

AA Life Insurance

Policy conditions

Provided by Friends Life Limited

AA Life Insurance



Policy conditions

This document sets out the full policy conditions of AA Life Insurance. Please keep this in a safe place as you may need to refer to it in the future.

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Important

For waiver of premium benefit only.

Please contact us at the start of an illness to make sure that a future claim is not delayed or refused. We give more information in Condition 6.3.

1 Introduction

AA Life Insurance is provided by Friends Life Limited.

1.1 About your AA Life Insurance policy

Your **policy** is a legal contract between you and Friends Life Limited.

Insurance provides cover for events that occur by chance or accident. Your **policy** does not provide cover for events that **you** or a **life assured** deliberately bring about.

Please read your **policy conditions** and **policy schedule** carefully. You should keep them in a safe place as they will be needed if you claim under your **policy**.

1.2 What 'you', 'your', 'we', 'us' and 'our' mean

You and your:
The **policyholder**.

We, us and our:
Friends Life Limited.

1.3 General definitions we use in this document

Various expressions used in this document are in **bold**, the meanings for these are shown below.

Confirmation schedule

This is a document we sent to each person who answered our questions when your **policy** was applied for, showing the answers which that person gave us.

Effective date

The date we show in your **policy schedule** from which **premiums** are payable. It may be before the **risk date**. We also use it to calculate when **policy years** begin and the **policy term** ends.

Expiry date

This is the latest date on which your **policy** can end. We work this out by adding the **policy term** to the **effective date**.

Full-time employment

This is where a **life assured** is in an occupation where they receive taxable earned income and in which they are actively engaged and normally work 16 or more hours a week on a regular basis.

Life assured

This is a person we show in your **policy schedule** whose life is covered by your **policy**.

Maximum sum assured

This is the maximum cash sum, we show in your **policy schedule**, that we would pay on a decreasing cover **policy**.

Policy

The legal contract detailed in your **policy schedule** and these **policy conditions**.

Policy conditions

The general terms and conditions set out in this document.

Policyholder

This is the owner or owners of this **policy**. The Policyholder at the outset is the Applicant(s) shown in your **policy schedule** or trustees if your **policy** is written under trust.

Policy schedule

The document that makes the **policy conditions** personal to you and sets out the cover we provide, what it costs and how long it lasts.

Policy term

The number of years from the **effective date** until the **expiry date**.

Policy year

A year starting on the **effective date** or its anniversary.

Premium

The amount we show in your **policy schedule** that you must pay to us throughout the **policy term**.

Renewal dates

The dates we show in your **policy schedule** on which you must pay us the **premium**.

Risk date

The date we show in your **policy schedule** when your cover and benefits actually start.

Salisbury office

AA Life Insurance
PO Box 1550
Salisbury
SP1 2TW

Sum assured

The cash sum we show in your **policy schedule** and we pay:

- on the death of a **life assured** after the **risk date** and before the **expiry date**; or
- on the diagnosis of a **life assured** having a terminal illness after the **risk date** and at least 18 months before the **expiry date**;

subject to the **policy** terms and conditions.

2 Start and end of cover

2.1 Start of cover

2.1.1 Cover under your **policy** starts on the **risk date**.

2.2 End of cover

2.2.1 Life cover and waiver of premium benefit end on the **expiry date**. Terminal illness benefit ends 18 months before the **expiry date**.

2.2.2 Cover will end earlier as follows:

- all cover ends immediately after a **life assured** dies;
- all cover ends immediately after we agree to pay a claim for terminal illness benefit;
- all cover ends if you do not pay a **premium** (Condition 3.2.1);
- all cover ends if you stop your **policy** (Condition 10);
- all cover ends if we exercise our right to cancel your **policy** (Condition 12);
- all cover ends if we cancel your **policy** due to a mis-stated age (Condition 13.6.2).

3 Premiums

3.1 Payment of premiums

3.1.1 **Premiums** are payable as shown in your **policy schedule**. A **premium** must be paid on the **effective date** and on each **renewal date** after that. All **premiums** are payable throughout the **policy term** by direct debit.

3.2 Non-payment of premiums

3.2.1 If any **premium** stays unpaid 30 days after its due date the cover and benefits under your **policy** will end without payment.

3.2.2 If the cover ends for this reason, you can apply to us within the following 12 months to restart the cover. We will need satisfactory evidence of the **life assured's** state of health and any other factors affecting the insurance risk. We will write to tell you if we can restart cover. If we decide to offer the cover on different terms to those we originally offered, which may include an increase in **premiums**, we will need to receive your signed acceptance of those terms before we restart the cover.

To restart the cover, you must also pay all unpaid **premiums**.

4 Life cover

This benefit pays out a cash sum on the death of a **life assured** subject to the **policy** terms and conditions.

4.1 Definition which applies to this cover

This definition applies for the purposes of Condition 4.

4.1.1 If we name two **lives assured** in your **policy schedule** then **life assured** means the first of them to die.

4.2 Benefit

4.2.1 Life cover is payable if the **life assured** dies:

- after the **risk date**; and
- on or before the **expiry date**;

as long as:

- the requirements of Conditions 4.5 and 11 are met;
- we are not entitled to cancel your **policy** under Condition 12;
- we are not entitled to cancel your **policy** under Condition 13.6.2; and
- your **policy** has not ended for any other reason.

4.3 Level cover

4.3.1 If we show 'AA Level Term Life Insurance' in your **policy schedule**, the amount of life cover is the **sum assured**.

