

Reference
XMOR3/A 12.11

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

Helping you decide

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

Its aims

- To pay a cash sum equal to the outstanding amount of your mortgage if you die or are diagnosed with a terminal illness during the plan term.
- To pay the cash sum earlier if you are diagnosed with a critical illness that meets our policy definition and you've chosen to include this benefit.
- If we pay the cash sum, the plan will end.

Your commitment

- To answer all questions truthfully, accurately and completely to the best of your knowledge when applying for your plan and when making a claim.
- To check information in any confirmation schedule we send you is true, accurate and complete. If it isn't, you must tell us in writing straight away as this may affect the terms of your cover. We will only issue a confirmation schedule to you if your adviser completes your application electronically.
- To tell us if there is a change to your health, family history, occupation, occupational duties, working or travelling abroad, country of residence, or you take up any hazardous pastime. Your commitment to tell us continues until the date the cover you're applying for starts.

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

- To pay monthly or yearly premiums throughout the plan term.
- If you include critical illness and disability benefit and opt for reviewable premiums, you may need to increase your premiums in the future to ensure the plan covers your outstanding mortgage throughout the plan term.
- To tell us:
 - within one month of disablement for a permanent and total disability claim or of incapacity for a waiver of premium claim
 - within three months of diagnosis for a critical illness and disability claim.
- To allow us access to your medical records to consider a claim.

Risks

- If you stop your premiums the plan will stop and you'll get nothing back.
- We may not pay a claim in some cases. **Please see 'What will stop the plan paying out?' on page 4.**
- If you include critical illness and disability benefit and opt for reviewable premiums, we guarantee your premium amounts for the first five years only. After this we'll review your premiums every year. If the predicted cost of providing benefits is higher than expected, you'll need to increase your premiums to ensure the plan still covers your outstanding mortgage. If you don't increase your premiums, we'll reduce the cover straight away and the plan will no longer cover your outstanding mortgage in full. If the predicted cost of providing benefits is lower than expected, your cover will stay the same but your premiums will go down.

When predicting the cost of providing benefits, we'll consider various issues. For example, we'll consider past and predicted future claims experience across the life assurance industry as well as developments in medical treatments and diagnostic techniques.

- Inflation will reduce the spending power of any money you get back in the future.
- If you don't review your cover in the future, you may not have enough to meet your needs when a claim is made. You should make sure you review your cover regularly.

Questions and answers

What is our Homebuyer Protection Plan?

- It's a plan that pays a cash sum if you die or are diagnosed with a terminal illness during the plan term. If we pay the cash sum, the plan will end.
- The cash sum reduces over the plan term, normally in line with the outstanding amount of your mortgage.
- The plan term can be any number of years from 10 up to 40 years, as long as you're aged under 85 at the end. However, if you include critical illness and disability benefit, you must be aged under 70 at the end. The plan term should match the remaining term of your mortgage.
- You can set it up on your own life or on another person's life.
- You can set it up on two lives so we pay the cash sum if one of you dies or is diagnosed with a terminal illness during the plan term. The plan will then end.

- The person setting up the plan must be aged 18 or over. If you set it up on someone else's life, they too must be aged 18 or over.
- If you write the plan in trust, we'll pay the cash sum to the trustees.
- The plan will never have a cash-in value.

How flexible is it?

- If you're under age 50 and in good health when you start your plan, you can, subject to certain limits, increase your cover or extend the plan term before age 55 if you increase or extend your mortgage. You can do this without further evidence of your health, family history, occupation or pastimes.
- If you increase your cover or extend the term your premiums will increase.
- If you repay your mortgage early, this plan can continue. Then if you die during the plan term or are diagnosed with a terminal illness at least 18 months before the end of the plan term, we'll work out the cash sum payable using a table we show in your policy conditions booklet. **Please see section 17 of the policy conditions for more details.**

When does the plan pay out?

- If you die during the plan term the plan will end and we'll pay the cash sum.
- We'll pay the cash sum earlier if you're diagnosed as having a terminal illness expected to cause death within 12 months. The plan will then end.
- The diagnosis of a terminal illness must take place at least 18 months before the end of the plan term.

What other benefits can I choose?

- If you're aged under 55, in good health and not in a high risk occupation, you can include one or both of the benefits below from the start for an extra charge.

Waiver of premium benefit

- If you include this benefit, we'll keep your premiums going for you if illness or injury, other than a deliberately self-inflicted injury, stops you from working for more than six months. If you're not in full-time employment, we'll look at your ability to do certain basic tasks instead. We'll carry on your premiums for you until you recover, if necessary to the end of the plan term. For plan terms beyond age 65, we'll only keep premiums going beyond this age if you can't do certain very basic tasks. **Please see section 9 of the policy conditions for more details.**
- For plans set up on two lives you can choose to include this benefit on either or both lives.

