

This document provides a summary of the relevant product information for Breathing Space. It sets out key information for distributors as required by the FCA's Product Governance rules.

Under the FCA's rules, we are required to inform you that we have a governance process in place to oversee the design, approval and on-going reviews of our products. We outline the oversight and product governance we follow at British Friendly [here](#).

Breathing Space target market statement

This product is available for employed or self-employed customers who need a weekly or monthly benefit to help replace some of their lost earnings if they were unable to work due to illness or injury. It can be used to help support their or their family's current lifestyle and financial commitments.

Breathing Space is particularly suitable for those with irregular earnings such as the self-employed or gig economy workers, but could also suit a whole range of customers for whom traditional Income Protection plans are too inflexible.

Examples of who the product could be suitable for are:

- **Employed earners** – who have little or no sick pay arrangements / Income Protection from their employer
- **Self-employed earners** – who have little or no sick pay arrangements / Income Protection
- **Non-traditional earners/ gig economy** - who have little or no sick pay arrangements / Income Protection and who may struggle to evidence their level of earnings in the event of a claim
- **Family protection** – protecting the earnings of those supporting the family household and financial commitments
- **Individual protection** – protecting the earnings of a single person that supports their household and is needed to cover financial commitments

Breathing Space is not financially underwritten at application and claim stage, and only requires evidence that the customer has earned an income prior to their illness or injury.

We must be able to clearly see that the customer has been working and business transactions have taken place at claim stage.

The product also offers a choice of waiting periods to reflect the financial needs of those that may not have employer benefits or any personal financial provision.

Eligibility

To apply customers must be:

- Resident in the UK on a permanent basis for at least 2 years prior to application (Breathing Space is not available to people who live in the Channel Islands or Isle of Man)
- Registered with a UK GP for the 2 year period prior to application
- Aged between 18 and 59
- Employed or self-employed
- A UK bank account holder and UK tax payer (UK to Ireland cross-border working is acceptable)

Distribution Strategy

To ensure customers receive a level of protection that meets their needs and to fulfil regulatory requirements, Breathing Space is only available to customers of authorised intermediaries on an advised basis, and where approved by the society on a non-advised basis.

Charges

Premium payments are shown on the Personal Illustration and the Policy Schedule and include all the costs of administration, underwriting, claims, selling expenses, commission and fees for any medical information that we may request.

Limits and basis

- The minimum term is 5 years
- The policy must finish between the ages of 50 and 70
- Customers will need to wait for their deferred period to end before their claim will be paid
- Any claim will last until one of the following happens: policy end date is reached, the death of the policyholder, the policyholder recovers and returns to work, any back to work support payments end, the policyholder retires, the policy is cancelled, or their benefit period ends
- Customers who move overseas may be unable to take their policy with them or if they claim while overseas may have their claim payment restricted
- Customers will be restricted to their chosen limited benefit period for each injury claimed for if they make multiple claims on their policy

Fair value

The fair value assessment considers if the product offers fair value to our customers. It takes into account the price paid by the customer, the distribution channel, a review of the product performance, complaints, claims ratio, communications and service delivery.



The fair value assessment for Breathing Space has been completed and we have deemed that the product offers fair value and is suitable for customers:

- Who meet our eligibility criteria
- Who work in an occupation covered by our policy
- Who need to protect their income and that want to insure themselves up to £1,250 a month
- Who have a fluctuating income or are newly self-employed
- Where a benefit period of either 1 or 2 years would be appropriate for their protection needs
- That require cover for at least 5 years, as this is the minimum term for this policy
- That can afford the premiums



Breathing Space will not offer fair value or be suitable for customers:

- Who do not meet our eligibility criteria
- Who wouldn't suffer any financial consequences if they stopped earning as a result of illness, injury or accident
- That work in an occupation not covered by our policy
- Who want cover that will increase in line with the cost of living
- With group Income Protection arrangements through their employer
- Who may already have sufficient cover in place with another provider
- Who are not able to prove they were working prior to suffering an illness or injury. An example of this would be working cash in hand with no evidence of a business transaction taking place.
- That are likely to be eligible for material state benefits if they were unable to work – however state benefits are not guaranteed
- Who want to insure another person other than themselves (life of another)
- Who want to cover themselves for Business Protection purposes
- Who want to cover themselves for unemployment or redundancy
- Who are seeking to protect against death, terminal illness or critical illness with a lump sum pay-out
- Who require a term of 5 years or less
- Who are retired
- Who are unemployed
- Who are already absent from work due to illness or injury
- Who cannot afford the premiums

When performing our assessment of value. We have had regard to price amongst other factors. We have not considered any other fees, charges or commission distributors may apply outside of the arrangements we have agreed with them in relation to the distribution of our product. Distributors may therefore wish to consider the impact of any such fees, charges, or commission they apply wherever applicable in assessing their impact on the value which our mutual customers receive from this product.

Should you require any further information on our assessment of value, please contact products@britishfriendly.com.

Risks

- There is no cash value for this policy at any time
- If the customer stops paying their premiums, their policy will go into arrears and lapse
- If the customer does not accurately answer the application questions when they apply, they may be unable to claim
- Benefits paid at claim may reduce any means tested state benefits the customer might be entitled to
- This product is only available with level cover meaning it won't keep up with inflation and could buy less in the future

Key Features

- Pays a regular Income Protection benefit when the customer is unable to work due to illness or injury
- No financial underwriting at application or claim stage, only evidence required is that the customer has earned an income prior to their incapacity
- No evidence of minimum hours worked required
- Pays out weekly or monthly into their chosen bank account
- Own occupation covers customers specifically for the job they do
- Pays between £541 and £1,250 a month
- Choice of 1 or 2 year benefit period
- Age-costed guaranteed premiums (increase as the customer gets older)
- Waiver of Premium automatically included once claim is in payment
- We will waive the waiting period if the customer is diagnosed with a terminal illness and life expectancy is less than 12 months
- Guaranteed Insurability Options (GIO)
- Mortgage Payment Option
- Back to work support
- Occupation Promise
- Premium Holiday

Value-Added Services

Give members additional support, at no extra cost. Learn more at www.advisers.britishfriendly.com/value-added-services/. Both Mutual Benefits and BF Care are discretionary benefits provided to our members.

British Friendly Society Limited
Registered Office:
45 Bromham Road, Bedford MK40 2AA

Telephone:
01234 348 007

Web:
advisers.britishfriendly.com

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It feels good to be covered

Document Reference: MKT000280-005

Version: 4