4.4 Decreasing cover

4.4.1 If we show 'AA Decreasing Term Life Insurance' in your **policy schedule**, the amount of life cover is the **sum assured**, as defined in Condition 4.4.2.

4.4.2 The **sum assured** is, subject to the requirements of Condition 4.4.3:

- the remaining balance of the loan covered at the time of death; or
- the **maximum sum assured**, if lower.

4.4.3 The requirements are that:

- the amount of the loan covered shown in your **policy schedule** has not increased;
- the term of the loan covered has not increased;
- you have made all payments due on the loan covered; and
- the loan covered stays on a 'capital and interest' repayment method.

4.4.4 Where the requirements of Condition 4.4.3 are not met, we describe how we work out the **sum assured** in Condition 14.

4.5 Claims and notifications

4.5.1 Evidence of a claim that we need may include:

- an original death certificate;
- a post mortem/coroner's report;
- a police report into the circumstances of the death where appropriate;
- medical report(s) from the deceased's doctor(s);
- the deceased's medical records.

4.6 Termination of policy

4.6.1 If we pay the **sum assured** your **policy** will end and no other benefit will be payable.

5 Terminal illness benefit

This benefit pays out a cash sum if a **life assured** is diagnosed with a terminal illness subject to the **policy** terms and conditions.

5.1 Definitions which apply to this benefit

These definitions apply for the purposes of Condition 5.

- 5.1.1 If we name two **lives assured** in your **policy schedule** then **life assured** means the first of them to be diagnosed as contracting or suffering from a terminal illness.
- 5.1.2 Terminal illness means an advanced or rapidly progressing incurable illness where an attending medical Consultant and our Chief Medical Officer believe the **life assured's** life expectancy to be no greater than 12 months.

5.2 Benefit

- 5.2.1 Terminal illness benefit is payable if the **life assured** is first diagnosed with or is suffering from a terminal illness:
- after the **risk date**; and
 - at least 18 months before the **expiry date**;
- as long as:
- the requirements of Conditions 5.3 and 11 are met;
 - we are not entitled to cancel your **policy** under Condition 12;
 - we are not entitled to cancel your **policy** under Condition 13.6.2; and
 - your **policy** has not ended for any other reason.
- 5.2.2 The amount of terminal illness benefit will be the **sum assured** payable if the **life assured** had died on the date we receive evidence satisfactory to us of the diagnosis of a terminal illness.

5.3 Claims and notifications

- 5.3.1 We will send you a claim form. We will only pay the benefit if and when we are satisfied that the claim is valid.
- 5.3.2 Evidence of a claim that we need may include:
- sight of the **life assured's** medical records;
 - an examination of the **life assured** by a medical examiner we name;
 - reports from the **life assured's** medical practitioners; and
 - any other medical tests or investigations of the **life assured** our Chief Medical Officer considers appropriate.

5.4 Termination of policy

- 5.4.1 If we pay the **sum assured** your **policy** will end and no other benefit will be payable.

6 Waiver of premium benefit

This benefit applies only if your **policy schedule** says your **policy** includes it.

This benefit waives your payment of **premiums** during a period when a **life assured** has been incapacitated for more than six months subject to the **policy** terms and conditions.

6.1 Definitions which apply to this benefit

These definitions apply for the purposes of Condition 6.

6.1.1 If we name two **lives assured** in your **policy schedule** then **life assured** means:

- if we state in your **policy schedule** that this benefit applies to only one of them, that person; or
- if we state in your **policy schedule** that this benefit applies to both of them, whichever of them is incapacitated.

6.1.2 If after the **risk date** and before the **expiry date** the **life assured** becomes incapacitated before their 65th birthday and while in **full-time employment**, your **policy schedule** states whether the definition of incapacitated will be as defined in Condition 6.1.4 or Condition 6.1.5.

If after the **risk date** and before the **expiry date** the **life assured** becomes incapacitated before their 65th birthday and while not in **full-time employment**, the definition in Condition 6.1.5 will always apply.

If before the **expiry date** the **life assured** becomes or stays incapacitated after their 65th birthday, the definition in Condition 6.1.6 will always apply.

6.1.3 Qualifying period means a six-month period beginning on the date the **life assured** becomes incapacitated. If we have been waiving **premiums** but stop doing so and within the next three months the **life assured** again becomes incapacitated from the same cause, we will not apply the six-month qualifying period.

6.1.4 The following definition of incapacitated applies up to the **life assured's** 65th birthday if both:

- your **policy schedule** says it applies; and
- the **life assured** becomes incapacitated, after the **risk date** and before the **expiry date**, while in **full-time employment**.

The **life assured** is incapacitated if they are:

- totally unable because of illness or injury, other than a deliberately self-inflicted injury, to carry out the main and substantial duties of each and every one of the occupations they were engaged in at the start of incapacity; and
- not engaged in an occupation, whether paid or unpaid.

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 the **life assured** is able to perform the duties of their occupation, we look at the standard duties for the **life assured's** occupation type rather than the particular duties for their own specific job. Availability of work is not a factor in deciding whether the **life assured** is able to perform their occupation.

6.1.5 The following definition of incapacitated applies up to the **life assured's** 65th birthday if:

- your **policy schedule** says it applies; or
- the **life assured** becomes incapacitated, after the **risk date** and before the **expiry date**, while not in **full-time employment**.

