

November 2017

Key Features and Terms and Conditions of Family Life Insurance

What is the purpose of this document?

The Financial Conduct Authority (FCA) is an independent financial services regulator. It requires Scottish Friendly Assurance Society Limited (Scottish Friendly) to give you this important information to help you to decide whether Family Life Insurance is right for you. You should read this document carefully so that you understand what you are purchasing and then keep it safe for future reference.

What questions should I ask before I take out this product?

This product will meet the demands and needs of those who wish to receive a cash benefit if they die, or are diagnosed with a specified critical illness, over a selected period of time. In this document Scottish Friendly have given you the answers to some important questions you should consider before applying. You'll find these on page 3.

What should I do now?

Please read this document fully before deciding if this product is right for you.

About Family Life Insurance

Your Policy is arranged by SunLife Limited who distribute financial products and services. SunLife Limited is a company limited by shares, registered office: 1 Wythall Green Way, Wythall, Birmingham B47 6WG (registered in England, no. 05460862). SunLife Limited is authorised and regulated by the Financial Conduct Authority and is entered on the Financial Services Register (registration no. 769427).

Family Life Insurance is issued, underwritten and administered by Scottish Friendly Assurance Society Limited which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Details can be found on the Financial Services register (registration number 110002). Registered Office: Scottish Friendly House, 16 Blythswood Square, Glasgow G2 4HJ.

The Terms and Conditions in this document, together with the Policy Schedule and the Application Summary, form the standard client agreement upon which Scottish Friendly intend to rely. For your own benefit and protection you should read this document carefully before completing your Application.

If you do not understand any point, please ask for further information.

No advice has been given by SunLife or Scottish Friendly in respect of Family Life Insurance. We have not assessed whether this Family Life Insurance is suitable for your needs and therefore you will not benefit from the protection of the FCA rules on assessing suitability. If you are in any doubt about the suitability of this product for yourself, you should contact a financial adviser.

Key Features about Family Life Insurance

These Key Features provide you with a summary of Family Life Insurance. The full Terms and Conditions are contained later in this document.

Family Life Insurance is a term life protection plan or a term life protection plan with Critical Illness cover issued by Scottish Friendly. It is subject to the Terms and Conditions.

Its aims are:

- To provide a Cash Benefit should you die within a period of time selected by you.
- To provide you with a specified Cash Benefit payable upon the diagnosis of a specified Critical Illness over a period of time selected by you, if you have selected life insurance with Critical Illness cover.

Your commitment

- To pay specified regular Monthly Premiums throughout the Policy Term or as long as you want the Policy to continue.
- To provide Scottish Friendly with accurate, complete and true information, to the best of your knowledge, when you complete your Application.
- To check your Application Summary which is sent to you after you take out a Policy, and immediately inform Scottish Friendly if there is anything that is wrong.

Risks

- Your Policy will end if you miss a Monthly Premium for more than 30 days.
- Your Policy will have no cash-in value at any time.
- If you do not provide accurate, complete and true information at the time of your Application, Scottish Friendly may not pay out for Critical Illness or on your death, or may pay a reduced sum. Scottish Friendly have the right to request medical records to verify a Claim.
- The value of your Cash Benefit on death or on diagnosis of a specified critical illness is fixed and will not increase with inflation. This means that over time the value of these Cash Benefits will reduce and you should ensure that you have the correct amount of cover for the long term.
- If you have selected to have Critical Illness cover, the amount payable on death will be reduced by any amount already paid out as a Critical Illness Sum Assured. This could mean that on death your estate could receive less than you planned if a Critical Illness payment has already been made. If no Critical Illness payment has been made, your estate will receive your full Sum Assured.
- If within the first year of this Policy the life assured dies as a result of taking their own life, this Policy will be cancelled. In this event, the amount of cover will not be paid but Scottish Friendly will refund any premiums paid.
- Depending on the value of your estate when you die, the Cash Benefit may be subject to Inheritance Tax.

QUESTIONS & ANSWERS

How much will my Policy cost

When you apply for Family Life Insurance, Scottish Friendly will calculate a Monthly Premium which will be based on your age, the amount of cover you want, how long you want it for and the answers to the questions asked. This will be the Monthly Premium you will be required to pay for the full length of your Policy Term.

How much cover can I have with my Policy?

The maximum Sum Assured is £500,000 up to and including age 50 at outset and £250,000 for ages 51 to 59 at outset.

Can more than one person take out a Policy?

Yes, two people can be covered by a joint life Policy. Scottish Friendly will calculate a Monthly Premium which will be based on both your details.

