

keyfacts<sup>®</sup>

## Key Features Of The Flexible Protection Plan

**MORTGAGE PAYMENT  
PROTECTION - HEALTH AND  
MORTGAGE PAYMENT  
PROTECTION - BUDGET HEALTH**

The Financial Services Authority is the independent financial services regulator. It requires us, LV=, to give you this **important information** to help you to decide whether our Flexible Protection Plan is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.



**LIVERPOOL  
VICTORIA**



# Key Features Of The Flexible Protection Plan

## Mortgage Payment Protection Health And Mortgage Payment Protection Budget Health

If you'd like this document in Braille, large print or audiotape, please contact us.

In this Key Features document we try to help you, by giving you the key features of the Mortgage Payment Protection - Health and Mortgage Payment Protection - Budget Health Policies, available in our Flexible Protection Plan. It doesn't contain the full terms and conditions, which you will find in the Mortgage Payment Protection - Health Policy Conditions or the Mortgage Payment Protection - Budget Health Policy Conditions.

Mortgage Payment Protection - Health and Mortgage Payment Protection - Budget Health are both underwritten by Liverpool Victoria Friendly Society Limited, which is part of LV=.



### Its Aims

- To pay a regular monthly income, to help you meet your monthly mortgage payments if you are unable to work because of sickness or an accident. With Mortgage Payment Protection - Budget Health, the regular monthly income will be paid for a maximum of 24 months for any one single claim.
- To insure yourself, yourself and someone else, or one or two other people.



### Your Commitment

To meet your commitment under this policy you need to:

- Choose the amount of cover you need, and how long you wish to wait before we start making payments to you (your waiting period).
- Choose how long you need the cover for.
- Pay your premiums each month by Direct Debit. You must continue to do this even when we are paying a claim.
- Answer all the questions when you apply carefully and to the best of your knowledge and belief. If you're insuring someone else, you need to ensure that they do the same.
- Tell us if there's any change to the information given when you apply, or to any of the supporting documents provided, between the date your application was completed, and the date your policy starts.



## Risks

- If you don't tell us everything we ask for when you apply, or you don't tell us that the information given has changed before your policy starts, we may cancel it, or may not pay a claim.
- If you stop paying premiums, your policy will stop after 60 days. This means you won't be covered.
- If you choose our Mortgage Payment Protection - Budget Health policy, we will only make payments for a maximum of 24 months for any one single claim. This means you will need to find another source of income to help meet your monthly mortgage payments, if you are still unable to work after we have paid you for 24 months.
- If you choose Mortgage Payment Protection - Budget Health, and you are a homemaker, once we have paid you for 24 months for any one single claim, then your Mortgage Payment Protection - Budget Health policy stops and you will no longer be covered.
- If you choose Mortgage Payment Protection - Health, and choose to link it to one of our Critical Illness Policies, and that Critical Illness policy ends, (for example if we have paid a claim for it) then your Mortgage Payment Protection - Health policy will also end. This means that if we are paying a claim on your Mortgage Payment Protection - Health policy at that time, then the payments will stop, and your policy will end.
- Your cover is fixed when your policy starts and doesn't change. This means it won't keep up with the rising cost of living (inflation) and will mean the regular monthly payment we pay you when you claim will buy less in the future.
- The monthly payments we pay you if you are unable to work are not guaranteed to meet your monthly mortgage payments in full.
- Although you are covered wherever you are in the world, we will only pay a claim for 26 weeks, unless you return to one of a specified number of countries. If you return to one of these countries, or are already in one of these countries we will pay your claim until you are no longer unable to work (or for up to 24 months if you have chosen Mortgage Payment Protection - Budget Health).
- If the Government changes the tax treatment of protection products like our Mortgage Payment Protection - Health and Mortgage Payment Protection - Budget Health policies, the amount of cover paid out on a claim could change.

**WARNING – This policy has no cash-in value at any time.**

### **Important:**

**When you apply for this policy, it is vital that you answer all of the questions we ask you in the application honestly and in full.**

**We will cancel your policy if either you or anyone you are insuring act fraudulently, or deliberately provide untrue, inaccurate or misleading information, when you apply for the policy, or when making a claim.**

**We may also cancel your policy, or may not pay the amount of your cover in full if, had you answered all of the questions we asked you honestly and in full, it would have led us to a different decision about the amount of your cover.**

**If you're insuring someone else, this also applies to any part of the application that they complete.**

**If we cancel your policy you are not entitled to a refund of the premiums you have paid.**

## **Questions & Answers**

### **What is the Flexible Protection Plan?**

Our Flexible Protection Plan allows you to pick and choose from a number of different life and health insurance policies, and include them all within one plan.

