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1) Definitions and Interpretation

1.1 In these Terms of Business our definitions of the following expressions / terms are as follows:

"ADR Notice" has the meaning set out in clause 21;

"Appointed Representative" means a person appointed as an appointed representative of the Intermediary within the meaning of section 39 FSMA;

"Authorised" means authorised by or under FSMA and / or other appropriate legislation in other jurisdictions to conduct regulated activities;

"Business Day" means any day other than Saturday or Sunday or a public or bank holiday in England and Wales;

"CEDR" has the meaning set out in clause 21;

"Client" means a client or prospective client of the Intermediary;

"Client Complaint" means a written or oral communication, either directly from a Client who has purchased a Product of the Society following an introduction made by the Intermediary pursuant to these Terms of Business or such a Client's representative or indirectly from the Financial Ombudsman Service, the FSA or other regulatory body to which such a Client or its representative has written, expressing a grievance relating to a Product;

"Commission" means the commission payable by the Society to the Intermediary pursuant to clause 5 and Schedule 2 of these Terms of Business;

"Commission Clawback" has the meaning set out in clause 5.6;

"Confidential Information" means all information which relates to the operations, plans, know-how, trade secrets, business affairs, personnel, customers or suppliers of the Society or the Intermediary or their respective Group Undertakings;

"Contract" means a contract entered between a Client and the Society in respect of a Product or Products;

"DPA" means the Data Protection Act 1998;

"FSA" means the Financial Services Authority (or any successor or replacement financial services industry regulatory body) and any other applicable regulator;

"FSA Rules" means the rules, guidance and principles of the FSA, as amended or replaced from time to time;

"FSMA" means the Financial Services and Markets Act 2000, as amended, re-enacted or replaced from time to time;

"Group Undertaking" shall have the meaning given to it by section 1161 of the Companies Act 2006, as amended or replaced from time to time;

"Indemnity Commission" means Commission which is payable in a single lump sum as set out in Schedule 2 and subject to the provisions of clause 5;

"Intermediary" means the intermediary (whether a company, partnership or sole trader) named on the Intermediary Application Form and to whom these Terms of Business apply;

"Intermediary Application Form" means the application form prescribed by the Society pursuant to which an Intermediary may apply to make introductions to the Society in respect of the Products;

"Money Laundering Requirements" means all applicable law, regulation and guidance relating to the identification and prevention of money laundering, including, without limitation, the Money Laundering Regulations 2007, the Proceeds of Crime Act 2002 and the Terrorism Act 2000, as amended or substituted from time to time;

"Non-Indemnity Commission" means Commission which is payable in monthly instalments as set out in Schedule 2 and subject to the provisions of clause 5;

"Product Literature" means the written materials (including without limitation, key features documents (within the meaning of the FSA Rules), illustrations, application forms, policy documents and terms and conditions and any and all marketing materials) prepared by the Society which are to be made available to the Intermediary pursuant to these Terms of Business;

"Products" means the products specified in Schedule 1 or as agreed in writing from time to time between the parties;

"Proportional Amount" means a proportion of the Indemnity Commission paid to the Intermediary in respect of a Contract calculated in accordance with Schedule 2 of these Terms of Business;

"Regulatory Authority" means any governmental or regulatory authority which has responsibility for regulating either party and any of their respective products or services, including, without limitation, the FSA;

"Society" means the British Friendly Society Limited, incorporated under the Friendly Societies Act 1992 with registered number 392F; and

" Monthly Premium" has the meaning set out in Schedule 2.

Any reference to a statute, regulation or rule shall include reference to any such statute, regulation or rule as amended, re-enacted or replaced from time to time. Any reference to gender includes each other gender as appropriate.

2) Commencement and Scope

- 2.1 These Terms of Business set out the terms and conditions upon which the Intermediary will introduce Clients to the Society and upon which the Society will accept introductions from the Intermediary. The Society will only accept introductions from the Intermediary based on these terms.
- 2.2 The Society reserves the right at its discretion:
- to decline to enter into these Terms of Business with the Intermediary; and
 - not to enter into a Contract with any Client introduced by the Intermediary.
- 2.3 Subject to clauses 2.1 and 2.2 above, these Terms of Business will take effect and will be deemed accepted when the Society receives a signed copy of the Intermediary Application Form.
- 2.4 The Intermediary will act on behalf of the Client in dealing with the Society in relation to a Client's application for a Product but shall not in this or any other respect act as a Client's agent in respect of dealings under these Terms of Business.
- 2.5 For the avoidance of doubt, nothing in these Terms of Business is intended to prevent either party from entering into similar arrangements with other persons.

3) Authorisation and Compliance

- 3.1 The Intermediary warrants to the Society that it has all authorisations, permissions, approvals, registrations and consents required to carry out any activities conducted pursuant to these Terms of Business (each a **"Regulatory Approval"**) and that its Appointed Representatives (if any) have been appointed under a contract with the Intermediary in compliance with section 39(1) of FSMA.
- 3.2 The Society will only accept introductions from an Intermediary who has the appropriate Regulatory Approvals. The Intermediary will notify the Society immediately in the event that any of the warranties set out in clause 3.1 above cease to be true and accurate.

