

# Key facts of AA Life Insurance with Critical Illness Cover

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

Provided by Friends Life Limited



AA Life Insurance with Critical Illness Cover is provided by Friends Life Limited. 'We', 'us' and 'our' in this document mean Friends Life Limited.

## Contents

	<b>Page</b>
<b>1</b> Helping you decide	3
<b>2</b> Its aims	3
<b>3</b> Your commitment	3
<b>4</b> Risks	3
<b>5</b> Questions and answers	4-7
<b>6</b> Other information	8-9

## Helping you decide

- This document gives you a summary of information to help you decide if you want to go ahead with AA Life Insurance with Critical Illness Cover.
- You should also read and keep safe your personal illustration which shows what the cover may cost.
- We've provided factual information only and no form of financial advice has been given. It is your responsibility to ensure that the product meets your needs, that you understand what the policy covers and, importantly, what is not covered. If you need financial advice and want to find an independent financial adviser in your area, go to [www.unbiased.co.uk](http://www.unbiased.co.uk)

## Its aims

- To pay a cash sum if, during the cover term, you die, are diagnosed with a terminal illness or a critical illness that meets our policy definition. If we pay the cash sum, the plan will end.
- To allow you to alter the cover level as your protection needs change.

## Your commitment

- To answer all questions truthfully, accurately and completely to the best of your knowledge when applying for your plan and when making a claim.
- To tell us if there is a change to your health, family history, occupation, occupational duties, working or travelling abroad, country of residence, or you take up any hazardous pastime. Your commitment to tell us continues until the date the cover you're applying for starts.

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

- To follow the instructions in the confirmation schedule we send you. This shows the answers you gave to our questions when you applied for your plan.

If this commitment isn't met we may not provide the cover.

- To pay monthly premiums throughout the cover term.

- If you opt for reviewable premiums, you may need to increase your premiums in the future to keep your chosen cover level going throughout the cover term.
- To tell us:
  - within one month of disablement for a permanent and total disability claim or of incapacity for a waiver of premium claim
  - within three months of diagnosis for a critical illness and disability claim.
- To allow us access to your medical records to assess your application and consider a claim.

## Risks

- If you stop your premiums the plan will stop and you'll get nothing back.
- We may not pay a claim in some cases. **Please see 'What will stop the plan paying out?' on page 6.**
- If you opt for reviewable premiums, we guarantee your premium amounts for the first five years only. After this we'll review your premiums every five years. If the predicted cost of providing benefits is higher than expected, you'll either need to increase your premiums to keep your chosen cover level going throughout the cover term, or reduce your cover and keep your premiums the same. If the predicted cost of providing benefits is lower than expected, your cover will stay the same but your premiums will go down.

When predicting the cost of providing benefits, we'll consider various issues. For example, we'll consider past and predicted future claims experience across the life assurance industry as well as developments in medical treatments and diagnostic techniques.
- Inflation will reduce the spending power of any money you get back in the future.
- If you don't review your cover in the future, you may not have enough to meet your needs when a claim is made. You should make sure you review your cover regularly.

## Questions and answers

### What is AA Life Insurance with Critical Illness Cover?

- It's a plan that pays a cash sum if, during the cover term, you die, are diagnosed with a terminal illness or a critical illness that meets our policy definition. If we pay the cash sum, the plan will end.
- You choose how much cover you need, whether you want level cover or decreasing cover and how long you want it to last.
- Level cover can be for any number of years from 5 to 40, as long as you're aged under 76 at the end. The cash sum stays the same throughout the cover term.
- Decreasing cover can be for any number of years from 10 to 40, as long as you're aged under 76 at the end. The cover term is normally the same as the remaining term of your mortgage. The cash sum reduces over the cover term, normally in line with the outstanding amount of your mortgage.
- You can set it up on your life so we pay the cash sum if, during the cover term, you die, are diagnosed with a terminal illness at least 18 months before the end of the cover term, or are diagnosed with a critical illness that meets our policy definition.
- You can set it up on two lives so we pay the cash sum on the first death, the first diagnosis of a terminal illness, or the first diagnosis of a critical illness during the cover term, whichever happens first.
- You must be aged 18 or over and permanently resident in the UK to take out the plan.
- The plan will never have a cash-in value.

### How flexible is it?

- The plan is flexible enough to meet your changing needs and allows you:
  - to increase or reduce the cover level
  - to increase or reduce the cover term.
- Increases may be subject to your health, family history, occupation and pastimes at the time. Any changes are also subject to the terms and conditions at that time.
- If you increase or reduce your cover level or cover term your premiums are likely to change.

### Mortgage increase and extension option

- If you're under age 50 and in good health we'll include this option.
- It allows you, subject to certain limits, to take out

extra cover without further evidence of health, family history, occupation or pastimes if you increase your mortgage, either to move house or pay for home improvements.