You can choose from:

- Life Protection
- Critical Illness Protection
- Combined Life and Critical Illness Protection
- Income Protection & Budget Income Protection
- Mortgage Payment Protection - Health & Budget Health

This Key Features document provides information on Mortgage Payment Protection - Health and Mortgage Payment Protection - Budget Health. If you're interested in any of the other policies, and would like more information about them, please speak to your Financial Adviser.

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## What am I covered for?

Mortgage Payment Protection - Health and Mortgage Payment Protection - Budget Health are designed to pay you a regular income, to help meet your monthly mortgage payments if you are unable to work due to sickness or accident.

There are three ways we can measure whether you are unable to work; we call these Own Occupation, Suited Occupation and Work Tasks cover.

**Own Occupation cover** pays out if, because of an accident or sickness, you're unable to do your normal job. You would not be expected to go back to work in a different job – for as long as you are unable to do your normal job, the policy will continue to pay out.

**Suited Occupation cover** pays out if, because of an accident or sickness, you are unable to do your normal job. The difference is that after we have paid a claim for 26 weeks, we would stop paying it, if you are well enough to return to work in a job that you are suited to because of your skills or training. This is despite the fact that you may still not be well enough to do your normal job.

**Work Tasks cover** pays out if, because of an accident or sickness, you are totally unable to carry out 3 or more tasks from a list of everyday activities.

When you apply we work out which type of cover we can offer by looking at your occupation, your health and any leisure activities you take part in. If you become unable to work because of sickness or accident whilst you are unemployed we will measure whether you're unable to work by using the Work Tasks cover measure above.

Sometimes we may use a different measure, for example if you are a homemaker. If this is the case, this will be fully explained to you before your policy starts.

In all cases we will confirm which cover we are able to offer you before your policy starts.

If you choose to be covered beyond age 65, then if you are unable to work after you have reached age 65, we will use the Work Tasks cover measure to determine whether we will continue to make payments to you. This is irrespective of what cover you had in place before age 65.

## What is a 'linked policy'? (Mortgage Payment Protection - Health only)

If you choose our Mortgage Payment Protection - Health policy, when you apply you can choose to link it to either a Critical Illness, or a Combined Life & Critical Illness policy. This can either already be included in your Flexible Protection Plan, or you can choose to take it out at the same time as this policy. The advantage of doing this is that you will pay a lower premium for your Mortgage Payment Protection - Health policy.

However there are some restrictions and limits that apply and more information can be found in Section C of the Mortgage Payment Protection - Health Policy Conditions.

This option is not available for our Mortgage Payment Protection - Budget Health policy.



## Is there anything I'm not covered for?

Yes.

### **Unemployment**

This policy will only pay out if you are unable to work, because of sickness or an accident. This means we won't pay a claim if you are not working for a different reason, for example if you have chosen not to work, or you have been made redundant.

### **Sickness or accident and still working**

You cannot generally claim under this policy if you are sick or injured and are still able to work in your normal occupation or are doing other work.

Do please check with us if you have more than one job. You may not be covered if you are able to do one job but not the other.

### **Death**

This policy does not pay out in the event of your death.

### **Travelling Abroad**

We pay a claim after your waiting period, if you are in one of a number of countries listed in the Policy Conditions. If you are anywhere else in the world, we would only pay a claim for a maximum of 26 weeks.

### **If your linked policy ends (Mortgage Payment Protection – Health only)**

You can choose to link this policy to either a Critical Illness, or a Combined Life & Critical Illness policy included in your Flexible Protection Plan, and in return pay a lower premium. If you choose to do this, and your linked Critical Illness policy, or Combined Life & Critical Illness policy ends for any reason, then this Mortgage Payment Protection - Health policy will also end, and you won't be covered.

### **Claim Limit (Mortgage Payment Protection - Budget Health only)**

The claim limit is the maximum period for which we will make payments to you, after your waiting period for any one single claim. This period is 24 months.

Once we have paid 24 months payments for any one claim, the payments will stop even if you are still unable to work. You'll still continue to be covered, unless you are a homemaker. If you are a homemaker, and we have paid any single claim up to the claim limit, then we will cancel your policy, and you will no longer be covered.

## Can I apply?

To apply for Mortgage Payment Protection - Health and Mortgage Payment Protection - Budget Health, when your policy starts:

you must be permanently living in the UK (not including the Channel Islands or the Isle of Man)

and

aged between 17 and 59.