- 3.3 The Intermediary hereby undertakes to notify the Society immediately of any material change to any of the information provided to the Society by the Intermediary as set out in the Intermediary Application Form.
- 3.4 The Intermediary will maintain and keep up to date such records, books and accounts in connection with the performance of its obligations under these Terms of Business as would be maintained by a prudent intermediary including, without limitation, such information as may be required by any Regulatory Authority (the **"Service Records"**).
- 3.5 The Intermediary will produce to the Society, on request, such Service Records as the Society may reasonably require in order to assess whether the Intermediary is complying with its obligations under these Terms of Business, provided that nothing in this clause shall require the Intermediary to disclose information which it is not permitted to disclose, or is prohibited from disclosing, under any applicable law or regulation or duty of confidentiality to another person.

4) Duties of the Intermediary

- 4.1 The Intermediary will ensure that it will perform its obligations under these Terms of Business in accordance with all applicable laws and regulations, including without limitation FSMA and the FSA Rules. Without prejudice to the generality of the foregoing, the Intermediary shall ensure that:
- it will not invite or advise a Client to purchase a Product unless and until it has provided to the Client all disclosures, warnings and other information required by the FSA Rules; and
 - in offering the Products to Clients it complies with all applicable Money Laundering Requirements to which it is subject.
- 4.2 The Intermediary has no authority whatsoever to bind or to act or hold itself out as the agent or representative of the Society. In particular, the Intermediary is not authorised by the Society to collect money on its behalf unless agreed in writing with the Society.

5) Commission

- 5.1 Subject to the provisions of this clause 5, the Society will pay Commission to the Intermediary in respect of all Contracts concluded by the Society following an introduction by the Intermediary at the rates and subject to the terms set out in Schedule 2 to these Terms of Business (as amended by the Society from time to time) except where the Intermediary has confirmed to the Society that the Intermediary does not require Commission to be paid.
- 5.2 Subject to clause 5.4 below, in the event that:
- a Client exercises a statutory or other right of cancellation in relation to a Contract;
 - the Society cancels a Contract in accordance with terms and conditions of the Contract; or
 - a Client registers a Client Complaint which relates to the Intermediary's advisory services and / or the sale of Products under these Terms of Business, and which results in a refund to the Client in respect of the Contract.
- No further Commission will be payable to the Intermediary for that Contract and the Intermediary will repay to the Society a Proportional Amount of any Indemnity Commission (including VAT where applicable) which has already been paid to the Intermediary in respect of the sale of that Contract.
- 5.3 Subject to clause 5.4 below, in the event that a Client reduces the premiums payable in relation to a Contract (a "Premium Reduction"):
- in the case of Non-Indemnity Commission, from the date of the Premium Reduction, the amount of Commission payable to the Intermediary for that Contract will reduce in proportion to the amount of the Premium Reduction; or
 - in the case of Indemnity Commission, the Intermediary will repay to the Society a Proportional Amount of the Indemnity Commission (including VAT where applicable) which has already been paid to the Intermediary in respect of that Contract.
- 5.4 Clauses 5.2 and 5.3 will apply for a fixed period, as specified in Schedule 2.
- 5.5 In the event that the Society reasonably determines that Commission is or was not properly payable to the Intermediary in respect of a Contract in accordance with these Terms of Business (including Schedule 2), no further Commission will be payable to the Intermediary for that Contract and the Intermediary will repay to the Society the full amount of Commission (including VAT where applicable) which has already been paid to the Intermediary in respect of the sale of that Contract.
- 5.6 Where Commission is repayable by the Intermediary in accordance with clauses 5.2, 5.3 or 5.5 (a "**Commission Clawback**"), the Society will notify the Intermediary in writing and such Commission (including VAT where applicable) will be repaid by the Intermediary within one month of the date of such notification.
- The Society will be entitled to charge interest on any Commission which remains unpaid after a period of two months from the date of such notification. Such interest will accrue on a daily basis at a rate of 3% per annum above the base rate from time to time of Barclays Bank plc on the amount due from the expiry of one month following the date of such notification until the actual date of payment.
- 5.7 The Society may report to the FSA any information relating to Commission Clawback as required by the FSA Rules, including, without limitation, the identity of the Intermediary and any amount owed to the Society by the Intermediary pursuant to clause 5.6 above.
- 5.8 The Society may set off the payment of Commission due to the Intermediary against any amount due from the Intermediary to the Society. If the Intermediary holds more than one account with the Society, the Society reserves the right to set off one account against another for monies due to the Society.
- 5.9 In the event that the Intermediary appoints an agent or Appointed Representative, Commission will be paid to the Intermediary alone and the Intermediary alone will be liable for any Commission Clawback. It is agreed that the Society will have no direct contractual relationship with such agent or Appointed Representative (save where an Appointed Representative has entered into these Terms of Business with the Society).
- 5.10 Without prejudice to the generality of clause 4.1, the Intermediary shall comply with all applicable regulatory and legislative requirements relating to the payment and receipt of Commission pursuant to these Terms of Business and, in particular, with those FSA Rules regarding commission disclosure.
- 5.11 Where Commission is payable in relation to a Product and the Society has reasonable cause to believe that such Commission is not payable to the Intermediary but to another intermediary, or a dispute otherwise arises between the Intermediary and another intermediary in respect of any Commission, the Society shall in its sole discretion determine which intermediary it should recognise as the Client's adviser in respect of the relevant Contract at the time when Commission became payable and pay the Commission to that intermediary.
- 5.12 All Commissions are stated as exclusive of any applicable VAT, sales tax or similar taxes.
- 5.13 The Society will declare the amount of Commission payable to the Intermediary in respect of each Contract in accordance with the FSA Rules. The Society's statement of Commission (which may be contained in writing, on disk, in direct online communication, or any other method of communication agreed between the Society and the Intermediary) shall be the conclusive record of Commission due to the Intermediary, save in the case of manifest error or omission.