- Or you can extend the cover term, subject to certain limits, without further evidence of health, family history, occupation or pastimes to cover the new term of your mortgage.
- You can exercise this option during the cover term up to your 55th birthday.
- If you increase your cover or extend the term your premiums will increase.

### Special events option

- If you're under age 50 and in good health, we'll include this option in level cover versions but not decreasing cover versions.
- It allows you, subject to certain limits, to take out extra cover without further evidence of health, family history, occupation or pastimes on your marriage, registration of a civil partnership, on the birth of your child, your legal adoption of a child or if you are promoted or change career and your earnings increase by at least 10%.
- You can exercise this option during the cover term up to your 55th birthday.
- If you increase your cover your premiums will increase.

### Separation, divorce or dissolution option

- If the plan is set up on two lives, you're under age 50 and in good health we'll include this option.
- It allows each of you, subject to certain limits, to take out replacement cover on your life without further evidence of health, family history, occupation or pastimes if you separate, divorce or dissolve a civil partnership.
- You can exercise this option during the cover term up to your 55th birthday.
- If you exercise this option your premiums may increase.

### When does the plan pay out?

- If you die, are diagnosed with a terminal illness expected to cause death within 12 months of diagnosis, or are diagnosed with a critical illness that meets our policy definition during the cover term, the plan will end and we'll pay the cash sum.
- The diagnosis of a terminal illness must take place at least 18 months before the end of the cover term.

## Which critical illnesses are covered?

- We only cover the critical illnesses we describe below and no others. The critical illness descriptions are only a guide to what is covered and the full definitions of the illnesses covered and the circumstances in which you can claim are given in the policy. These typically use medical terms to describe the illness and in some cases the cover may be limited. For example:
  - we do not cover some types of cancer
  - for some illnesses, you need to have permanent symptoms.
- We strongly recommend that you see our Critical Illness and Disability Benefit Simplified Guide to help you understand the extent of cover provided.
- The critical illnesses we cover are:
  - Alzheimer’s disease - resulting in permanent symptoms
  - Aorta graft surgery - for disease or traumatic injury
  - Aplastic anaemia - with permanent bone marrow failure
  - Bacterial meningitis - resulting in permanent symptoms
  - Benign brain tumour - resulting in permanent symptoms or surgical removal via craniotomy
  - Blindness - permanent and irreversible
  - Cancer - excluding less advanced cases
  - Cardiomyopathy - of specified severity
  - Coma - resulting in permanent symptoms
  - Coronary artery by-pass grafts
  - Creutzfeldt-Jacob disease - resulting in permanent symptoms
  - Deafness - permanent and irreversible
  - Dementia - resulting in permanent symptoms
  - Encephalitis - resulting in permanent symptoms
  - Heart attack - of specified severity
  - Heart valve replacement or repair
  - HIV infection - caught in the UK from a blood transfusion, a physical assault or at work in an eligible occupation<sup>†</sup>
  - Kidney failure - requiring dialysis
  - Liver failure - resulting from advanced liver disease
  - Loss of hands or feet - permanent physical severance
  - Loss of speech - permanent and irreversible
  - Major organ transplant
  - Motor neurone disease - resulting in permanent symptoms
  - Multiple sclerosis - with persisting symptoms
  - Open heart surgery - with surgery to divide the breastbone

- Paralysis of limbs - total and irreversible
- Parkinson’s disease - resulting in permanent symptoms
- Permanent and total disability before age 60 or 65\*, depending on employment status and occupation - permanent and irreversible
- Primary pulmonary hypertension - of specified severity
- Progressive supra nuclear palsy - resulting in permanent symptoms
- Respiratory failure - from advanced lung disease
- Stroke - resulting in permanent symptoms
- Systemic lupus erythematosus - with severe complications
- Third degree burns - covering 20% of the body’s surface area
- Traumatic head injury - resulting in permanent symptoms

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

<sup>†</sup>The eligible occupations for HIV caught at work are:

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

\* We don’t cover this condition for the children’s critical illness and disability benefit described below.

## Children’s critical illness and disability benefit

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

## Mastectomy cover

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

## What other benefits can I choose?

### Waiver of premium benefit

- If you're aged under 55, in good health and not in a high risk occupation, you can include waiver of premium benefit from the start for an extra charge.
- We'll then keep your premiums going for you if illness or injury, other than a deliberately self-inflicted injury, stops you from working for more than six months. If you're not in full-time employment, we'll look at your ability to do certain basic tasks instead. We'll carry on your premiums for you until you recover, if necessary to the end of the cover term. For cover terms beyond age 65, we'll only keep premiums going beyond this age if you can't do certain very basic tasks. **Please see section 9 of the policy conditions for more details.**
- For plans set up on two lives you can choose to include this benefit on either or both lives.

### Life cover buy back option

- If you're under age 55 and in good health, you can include the life cover buy back option from the start for an extra charge.
- It allows you, subject to certain limits, to take out replacement life cover after you have made a successful critical illness claim, except where a claim is for children's critical illness and disability benefit or mastectomy cover. **Please see section 10 of the policy conditions for more details.**
- You can exercise this option during the cover term up to your 70th birthday.

