying out?

- We may not pay a claim, or may extend the deferred period before we pay a claim, if you don't tell us within 4 weeks of your employee becoming incapacitated (within 2 weeks of incapacity if the deferred period is 4 weeks). We won't pay a claim if you or your employee make any untrue statement or withhold information. *Please see section 12 of the plan conditions for more details.*
- We won't pay a claim if immediately before the incapacity begins your employee is not doing a full-time paid job, working 16 hours or more each week regularly, unless on maternity or paternity leave. *Please see section 15 of the plan conditions for more details.*
- We won't pay out if the cause of a claim is one we exclude by applying special terms to your plan when we accept your application. We will show any special terms in the schedule we issue with your plan documents.
- We will limit the period for which we pay benefit if, when you claim, your employee is not living in the UK or any of the following places:

Andorra, Australia, Austria, Belgium, Canada, Channel Islands, Cyprus, Denmark, Finland, France, Germany, Gibraltar, Greece, Iceland, Isle of Man, Italy, Liechtenstein, Luxembourg, Malta, Monaco, Netherlands, New Zealand,

Norway, Portugal, Republic of Ireland, San Marino, Spain, Sweden, Switzerland, the USA and the Vatican State.

The limit is 26 weeks in any 52 week period with a maximum total of 52 weeks. *Please see section 16 of the plan conditions for more details.*

What other features are there?

- **Hospitalisation benefit.** We include this benefit free of charge. We'll pay it if your employee is confined to hospital for 8 or more days during the deferred period. We won't pay it if the cause of the claim arises from a mental or some nervous disorders. You must carry on your payments during a claim for this benefit. *Please see section 7 the plan conditions for full details of when this is payable and how we calculate it.*
- **Continuation option.** We include this free of charge. If your employee leaves within the plan term, they can continue income benefit cover by taking out a replacement income protection plan (providing either income protection cover or houseperson's cover). The employee must apply for this within 30 days of leaving.

What will our payments be?

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

What happens to the plan if your employee dies?

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

What are the charges?

- We allow for all charges, including the cost of providing the cover, and all expenses within the payments you make.

What if we stop paying?

- If you stop paying the plan will end and your cover will stop. You won't get any money back.

Does the plan have a cash-in value?

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

What about tax?


- Under current tax rules:
 - HM Revenue & Customs normally treat your payments to us as a business expense so you can set them against corporation tax
 - the benefits we pay to you are taxable as a business receipt. However, HM Revenue & Customs treat the benefits you pass on to your employee, and the national insurance and pension contributions you pay, as a business expense. This means the tax position is neutral
 - the salary payment to your employee is liable to income tax under PAYE.
- Tax rules may change.

Can we change our mind?

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

How to contact us

- Remember your financial adviser will normally be your first point of contact.
- If you have any questions, you can phone us, send a fax or e-mail, or write to us.

 Call us on **0870 607 1352** at the following times:
Monday to Friday between 8am and 8pm
Saturday between 9am and 1pm.

We may record calls to improve our service.

 Fax us on **0870 531 4151**

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

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

- To make a claim, please call **0870 607 1352** and ask to speak to our Claims Department. Or write to: **The Claims Department, Friends Provident, PO Box 1550, Salisbury SP1 2TW**. We'll then send you a claim form to complete and return.

Other information

How to complain

- Please write to our Customer Relations Manager at Friends Provident, PO Box 1550, Salisbury SP1 2TW.
- If you're not satisfied with our response you can contact:

Financial Ombudsman Service (FOS)
South Quay Plaza
183 Marsh Wall
London
E14 9SR
Telephone 0845 080 1800
Website: www.financial-ombudsman.org.uk

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

Terms and conditions

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

ABI, 51 Gresham Street, London EC2V 7HQ

Law

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

Language

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

Compensation

- If a financial adviser recommends this plan, you have a legal right to compensation if the Financial Ombudsman Service decides it wasn't suitable for your needs at the time.
- You may qualify for compensation from the Financial Services Compensation Scheme if we become unable to pay claims against us because of financial difficulties. It'll depend on the nature of the business and the circumstances of the claim. The scheme covers most insurance contracts for 100% of the first £2,000 and 90% of the rest of the claim. You can get further information from the Financial Services Authority or from the Financial Services Compensation Scheme.

About Friends Provident

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

Friends Provident Life Assurance Limited

Registered and Head Office: Pixham End, Dorking, Surrey RH4 1QA
Incorporated company limited by shares and registered in England number 782698
Authorised and regulated by the Financial Services Authority

www.friendsprovident.com Telephone 0870 608 3678

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