6) Documentation

- 6.1 The Society will be responsible for ensuring that the Product Literature complies at all times with the FSA Rules and accurately reflects the terms of the Products.
- 6.2 Where an amendment is made to any Product Literature or other document which is supplied to the Intermediary for use in connection with these Terms of Business, the Society will, where practicable, give reasonable advance notice to the Intermediary of the proposed amendments by posting such notice on the Society's website. The Intermediary will, from the date on which the amendments are to take effect, cease to use all materials superseded by the amendment.
- 6.3 The Intermediary shall pass on to the Client without delay and without amendment any document supplied by the Society for the benefit of, or completion by, the Client.
- 6.4 The Intermediary will not:
- (a) issue any circular, advertisement, leaflet or other promotional material or document relating to the Society or the Society's business, or containing any trade marks belonging to the Society, unless the documents have been supplied by or approved in writing by the Society;
 - (b) alter, or omit to transmit, any information, supplied by the Society for onward transmission to the Client, or supplied by the Client for transmission to the Society; or
 - (c) except as otherwise provided hereunder make any written or oral statements or representations which could in any way bind the Society.
- 6.5 The Society reserves the right to communicate directly with the Client, whether pursuant to the requirements of the FSA Rules, applicable law, the terms of the Products or otherwise.

7) Products

- 7.1 The Society may, in its absolute discretion, determine that it no longer wishes to make available a particular Product. If the Society so determines, where practicable to do so it shall provide the Intermediary with reasonable advance notice of that decision before withdrawing the Product by posting such notice on the Society's website. The Intermediary acknowledges that it may be necessary to withdraw a Product without notice where required by a Regulatory Authority, the FSA Rules or applicable law and regulation.

- 7.2 Subject to any provision to the contrary in these Terms of Business, the Society shall retain the right to amend the specification and other aspects of the Products as it sees fit. If the Society decides to amend a Product in accordance with this clause 7.2, where practicable to do so it shall provide the Intermediary with reasonable advance notice of that decision before such amendment takes effect by posting such notice on the Society's website. The Intermediary acknowledges that it may be necessary to amend a Product without notice where required by a Regulatory Authority, the FSA Rules or applicable law and regulation.

8) Money Laundering Requirements

- 8.1 The Intermediary will be responsible for obtaining, recording and preserving evidence of the identity of all Clients introduced to the Society by the Intermediary, in accordance with the Money Laundering Requirements and with any requirements of the Society as notified to the Intermediary.
- 8.2 Upon submission of an application form to the Society on behalf of a Client, the Intermediary will complete and send to the Society an 'Identity Verification Certificate' and supporting evidence (where appropriate) in respect of that Client and any applicable third parties. The Identity Verification Certificate will be in a format approved by the Joint Money Laundering Steering Group from time to time or in such other format as the Society may reasonably require.
- 8.3 The Intermediary will supply to the Society such supporting evidence in respect of the identity of the Client and any relevant third party or the source of their funds, as the Society may consider appropriate having regard to the Society's obligations under the Money Laundering Requirements, the FSA Rules and all other applicable law and regulation.

9) Confidentiality

- 9.1 Except as provided in clause 9.3, each party to these Terms of Business shall:
- (a) only use the Confidential Information disclosed to it by the other party for the purposes of these Terms of Business; and
 - (b) not disclose to any third party any Confidential Information disclosed to it by the other party.
- 9.2 Except as provided in clause 9.3, each party to these Terms of Business shall observe strict confidentiality as to information concerning the existence or contents of these Terms of Business.
- 9.3 Clauses 9.1 and 9.2 shall not apply:
- (a) if the disclosing party consents in writing to the use or disclosure;
 - (b) in the case of clause 9.2, to communications between the parties and their respective professional advisers to the extent it is reasonably necessary for them to have access to the relevant information;
 - (c) to disclosures required to be made by any party by law to any fiscal or regulatory authority or in accordance with the requirements of these Terms of Business provided that the receiving party shall have given prior notice of this requirement to the disclosing party so as to assist the disclosing party to defend, limit or protect against such disclosure if it reasonably wishes to do so; and
 - (d) to information which has come into the public domain otherwise than by reason of the default of the relevant party or its advisers.
- 9.4 Any agreement between the Society and the Intermediary with respect to confidentiality existing at the date of these Terms of Business shall be superseded by these Terms of Business.

10) Data Protection

- 10.1 In this Clause, "personal data" and "processing" shall have the meanings given to them under the DPA.
- 10.2 The Intermediary warrants that it has obtained all relevant consents under the DPA in order to provide the Society with personal data and that (where relevant) it has drawn the Client's attention to the Society's data protection and privacy policies in relation to the collection and data processing of personal data from time to time.
- 10.3 Each party shall:
- (a) comply at all times with their obligations under the DPA and any other legislation relating to the protection of personal data including the data protection principles set out in the DPA, having appropriate regard to the related guidelines and guidance notes issued from time to time by the Information Commissioner (and any successor) and all other relevant authorities; and
 - (b) without limiting the generality of Clause 10.3(a), maintain all necessary registrations under the DPA.

