

2016 claims performance

The real value of
financial protection

A guide to our 2016 claims performance



2016 Claims performance

LV= has been providing financial protection to customers for over 170 years. When you buy an LV= protection policy, you're helping to safeguard yours and your family's lifestyle for the future.

When it comes to claims we aim to be transparent, consistent, honest and ethical, and we're committed to paying genuine claims. We know that when you're taking out financial protection with LV=, you want to be sure that we'll pay you your money quickly and without a fuss at the time you need it.

We paid 94% of all individual protection claims made in 2016, totalling close to £77 million.

Don't just take our word for it.

We've been voted as the UK's Moneywise Most Life Trusted Insurer for the last five years. Customers trust us to help them when they need it most and we're proud of this recognition.



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This document provides a breakdown of our 2016 claims performance.



*The £77m figure only relates to new claims we started paying in 2016 and excludes claims that were already in payment before 2016.

Protection claims key figures 2016

On average we paid more than £1.6m a week in claims last year, offering financial help to families affected by accidents, illness, unemployment and death. The table below highlights our claims performance in 2016.

	Income Protection*	Personal Sick Pay*	Critical Illness	Life	Terminal Illness	LifeTime+**	Unemployment***	50 Plus
Total value of claims paid	£14m	£3.6m	£21m	£26.6m	£6.5m	£2.1m	£1.1m	£12.3m
Average annual benefit/payment	£14,695	£2,047	£78,672	£63,303	£108,486	£33,497	£11,739	£3,003
Highest annual benefit/payment	£220,958	£32,044	£600,000	£445,799	£550,000	£500,000	£48,917	£24,987
Average age of policy in force at claim	10 years 5 months	9 months	6 years 8 months	8 years	6 years 7 months	8 years 3 months	4 years 7 months	5 years 11 months
Average length of claim paid	7 years 7 months	10 months	n/a	n/a	n/a	n/a	4 months	n/a

* Income Protection claims and Personal Sick Pay claims both include new claims we started paying in 2016, and also claims that were in payment before 2016

** Our LifeTime+ product is now closed to business

*** Unemployment cover was offered as part of our Mortgage and Lifestyle Protection Plan alongside accident and sickness cover. It wasn't available as a stand-alone product. This product is now closed to new business.

During these difficult times we know the last thing you want to be thinking about is your claim, so to help you through the process and to try and make sure you get your money as quickly as possible we offer the following support:

- **A dedicated claims assessor** – You'll be assigned a dedicated claims assessor and given their direct contact details, so you can speak to the same person (for all aspects of the claim). You'll be able to contact your claims assessor whenever you need to, ensuring any questions, queries or concerns are dealt with quickly.
- **Flexible approach for submitting a claim** – Everyone's different, so we offer a choice on how to submit your claim form. You can complete and return it by post, email or complete it over the phone. We also offer an online claim form for Personal Sick Pay claims.
- **Misrepresentation** – We pay all genuine claims but there are two main reasons why sometimes we can't pay a claim. The first is misrepresentation, when a customer didn't share important information when they applied for their policy. The second is not meeting the claim definition, for example customers claiming for something that isn't covered by their policy.

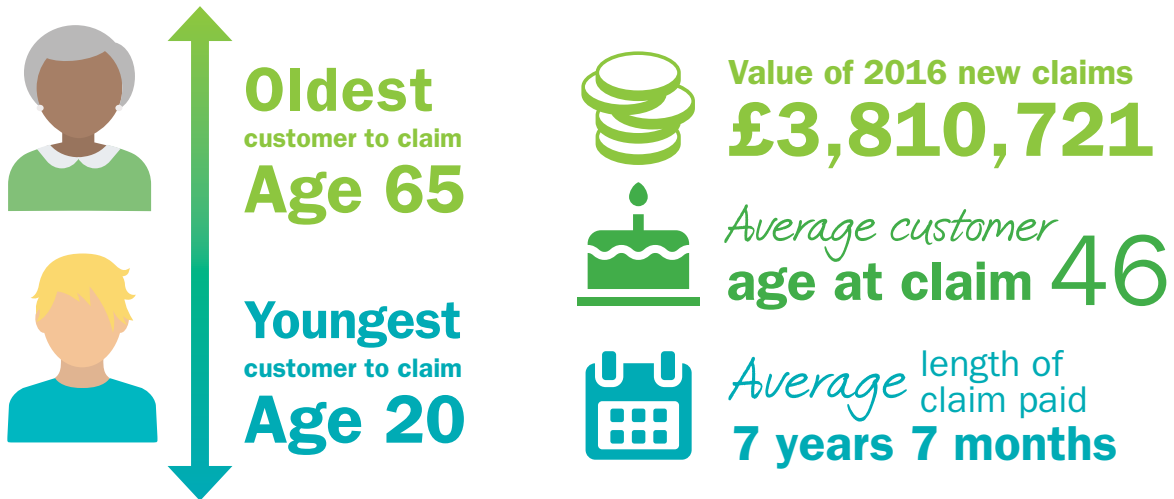
The products detailed in the brochure are designed for protection purposes only and have no cash in value at anytime. If you stop paying previous cover may stop and you get nothing back.