The **life assured** is incapacitated if they are:

- normally and routinely unable because of illness or injury, other than a deliberately self-inflicted injury, to perform two or more of the following five tests without the help of another person, but with the use of appropriate assistive or corrective aids or appliances:
 - 1 Walking
Able to walk 200 metres on the flat without having to stop or suffering severe discomfort
 - 2 Bending
Able to get into or out of a standard saloon car and able to bend or kneel to pick up something from the floor and straighten up
 - 3 Communicating
Able to answer the telephone and take a message
 - 4 Reading
Having the eyesight required to be able to read a daily newspaper
 - 5 Writing
Having the physical ability to write legibly using a pen or pencil

OR

- unable because of illness or injury, other than a deliberately self-inflicted injury, to conduct an independent basic existence, which means being confined to the home or hospital or being unable to cook, do light housework and dress themselves;

OR

- shown to be suffering a psychotic or well-defined mental illness which is medically uncontrollable despite treatment by a Consultant Psychiatrist.

6.1.6 The following definition of incapacitated always applies if the **life assured** becomes or stays incapacitated after their 65th birthday.

The **life assured** is incapacitated if they are, because of illness or injury, other than a deliberately self-inflicted injury, normally and routinely unable to perform, three or more of the following six tests without the help of another person:

- 1 Transferring
The ability to move from a bed to an upright chair or wheelchair or from an upright chair or wheelchair to a bed, or to get on or off a toilet or commode
- 2 Continence
The ability to manage bowel and bladder functions to maintain an acceptable standard of personal hygiene
- 3 Dressing
The ability to put on or take off, secure and unfasten all necessary clothing and, as appropriate, any braces, artificial limbs or other surgical appliances
- 4 Mobility
The ability to move indoors from one room to another on a level surface in their normal place of residence
- 5 Feeding
The ability to feed themselves once prepared food is available
- 6 Washing
The ability to wash in the bath or shower (including getting into or out of the bath or shower) to maintain an acceptable standard of personal hygiene

6.2 Benefit

- 6.2.1 If the **life assured** becomes incapacitated because of illness or injury, other than a deliberately self-inflicted injury, we will waive the payment of any **premium** that becomes due after the qualifying period as long as:
- the requirements of Conditions 6.3 and 11 are met;
 - none of the exclusions in Condition 6.4 apply;
 - we are not entitled to cancel your **policy** under Condition 12;
 - we are not entitled to cancel your **policy** under Condition 13.6.2; and
 - your **policy** has not ended for any other reason.
- 6.2.2 We will continue to waive payment until whichever of the following happens first:
- the **life assured** is no longer incapacitated; or
 - your **policy** or your right to benefit ends for whatever reason.

6.3 Claims and notifications

- 6.3.1 You must tell us within one month of the start of the incapacity. If you do not, we will treat incapacity, and the qualifying period, as having started no earlier than one month before we receive your notification and we will apply the definition of incapacitated taking into account the **life assured's** employment status at that time. We may use an earlier date if we are satisfied the nature of the incapacity prevented you from telling us. This would be subject to us receiving satisfactory proof of the start date of the **life assured's** incapacity.
- 6.3.2 We will send you a claim form. You must complete and return this to us within one month of its date of issue. There will be no right to benefit for any period more than one month before we receive the completed claim form. We will only pay the benefit if and when we are satisfied that the claim is valid.
- 6.3.3 You must continue to pay your **premiums** until we tell you that we admit liability for the claim and in any event until the end of the qualifying period.

- 6.3.4 As often as we decide, we will ask for evidence to support your claim. Payment of your claim is dependent on this evidence being produced. Evidence of a claim that we need may include:
- evidence through examination of the **life assured** by a medical examiner we name, that the **life assured** continues to be incapacitated;
 - any other medical tests or investigations of the **life assured** our Chief Medical Officer considers appropriate;
 - evidence the **life assured** is attending an appropriate medical practitioner and is receiving medical treatment in accordance with NHS Best Practice;
 - evidence from a blood test or other recognised process that the **life assured** is not carrying the Human Immunodeficiency Virus or antibodies to such a virus;
 - evidence of employment and the duties of the **life assured's** employment; and
 - the **life assured's** medical records.
- 6.3.5 Pregnancy is not an illness. We will therefore not consider any claim that arises solely from the normal effects of pregnancy.
- 6.3.6 The **life assured** must tell us in writing immediately if:
- their doctor stops issuing them with medical certificates stating that they are unable to work;
 - State benefits, credits or allowances being paid because of incapacity are stopped for any reason; or
 - they return to paid or unpaid work or engage in rehabilitation or attend a work training programme.
- 6.3.7 If we find out at any time that, in connection with a claim under this benefit, you or the **life assured** make an untrue statement or deliberately misrepresent or omit to disclose a material fact then we will have the right to:
- reject any pending claim;
 - not waive any more **premiums**; and
 - remove waiver of premium benefit from your **policy**.

A material fact is anything that is likely to influence our assessment of a claim including:

- the cause, nature, scope and degree of any incapacity;
- any medical investigation or treatment that is recommended or received in connection with the incapacity;
- the duties of the **life assured's** occupation;
- the **life assured's** performance of any work, whether paid or unpaid, during the claim; and
- any other insurance claim, personal injury claim or compensation claim arising from the incapacity.

6.4 Exclusions

6.4.1 War

We will not pay this benefit if a claim, or the continuation of a claim, is directly or indirectly due to any form of war, whether declared or not.

6.4.2 HIV/AIDS

We will not pay this benefit if a claim, or the continuation of a claim, is directly or indirectly due to the **life assured** carrying Human Immunodeficiency Virus or antibodies to such a virus.