- 10.4 To the extent that one party processes personal data on behalf of the other, the processing party shall:
- (a) implement and maintain appropriate technical and security measures against unauthorised or unlawful processing of the personal data and against accidental loss or destruction of, or damage to, the personal data;
 - (b) not transfer the personal data to a country or territory outside the EEA (other than a country or territory which has been determined by the European Commission under article 25(6) of Directive 95 / 46 / EC to provide adequate protection for personal data) without the other party's consent;
 - (c) having regard to the state of technological development and the cost of implementing the measures, ensure the measures referred to in Clause 10.4(a) provide a level of security appropriate to the harm that may result from breach of such measures and the nature of the data to be protected; and
 - (d) take reasonable steps to ensure the reliability of any of its employees who have access to the personal data.
- 10.5 The Intermediary will act on instructions from the Society when processing personal data (as defined by the DPA) on behalf of the Society.
- 10.6 The Intermediary agrees that the Society will hold information relating to the Intermediary, its employees and consultants and its Appointed Representatives, their employees and consultants (including personal data under the DPA). In addition, in accordance with the Society's data protection and privacy policies in relation to the collection and processing of personal data from time to time, the Intermediary agrees that the Society may use and share any such data received:
- (a) with other financial institutions or third parties in the course of business and for purposes connected with the Products, preparing strategic or other marketing plans or conducting market research; or
 - (b) with any appropriate regulatory authorities, industry registers or databases, including credit reference agencies.

11) Security and Electronic Mail

- 11.1 The Society may accept e-mail or other electronic communications from or with the Intermediary upon such terms and subject to such additional or separate conditions as the Society may consider appropriate or desirable from time to time. This is subject to the strict understanding on the part of the Intermediary that the Society shall not be held responsible in the event that such communications are not, in whole or in part, received by it or are delayed for whatever reason.
- 11.2 In accessing any information or systems made available to the Intermediary by the Society from time to time, the Intermediary undertakes and warrants that:
- (a) if accessed via the Society's website at www.britishfriendly.com, the Intermediary will comply with the website terms and conditions and privacy policy set out in Schedule 3;
 - (b) the Intermediary is authorised, registered and holds the necessary consents from Clients to have such access and to process the information made available by the Society;
 - (c) the Intermediary has taken steps to ensure that the information will not be disclosed to anyone who is not authorised to receive the information; and
 - (d) the provisions of clause 10.

12) Termination

- 12.1 These Terms of Business may be terminated by either party on giving not less than 28 days' written notice to the other party.
- 12.2 Either party shall be entitled to terminate these Terms of Business with immediate effect by written notice to the other if:
- (a) the other party commits any continuing or a material breach of any of the provisions of these Terms of Business, save that if the breach is capable of remedy the party not in breach shall give written notice to the other party setting out the particulars of the breach and requesting the other party to remedy the same within 30 days, and if the party in breach fails to remedy the breach to the satisfaction of the party not in breach within such period the party not in breach shall be entitled to terminate these Terms of Business immediately by written notice to the other party; or
 - (b) any of the following events occurs to the other party:

- (i) it is unable to pay its debts as and when they fall due or shall go into liquidation (other than for the purposes of effecting a financial restructuring or amalgamation) whether compulsorily or voluntarily, or compounds with or convenes a meeting of its creditors or becomes subject to a voluntary arrangement under Part I of the Insolvency Act 1986, or has an administrator, a receiver or administrative receiver appointed over all or any part of its assets, or takes or suffers any similar action in consequence of debt, or in the event that a petition is presented for an administration order in respect of such other party ceases for any reason to carry on business; or
- (ii) it ceases to carry on business as a going concern or ceases to be in a position to fulfil these Terms of Business; or
- (iii) it ceases to be Authorised; or
- (iv) it suspends or ceases, or threatens to suspend or cease, its operations or business where such action in the opinion of the other party is likely to materially affect the ability of the first party to perform its obligations under these Terms of Business; or
- (v) it engages in any act or wilful misconduct which in the reasonable opinion of the other party causes or is likely to cause material damage to the reputation or regulatory standing of that other party.

- 12.3 In the event of the termination of these Terms of Business for any reason each party shall:
- (a) hand over to the other party without charge or undue delay:
 - (i) all property belonging to the other party; and
 - (ii) copies of any records or information which each party has kept pursuant to these Terms of Business which the other party reasonably requests; and
 - (b) co-operate with the other party to ensure any advertisements, investment advertisements, publicity material and unused stationery which contains the other party's name are destroyed.
- 12.4 Where these Terms of Business are terminated by the Society under clause 12.2, the Society reserves the right to cease paying Commission to the Intermediary on Contracts held by Clients at the date of termination.
- 12.5 Subject to clause 12.4, the Society will continue to pay Commission under clause 5 and Schedule 2 of these Terms of Business following termination in relation to Contracts held by Clients introduced to the Society by the Intermediary, at the date of termination.
- 12.6 Termination of these Terms of Business, however caused, shall not affect the rights or liabilities of any party accrued at the date of termination, which shall survive and remain enforceable by the respective parties after termination. Without limiting the generality of the foregoing, the provisions of clauses 5, 9, 12.3 to 12.6, 13, 16, 17, 19, 21 and 22 shall continue in force.

13) Invalidity

Should any provision of these Terms of Business become illegal or void for any reason, the validity of the remaining provisions shall not be affected.

14) Variation

The Society reserves the right to vary the terms contained in these Terms of Business. No formal written notification of a variation will be sent to the Intermediary. The variation will be posted on the Society's website and shall take effect:

- (a) subject to paragraph (b) below, no earlier than 28 days after such posting on the website;
- (b) immediately in circumstances where the variation must take effect earlier than that date to accord with any applicable law or regulation including, without limitation, the FSA Rules.

Such variation will not affect Contracts placed with the Society before the variation to these Terms of Business is to take effect.