Critical illness and disability benefit

- If you include this benefit and are diagnosed with a critical illness that meets our policy definition, we'll pay out the cash sum early and the plan will end.
- For plans set up on two lives, if one of you is diagnosed with a critical illness that meets our policy definition, we'll pay out and the plan will end.
- The maximum critical illness cover for any one life is £1,000,000.

Which critical illnesses are covered?

- We only cover the critical illnesses we describe below and no others. The critical illness descriptions are only a guide to what is covered and the full definitions of the illnesses covered and the circumstances in which you can claim are given in the policy. These typically use medical terms to describe the illness and in some cases the cover may be limited. For example:
 - we do not cover some types of cancer
 - for some illnesses, you need to have permanent symptoms.
- We strongly recommend that you see our Critical Illness and Disability Benefit Simplified Guide to help you understand the extent of cover provided.
- The critical illnesses we cover are:
 - Alzheimer's disease – resulting in permanent symptoms
 - Aorta graft surgery – for disease or traumatic injury
 - Aplastic anaemia – with permanent bone marrow failure
 - Bacterial meningitis – resulting in permanent symptoms
 - Benign brain tumour – resulting in permanent symptoms or surgical removal via craniotomy
 - Blindness – permanent and irreversible
 - Cancer – excluding less advanced cases
 - Cardiomyopathy – of specified severity

- Coma – resulting in permanent symptoms
- Coronary artery by-pass grafts
- Creutzfeldt-Jacob disease – resulting in permanent symptoms
- Deafness – permanent and irreversible
- Dementia – resulting in permanent symptoms
- Encephalitis – resulting in permanent symptoms
- Heart attack – of specified severity
- Heart valve replacement or repair
- HIV infection – caught in the UK from a blood transfusion, a physical assault or at work in an eligible occupation♦
- Kidney failure – requiring dialysis
- Liver failure – resulting from advanced liver disease
- Loss of hands or feet – permanent physical severance
- Loss of speech – permanent and irreversible
- Major organ transplant
- Motor neurone disease – resulting in permanent symptoms
- Multiple sclerosis – with persisting symptoms
- Open heart surgery – with surgery to divide the breastbone
- Paralysis of limbs – total and irreversible
- Parkinson's disease – resulting in permanent symptoms
- Permanent and total disability before age 60* – permanent and irreversible
- Primary pulmonary hypertension – of specified severity
- Progressive supra nuclear palsy – resulting in permanent symptoms
- Respiratory failure – from advanced lung disease
- Stroke – resulting in permanent symptoms
- Systemic lupus erythematosus – with severe complications
- Third degree burns – covering 20% of the body's surface area
- Traumatic head injury – resulting in permanent symptoms

Please see section 6.5 of the policy conditions for more details.

- ♦ The eligible occupations for HIV caught at work are:
 - member of the emergency services, medical or dental professions
 - laboratory assistant, or employee, in a medical facility
 - pharmacist or prison officer.
- * We don't cover this condition for the children's critical illness and disability benefit described below.

Children's critical illness and disability benefit

- If you choose critical illness and disability benefit, we automatically include this benefit, at no extra cost to you. It covers your natural or legally adopted children aged over 30 days. If they are diagnosed with a critical illness that meets our policy definition, other than that marked with a '*', before age 18 and during the term of your own cover, we'll pay a cash sum equal to half of your cover. A maximum payment of £20,000 applies.
- This benefit is payable only once for any child and is payable for a maximum of three children. The child must survive for at least 14 days from the date of diagnosis.
- This benefit will not be payable for pre-existing conditions. This means a condition, illness, disease or related condition whether diagnosed or not, and whether there are any symptoms or not, which is already present:
 - when you start your plan, or
 - before the child is 30 days old, or
 - before the child is legally adopted.

Mastectomy cover

- If you choose critical illness and disability benefit, we automatically include this cover, at no extra cost to you. If you are diagnosed with a carcinoma in situ of the breast and this is treated by a total mastectomy, we'll pay a cash sum equal to 20% of your cover. A maximum payment of £15,000 applies.
- This cover is payable only once under the plan, including where it is set up on two lives.

What will stop the plan paying out?

- We may not pay a claim if you do not answer all questions truthfully, accurately and completely to the best of your knowledge when applying for your plan and when making a claim.
- We may also not pay a claim if you do not tell us in writing straight away if information in any confirmation schedule we may send you is not true, accurate and complete.
- We may not pay a claim if you do not tell us of a change to your:
 - health or family history
 - occupation, occupational duties or working abroad
 - travelling abroad or country of residence, or
 - taking part in any hazardous pastime before the date on which the cover you are applying for starts.