When will Scottish Friendly pay out a Cash Benefit under this Policy?

If you have selected life insurance only, then the Policy will pay out on the death of the person listed as the Policyholder in the Policy Schedule. In the case of a joint life Policy, the Policy will pay out on the first death only. The Cash Benefit will be the Sum Assured stated in your Policy Schedule.

If you have selected life insurance with Critical Illness cover, then your Policy will pay out a separate Cash Benefit upon the medical diagnosis of a specified Critical Illness (see below). The Cash Benefit will be the Critical Illness Sum Assured stated in your Policy Schedule. After this payment is made, the Policy will continue and pay a further Cash Benefit in the event of your death, which will be equal to the Sum Assured minus the Critical Illness Sum Assured already paid.

In the case of a joint life Policy, Scottish Friendly will pay out in the first instance of a Critical Illness Claim and on the first death of one of the Policyholders covered under the Policy, even if it is the other Policyholder who received a Critical Illness Sum Assured payment. The Policy will end after a payment on the death of one of the joint Policyholders.

If I select optional Critical Illness cover what conditions are covered under this Policy?

The following three Critical Illness conditions are covered under this Policy. These descriptions are only a guide to what is covered. The full definitions of the Critical Illnesses covered and the circumstances in which you can Claim are given in the Terms and Conditions.

- Cancer – excluding less advanced cases
- Heart attack – of specified severity
- Stroke – resulting in permanent symptoms

When won't Scottish Friendly pay out a cash benefit under this Policy?

Scottish Friendly will not pay out if you have not maintained your Monthly Premiums to your Policy. Should you miss a Monthly Premium by more than 30 days then your Policy will end, you will no longer be covered, which means no Cash Benefits will be payable and you won't get any money back.

Scottish Friendly will not pay any sum under the Policy after the end of the Policy Term.

If you have selected life insurance with Critical Illness cover, Scottish Friendly will not pay out if you die or you are diagnosed with a Critical Illness after the end of the Policy Term.

If within the first year of this Policy the life assured dies as a result of taking their own life, this Policy will be cancelled. In this event the amount of cover will not be paid, but Scottish Friendly will refund any premiums paid.

In the event of your death or diagnosis of a Critical Illness, Scottish Friendly may investigate the circumstances of your death or illness including examining your medical records. If, in Scottish Friendly's view, you did not answer all the questions in your Application with reasonable care, then we have the right to review your Policy terms which includes the absolute right to cancel your Policy and refund your premiums and no Cash Benefit will be payable.

Scottish Friendly will pay a Critical Illness Cash Benefit only when you are diagnosed with an illness which is listed as being covered in the Terms and Conditions.

Can my Policy be cancelled?

When you take out your Policy you will have 30 days in which to change your mind and cancel your Policy. If you exercise this right you will receive a refund of any premiums paid and your cover will be cancelled.

Will I be taxed on my Policy or Cash Benefit?

Payments from this Policy will generally be paid out free of all UK Income Tax and Capital Gains Tax, but may be subject to Inheritance Tax depending on the value of your estate when you die. Taxation information is issued on the basis of our understanding of current tax law and practice. Tax legislation may change in the future.

How can I, or anyone else, go about making a Claim under the Policy?

In the event of a Claim you or your representatives should contact Scottish Friendly at the address in the 'Contacting Scottish Friendly' section. Scottish Friendly will issue you or your representatives with a Claim form and pack.

IMPORTANT INFORMATION

Cancellation rights

Within your welcome pack, you'll receive notice of your right to change your mind and instructions on how to cancel your Policy. You'll then have 30 days to cancel your Policy.

Taxation

All references to taxation are to UK taxation and are issued on the basis of Scottish Friendly's understanding of current tax law and practice. The tax treatment of your Policy depends on your individual circumstances and tax law may change in the future.

The Money Laundering Regulations 2017

Under these regulations, there is a requirement to prove the identity of people who wish to receive benefits from a life contract. It may therefore be necessary to verify your identity in the event of a payout.

What happens if Scottish Friendly become insolvent?

If you buy a Policy from Scottish Friendly and we cannot pay the full amount due, you may be entitled to compensation under the Financial Services Compensation Scheme. The maximum level of compensation for claims against firms declared in default is 100% of the claim with no upper limit.

