

keyfacts[®]

**MORTGAGE PAYMENT
PROTECTION
HEALTH REVIEWABLE
PREMIUMS**

Policy Summary



Mortgage Payment Protection Health – Reviewable Premiums

Policy Summary

In this summary, we try to help you by giving you the ‘key facts’ of the policy. It doesn’t set out the full terms and conditions – you will find these in our ‘Policy Conditions’ document.

Mortgage Payment Protection – Health is provided by Liverpool Victoria Friendly Society Limited, which is part of LV=.

If we can help you by providing this document in Braille, in large print or on audio tape, please let us know.

What am I covered for?

Mortgage Payment Protection – Health is designed to pay you a regular income to help you pay your monthly mortgage repayments if you are unable to work due to sickness or accident.

There are three ways we can measure whether you’re unable to work.

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 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.

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, then 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'

When you apply you can choose to link this policy 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 this policy.

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



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 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 ill 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. This is explained in more detail in Section A of the Policy Conditions.

If your linked policy ends

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.

How much cover can I have?

The most cover you can have a month is an amount equal to 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?

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 a month or less, we will pay the lower of:

1.4 times 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 the amount of your monthly mortgage repayment, 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 chose.

The following example illustrates how we work out how much we will pay you. Full details are in section B4 and B5 of the policy conditions.



Example – Where total cover is £1,500 a month or less

David's mortgage repayments are £700 a month. He can take out Mortgage Payment Protection – Health policy for a maximum of 1.4 times (140%) of 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 ill 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 based 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.

Can I apply?

You can apply if you are:

- permanently living in the UK (not including the Channel Islands or Isle of Man),

and

- aged between 17 to 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.

How much does it cost?

This depends on the amount of cover you choose, and also your personal circumstances, for example your age and whether you smoke or not.

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

We'll tell you your premium before your policy starts. This may be different to that shown on your personal quote.



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 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.

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.

Your policy must last for at least 5 years, and cannot last for more than 45 years.

The policy must also end before you reach age 85.

What types of cover can I choose?

You can only have level cover. This means the amount of cover 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 be worth as much in the future.

We aim for the premium you pay to remain the same, but it may be changed, as the premiums are reviewable. Please see 'Can LV= change the premium I pay?' on page 8 for more information.

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. This is particularly important if you are changing your mortgage.

Can I change my cover?

Yes, you can apply to change the amount you are covered for, your waiting period or the end date of your policy at any time. Normally, this will depend on your health and the job that you do 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.

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. This would normally mean that your premiums 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.

Full details of this cover are included in our Waiver of Premium Policy Summary and Policy Conditions. If you'd like more information about this and whether it's right for you, please speak to a Financial Adviser.

Can LV= change the premium I pay?

Yes.

The premiums you pay for this policy 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 Policy Conditions.



What about claiming?

If you need to claim you should let us know straight away. If you don't this may result in a delay in us starting to make payments to you. We explain when you need to tell us and what happens if you don't in Section B1 of the Policy Conditions.

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.

What happens if I have made a claim, recovered, gone back to work, and then I become ill again?

If this happens within the first 6 months of you going back to work then we may be able to start paying you again straight away, without you having to wait until the end of your waiting period. We call this a 'linked claim'.

However we will only do this if the reason you are unable to work, is the same as it was for your original claim, and you are still working in the same job as you were originally. If the reason you are unable to work is not the same, or you are working in a different job when you need to claim again, then we will not treat this as a 'linked claim', and you will need to wait until the end of your waiting period before we start making payments to you again.

More details and the limits that apply can be found in Section B6 of the Policy Conditions.

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.

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 Section E7 of the Policy Conditions.



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.

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.

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 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.

Notes