If you're insuring someone else, they must meet these requirements.

You can only insure someone else if you'll suffer financially if they are unable to work because of sickness or accident. We call this 'insurable interest'. If you're insuring your spouse or civil partner, you automatically have an insurable interest.

You can insure two people under one policy. If you do, the policy will pay out if either or both of you are unable to work. However if you are both unable to work at the same time, we will only make one payment to cover both of you.

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## When does my policy start and end?

It starts on the date we ask for your first premium. It will end:

on the end date shown on your Policy Schedule,

or

if you stop paying the premiums,

or

if we cancel your policy.

or

if you die

You cannot take out a policy that lasts for less than 5 years, or more than 45 years.

Your policy must also end before you reach age 85.

If you're insuring someone else, they must meet these requirements.

If you are a homemaker and you have chosen our Mortgage Payment Protection - Budget Health policy, your policy will end once we have paid 24 months payments for any one single claim.

Also if you choose our Mortgage Payment Protection - Health policy, and choose to link it to one of our Critical Illness policies, then if that Critical Illness policy ends, then your Mortgage Payment Protection - Health policy will also end.

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## What types of cover can I choose?

You can only have level cover. This means the amount of cover you choose is fixed when your policy starts, and doesn't change. This means that the amount of cover you choose now won't keep up with inflation, and will not buy as much in the future.

If you choose guaranteed premiums, the premium you pay will remain the same. If you choose reviewable premiums, although we aim for the premium you pay to remain the same, it may be changed. This is explained later on under 'Can LV= change the premium I pay?'.

## How much cover can I have?

The most cover you can have a month is 1.4 times the amount of your monthly mortgage payments. For example if your monthly mortgage payment is £1,000 a month, the most cover you can have is £1,400 a month.

The maximum amount of cover you can apply for is £12,500 a month.



### What's the maximum amount of income you will pay out each month?

This depends on the amount of cover you have both on this policy, and on any other Mortgage Payment Protection policies you have with us. We call this figure your 'total cover'.

**(a) If your total cover is £1,500 or less a month, we will pay the lower of:**

1.4 times (140%) the amount of your monthly mortgage payment, less the payments from any other accident or sickness insurance, on your life that you have taken out to protect your mortgage payments (for example any other mortgage payment protection insurance that you are claiming on)

or

The amount you are insured for.

**(b) If your total cover is more than £1,500 a month, we will pay the lower of:**

1.4 times (140%) the amount of your monthly mortgage payment, less the payments from any other accident or sickness insurance, on your life that you have taken out to protect your mortgage payments (for example any other mortgage payment protection insurance that you are claiming on)

or

the amount you are insured for.

or

half of your annual income before tax, less any other payments you may be receiving, such as the payments from any other Income Protection, or accident and sickness policies that you may have.

Please note the most we will pay out if you were unemployed or retired before you claim is £1,500 a month, whatever the amount of cover you choose.

The following example illustrates how we work out how much we will pay you. Full details are in sections B4 and B5 of the Policy Conditions.



### For Example

David's mortgage repayments are £700 a month. He can take out Mortgage Payment Protection - Health for a maximum of 1.4 times (140%) his monthly mortgage repayments. This means he can take out a policy with a maximum amount of cover of £980 a month.

David chooses to take out the maximum cover of £980 a month. His employer will pay him for 6 months if he can't work due to an accident or sickness, so he chooses a waiting period of 6 months.

A year after taking out his Mortgage Payment Protection - Health policy, David's bank offers him free mortgage payment protection insurance for up to £150 a month, as part of a range of extra benefits linked to his bank account. So he decides to take this out as well.

2 years after taking out his Mortgage Payment Protection - Health policy, David becomes sick and is unable to work as a result. The free mortgage payment protection insurance he has with his bank starts paying £150 a month. At this time his monthly mortgage repayments are still £700 a month.

To work out the maximum monthly amount we will pay under David's policy, we first of all work out how much 140% of his monthly mortgage repayments are:

$$£700 \times 140\% \text{ (or } \times 1.4) = £980$$

Then we take off the payments from the free mortgage payment protection insurance he has with his bank.

$$£980 - £150 = £830$$

The maximum monthly amount we could pay is £830 a month. As the amount of his cover is more than the maximum monthly amount, we will only pay David £830 a month, and not the £980 he is covered for.

After the 6 month waiting period as David is still ill and unable to work he starts to receive tax free payments from LV= of £830 a month.