You can get further information from the Financial Services Compensation Scheme at:
10th Floor, Beaufort House, 15 St Botolph Street,
London EC3A 7QU
Tel: 0800 678 1100.**
www.fscs.org.uk

Solvency II Directive information

Under this directive, we are required to provide you with a Solvency and Financial Condition Report which you can access via our website www.scottishfriendly.co.uk/customer-centre/solvency-two

Contacting Scottish Friendly

Should you wish to contact Scottish Friendly you can write to:

Scottish Friendly Assurance Society Limited
Scottish Friendly House
16 Blythswood Square
Glasgow
G2 4HJ

Alternatively you can contact Scottish Friendly by telephone on 0333 323 5433*.

If you would like to receive this Key Features document in large print or braille please contact us as above.

How to complain

If you wish to complain about any aspect of the service you receive, please contact Scottish Friendly. Details can be found in the 'Contacting Scottish Friendly' section.

If you are not satisfied with the response to your complaint, you can contact the Financial Ombudsman Service at:

Financial Ombudsman Service, Exchange Tower, Harbour Exchange Square, London E14 9SR. Tel: 0800 023 4567** or 0300 123 9123*.

Website: <http://www.financial-ombudsman.org.uk/>

In accordance with The Alternative Dispute Resolution (ADR) Regulations, you may also use the EU online dispute resolution (ODR) platform <https://webgate.ec.europa.eu/odr> The certified provider used by Scottish Friendly is the Financial Ombudsman Service.

Making a complaint won't affect your legal rights.

Language and law

Scottish Friendly propose to choose the law of England and Wales and by entering into this contract you agree that the law of England and Wales applies. All communication will be in English. In legal disputes, the law of England and Wales will apply.

This is a brief guide to the key features of the product. Full details are contained in the Terms and Conditions and also in the Policy Schedule, which are evidence of the legally binding contract between you and Scottish Friendly Assurance Society Limited.

*Calls cost no more than calls to numbers starting with 01 or 02 and if you are calling from a mobile phone, calls will count towards any inclusive minutes you have rather than being charged separately.

**Free from a UK landline.

Family Life Insurance Terms and Conditions

These are the Terms and Conditions under which your Policy will operate. You should read them carefully as they, together with the Policy Schedule and the Application Summary, will form the basis of a contract between you and Scottish Friendly Assurance Society Limited.

Your Policy is administered, issued and underwritten by Scottish Friendly Assurance Society Limited.

Scottish Friendly Assurance Society Limited is a friendly society incorporated and registered under the Friendly Societies Act 1992, whose registered office is at Scottish Friendly House, 16 Blythswood Square, Glasgow G2 4HJ.

Scottish Friendly Assurance Society Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registration No. 110002, with permission to effect and carry out contracts of insurance.

GLOSSARY

The definitions below provide explanations of some of the key words and expressions used throughout this Key Features and Terms and Conditions of Family Life Insurance document.

Application

The question set and information provided by the **Policyholder(s)** at the time they applied for their **Policy**, the details of which are repeated in the **Application Summary** sent to the **Policyholder** with their **Policy Schedule**.

Application Summary

A document detailing all the information supplied by the **Policyholder(s)** as part of their **Application**.

Cash Benefit

Payment made from the **Policy** following a successful **Claim**.

Claim

Any request to receive a **Cash Benefit** in accordance with the terms of the **Policy**.

Critical Illness

A medical condition set out in the **Critical Illness** section of these **Terms and Conditions** as diagnosed by a **Medical Professional**.

Critical Illness Sum Assured

The amount of **Cash Benefit** payable under the **Policy** in the event of the diagnosis by a **Medical Professional** of a **Policyholder** with a **Critical Illness** during the **Policy Term**.

Medical Professional

A medical professional who either holds an appointment as a consultant in a hospital in the UK or is accepted by Scottish Friendly's Chief Medical Officer as a specialist in the area pertinent to the cause of the **Critical Illness Claim**.

Monthly Premium

The amount of money specified in the **Policy Schedule** which must be paid by Direct Debit each month during the **Policy Term**.

Policy

The legal contract between, the **Policyholder(s)** and **Scottish Friendly** comprising these **Terms and Conditions**, the **Policy Schedule** and the **Application Summary**.

Policy Expiry Date

The date at which the **Policy** will end and after which no **Cash Benefits** will be payable, as specified in the **Policy Schedule**.

Policy Start Date

The date at which the **Policy** will commence before which no **Cash Benefits** will be payable as specified in the **Policy Schedule**.

Policy Schedule

The document issued after the acceptance of the **Application** which contains the **Policy Start Date**, the **Policy Expiry Date**, terms of the **Monthly Premium** and the potential **Cash Benefits** payable under the **Policy**.

Policy Term

The duration of the **Policy** starting on the **Policy Start Date** and ending on the **Policy Expiry Date**.