HIV and AIDS will have the following definitions:

HIV: Human Immunodeficiency Virus

This is a viral infection caused by the Human Immunodeficiency Virus that gradually destroys the immune system.

AIDS: Acquired Immune Deficiency Syndrome

This is the most serious stage of HIV infection characterised by symptoms of severe immune deficiency.

Exception 1

The HIV/AIDS exclusion does not apply if the **life assured** contracted the HIV infection from a blood transfusion as long as we are satisfied such blood transfusion was:

- received in the United Kingdom; and
- given as part of medical treatment;

after the **risk date**.

Exception 2

The HIV/AIDS exclusion does not apply if the **life assured** is:

- a member of the emergency services;
- a member of the medical or dental professions;
- a prison officer;
- a pharmacist;
- a laboratory assistant; or
- an employee in a medical facility;

and produces evidence satisfactory to us that:

- they contracted the HIV infection accidentally while carrying out the normal duties of their occupation while in the United Kingdom; and
- they contracted the HIV infection after the **risk date**; and
- the incident from which they contracted the HIV infection was reported, investigated and documented according to normal procedures for the **life assured's** occupation; and
- a test showing no HIV or antibodies to such a virus was made within five days of the incident; and
- a positive HIV test happened within 12 months of the reported incident.

Exception 3

The HIV/AIDS exclusion does not apply if the HIV infection results directly from a physical assault involving involuntary contact with either a hypodermic needle or an infected sharp instrument or sexual assault (without consent) and the **life assured** produces evidence satisfactory to us that:

- the incident happened in the United Kingdom after the **risk date** and was reported to the police within five days; and
- a test showing no HIV or antibodies to such a virus was made within five days of the incident; and
- a positive HIV test happened within 12 months of the reported incident.

These exceptions to the HIV exclusion do not apply where HIV infection results from any other means including sexual activity or drug abuse.

7 Special events option

This option applies only if your **policy schedule** says your **policy** includes it.

This option allows you to take out a new policy on the happening of certain special events subject to the **policy** terms and conditions.

7.1 The special events

The following are the special events for the purposes of Condition 7.

- 7.1.1 The marriage of the only **life assured** or of joint **lives assured** to each other.
- 7.1.2 The registration of a civil partnership recognised under the Civil Partnership Act 2004 between joint **lives assured** or between the only **life assured** and another person.
- 7.1.3 The birth of a child (or children if a multiple birth) to a **life assured**.
- 7.1.4 The legal adoption of a minor or minors by a **life assured**.
- 7.1.5 A **life assured**, who is not self-employed, a company director, business partner or owner of a company, is promoted or changes career and their earnings increase by at least 10%.

7.2 The option

- 7.2.1 When the option is available you may start a new policy without having to provide us with any further evidence of insurability. The new policy will be issued on the terms set out in Condition 7.3.
- 7.2.2 This option is available whenever one of the special events happens as long as:
 - the **life assured** (the older **life assured** if two) is under age 55 when the special event happens;
 - this option has not already been used more than once during the three year period ending on the date of the special event;
 - all **premiums** due under this **policy** up to the date of the special event have been paid; and
 - Conditions 7.2.3 and 7.2.4 do not apply.
- 7.2.3 This option is not available at any time when a **life assured** to whom waiver of premium benefit applies is incapacitated, as defined in Condition 6.1, or claims to be incapacitated.
- 7.2.4 This option is not available at any time after a **life assured** has suffered the first symptoms of a terminal illness as defined in Condition 5.1.

- 7.2.5 To use this option you must complete an application. We must receive the completed application, and you must start the new policy, within 30 days of the special event happening.

7.3 Terms of new policies

- 7.3.1 The sum assured under a new policy cannot exceed whichever is the lowest of:
 - £50,000;
 - 50% of the **sum assured** under this **policy** current at the time you use this option; or
 - three times the **sum assured** under this **policy** current at the time you use this option, less the total sum assured under all other policies started using this option.
- 7.3.2 Where this option is being used for the special event defined in Condition 7.1.5, the sum assured under the new policy cannot, subject to Condition 7.3.1, exceed five times the amount of the increase in the **life assured's** taxable earned income. We will only take account of such increases that have occurred since the **effective date** or, if later, the most recent date on which you started a policy using this option.
- 7.3.3 Premiums and benefits under a new policy will be payable in the same way as under this **policy**.
- 7.3.4 The **life assured** (the **lives assured** if two) under the new policy must be the same as under this **policy**.
- 7.3.5 Except where we say otherwise in Condition 7.3, the new policy will be subject to our standard terms and conditions that apply at the time it starts and that are appropriate to the age of the **life assured** at that time. The standard terms and conditions, which may include a minimum sum assured, premium and period for which cover will last, will be available on request.
- 7.3.6 The new policy must end not later than the first to happen of:
 - the **life assured's** (the older **life assured's** if two) 85th birthday; or
 - the 40th anniversary of the **risk date**.
- 7.3.7 The term of a new policy must be at least five years.
- 7.3.8 The new policy will contain all benefits as under this **policy** except it will not contain:
 - the special events option;
 - the mortgage increase and extension option.
- 7.3.9 The new policy will include any special terms or conditions that apply to this **policy**.

8 Mortgage increase and extension option

This option applies only if your **policy schedule** says your **policy** includes it.

This option allows you to take out a new policy or extend this **policy** if you increase or extend your mortgage subject to the **policy** terms and conditions.