15) Notices

- 15.1 Any notice to be given under these Terms of Business shall be given by letter or facsimile in writing signed or authenticated by or on behalf of the party giving it.

Notices to the Society should be addressed to:

Chief Executive
British Friendly Society Limited
1 Trevor Street
Bedford
MK40 2AB

Notices to the Intermediary will be addressed to the specified contact at the specified address for service of the Intermediary as set out in the Intermediary Application Form.

- 15.2 Each party may change the address or person to which notices to it must be sent by notifying the other party in writing in accordance with this clause 15.

16) Client Complaints

- 16.1 Unless agreed otherwise in writing between the parties, the Intermediary shall be responsible for handling Client Complaints relating to the Intermediary's actions arising in connection with its advisory services and the sale of Products under these Terms of Business, and the Society shall be responsible for handling all other Client Complaints including those relating to Product Literature and the administration and contractual terms of Products.
- 16.2 All Client Complaints received by a party and relating to a matter for which the other party is responsible in accordance with the principles contained in clause 16.1 shall be referred promptly to the other party as soon as possible in order to allow that other party to deal with such Client Complaint, together with a copy of all relevant documents relating to the matter.

- 16.3 In the case of a Client Complaint with respect to the Society, the parties agree that the Society shall have conduct of that Client Complaint and the Intermediary shall not take any action with respect to such Client Complaint without the prior written agreement of the Society unless otherwise required by applicable laws or regulations.

- 16.4 Each party agrees to co-operate fully with the other in any regulatory investigation, administrative or judicial proceeding or Client Complaint regarding Products marketed.

17) Rights of Third Parties

Except as provided elsewhere in this Agreement, the parties do not intend any term of these Terms of Business to be enforceable pursuant to the Contracts (Rights of Third Parties) Act 1999.

18) Assignment and Subcontracting

Neither party may assign the benefit of these Terms of Business or delegate any of its functions hereunder without the prior written consent of the other party.

19) Relationship between the Parties

- 19.1 Nothing in these Terms of Business shall create or be construed as creating any partnership, agency relationship or joint venture between the parties or any of their respective employees or agents.
- 19.2 The Intermediary undertakes that it shall not represent itself as the partner or agent of the Society and the Society undertakes that it shall not represent itself as the partner or agent of the Intermediary or, in any case, do or omit to do anything which would or would be likely to result in that party being construed as such by any third party.

20) Further Assurance

Each party shall from time to time, on being required to do so by the other do or (so far as it is able) procure the doing of all such acts and / or execute or procure the execution of all such documents as that other party may reasonably consider necessary for giving full effect to these Terms of Business and securing to it the full benefit of the rights, powers and remedies conferred upon it under these Terms of Business.

21) Dispute Resolution

If any dispute arises in connection with these Terms of Business, the parties will attempt to settle it by mediation in accordance with the Centre for Effective Dispute Resolution ("**CEDR**") Model Mediation Procedure. Unless otherwise agreed between the parties, the mediator will be nominated by CEDR. To initiate the mediation a party must give notice in writing to the other party to the dispute requesting a mediation (the "**ADR Notice**"). A copy of the request must be sent to CEDR. The mediation will start not later than 28 days after the date of the ADR Notice. No party may commence any court proceedings or arbitration in relation to any dispute arising out of these Terms of Business until it has attempted to settle the dispute by mediation and either the mediation has terminated or the other party has failed to participate in the mediation, provided that the right to issue proceedings is not prejudiced by a delay.

22) Governing Law and Jurisdiction

- 22.1 These Terms of Business shall be governed by and construed in accordance with the laws of England and Wales.
- 22.2 The courts of England and Wales shall have exclusive jurisdiction over any dispute between the parties in connection with these Terms of Business.

Date: 1st October 2010

Schedule 1 - Products

The Products are as follows:

The BFS Protect Policy which, for the avoidance of doubt, includes the BFS Protect (Long-Term) Policy and the BFS Protect (Short-Term) Policy.

Schedule 2 - Commission

1. The Society may vary the Commission terms set out in this Schedule 2 at any time without written notice to the Intermediary in accordance with clause 14.
2. The following Commission terms apply to Contracts concluded with Clients for a BFS Protect Policy following an introduction by the Intermediary.
3. The Society will pay Commission only once in respect of each Contract secured, subject to any adjustments in accordance with paragraphs 6(d) and 7(d) below and, in the case of Non-Indemnity Commission, to payment of such Commission in monthly instalments.
4. Where the Society offers a choice of Commission bases, the Intermediary will at the time of submitting the Client application notify the Society of the basis on which it wishes Commission to be paid. Where no such notification is given, the Society will pay Commission to the Intermediary on such basis as it considers appropriate.
5. The Commission payable by the Society will be determined by reference to the "Monthly Premium" payable by a Client in respect of a Contract. For the purposes of this Schedule, "Monthly Premium" means the amount of monthly premium payable by the Client upon commencement of the Contract, as calculated in accordance with the Society's premium rate tables from time to time and exclusive of:
 - (a) any premium increase on the basis of age or linked to inflation; and
 - (b) any insurance premium tax or any other tax chargeable on such premiums.
6. Where the Society has agreed to pay Indemnity Commission to the Intermediary, the following terms will apply:
 - (a) in respect of an online Client application, the Society will pay Indemnity Commission in the following amount: Monthly Premium x 12 x 165%;
 - (b) in respect of a paper Client application, the Society will pay Indemnity Commission in the following amount: Monthly Premium x 12 x 135%;
 - (c) Indemnity Commission will be paid as a lump sum at the end of the week in which the Contract commences;
 - (d) in the event that the Client increases the premium payable in respect of the Contract (excluding premium increases on the basis of age or extending the retirement age or linked to inflation), the Society will pay an additional amount of Indemnity Commission to the Intermediary in proportion to the increase in premium. Such additional amount of Indemnity Commission will be paid as a lump sum at the end of the week in which the additional cover, in respect of which the additional premium is payable by the Client, commences;
 - (e) payment of Indemnity Commission is subject to a Commission Clawback as set out in clauses 5.2, 5.3 and 5.5 of these Terms of Business;
- (f) for the purposes of clauses 5.2 and 5.3 of these Terms of Business, the Proportional Amount shall be calculated in accordance with the formula:

$$C = ((36 - m) / 36) \times I \times ((p - q) / p)$$

Where:

 - C = the amount of the Commission Clawback;
 - m = the number of months in which full (and not partial) premium payments have been made by the Client since the commencement date of the Contract;
 - I = the amount of Indemnity Commission paid to the Intermediary by the Society in respect of the Contract;
 - q = the amount of premium following a Premium Reduction; and
 - p = Monthly Premium;
- (g) for the purposes of clause 5.4 of these Terms of Business, clauses 5.2 and 5.3 will apply for a period of 36 months from the date of commencement of the Contract, plus, where applicable in the sole discretion of the Society, any additional period during which payments of premium in respect of the Contract are suspended or in arrears.
7. Where the Society has agreed to pay Non-Indemnity Commission to the Intermediary, the following terms will apply:
 - (a) in respect of an online application, the Society will pay Non-Indemnity Commission in the following amount: Monthly Premium x 12 x 177%;
 - (b) in respect of a paper application, the Society will pay Non-Indemnity Commission in the following amount: Monthly Premium x 12 x 147%;
 - (c) Non-Indemnity Commission will be payable in equal instalments in each month in which the Society receives a full (and not partial) premium payment from the Client in respect of the Contract, for a period commencing at the end of the month in which the Society receives the first full premium payment from the Client and terminating at the end of the month in which the Society receives the 36th (thirty-sixth) full premium payment from the Client;
 - (d) in the event that the Client increases the premium payable in respect of a Contract (excluding premium increases on the basis of age or extending the retirement age or linked to inflation), the Society will pay an additional amount of Non-Indemnity Commission to the Intermediary in proportion to the increase in premium. Payments of such additional amount of Non-Indemnity Commission will commence in the month in which the Society receives the first full increased premium payment from the Client;

- (e) payment of Non-Indemnity Commission is subject to clauses 5.2, 5.3 and 5.5 of these Terms of Business; and
 - (f) for the purposes of clause 5.4 of these Terms of Business, clauses 5.2 and 5.3 will apply for the period described in paragraph 7(c) above.
8. The Society reserves the right to withdraw its agreement to pay Indemnity Commission and pay Non-Indemnity Commission where the Client is the Intermediary, an Appointed Representative of the Intermediary, an employee of the Intermediary, a relative of an employee of the Intermediary or otherwise as the Society may determine.
9. Commission on the Intermediary's account will be accumulated and will be paid to the Intermediary in arrears on Friday of each week, except where Friday is not a Business Day, in which case it will be paid on the preceding Business Day. Payments will be made by cheque or electronic transfer as specified by the Intermediary in the Intermediary Application Form. The Society will send to the Intermediary a copy of the Commission statement on the date of each Commission payment. The Commission statement will state the amount of Commission due to the Intermediary net of any Commission Clawback, refunds, repayments or other sums due from the Intermediary to the Society on any account whatsoever.
10. The Society will not make any payments to the Intermediary until the balance on the Intermediary's Commission account exceeds £25. Sums below this figure will be held on the Intermediary's account and paid at the next scheduled payment date when aggregate Commission for the period exceeds £25.
11. If the Intermediary either ceases to be authorised or informs the Society that its business is to be sold or transferred, the Society would expect the Intermediary to arrange for another intermediary to give advice to the Intermediary's existing Clients. In such circumstances, the Society may, at its sole discretion, transfer payment of Commission to the new intermediary provided that the new intermediary:
- (a) enters into these Terms of Business with the Society by completing and signing an Intermediary Application Form; and
 - (b) accepts in writing the liability to repay to the Society any Commission Clawback or any other sums payable by the ceding Intermediary to the Society pursuant to these Terms of Business. Any Commission subsequently payable to the new intermediary will be subject to a deduction, if applicable, to meet such sums due to the Society by the ceding Intermediary.

Schedule 3 - Website Terms of Access and Privacy Policy

British Friendly Society Website Terms and Conditions

Terms of Website Use

By accessing or using this website (www.britishfriendly.com) (this "Website"), whether as a guest, registered member, intermediary or otherwise, you agree to be bound by the following Terms and Conditions and our Privacy Policy (www.britishfriendly.com/terms). If you do not agree to be bound by these Terms and Conditions and our Privacy Policy, please do not use or access this Website.

If you are accessing or using this Website as an intermediary, your relationship with us is subject to such additional terms and conditions as may be agreed between you and the Society from time to time (the "Intermediary Terms"). Any financial product or service made available through this Website may be subject to separate terms and conditions ("Product Terms"). In the event of any conflict between the Intermediary Terms, the Product Terms and these Terms and Conditions or our Privacy Policy, the Intermediary Terms shall prevail.