Scottish Friendly

Scottish Friendly Assurance Society Limited.

Sum Assured

The amount of **Cash Benefit** payable under the **Policy** on the death of a **Policyholder** during the **Policy Term**. The amount of **Cash Benefit** will be reduced by the amount of any **Critical Illness Sum Assured** that has previously been paid under the **Policy**.

Terms and Conditions

The terms and conditions as set out in this Key Features and **Terms and Conditions** of Family Life Insurance document.

We, us or our

Scottish Friendly.

You or your

The Policyholder(s)

Any references to legislation or regulations includes any amendments to or replacements of such legislation or regulations after the date this Policy is issued.

Where appropriate, the words in the singular will include the plural and vice versa, and the masculine will include the feminine and vice versa.

Eligibility

To be eligible for cover under this Policy, you must be resident in the United Kingdom and aged at least 18 and under 60 at the Policy Start Date and under 80 at the Policy Expiry Date.

Cash Benefit under your Policy (with no Critical Illness cover)

A Cash Benefit will be paid on death occurring during the Policy Term. Your Policy will cease after the payment of the Sum Assured.

In the case of a joint life Policy, a Cash Benefit will be paid on the death of the first Policyholder to die during the Policy Term.

Cash Benefits under your Policy (with Critical Illness cover)

The Critical Illness Sum Assured will be payable during the Policy Term in the event of diagnosis of the Policyholder with a specified Critical Illness.

In the case of a joint life Policy, Scottish Friendly will pay out in the first instance of a Critical Illness Claim and on the first death of one of the Policyholders covered under the Policy, even if it is the other Policyholder who received a Critical Illness Sum Assured payment.

Your Policy will continue after the payment of a Critical Illness Sum Assured provided you continue to pay your Monthly Premiums.

A Cash Benefit of the Sum Assured will be payable under your Policy in the event of the death of the Policyholder provided that no Critical Illness Sum Assured has already been paid. In the event that a Critical Illness Sum Assured has already been paid then the amount of Cash Benefit payable will be the Sum Assured minus the Critical Illness Sum Assured.

Your Policy will cease after the payment of a Cash Benefit in the event of the death of the Policyholder and no further premiums will be due.

When will the Policy not pay out any Cash Benefits?

If within the first year of this Policy a Policyholder dies as a result of taking their own life, this Policy will be cancelled. In this event the Cash Benefit will not be paid, but Scottish Friendly will refund any premiums paid.

No Cash Benefit will be payable if you have not maintained your Monthly Premiums. Should you miss a premium by more than 30 days then your Policy will end, you will no longer be covered and you won't get any money back. Scottish Friendly will not pay any sum under the Policy after the Policy has ended.

Non-disclosure of material facts

The Policy has been issued on the basis of the answers provided to the questions during the application process. If the Application omits any material fact, this will result in the Policy becoming void with no Cash Benefit payable.

Before proceeding with your Application you should therefore check the details repeated to you in your Application Summary carefully and it is your responsibility to immediately inform Scottish Friendly of any errors or answers which are incorrect or not truthful. Should Scottish Friendly discover that any of your answers were not truthful or accurate, then we have the right to review your Policy terms which includes the absolute right to cancel your Policy and refund your premiums and no Cash Benefit will be payable.

What Critical Illnesses are covered under your Policy?

If a Policy with Critical Illness cover is selected, your Policy covers you for three types of medical conditions provided they meet the descriptions described below as diagnosed by a Medical Professional:

Cancer – excluding less advanced cases

Any malignant tumour positively diagnosed with histological confirmation and characterised by the uncontrolled growth of malignant cells and invasion of tissue. The term malignant tumour includes leukaemia, sarcoma and lymphoma except cutaneous lymphoma (lymphoma confined to the skin).

For this definition, the following are not covered:

- All cancers which are histologically classified as any of the following:
 - pre-malignant;
 - non-invasive;
 - cancer in-situ; having borderline malignancy; or
 - having low malignant potential.
- All tumours of the prostate unless histologically classified as having a Gleason score greater than or equal to 7; or having progressed to at least clinical TNM classification T2bN0M0.
- Chronic lymphocytic leukaemia unless histologically classified as having progressed to at least Binet Stages A.

- Any skin cancer (including cutaneous lymphoma) other than malignant melanoma that has been histologically classified as having caused invasion beyond the epidermis (outer layer of skin).

