

## Protect Product Profile

This document provides a summary of the relevant product information for Protect. 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](#).



### Protect 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.

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
- **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

Protect offers 4 different premium options (level and age-costed premiums on a reviewable and guaranteed basis) - making this product suitable for customers working in a wide range of occupations and with differing budgetary requirements.

Our level guaranteed premium option is aimed at customers who want certainty that the cost of their cover won't change. This premium option may be suitable for customers in lower risk occupations such as office workers or professional occupations, but it may also be suitable for customers in riskier or more manual occupations.

Our age-costed guaranteed premium option is aimed at customers who prefer more cost-efficient premiums in the early years, which then increase as they get older, but who also need certainty of how much their premiums will increase by each year. This premium option may be more suitable for customers who require back to day 1 cover, or in occupations who may be more expensive to insure.

Our level and age-costed reviewable premium options are aimed at customers who require a price that works for their budget and require more flexibility. If reviewable premiums are selected, they may be reviewed after the fifth policy anniversary.

Customers can also choose between level and increasing cover and a wide range of waiting periods. This flexibility makes the product suitable for a wide range of occupations and budgets, and for those who are seeking income protection benefits that keep up with inflation and / or who have little or no employer benefits or 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 (Protect 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)
- Actively at work, fit enough to do all the duties of the occupation(s), and not working in any of our excluded occupation(s).



### Protect will be most 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 65% of their taxable income for the first £60,000 of earnings, and then 50% of everything after (up to a benefit amount of £120,000 a year / £10,000 a month)
- That require cover for at least 5 years, as this is the minimum term for this policy
- That can afford the premiums
- Who understand that this policy is fully underwritten based on their health and lifestyle



### Protect will not 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 have a group Income Protection arrangement through their employer, where benefits continue to be paid for as long as they remain unable to work, however long that lasts
- Who may already have sufficient cover in place with us or with another provider
- 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 themselves against death, terminal or critical illness with a lump sum pay-out
- Who require a term of 5 years or less, or a policy to continue past the maximum expiry age
- Who do not fully, honestly and accurately answer all the health and lifestyle questions during the application, which may result in cover being cancelled and claims declined
- Who are retired
- Who are unemployed
- Who are already absent from work due to sickness
- Who cannot afford the premiums

## 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
- There may be limitations on the maximum entry and expiry age of the policy or on the choice of premium options, depending on the customer's occupation. Please refer to the Occupation Guide for the list of acceptable occupations and any applicable cover restrictions.

## Distribution Strategy

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

## 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
- If the customers' circumstances change the policy and amount of benefit may no longer be appropriate (for example, if their salary changes)
- If the customer chooses level cover, 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
- Pays out weekly or monthly into their chosen bank account
- Own occupation covers customers specifically for the job they do
- Pays up to 65% of the first £60,000 of your customers yearly income before tax and then 50% of everything after (up to the maximum of £120,000 per year)
- The maximum benefit amount they can choose is £10,000 per month (£120,000 per year)
- Benefits are paid until the customers' chosen policy end date or choice of 1, 2 or 5 years benefit period
- Level or Retail Price Index (RPI) increasing cover
  - If RPI is selected for Level Premiums only – the amount of Income Protection benefit will rise by the increase in RPI and the Income Protection premiums by RPI x 1.5%
- Choice of four premium options:
  - Level guaranteed premiums - fixed price throughout term of policy
  - Age-costed guaranteed - premiums increase as the customer gets older but the future premiums are guaranteed
  - Level reviewable premiums - premiums are guaranteed to stay the same for the first 5 years, and then could be reviewed after the 5th policy anniversary
  - Age-costed reviewable - premiums increase as the customer gets older and could be reviewed after the 5th policy anniversary
- 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
- Sick pay protection for teachers and NHS doctors, surgeons, nurses, midwives and dentists if 52 week deferred period is chosen
- Benefit guarantee of up to £1,500 per month
- Option to add Fracture Cover and /or Children's Critical Illness Cover alongside Protect for an additional cost. These optional benefits have their own Product Profiles, which can be found on our website [here](#).

### 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.

### Value-Added Services

Give members additional support, at no extra cost. Learn more at <https://www.britishfriendly.com/advisers/valueadded-services/>.

These are discretionary benefits provided to our members.

### Fair Value Assessment

We have completed the fair value assessment for Protect and have assessed that it continues to provide fair value for customers within its defined target market.

Our assessment considers the overall price paid by customers, the distribution arrangements, product performance, complaints data, claims experience, communications and the quality of support delivered.

We carry out regular monitoring and reviews to assess whether:

- Our products are aligned with the needs, characteristics and objectives of the target market, are being used as intended, continue to support good outcomes and whether distributors are distributing the product as intended.
- The price paid by customers are reasonable relative to benefits.
- Communications are accurate, relevant and likely to be understood by those in the target market and are delivered at an appropriate time.
- Customers receive appropriate support which delivers good outcomes.

Below is a summary of how this product meets the four Consumer Duty outcomes.

### Products and Services

Products must be designed to meet the needs of the target market, be fit for purpose and be distributed appropriately. We have assessed that:

- The target market is appropriately defined and that groups who the product is and isn't suitable for have been identified.
- Our products and services have been designed to align with the needs, characteristics and objectives of the target market and are fit for purpose, with features, flexibility and support aimed to support the target market.
- Distribution is carried out by authorised intermediaries on an advised basis, and on a non-advised basis where approved by the Society.
- Product governance and oversight and intermediary risk management frameworks are in place and are aligned with regulatory requirements.

## Consumer Understanding

Customers should receive clear, timely and meaningful information that supports confident decision-making about their financial products and services. We have assessed that:

- Communications are clear, timely and easy for customers to understand.
- Customers receive the information they need to understand the product and make informed decisions, and customer feedback supports that communications are simple and easy to follow.
- We regularly engage with customers through their annual statement and other ongoing communications to remind them of the cover they hold and encourage them to review it to ensure it continues to meet their needs.

## Price and Value

The total price customers pay should represent fair value relative to the benefits they receive. We have assessed that:

- The total price reflects all costs and charges over the product's lifetime and that the product provides fair value and will continue to do so.
- Claims ratios, complaints, support provision, customer feedback and product performance data is taken into account in assessing fair value and support the value assessment.
- Benefits are reasonable relative to premiums paid.

## Consumer Support

Customers should be able to use the product as intended and receive the support they need throughout their journey. We have assessed that:

- Our service performance meets expected standards, ensuring customers receive prompt and accurate support without unreasonable barriers in place, including to cancel, complain or claim.
- Multiple support channels are available, including options tailored to the needs of vulnerable customers
- We have established a vulnerable customer policy, accessible [here](#), which outlines our approach to identifying and supporting customers with additional needs.

## Distributor Fees and Charges

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 on 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 please contact [products@britishfriendly.com](mailto:products@britishfriendly.com)**

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