About British Friendly Society

This Website is operated by **British Friendly Society Limited**, a society incorporated under the Friendly Societies Act 1992 with registered number 392F having its registered office at 1 Trevor Street, Bedford, MK40 2AB (the "Society"). The Society is authorised and regulated by the Financial Services Authority with registered number 110013.

Accessing this Website

Access to this Website is provided "as is" and the Society reserves the right to withdraw or amend the service which this Website provides, or any products or services made available through it, without notice and for any reason. The Society will not be liable if for any reason this Website, or any products or services is unavailable in whole or in part at any time or for any period. From time to time, we may restrict access to some parts of this Website to registered users.

If you choose, or you are provided with, a user identification code, password or any other piece of information as part of this Website's security procedures, you must treat such information as confidential, and you must not disclose it to any third party. The Society has the right to disable any user identification code or password, whether chosen by you or allocated by us, at any time, if in the Society's opinion you have failed to comply with any of the provisions of these Terms and Conditions, our Privacy Policy (www.britishfriendly.com/terms) or any relevant Intermediary Terms or Product Terms.

You are responsible for making all arrangements necessary for you to have access to this Website. You are also responsible for ensuring that all persons who access this Website through your internet connection are aware of and comply with these Terms and Conditions and our Privacy Policy.

Intellectual Property Rights

The Society is the owner or licensee of the copyright and all other intellectual property rights in this Website, and in the material published on it. Such material is protected by laws and treaties around the world. All such rights are reserved.

The trade marks and logos ("**Marks**") displayed on this Website are the property of the Society. You are not permitted to use these Marks without the prior written consent of the Society.

You may print off one copy and download extracts of any page(s) or other material (including full extracts of brochures, application forms or other material specifically provided by the Society for downloading purposes) for your personal reference and you may draw the attention of others to material posted on this Website. You must not modify the paper or digital copies of any materials you have printed off or downloaded in any way, and you must not use any illustrations, graphics, photographs, video or audio sequences separately from any accompanying text.

The Society's status (and that of any identified contributors) as the authors of material on this Website must always be acknowledged.

You must not use any part of the materials on this Website for commercial purposes without obtaining a licence to do so from the Society or its licensors.

If you print off, copy or download any part of this Website or the materials on it in breach of these Terms and Conditions, your right to use this Website and those materials will cease immediately and you must, at the Society's option, return or destroy any copies of the materials you have made.

Regular Changes to this Website and these Terms and Conditions

The Society aims to update this Website regularly, and may change the content at any time. If the need arises, access to this Website may be suspended or terminated indefinitely. The material on this Website may be out of date at any given time, and the Society is under no obligation to update such material.

The Society may amend these Terms and Conditions at any time by updating this page. You are expected to check this page from time to time to take notice of any changes made, as they are binding on you. Some of the provisions contained in these Terms and Conditions may also be superseded by provisions or notices published elsewhere on this Website.

The Society's Liability

Commentary and other materials posted on this Website are not intended to amount to advice on which reliance should be placed.

Save to the extent required otherwise by applicable law or regulation (including the rules of the Financial Services Authority):

- (a) the Society disclaims all liability and responsibility arising from any reliance placed on such materials by you or any third party (including any intermediary acting on your behalf); and
- (b) the material displayed on this Website is provided without any guarantees, representations, conditions or warranties as to its accuracy or completeness.

You understand and accept that to the fullest possible extent permitted in law and under applicable regulation, the Society accepts no responsibility for any loss or damage or injury caused to you or your hardware, software, data, information or other proprietary material whether the Society causes such loss or injury directly or indirectly.

Your Access to this Website

The Society processes information about you in accordance with our Privacy Policy (www.britishfriendly.com/terms). By accessing or using this Website, you consent to such processing and you warrant that all data provided by you is accurate.

Viruses, Hacking and Other Offences

You must not misuse this Website by knowingly introducing viruses, trojans, worms, logic bombs or other material which is malicious or technologically harmful. You must not attempt to gain unauthorised access to this Website, the server on which this Website is stored or any server, computer or database connected to this Website. You must not attack this Website via a denial-of-service attack or a distributed denial-of service attack.

By breaching this provision, you may commit a criminal offence under the Computer Misuse Act 1990. The Society may report any such breach to the relevant law enforcement authorities and will co-operate with those authorities by disclosing your identity to them. In the event of such a breach, your right to use this Website will cease immediately.

The Society will not be liable for any loss or damage caused by a distributed denial-of-service attack, viruses or other technologically harmful material that may infect your hardware, software, data, information or other proprietary material due to your use of this Website or to your downloading of any material posted on it, or on any website linked to it.

Linking to this Website

You may link to this Website's home page, provided you do so in a way that is fair and legal and does not damage the Society's reputation or take advantage of it, but you must not establish a link in such a way as to suggest any form of association with or approval or endorsement from the Society where none exists. You must not establish a link from any website that is not owned by you.

You may not frame this Website on any other website, nor may you create a link to any part of this Website other than the home page. The Society reserves the right to withdraw linking permission without notice.

Links from this Website

Where this Website contains links to other sites and resources provided by third parties, these links are provided for your information only. The Society has no control over the contents of those sites or resources, and accepts no responsibility or liability for them or for any loss or damage that may arise from your use of them.

Jurisdiction and Applicable Law

These Terms and Conditions and any dispute or claim arising from, or related to, a visit to this Website, shall be governed by and construed in accordance with the law of England and Wales.

The English courts shall have exclusive jurisdiction over any such dispute or claim, although the Society retains the right to bring proceedings against you for breach of these Terms and Conditions in your country of residence or any other relevant country.