8.1 The option

8.1.1 This option allows you, without having to give us any further evidence of insurability, to:

- extend the term of this **policy**; or
- take out a new policy on the life of the **life assured**;

on the terms set out in Condition 8.2.

8.1.2 This option is only available if:

- all the conditions in Condition 8.1.3 are met; and
- Conditions 8.1.4 and 8.1.5 do not apply.

8.1.3 The conditions that must be met for the option to be available are:

- the **life assured** (the older **life assured** if two) must be under age 55 when you use this option;
- this **policy** must have been kept going for the full **sum assured** up to that time;
- the increased or extended cover must be required for a new, increased or extended mortgage that you are taking out and which has been agreed with a recognised institutional lender; and
- the new, increased or extended mortgage must be to buy a new main residence for the **life assured** or to improve the existing main residence of the **life assured**.

8.1.4 This option is not available at any time when a **life assured** to whom waiver of premium benefit applies is incapacitated, as defined in Condition 6.1, or claims to be incapacitated.

8.1.5 This option is not available at any time after a **life assured** has suffered the first symptoms of a terminal illness as defined in Condition 5.1.

8.1.6 To use this option, you must:

- make a request to us no later than 30 days after the new, increased or extended mortgage starts;
- complete an application; and
- provide us with satisfactory evidence (including sight of mortgage agreements) that the conditions in Condition 8.1.3 are met.

8.2 Terms of new or extended policies

8.2.1 The sum assured under a new policy cannot exceed whichever is the lowest of:

- £150,000;
- the amount of the mortgage at the start of the new policy; or
- twice the **sum assured** under this **policy** current at the time you use this option;

less, in each case, the total of the sums assured under this **policy** and all other policies taken up using this option and continuing after the start of the new policy.

8.2.2 If the **policy schedule** for this **policy** shows a **maximum sum assured**, we will use that figure when calculating the highest sum assured allowable under the new policy under Condition 8.2.1.

8.2.3 Premiums and benefits under the new policy will be payable in the same way as under this **policy**.

8.2.4 Except where we say otherwise in Condition 8.2, the new policy will be subject to our standard terms and conditions that apply at the time it starts and that are appropriate to the age of the **life assured** at that time. The standard terms and conditions, which may include a minimum sum assured, premium and period for which cover will last, will be available on request.

8.2.5 The new or extended policy must end not later than the first to happen of:

- the end of the new mortgage term;
- the **life assured's** (the older **life assured's** if two) 85th birthday; or
- the 40th anniversary of the **risk date**.

- 8.2.6 The term of a new policy must be at least five years if cover is level or ten years if cover is decreasing.
- The remaining term of this **policy** after extension must be at least five years.
- 8.2.7 The new policy will contain all benefits as under this **policy** except it will not contain:
- the special events option;
 - the mortgage increase and extension option.
- 8.2.8 The new policy will include any special terms or conditions that apply to this **policy**.
- 8.2.9 If the new policy is to replace this **policy** it will not start before the date you cancel this **policy**.

9 Separation, divorce or dissolution option

This option applies only if your **policy schedule** says your **policy** includes it.

This option allows cover under a joint life **policy** to be replaced with cover on a single **life assured** basis on the happening of certain events subject to the **policy** terms and conditions.

9.1 Definitions which apply to this option

These definitions apply for the purposes of Condition 9.

- 9.1.1 Separation means the **lives assured** have been separated for at least 12 months.
- 9.1.2 Divorce means the **lives assured** marriage has legally ended and a decree absolute has been granted.
- 9.1.3 Dissolution means the **lives assured** civil partnership has legally ended and a final dissolution order has been granted.

9.2 The option

- 9.2.1 This option allows each **life assured**, without having to give us any further evidence of insurability, to replace cover on a single **life assured** basis on the terms set out in Condition 9.3, if the **lives assured** separate, divorce or dissolve their civil partnership.

- 9.2.2 This option is only available if:
- all the conditions in Condition 9.2.3 are met; and
 - Condition 9.2.4 does not apply.
- 9.2.3 The conditions that must be met for the option to be available are:
- each **life assured** must be under age 55 when you use this option;
 - this **policy** must have been kept going for the full **sum assured** up to that time; and
 - if this **policy** covered a mortgage, any replacement policy must be used as cover for the new mortgage or re-arranged mortgage.
- 9.2.4 This option is not available at any time after a **life assured** has suffered the first symptoms of a terminal illness as defined in Condition 5.1.
- 9.2.5 To use this option you must:
- make a request to us no later than 30 days of either:
 - the date on which the decree absolute or final dissolution order is granted; or
 - the date of a statutory declaration that confirms the **lives assured** have been separated for at least 12 months;
 - complete an application; and
 - provide us with any evidence that we request to confirm that the conditions set out in Condition 9.2 have been met.

9.3 Terms of replacement policies

- 9.3.1 The sum assured under a replacement policy cannot exceed whichever the lowest is of:
- the **sum assured** under this policy current at the time you use this option;
 - if this **policy** covered a mortgage, the amount of the new mortgage or re-arranged mortgage at the start of the replacement policy; or
 - £500,000 less the total of the **sums assured** under all other policies taken up using this option.
- 9.3.2 If the **policy schedule** for this **policy** shows a **maximum sum assured**, we will use that figure when calculating the highest sum assured allowable under a replacement policy under Condition 9.3.1.