Income Protection



Income Protection is designed to pay you a regular income if you're unable to work due to sickness or accident.



The figures below show no one is immune to ill health and it can happen to anyone, regardless of your age or job.



Common cause of claim	Total % of claims paid	Total amount paid 2016
Musculoskeletal	23.3%	£525,931
Mental health issues	14.2%	£1,300,486
Cancer	13.6%	£503,168

Examples of Income Protection claims we paid last year

As you can see, long-term sickness affects customers of all ages and working in a variety of different jobs.

<p>Mr A Occupation – Joiner Age – 25</p>  <p>Monthly benefit – £454 Cause of claim – Accident Time off work – 6 months Length of policy before claim – 5 months</p>	<p>Mrs B Occupation – Solicitor Age – 57</p>  <p>Monthly benefit – £1,776 Cause of claim – Mental health issue Time off work – 8 months Length of policy before claim – 28 years 8 months</p>
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Income Protection



Rehabilitation

Helping our Income Protection customers back to work supports their wellbeing and sense of purpose. If you take out one of our income protection products and make a claim, one of our rehabilitation advisers will contact you to make sure you get all the support you need. This could be access to medical specialists, working through a return to work plan with you or helping you into a different career. Knowing you're not alone can support you on the road to recovery.



Customer story

Ms W, Income Protection customer

Ms W called us for a claim form after suffering a stroke. Unfortunately, the stroke had left her with some disability and she was unable to fill in the form. She lived alone and it was clear that she needed help. To make sure we got all the information we needed to start paying the claim quickly, we sent our rehabilitation specialist to visit Ms W at home, who was able to help her complete the form.



Claims we couldn't pay

We paid out a total of £14m on new and existing income protection claims last year. We were unable to pay 6.3% of claims due to misrepresentation and 3.6% for not meeting the policy definition.

	2016	2015
Claims paid	90.2%	92.0%
Declined – Misrepresentation	6.3%	5.0%
Declined – Not meeting definition	3.6%	3.0%

'I am writing to express my gratitude to you and all at LV= for accepting my claim and making the timely payments. The claims process proved to be efficient, not at all daunting and sympathetic to my current situation – I thank you for this. Please would you pass on my sincere thanks to all involved in this claim, you have indeed made a very positive impact on my family's life.'

Mr H, Income Protection customer

Examples of Income Protection claims we paid last year

As you can see, long-term sickness affects customers of all ages and working in a variety of different jobs.

Miss M

Occupation – Teacher

Age – 45

Monthly benefit – £1,230

Cause of claim – Brain tumour

Time off work – 10 months

Length of policy before claim – 2 years 5 months



Mr S

Occupation – Accountant

Age – 55

Monthly benefit – £1,391

Cause of claim – Back disorder (Musculoskeletal)