Heart Attack - of specified severity

Death of heart muscle, due to inadequate blood supply, that has resulted in all of the following evidence of acute myocardial infarction:

- Typical clinical symptoms (for example, characteristic chest pain).
- The characteristic rise of biochemical cardiac specific markers such as troponins or enzymes.
- New characteristic electrocardiographic changes or newly occurred regional wall motion abnormality on heart imaging or an intracoronary thrombus on angiography.
- The evidence must show a definite acute myocardial infarction.

For the above definition, the following is not covered:

- Other acute coronary syndromes including but not limited to unstable angina.

Stroke - resulting in permanent symptoms

Death of brain tissue due to inadequate blood supply or haemorrhage within the skull resulting in permanent neurological deficit with persisting clinical symptoms.

For the above definition, the following are not covered:

- Transient ischaemic attack.
- Traumatic injury to brain tissue or blood vessels.
- Death of tissue of the optic nerve or retina eye stroke.

Your Monthly Premium under your Policy

Your Policy Schedule will detail the Monthly Premium which you must pay each month during the Policy Term. Your Monthly Premiums will remain the same throughout the Policy Term. Your Monthly Premiums can only be made by Direct Debit, there is no facility to pay your Monthly Premiums by card or cheque therefore it is important that you ensure that you maintain your Direct Debit facility

What happens if I miss a Monthly Premium?

If for whatever reason you stop paying your Monthly Premiums, then your Policy will lapse after 30 days from the date of the missed Monthly Premium, unless you resume paying your Monthly Premiums and pay your missing Monthly Premium within that 30 days period. If your Policy lapses there will be no possibility of a Cash Benefit being paid. It is therefore vital that you ensure you continue to pay your Monthly Premiums if you want your Policy to continue.

Can I change my Monthly Premium?

Your Monthly Premium is fixed and cannot be changed, except in the circumstances described in the General Policy conditions later on in this document. However you can change the date Scottish Friendly collect your Monthly Premium.

Making a Claim under your Policy

If you wish to make a Claim under your Policy then you or your representatives should contact Scottish Friendly at the address/telephone number in the 'Contacting Scottish Friendly' section.

You or your representatives must do so within 6 months of your death or your diagnosis of a Critical Illness, if you have selected life insurance with Critical illness cover.

Scottish Friendly will send a Claim form which you or your representatives should complete and send back to them.

Scottish Friendly may ask you to provide them with evidence to support the diagnosis of a Critical Illness, which may involve you having a medical examination with a Medical Professional approved by Scottish Friendly which we will pay for.

Scottish Friendly may request a medical report from your doctor at any time. If you refuse to allow Scottish Friendly to access your medical records, Scottish Friendly reserve the right to cancel your cover and refund your premiums.

Scottish Friendly may also request documentation to allow them to verify your identity; this may include searching for your details with a credit rating agency or requesting documentation, such as bank statements from you or your representatives. No Cash Benefits will be payable under the Policy until Scottish Friendly have been able to verify your identity.

Once your Claim has been accepted Scottish Friendly will pay the Cash Benefit to you or to your estate.

Cancelling your Policy

You will have 30 days from the receipt of your Policy Schedule in which you may cancel your Policy. If you wish to exercise your right to cancel then you should contact Scottish Friendly at the address/telephone number in the 'Contacting Scottish Friendly' section and we will refund any Monthly Premiums paid and bring your Policy to an end. No Cash Benefits will be payable under the Policy once it is cancelled.

Contacting Scottish Friendly

Should you wish to contact Scottish Friendly you can write to:

Scottish Friendly Assurance Society Limited
16 Blythswood Square
Glasgow
G2 4HJ

Alternatively you can contact Scottish Friendly by telephone on 0333 323 5433.

General Policy conditions

Scottish Friendly propose to choose the law of England and Wales and by entering into this contract you agree that the law of England and Wales applies. All communication will be in English. In legal disputes, the law of England and Wales will apply.

Where there is a change in legislation or taxation, Scottish Friendly may review these Terms and Conditions and make changes to the Policy, provided those changes conform with the regulations and principles set out by the Financial Conduct Authority. Only changes considered appropriate in order to maintain the purpose or effect of the Policy including increasing the Monthly Premiums to reflect any tax or levy on or by reference to the Monthly Premiums will take place. Scottish Friendly will provide you with 3 months' written notice of any change unless regulatory, legislative or taxation changes require us to change these Terms and Conditions in a shorter period of time.

All Monthly Premiums must be payable from a UK bank account and all payments will be made in UK currency and to a UK bank account.

Scottish Friendly Assurance Society Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Details can be found on the Financial Services register (registration number 110002). Registered Office: Scottish Friendly House, 16 Blythswood Square, Glasgow G2 4HJ.