- 9.3.3 Premiums and benefits under a replacement policy will be payable in the same way as under this **policy**.
- 9.3.4 Except where we say otherwise in Condition 9.3, a replacement policy will be subject to our standard terms and conditions that apply at the time it starts and that are appropriate to the age of the **life assured** at that time. The standard terms and conditions, which may include a minimum sum assured, premium and period for which cover will last, will be available on request.
- 9.3.5 A replacement policy must end not later than the **expiry date** under this **policy**.
- 9.3.6 The term of a replacement policy must be at least five years if cover is level or ten years if cover is decreasing.
- 9.3.7 A replacement policy will contain all benefits as under this **policy**.
- 9.3.8 A replacement policy will include any special terms or conditions that apply to this **policy**.
- 9.3.9 A replacement policy will not start before the date you cancel this **policy**.

10 If you stop your policy

- 10.1 You (or any one **policyholder** if two or more) can tell us to stop your **policy** at any time. If you do, no further **premiums** will be payable and all cover will stop. You may find:
 - you are unable to get new cover to replace any cover that has stopped; or
 - any new cover costs more or is subject to exclusions.
- 10.2 Your **policy** will not have any cash value.

11 Payment of claims

- 11.1 We do not have to make any payments or waive the payment of any **premium** until we receive your **policy schedule** and such proof as we decide that:
 - the event resulting in the claim has happened;
 - the person claiming payment has a right to it; and
 - the stated date of birth of the **life assured** is correct;
 together with sight of the **life assured's** medical records where appropriate and such further evidence and information, if any, as we decide is appropriate.

- 11.2 We will pay a claim on the signed instructions of:
 - a sole **policyholder**;
 - both joint **policyholders** or the survivor of them;
 - the **policyholder's** legal personal representatives; or
 - any person to whom any of the above may have legally assigned your **policy**.
- 11.3 Any money we pay will be in pounds sterling from the Paying Office we state in your **policy schedule**.

12 Our right to cancel your policy

12.1 Information provided to us

- 12.1.1 We have the right to cancel your **policy** if we find out at any time that information given by, or on behalf of, a **policyholder** or a **life assured** is not true, not accurate or not complete.
- 12.1.2 The information referred to in Condition 12.1.1 means:
 - all information given to us at our request, or at the request of a doctor or nurse acting on our behalf, up to the **risk date**; and
 - all information given to us correcting or adding to the information shown on a **confirmation schedule**;
 that affects our decision to provide cover or the terms of that cover.
- 12.1.3 We have the right to cancel your **policy** under Condition 12.1 even if the information is not connected to the cause of a claim or a benefit claimed.

12.2 Changes before the risk date

- 12.2.1 We also have the right to cancel your **policy** if we find out at any time that a **policyholder** or a **life assured** failed to tell us of any changes in the health or circumstances of a **life assured** that:
 - happened before the **risk date**;
 - would have led to any of the information referred to in Condition 12.1.2 being different if given on the **risk date**; and
 - would have affected our decision to provide cover or the terms of that cover.

- 12.2.2 The changes referred to in Condition 12.2.1 include a **life assured**:
- having or expecting to have doctor, hospital or clinic consultation, treatment as an in-patient or out-patient or a blood test for any reason;
 - having a symptom of any type that they have been asked about in the application;
 - taking up any hazardous sport or pastime, or intending to do so;
 - working or travelling abroad, or intending to do so; or
 - changing country of residence, or intending to do so;

and changes in:

- their family history; or
 - their occupation or the duties of that occupation.
- 12.2.3 We have the right to cancel your **policy** under Condition 12.2 even if the information or change is not connected to the cause of a claim or a benefit claimed.

12.3 Information given when applying to restart your policy

- 12.3.1 We also have the right to cancel your **policy** if we restart your **policy** under Condition 3.2.2 and later find out that:
- any statement made to us for that purpose by, or on behalf of, a **policyholder** or a **life assured** was not true, not accurate or not complete;
 - the answer to a question in any letter or questionnaire we sent to a **policyholder**, a **life assured** or any person acting for you or them was not true, not accurate or not complete; or
 - the answer to a question asked by any doctor or nurse acting on our behalf was not true, not accurate or not complete;

where the statement or answer would have affected our decision to restart cover or the terms of that cover.

- 12.3.2 We have the right to cancel your **policy** under Condition 12.3 even if the information is not connected to the cause of a claim or a benefit claimed.

12.4 Information given when making a life cover or terminal illness benefit claim

- 12.4.1 If, in connection with a claim under life cover or terminal illness benefit, a **policyholder** or a **life assured**:
- makes an untrue statement about a material fact;
 - deliberately omits to disclose a material fact; or
 - provides false or falsified evidence of a material fact;
- then we will reject any pending claim and your **policy** will be cancelled.
- 12.4.2 A material fact is anything that is likely to influence our assessment of a claim including:
- the cause and circumstances of death;
 - the cause, nature, scope and degree of the illness; and
 - the treatment received or recommended for any illness.

12.5 Termination of policy

- 12.5.1 If we have the right to cancel your **policy** under Condition 12 then no benefit is payable.

13 General

13.1 Assignments

- 13.1.1 You should send any notices of assignment to our **Salisbury office**.

13.2 Changed circumstances

- 13.2.1 We may change the terms of your **policy** to reflect any changes in taxation, insurance or other law affecting our obligations under it.

