



Alterations to your Policy Terms from 1 October 2011

As a mutual organisation, National Friendly is committed to providing quality products for our membership. Regulated by the Financial Services Authority, we apply the principles of Treating Customers Fairly to everything we do.

As a result of an ongoing process reviewing all of our terms and conditions, we have updated the wording in the 'Your Policy Explained' document around how and when we might change the terms of your contract with us. In line with our principles of treating customers fairly, the circumstances under which we can change the terms and conditions of your policy are now clearly and fairly defined, as are your options following any such change.

The new wording for the 'Alterations to Policy Terms' section of your policy takes effect from 1 October 2011 and can be found in the enclosed booklet.

We will always write to you and let you know of any changes as soon as we can – and if you tell us within 30 days that you do not agree to the changes we will cancel your policy.

What's covered and how to claim from 1 October 2011

The Healthcare Deposit Account has now been running for more than five years. During that time we have learned much about treatment types and claim types and we have further developed the 'Your Policy Explained' booklet to ensure all our policyholders have a clear understanding of what is and isn't covered.

In line with the 'Alterations to Policy Terms' above, we have enclosed a single page explanation of these changes which will take effect from Saturday 1 October. This will ensure all of our policyholders have the same understanding when making a claim.

Also enclosed is an important booklet which explains your revised policy terms in detail, including our improved claims process and greater clarification around what is and what isn't covered by your policy from 1 October. Please file these documents carefully with your policy documents, as they'll form part of the Terms and Conditions of your policy.

National Friendly, 4-5 Worcester Road, Clifton, Bristol BS8 3JL
0808 168 7775 (8am-6pm weekdays) Email: enquiries@nationalfriendly.co.uk www.nationalfriendly.co.uk

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Further increases in own share

Following the previous notification with your January statement, own shares increased from 14 March 2011. This change was necessary due to claims across the scheme being significantly higher than expected.

One of the features of our Healthcare Deposit Account is that it remains in force for the lifetime of the policyholder, as long as we continue receiving premiums. This means that we need to set aside money for claims many years into the future for each policy. Six months on, the claims experience has remained high and is resulting in a large reduction in our capital – meaning that we need to set aside more money than we'd originally anticipated for future claims.

In accordance with the current terms of your policy, it is likely therefore that we will need to make further increases to your own share in the future. When this happens we will write to you beforehand giving you at least 60 days' notice. Please note that, in doing so, we will always meet the majority share of any qualifying claim.

What else has changed on my account?

To reflect the current claims experience of the Healthcare Deposit Account, we feel it is a fairer indication to members that we update the wording on Loyalty Rewards to make it clearer when the Loyalty Reward is payable. The revised wording can be found in the enclosed booklet.

Next steps

This letter provides advance notice of our proposed changes to your policy terms and we can confirm that your premium and method of payment are not affected by these changes:

- **If you are happy to accept these changes** please file these documents carefully with your policy booklet, as they form part of the Terms and Conditions of your policy from 1 October 2011.
- **If you do not agree to these changes** please tell us before 1 October and we will cancel your policy.

If you have any questions or you'd like to make any changes to your policy please call our Customer Services team on **0808 168 3287** (8am-6pm weekdays). If you're unsure whether our Healthcare Deposit Account still meets your needs and you'd like independent financial advice please speak to your usual adviser or call 425 Direct* on 0845 077 7077 (9am-6pm weekdays).

Yours sincerely



Alun Thomas, Head of Operations

* 425 Direct is part of the National Friendly group and provides independent financial advice on products from the whole market.