- We won't pay a claim unless you tell us:
 - within one month of disablement for a permanent and total disability claim or of incapacity for a waiver of premium claim
 - within three months of diagnosis for a critical illness claim.
- We won't pay a critical illness and disability claim if the critical illness or disability isn't one we cover. **Please see section 6.5 of the policy conditions for more details.**
- We won't pay a critical illness claim if it is due in any way to:
 - alcohol abuse (applies to cardiomyopathy, coma, liver failure and permanent and total disability claims only)
 - drug abuse (applies to cardiomyopathy, coma, liver failure, Parkinson's disease and permanent and total disability claims only)
 - HIV/AIDS (applies to permanent and total disability claims only)
 - war.

Please see sections 6 and 12 of the policy conditions for more details.

- We won't pay a children's critical illness claim if it is due in any way to:
 - a pre-existing condition or if death occurs within 14 days of diagnosis of a critical illness
 - alcohol abuse (applies to cardiomyopathy, coma and liver failure claims only)
 - drug abuse (applies to cardiomyopathy, coma, liver failure and Parkinson's disease claims only)
 - war.

Please see sections 7 and 12 of the policy 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 won't pay a waiver of premium claim if it is due in any way to HIV/AIDS or war. **Please see section 12 of the policy conditions for more details.**

'HIV' is the common abbreviation for 'Human Immunodeficiency Virus' and 'AIDS' is the common abbreviation for 'Acquired Immune Deficiency Syndrome'.

What will my premiums be?

- Your illustration will show the premiums you need to pay for your chosen amount of cover.
- Your premiums will depend on:
 - how much cover you need
 - how long you want it to last
 - your age, sex and whether you smoke or use nicotine products
 - extra benefits you choose.
- You can pay monthly by direct debit (minimum £7.50) or yearly by direct debit or cheque (minimum £75).

Can my premiums change in the future?

- If you include critical illness and disability benefit and opt for reviewable premiums, we guarantee your premium amounts for the first five years only. After this we'll review your premiums every year.
- If the predicted cost of providing benefits is higher than expected, you'll need to increase your premiums to ensure the plan still covers your outstanding mortgage. If you don't increase your premiums, we'll reduce the cover straight away and the plan will no longer cover your outstanding mortgage in full.

Please note there is no upper limit on what your premiums may need to increase to.

- If the predicted cost of providing benefits is lower than expected, your cover level will stay the same but your premiums will go down.
- We'll give you 30 days' notice before making any changes. **Please see section 3.2 of the policy conditions for more details.**
- If you include waiver of premium benefit and we pay a waiver of premium benefit claim, it will cover any increases in premium following a review.

What are the charges?

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

What if I stop paying?

- If you miss a premium we'll stop the plan straight away and the cover will cease.
- You won't get back any money and you may need to arrange some other cover for your mortgage.

What about tax?

- Under current tax rules, you're not liable to income tax or capital gains tax on your plan unless you sell it to someone else.
- If you die and your plan is not written in trust, the amount we pay out will form part of your estate for inheritance tax purposes. You can set up your plan in trust to help in inheritance tax planning.
- Tax rules may change.


Can I change my mind?

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

Other information

How to contact us

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

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

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

 Fax us on **0845 600 0624**

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

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

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

How to make a claim

- To make a claim, please call **0845 602 9199** and ask to speak to our Claims Department. Or write to: **The Claims Department, Friends Life, PO Box 1550, Salisbury SP1 2TW**. We'll send a claim form for completion and return. This will detail our requirements. For a life cover claim we'll always need the death certificate.

How to complain

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

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

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

Terms and conditions

- This leaflet sets out the main points about our Homebuyer 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 critical illness cover. The ABI Guide to Critical Illness gives general information about critical illness cover. If you would like a copy, please let us know or write to:

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.
- We are covered by the Financial Services Compensation Scheme (FSCS). If we cannot meet our obligations you may be entitled to compensation under the scheme. For this type of plan, the scheme covers 90% of the claim. Please note that FSCS's first responsibility is to seek continuity of cover rather than to pay compensation. For further information see www.fscs.org.uk or telephone 020 7741 4100.

About Friends Life

- Friends Life Limited's main business is providing life assurance and protection products. It's entered on the FSA Register, number 196142.

Friends Life Limited

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Incorporated company limited by shares and registered in England and Wales number 4096141
Authorised and regulated by the Financial Services Authority

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