## How long do I have to wait after making a claim before my payments start?

You can choose how long you have to wait after you stop being able to work before we start making payments to you. We call this the waiting period. You can choose a 1, 2, 3, 6, 12 or 24 month waiting period. For example, if you're self employed, you may want payments to start after just 1 month as you won't have an employer paying you sick pay. If you're employed, you might choose a longer waiting period like 3 or 6 months, to tie in with how long your employer pays you sick pay.

The longer the waiting period you choose the lower the premium for your cover will be. However, you will have to wait longer after you become unable to work, before we start making payments to you.

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## How will I know if I have enough cover in the future?

It's a good idea to check your policy each year to make sure you have enough cover, as your financial or personal circumstances might change. Remember that inflation will mean that the amount of cover you choose now will buy less in the future. Your Financial Adviser will be able to help you with this.

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## Can I change my cover?

Yes, you can change the amount of your cover, your waiting period or the end date of your policy at any time. Normally, this will depend on your health at the time you want to change your cover and the terms and conditions that apply at that time. But in some circumstances you can increase your cover without having to complete a new application. We've explained this in more detail in Section D1 of the Policy Conditions.

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## How much does it cost?

This depends on the amount of cover and the waiting period you choose, how long you want your policy for, and also your personal circumstances, for example your age and whether you smoke or not.

The minimum premium is currently £5 a month, but there is no maximum.

We'll confirm the premium you need to pay for your cover before your policy starts. This may be different to that shown on your personal quote.

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## How long do I pay premiums for?

You pay a premium every month by Direct Debit until the month immediately before the end date of your policy. You will also need to keep paying the premiums whilst we are paying a claim, unless you choose to insure against this by taking out our Waiver of Premium policy as well.

You can choose to stop paying premiums at any time, but if you do then your policy will stop, you won't be covered and you won't get anything back.

**This policy has no cash in value at any time.**

## Are there any charges?

The premium you pay includes a monthly administration charge of £2.00. If you choose to include another one of the policies available in our Flexible Protection Plan, when you take out either Mortgage Payment Protection - Health or Mortgage Payment Protection - Budget Health, then we may reduce the administration charge for each policy that you take out.

## Can LV= change the premium I pay?

This depends on whether you choose to have Guaranteed Premiums or Reviewable Premiums.

### Guaranteed Premiums

Your premium is guaranteed. This means it will not change.

### Reviewable Premiums

The premiums you pay are reviewable. This means they are not guaranteed to remain the same for the whole term of your policy.

When you apply for your policy we work out the premium you need to pay based on a number of assumptions. We then review these assumptions on an on-going basis, and if we need to change our assumptions then we will look at the premium you pay to see if this also needs to change. We can only change your premium for certain reasons; we can't simply change it to make up for any losses we've made, or to increase our profits.

The premium you pay will not be changed within the first 5 years of your policy starting, but after that we can change it every year.

If we do change your premium, we will write and let you know at least 60 days before you need to start paying the changed premium.

If we tell you that the premium you pay needs to increase, you can choose to continue to pay the previous amount instead. If you decide to do this, we will reduce the amount of cover under your policy to the amount that we work out your existing premium will pay for.

More details about when we can change your premium and the assumptions we use can be found in Section E4 of the Mortgage Payment Protection - Health or the Mortgage Payment Protection - Budget Health Policy Conditions.

## What if I can't pay my premiums?

We give you 60 days from the due date for you to pay a premium.

Normally, if you stop paying your premiums, your cover will stop and you won't get anything back.

However, you may be able to insure your premiums, if you wish.

We call this Waiver of Premium.

Please see the section on Waiver of Premium cover later on in this document for more information.



### What about claiming?

We understand that this will be a stressful time for you and your family, so we've tried to make this as easy as we can.

You can make a claim by telephoning 0800 028 6333 (for textphone, dial 18001 first). We may record and/or monitor your call for training and audit purposes. Or you can write to us at: Claims Department, LV=, Pynes Hill House, Rydon Lane, Exeter EX2 5SP

If you're insuring someone else, you can claim when they are unable to work, using the same contact details given above.

## Who gets the money when there is a claim?

Once your claim has been approved, we will pay the claim to you as the policy owner.

If you are not the policy owner, then we will not pay the claim to you – we'll pay it to the policy owner instead.

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## How is the payment from this policy taxed?

Claims paid from this policy will not be subject to either Income Tax or Capital Gains Tax.

This is based on our understanding of current legislation and HM Revenue & Customs practice, which can change.