13.3 Delay in payment

- 13.3.1 If we pay a claim because of death, we will calculate interest for the period from the date of death to the date of payment.
- 13.3.2 If we pay a terminal illness benefit claim, we will calculate interest for the period from the date we receive evidence that satisfies us the claim is valid to the date of payment. We will refund **premiums** paid after the date we receive evidence that satisfies us the claim is valid.
- 13.3.3 The amount of interest will depend on the interest rates we are using at the time. We will not pay interest if it is below our minimum. Details of our current interest rate and minimum payment will be available on request.
- 13.3.4 If we pay interest, we will take off income tax as law requires.

13.4 Events or circumstances beyond our control

- 13.4.1 We will not be liable to pay you, or any other person, any compensation for loss caused by events or circumstances beyond our control. This includes loss caused by any delay in carrying out our obligations caused by restrictions imposed on us by law or regulation.

13.5 Policies written under trust

- 13.5.1 If you place your **policy** under trust, we need all trustees to agree in writing before taking up any option or other right under your **policy**.

13.6 Proof of age

- 13.6.1 Before paying any claim we must receive proof the date of birth of the **life assured** given in the application is correct.
- 13.6.2 If we find a **life assured** was born earlier than the date of birth given, we will adjust the benefits under your **policy** to those we would have offered had we known their correct age from the start. If we would not have offered terms, we will cancel your **policy** from outset and refund any **premiums** paid without interest.
- 13.6.3 If we find a **life assured** was born later than the date of birth given, we will calculate what the **premium** would have been had we known the correct age at the start of your **policy**. We will then refund any overpayment with interest. The amount of interest will depend on the interest rates we are using at the time. We will not pay interest if it is below our minimum. Details of our current interest rate and minimum payment will be available on request. If we pay interest, we will take off income tax as law requires.

13.7 Rights of other parties

- 13.7.1 We and the **policyholder** are the parties to this contract.
- 13.7.2 Except where we say otherwise in your **policy**, we do not intend anyone else to have direct or indirect contractual rights under it.

13.8 Sending instructions to us

- 13.8.1 You should send any instructions, notifications or requests to our **Salisbury office**. They should be in writing, in English and include any documents, information or agreements we may need.

13.9 The law that applies to your policy

- 13.9.1 We show the law that applies to your **policy** in your **policy schedule**.

14 Decreasing cover

This table is used to calculate the **sum assured** payable under a decreasing cover **policy** where the requirements of Condition 4.4.3 have not been met.

14.1 If we show 'AA Decreasing Term Life Insurance' in your **policy schedule**, and the requirements of Condition 4.4.3 are not met, the **sum assured** is calculated from the table below.

Year of assurance	10 years	11 years	12 years	13 years	14 years	15 years	16 years	17 years	18 years	19 years	20 years	21 years	22 years	23 years	24 years
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
1	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
2	9,310	9,399	9,473	9,535	9,587	9,632	9,670	9,704	9,733	9,759	9,781	9,802	9,820	9,836	9,850
3	8,564	8,750	8,904	9,032	9,141	9,234	9,314	9,384	9,445	9,498	9,545	9,587	9,625	9,658	9,688
4	7,759	8,050	8,289	8,490	8,659	8,804	8,929	9,038	9,133	9,217	9,291	9,356	9,415	9,467	9,514
5	6,889	7,293	7,626	7,904	8,139	8,340	8,514	8,665	8,797	8,913	9,015	9,106	9,187	9,260	9,325
6	5,950	6,476	6,909	7,271	7,577	7,839	8,065	8,262	8,433	8,585	8,718	8,837	8,942	9,037	9,121
7	4,936	5,593	6,134	6,587	6,970	7,298	7,581	7,826	8,041	8,230	8,397	8,545	8,677	8,795	8,901
8	3,841	4,640	5,298	5,849	6,315	6,714	7,058	7,356	7,617	7,847	8,050	8,230	8,391	8,535	8,664
9	2,658	3,610	4,395	5,052	5,607	6,083	6,492	6,848	7,160	7,434	7,676	7,891	8,082	8,253	8,407
10	1,380	2,498	3,420	4,191	4,843	5,401	5,882	6,300	6,666	6,987	7,271	7,523	7,748	7,949	8,130
11		1,297	2,366	3,261	4,018	4,665	5,223	5,708	6,132	6,505	6,834	7,127	7,388	7,621	7,830
12			1,229	2,256	3,126	3,870	4,511	5,068	5,555	5,984	6,363	6,699	6,998	7,266	7,507
13				1,171	2,163	3,011	3,742	4,377	4,933	5,421	5,853	6,236	6,578	6,884	7,158
14					1,123	2,083	2,912	3,631	4,260	4,814	5,303	5,737	6,124	6,470	6,780
15						1,082	2,015	2,825	3,534	4,158	4,709	5,198	5,634	6,023	6,373
16							1,046	1,955	2,750	3,449	4,067	4,615	5,104	5,541	5,933
17								1,015	1,903	2,683	3,373	3,986	4,532	5,020	5,458
18									988	1,857	2,625	3,307	3,914	4,457	4,945
19										964	1,816	2,573	3,247	3,850	4,391
20											943	1,780	2,526	3,194	3,792
21												924	1,748	2,485	3,146
22													908	1,719	2,448
23														893	1,694
24															879
25															
26															
27															
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14.2 The table shows the **sum assured** that applies in the first month of each **policy year** under a decreasing cover **policy** with an initial **maximum sum assured** of £10,000. The **sum assured** reduces each month.

For a **policy** with an initial **maximum sum assured** more or less than £10,000, we will increase or reduce each **sum assured** in the table proportionately.