## What will stop the plan paying out?

- We may not pay a claim if you do not answer all questions truthfully, accurately and completely to the best of your knowledge when applying for your plan and when making a claim.
- We may not pay a claim if you do not tell us of a change to your:
  - health or family history
  - occupation, occupational duties or working abroad

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

**Please see sections 6 and 14 of the policy conditions for more details.**

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

**Please see sections 7 and 14 of the policy conditions for more details.**

- We won't pay out if the cause of a claim is one we exclude by applying special terms to your plan when we accept your application. We will show any special terms in the schedule we issue with your plan documents.
- We won't pay a waiver of premium claim if it is due in any way to HIV/AIDS or war. **Please see section 14 of the policy conditions for more details.**

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

## What will my premiums be?

- Your illustration will show the premiums you need to pay for your chosen amount of cover.
- Your premiums will depend on:
  - how much cover you need
  - how long you want it to last
  - your age, gender and whether you smoke or use nicotine products
  - any extra benefits you choose.
- You pay monthly by direct debit.

## Can my premiums change in the future?

- If you opt for reviewable premiums, we guarantee your premium amounts for the first five years only. After this we'll review your premiums every five years.
- If the predicted cost of providing benefits is higher than expected, you'll either need to:
  - increase your premiums to keep your chosen cover level going throughout the cover term, or
  - reduce your cover and keep your premiums the same.Please note there is no upper limit on what your premiums may need to increase to.
- If the predicted cost of providing benefits is lower than expected, your cover will stay the same but your premiums will go down.
- We'll give you 30 days notice before making any changes. **Please see section 3.2 of the policy conditions for more details.**
- If you include waiver of premium benefit and we pay a waiver of premium benefit claim, it will cover any increases in premium following a review.

## What are the charges?

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

## What if I stop paying?

- If you miss a premium we'll keep your plan going for 30 days. If you don't pay it within this time we'll stop your plan and your cover will end.
- You won't get back any money.

## What about tax?

- Under current tax rules, you're not liable to income tax or capital gains tax on your plan unless you sell it to someone else.
- If you die and your plan is not written in trust, the amount we pay out will form part of your estate for inheritance tax purposes. Once you've started your plan, you may wish to seek advice about placing it under trust to help in inheritance tax planning.
- Tax rules may change.

## Can I change my mind?

- You have a right to change your mind. If you decide you don't want the plan, let us know in writing within 30 days of the start of the plan and we'll give you your money back.
- The easiest way to cancel is to complete the cancellation form we send you and return it to us. Or you can write to us at **AA Life Insurance, PO Box 1550, Salisbury SP1 2TW**. Please remember to include your full name and address and state that you wish to cancel your AA Life Insurance with Critical Illness Cover plan.
- If you don't cancel within 30 days, your plan will continue as set out in these key facts and the terms and conditions.

## Other information

### How to contact us

- If you have any questions, you can:



Call us on **0845 602 9199** at the following times:

Lines are open weekdays from 8.30am to 6.00pm

We may record and monitor calls. Calls may be charged and these charges will vary. Please speak to your network provider for further information on call charges.



Fax us on **0845 600 0624**



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



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

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

### How to make a claim

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

## How to complain

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

**Financial Ombudsman Service,  
South Quay Plaza, 183 Marsh Wall,  
London E14 9SR**

**Telephone 0800 023 4567 or 0300 123 9123**

**Email: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)**

**Website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)**

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

## Terms and conditions

- These key facts set out the main points about AA Life Insurance with Critical Illness Cover. They don't include all the definitions, exclusions, terms and conditions.
- We recommend you read the plan terms and conditions online. These terms and conditions will apply if you go ahead. When we set up your plan, we'll send you a copy of the plan terms and conditions and a schedule that sets out information about the plan individual to you.
- We have the right to change some of the terms and conditions. We'll write and explain if this happens.
- This leaflet complies with the ABI (Association of British Insurers) statement of best practice for critical illness cover. The ABI Guide to Critical Illness gives general information about critical illness cover. If you would like a copy, please let us know or write to:

**ABI, 51 Gresham Street, London EC2V 7HQ**



## Law

- The law of England will apply unless your plan documents show otherwise.

## Language

- Our plan documents and terms and conditions are in English and all our other communications with you will be in English.

## Compensation

- We are covered by the Financial Services Compensation Scheme (FSCS). If we cannot meet our obligations you may be entitled to compensation under the scheme. For this type of plan, the scheme covers 90% of the claim. For further information see [www.fscs.org.uk](http://www.fscs.org.uk) or telephone **020 7892 7300**.
- Please note that FSCS's first responsibility is to seek continuity of cover rather than to pay compensation.

## About Friends Life

- AA Life Insurance is provided by Friends Life Limited, which is entered on the FSA Register, number 196142.

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

Incorporated company limited by shares and registered in England and Wales number 4096141