

For financial adviser use only

Personal Sick Pay

PSP £1,000 guarantee adviser at a glance



How the guarantee works

The maximum amount of cover available is £8,333 a month. Under our guarantee, your client can have up to £1,000 a month cover for the first two years of any claim, providing they can prove they normally work at least 30 hours a week and receive an income.

If the claim lasts longer than two years, we'll continue paying your client the amount of cover they applied for or 60% of their earnings before tax, whichever is lower. Clients wanting more than £1,000 a month cover, or those working less than 30 hours a week, can protect up to 60% of their earnings before tax.

Under the guarantee and for the first two years of any claim, we won't make any deductions to the first £1,000 if your client receives income from other sources. These can include state benefits, employer sick pay or other insurance.

For cover in excess of £1,000 a month, or clients working less than 30 hours a week, we will deduct payments from any other sickness insurance, as well as 60% of any employer sick pay or pension payments.

Who the guarantee is aimed at

We developed the guarantee to help make sure your clients get what they pay for and to make it easier for you to explain how Personal Sick Pay works. It can also provide confidence to clients whose income could reduce between taking out the policy and making a future claim, like the self-employed.

It's important to always recommend an appropriate amount of cover dependent on your client's earnings. The amount you choose should normally be no more than 60% of their current or expected future earnings.

Proof of hours worked and income

Your client can use the following to prove their hours worked and that they received an income

- HMRC submissions
- Payslips or their latest P60
- Invoices
- Bank statements
- Copy of employment contract/letter from employer
- Certified accounts

We understand salary and income can sometimes be a bit 'up and down', so we'll average out the hours your client worked in the three months before they became unwell.

Please see the policy conditions for full details.

An example of the Personal Sick Pay £1,000 guarantee

Ashley is a self-employed electrician and earns £20,000 a year before tax. After reviewing her needs, her adviser recommends £1,000 a month Personal Sick Pay (60% of her monthly £1,666 take home pay).

A year later Ashley is unfortunately involved in a car accident and is unable to work. She contacts LV= and makes a claim under her Personal Sick Pay policy.

In the three months before the accident, Ashley's average income temporarily fell to £900 a month. However, she is able to prove that she was normally working 30 hours a week and had an income before she claimed. She provides some recent evidence to prove this (invoices and HMRC submissions) and LV= pays her claim, despite a drop in her income.

Ashley uses the £1,000 a month to cover her usual living expenses so she's free to focus on getting better. After two months recovery, Ashley is well enough to go back to work.



More quality features as standard

- **No deductions if your client receives state benefits -** However, it's important to understand that the amount paid out from Personal Sick Pay could affect your client's entitlement to receive some state benefits, so this is something you'll need to discuss with them.
- **Choice of guaranteed or reviewable future prices -** Personal Sick Pay increases in price as clients get older, as the risk of ill health increases with age. But unlike some other specialist income protection providers, you can choose for our future prices to be guaranteed or reviewable.

If your client chooses guaranteed prices, they'll know in advance how much their insurance will normally go up to each year. But if they decide on the reviewable option, we can review the future costs, but we'll only do this every five years (we won't review them every year like some other providers). It's worth remembering that although reviewable prices will initially be the cheaper option, they might change in the future.
- **Day one option -** Personal Sick Pay includes the option for your client to choose 'back to day one' cover. If they choose this waiting period, we'll pay them from the first day they stopped working (but they'll need to be off work for three days in a row before they can claim). This option is a useful feature for clients like the self-employed who don't get employer sick pay, or those without an adequate financial safety net. Your client will also be able to choose from 1, 4, 8, 13, 26 or 52 week options.
- **How we'll pay the claim -** If your client claims they can choose for their benefit to be paid either weekly or monthly, helping them budget in the way they're used to.
- **Own occupation to age 70 -** Your client will be covered if they can't do their own job (providing they were working immediately before they became ill), as we think 'own occupation' is the fairest and easiest definition of sickness to claim on. And unlike some other specialist income protection providers, your client will keep their own occupation definition for their entire claim - not just the first year.
- **Own occupation on a career break or while unemployed -** For the first year your client's out of work. Most specialist income protection providers won't pay a claim if your client was unemployed when they fell ill, which can be an occupational risk for some manual, skilled or self-employed workers.

Personal Sick Pay is part of the LV= Flexible Protection Plan, which also includes Critical Illness and Life Insurance. This guide provides an overview for Personal Sick Pay only.

For more information visit [LV.com/adviser](https://www.lv.com/adviser) or speak to your LV= Account Manager

- **Fantastic member benefits -** Once your client takes out Personal Sick Pay they'll become a member of LV= and automatically be eligible for a range of member benefits. These include generous discounts on other LV= products, including car, home and pet insurance, as well as 24/7 access to a confidential member helpline, proving expert advice on:

- Legal and financial assistance
- Healthcare support and counselling

The Member Care Line could be particularly beneficial to any of your self-employed clients who don't benefit from similar schemes sometimes offered by employers.

The services available through our member care line are provided by third party companies. These services are not regulated by the Financial Conduct Authority or the Prudential Regulation Authority.

- **Price doesn't have to be an issue -** Our budget version is exactly the same as our full Personal Sick Pay with just one difference: we'll pay any one claim for a maximum of 24 months. And if your client claims their policy will continue (we won't cancel it), although they'll have to have been back at work for six months before they can claim again.
- **No standard exclusions -** As you'd expect from LV=, we have no standard exclusions, so your client won't have any unexpected surprises when they come to claim. Occasionally, we might have to apply an exclusion based on your client's medical history - but we're really clear about this, and we'll tell you and your client before the policy starts so they'll know exactly where they stand.
- **Exclusion review periods -** In addition to having no standard exclusions, if we do apply an exclusion to your client's policy due to their personal circumstances, our automated rules engine can offer cover with an 'exclusion review period' automatically.

This means we will only apply the exclusion for a limited period of time, after which we'll remove it upon request if your client suffers no further symptoms.

We believe this is a fairer alternative to offering cover with a reduced premium, and the exclusion being in place for the full term of the policy.
- **Back to work support -** We want to help your client get back to work sooner, improving their wellbeing and morale. So if we're paying a claim, your client could be eligible for rehabilitation support and advice. This could include things like physio and counselling, helping prepare your client for their return to work. Please note, this may be capped to the equivalent value of one month's benefit.

Rehab support services are provided by third party companies. These services are not regulated by the Financial Conduct Authority or the Prudential Regulation Authority.

Please note, Personal Sick Pay provides protection cover only and has no cash-in value.

Protection  Income Protection  Critical Illness  Life  Unemployment



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