14.3 We calculate the **sum assured** in later months of each **policy year** in the same way as those we show in this table. A table showing the **sum assured** for every month in every **policy year** is available on request.

25 years	26 years	27 years	28 years	29 years	30 years	31 years	32 years	33 years	34 years	35 years	36 years	37 years	38 years	39 years	40 years
£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
9,863	9,875	9,886	9,895	9,904	9,912	9,919	9,925	9,931	9,937	9,942	9,947	9,951	9,955	9,958	9,961
9,715	9,740	9,762	9,782	9,800	9,816	9,831	9,845	9,857	9,869	9,879	9,889	9,898	9,906	9,913	9,920
9,556	9,594	9,628	9,659	9,688	9,713	9,737	9,758	9,778	9,795	9,812	9,826	9,840	9,853	9,864	9,875
9,384	9,436	9,484	9,527	9,567	9,602	9,635	9,664	9,691	9,716	9,738	9,759	9,778	9,795	9,811	9,826
9,198	9,266	9,328	9,385	9,436	9,482	9,524	9,563	9,598	9,630	9,660	9,686	9,711	9,734	9,754	9,774
8,997	9,082	9,160	9,231	9,294	9,352	9,405	9,453	9,497	9,538	9,574	9,608	9,639	9,667	9,693	9,717
8,779	8,884	8,979	9,064	9,142	9,212	9,277	9,335	9,389	9,437	9,482	9,523	9,561	9,595	9,627	9,656
8,545	8,670	8,782	8,884	8,977	9,061	9,138	9,207	9,271	9,329	9,383	9,432	9,476	9,517	9,555	9,589
8,292	8,438	8,570	8,690	8,799	8,898	8,988	9,070	9,144	9,213	9,275	9,333	9,385	9,433	9,477	9,518
8,018	8,188	8,342	8,481	8,607	8,721	8,826	8,921	9,007	9,087	9,159	9,226	9,287	9,342	9,394	9,441
7,723	7,918	8,094	8,254	8,399	8,531	8,651	8,760	8,860	8,951	9,034	9,110	9,180	9,244	9,303	9,357
7,404	7,627	7,827	8,010	8,175	8,325	8,461	8,586	8,700	8,804	8,899	8,986	9,065	9,139	9,206	9,267
7,060	7,312	7,539	7,745	7,932	8,103	8,257	8,398	8,527	8,645	8,753	8,851	8,941	9,024	9,100	9,170
6,688	6,971	7,228	7,460	7,671	7,862	8,037	8,196	8,341	8,473	8,595	8,706	8,808	8,901	8,987	9,065
6,286	6,604	6,892	7,152	7,388	7,603	7,799	7,977	8,140	8,288	8,424	8,549	8,663	8,768	8,864	8,952
5,852	6,207	6,528	6,819	7,083	7,323	7,542	7,741	7,922	8,088	8,240	8,379	8,507	8,624	8,731	8,829
5,383	5,779	6,136	6,460	6,754	7,021	7,264	7,485	7,688	7,872	8,041	8,196	8,338	8,468	8,588	8,697
4,877	5,316	5,713	6,072	6,398	6,694	6,964	7,210	7,434	7,639	7,827	7,998	8,156	8,300	8,433	8,554
4,331	4,816	5,255	5,653	6,013	6,341	6,640	6,912	7,160	7,387	7,595	7,785	7,959	8,119	8,265	8,400
3,740	4,276	4,761	5,200	5,598	5,960	6,290	6,590	6,865	7,115	7,344	7,554	7,746	7,923	8,085	8,234
3,103	3,694	4,228	4,711	5,150	5,549	5,912	6,243	6,545	6,821	7,074	7,305	7,517	7,711	7,890	8,054
2,414	3,064	3,651	4,183	4,666	5,105	5,504	5,868	6,200	6,504	6,782	7,036	7,269	7,483	7,679	7,859
1,671	2,384	3,029	3,613	4,143	4,625	5,063	5,463	5,828	6,161	6,466	6,745	7,001	7,236	7,452	7,649
867	1,650	2,357	2,997	3,578	4,106	4,587	5,025	5,426	5,791	6,125	6,432	6,712	6,970	7,206	7,423
	857	1,631	2,332	2,968	3,547	4,073	4,553	4,991	5,391	5,757	6,093	6,400	6,682	6,940	7,178
		847	1,614	2,310	2,942	3,518	4,043	4,522	4,960	5,360	5,727	6,063	6,371	6,654	6,914
			838	1,598	2,289	2,918	3,492	4,015	4,493	4,931	5,331	5,698	6,035	6,344	6,628
				830	1,584	2,271	2,896	3,468	3,990	4,467	4,904	5,305	5,673	6,010	6,320
					822	1,571	2,254	2,877	3,446	3,967	4,443	4,880	5,281	5,649	5,987
						816	1,559	2,238	2,859	3,426	3,945	4,421	4,858	5,259	5,627
							810	1,549	2,224	2,842	3,408	3,926	4,401	4,838	5,239
								804	1,539	2,211	2,827	3,391	3,908	4,383	4,819
									799	1,530	2,199	2,813	3,375	3,892	4,366
										794	1,522	2,189	2,800	3,361	3,877
											790	1,514	2,179	2,788	3,348
												786	1,508	2,170	2,778
													783	1,501	2,161
														779	1,495
															776

AA Life Insurance is provided by Friends Life Limited which is authorised and regulated by the Financial Services Authority

Friends Life Limited

Registered Office: Pixham End, Dorking, Surrey RH4 1QA

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