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## How much will the advice cost?

Your Financial Adviser will give you details about the cost. The amount will depend on the size of the premium and the length of the policy term. The cost of the advice you receive is included in your monthly premium, as it is paid for out of the charges.



### Can I change my mind?

Yes, you can cancel your policy at any time. If you change your mind within 30 days of it starting, we'll refund your premiums. If you cancel at any other time, your cover will end and you won't get anything back. **Your policy has no cash-in value at any time.**

To cancel your policy please call us on 0845 640 5723 (for textphone dial 18001 first). We may record and/or monitor your call for training and audit purposes. Or you can write to us at LV=, Pynes Hill House, Rydon Lane, Exeter, EX2 5SP.

## What is Waiver of Premium?

You can choose to apply for our Waiver of Premium policy at the same time as applying for our Mortgage Payment Protection - Health or Mortgage Payment Protection - Budget Health policies.

If you choose to do this you will be able to insure your premiums. Then if you are unable to work because of sickness or accident this would normally mean that your premiums for your Mortgage Payment Protection - Health, or Mortgage Payment Protection - Budget Health policy, and for all of the policies in your Flexible Protection Plan would continue to be paid on your behalf if you suffered an accident or sickness which left you unable to work for longer than the waiting period you have chosen.

Or, if you're insuring someone else, it'll pay your premiums if the person insured is unable to work.

We use the same three ways to measure whether you are unable to work, as we do for your Mortgage Payment Protection - Health or Mortgage Payment Protection - Budget Health policy. Therefore we will offer you the same cover as we have offered you on your Mortgage Payment Protection - Health or Mortgage Payment Protection - Budget Health policy.

We'll confirm this when you apply.

Full details of this cover are included in our Waiver of Premium Policy Summary and Policy Conditions.

## Could LV= cancel my policy?

Whilst the vast majority of our customers are honest, we do have to protect ourselves (and our customers) against the effect of fraudulent claims.

We will cancel your policy if either you or anyone you are insuring act fraudulently, or deliberately provide untrue, inaccurate or misleading information when you apply for the policy, or when making a claim.

This means we can cancel your policy, or not pay the amount of your cover in full, if we determine that you would have known, or ought to have reasonably known, the true answer to a question we ask you, but have deliberately provided a false answer. So, when you apply, please take care to answer all of the questions as accurately as you can.

If you apply for your policy on-line, we will send you a summary of the questions we ask and the answers you give. We will also do this if, when you apply, we telephone you to ask you some further questions about your application. When you receive this summary it's very important that you check the answers you gave, as we rely on this information to set up your policy. Once you have checked the summary, you need to sign it and return it to us within 60 days of the start date of your policy. If you don't we may cancel your policy.

We've explained when we can cancel your policy in more detail in the Mortgage Payment Protection - Health or Mortgage Payment Protection - Budget Health Policy Conditions.

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## How do I complain?

If you have a complaint about any part of the service you receive from us, it's important that we know about it, so we can help put things right. You can let us know by calling us on 01202 292333 (for textphone, dial 18001 first). Or, you can write to us at: Box 2, LV=, County Gates, Bournemouth BH1 2NF. Your complaint will be dealt with promptly and fairly and in line with the Financial Services Authority's requirements, and if you want more information on how we handle complaints, please contact us.

We hope that we will be able to resolve any complaint that you have, but if you aren't happy with the outcome you can refer your complaint to the Financial Ombudsman Service. If you make a complaint it won't affect your right to take legal action.

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# Further Information

## Retail Clients

We are required by our regulator, the Financial Services Authority, to categorise our customers to determine the level of protection they will receive. If you take out the Flexible Protection Plan described in this Key Features document, we will treat you as a retail client. This gives you the highest level of protection available under the Financial Services Authority rules.

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## What would happen if LV= got into financial trouble and was not able to pay out?

We've been in business since 1843, and take great care to manage our affairs sensibly. If we ever did get into financial trouble and couldn't honour our commitments, you would be entitled to compensation from the Financial Services Compensation Scheme.

The compensation you could get depends on the type of product you have. For this type of policy, the scheme covers the first £2,000 and at least 90% of the rest. For more information go to [www.fscs.org.uk](http://www.fscs.org.uk) or call 020 7892 7300.

From 1 January 2010 this will change to 90% of the claim.

For life assurance the scheme's first responsibility is to seek continuity of cover rather than to pay compensation.

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## Law

The policy is governed by the law of England and Wales and the courts for that part of the UK where you live. We will always communicate in English.

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