Your Concerns

If you have any queries or concerns relating to material which appears on this Website, or you wish to make use of material on this Website other than as permitted above, please contact enquiries@britishfriendly.com.

Date: 1st October 2010

British Friendly Society's Privacy Policy

What this Privacy Policy Covers

In accordance with the Data Protection Act 1998 (the "**Act**") this policy gives you information about how British Friendly Society Limited treats personal information received from you via this website (www.britishfriendly.com) (the "**Website**").

If you are an intermediary providing personal information via this Website relating to an individual for whom you are acting by providing personal information, you warrant and confirm that you have received the necessary prior consent from the individual to provide such information and that you have drawn their attention to this Privacy Policy.

For the purposes of this Privacy Policy and the Act, the data controller is British Friendly Society Limited of 1 Trevor Street, Bedford, MK40 2AB (the "**Society**").

Please read the following carefully to understand how your personal data will be used and handled by the Society. Your use of this Website is also subject to this Website's Terms and Conditions (www.britishfriendly.com/terms).

Information Collection and Use

The Society shall collect and process information about you provided by you via this Website in the following ways:

- (a) Information contained in an email to the Society or using the email forms on the "Contact Us" section of this Website will be used by the Society to respond to your requests / comments and the Society may keep a record of such correspondence.
- (b) If you request to register on the Website and receive one of the Society's newsletters, your name, email address and / or postal address will be added to the Society's database and you will be sent newsletters or news updates as and when they are published. If you no longer wish to receive such newsletters or be registered to the Website please email enquiries@britishfriendly.com, stating that you wish to be removed / unsubscribe from our database and your details will be removed from the Society's database, your registration will be cancelled and personal data deleted as soon as possible.
- (c) If you request to obtain a quote for any services or products offered by the Society using the form on this Website or proceed to complete an application form for such service or product, the information you provide will be used and processed by the Society to respond to your quotation or membership request.
- (d) If you provide information in any one of the ways described at (a) - (c) above, such information shall also be used to provide you with information on products or services by email or telephone which may be of interest to you or to notify you about changes to the Society or this Website. You have the opportunity to control the way in which the Society provides marketing information to you by responding to the various tick-boxes that appear on the appropriate pages of the Website. If at any time in the future you decide you no longer wish to receive such marketing information from the Society, please email enquiries@britishfriendly.com.

This Website may, from time to time, contain links to and from the websites of the Society's partner networks, advertisers and affiliates. Please note that those websites will have their own privacy policies and the Society does not accept any responsibility or liability for such policies / websites. Please check any policies before submitting personal data to those websites.

IP Addresses and Cookies

The Society may collect information about your computer, including where available your IP address, operating system and browser type, for system administration and management. This is statistical data about users' browsing actions and patterns, and does not identify any individual.

For the same reason, the Society may obtain information about your general Internet usage by using a cookie file which is stored on the hard drive of your computer. Cookies contain information that is transferred to your computer's hard drive. They help improve this Website and deliver a better and more personalised service. They enable the Society to estimate audience size and usage pattern; store information about your preferences, and so allow this Website to be customised according to your individual interests; speed up your searches; and recognise you when you return to this Website.

You may refuse to accept cookies by activating the setting on your browser which allows you to refuse the setting of cookies. However, if you select this setting you may be unable to access certain parts of this Website. Unless you have adjusted your browser setting so that it will refuse cookies, this Website's system will issue cookies when you access this Website.

What is done with your Personal Data

The data collected from you may be transferred to, and stored at, a destination outside the European Economic Area ("**EEA**"). It may also be processed by staff operating outside the EEA who work for the Society or for one of its suppliers. By submitting your personal data, you agree to this transfer, storing and processing.

If you choose, or you are provided with, a user identification code, password or any other piece of information as part of this Website's security procedures, you must treat such information as confidential, and you must not disclose it to any third party. The Society has the right to disable any user identification code or password, whether chosen by you or allocated by us, at any time, if in the Society's opinion you have failed to comply with any of the provisions of this Privacy Policy or the Terms and Conditions (www.britishfriendly.com/terms).

Unfortunately, the transmission of information via the Internet is not completely secure. Although the Society will do its best to protect your personal data, it cannot guarantee the security of your data transmitted to this Website; any transmission is at your own risk.

Your personal information may be disclosed to third parties who are prospective sellers or buyers of any of the Society's businesses or assets; in order to comply with any legal obligation, or in order to enforce or apply this Website's Terms and Conditions (www.britishfriendly.com/terms); or to regulators and auditors of the Society; or to protect the rights, property, or safety of the Society, its customers, or others. This includes exchanging information with other companies and organisations for the purposes of fraud protection and credit risk reduction.

Access to Information

The Act gives you the right to access information held about you. Your right of access can be exercised in accordance with the Act. Any access request may be subject to a reasonable fee to meet any costs in providing you with details of the information held.

Changes to this Privacy Policy

Any changes made to this Privacy Policy in the future will be posted on the British Friendly website and, where appropriate, notified to you by e-mail. It is recommended that you visit this page from time to time to review any changes. This Privacy Policy was last updated on 1st October 2010.

Contact

For questions, comments and requests regarding this Privacy Policy Please contact us via the details given at the bottom of this page.

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Authorised and Regulated by the Financial Services Authority.
You can find us on the FSA Register by searching for our name or our registered number: 110013.

A member of the Association of Financial Mutuals.
The Society is incorporated under the Friendly Societies Act 1992.
Registered No. 392F.

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