Time off work – 1 1/2 months

Length of policy before claim – 22 years 1 month

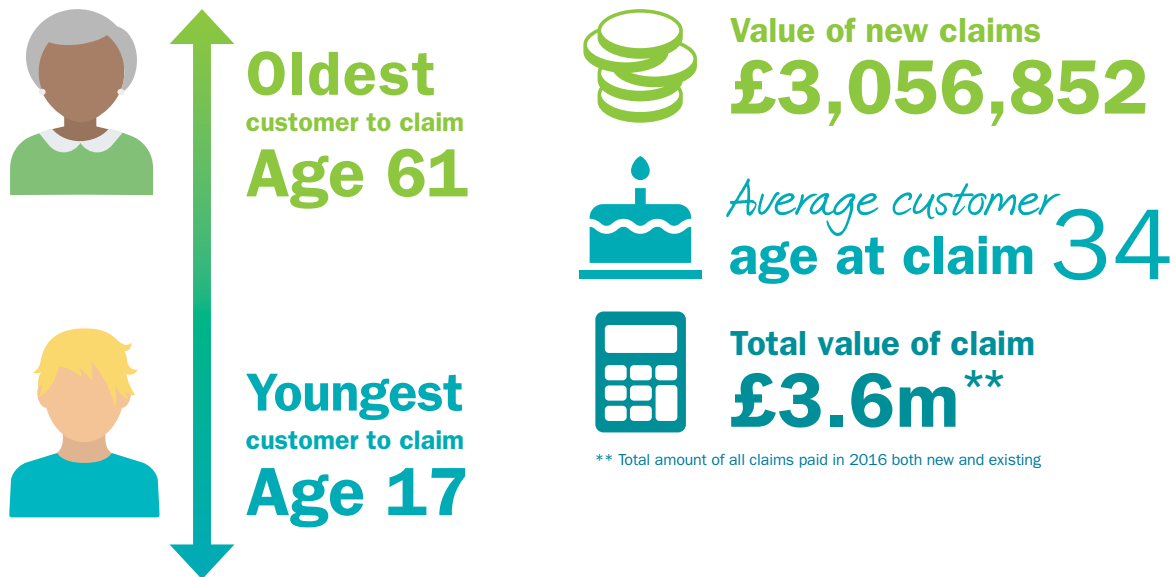


Personal Sick Pay



Personal Sick Pay is applicable for people working in certain jobs, such as in the trades or if you're self-employed. It replaces some of your regular income if you're unable to work due to sickness or accident.

The figures below show no one is immune to ill health and it can happen to anyone, regardless of your age or job.




Common cause of claim	Total % of claims paid	Total amount paid 2016
Musculoskeletal	37.2%	£1,300,207
Accident	25.1%	£847,876
Viral / infection	11.9%	£131,135
Mental health issues	3.7%	£158,313

Examples of Personal Sick Pay claims we paid last year

As you can see, different types of sickness can affect customers of all ages and working in a variety of different jobs.

Mr T
Occupation – Carpenter
Age – 26



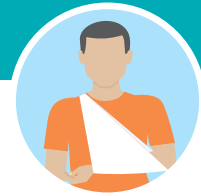
Monthly benefit – £1,000
 Cause of claim – Musculoskeletal
 Time off work – 2 months
 Length of policy before claim – 2 years 3 months

Miss J
Occupation – Medical Practitioner
Age – 35



Monthly benefit – £1,000
 Cause of claim – Mental health issues
 Time off work – 2 months
 Length of policy before claim – 1 year 7 months

Personal Sick Pay



Benefits of Personal Sick Pay

Personal Sick Pay will keep paying out until you're able to go back to work, or until your insurance comes to an end (whichever comes first). If you have Budget Personal Sick Pay, your insurance will pay out for a maximum of 24 months for each individual claim. You'll be able to claim again once you've been back to work for a minimum of six months.

You can insure up to 60% of your earnings (before tax).

For example, if you're earning £26,000 a year, the maximum insurance you can have is £1,300 a month.

This is worked out as: $£26,000 \times 60\% = £15,600$ divided by 12 months



Customer story

Mr C, Personal Sick Pay customer

Mr C worked as a hod carrier (a physical role which involves a lot of heavy lifting). Mr C injured his elbow in 2015 and is unlikely to work in his original job again.

Whilst paying Mr C's claim, we funded an electrician course (including overnight accommodation), helping him get the skills and qualifications needed to change career. After Mr C had completed his course, we also bought the tools he needed to pursue his new career. And we've been helping him find potential employers – who will include a van as part of his remuneration. If Mr C decides to go self-employed, we'll continue assisting his return to work and consider paying for his own rental van.

Although not every customer who claims will be able to go back to work in the future, we continue to look at ways to support those who can – improving their wellbeing and morale.



'Thank you for such a great service as it's a real worry when you wondering how you're going to pay the bills, the other hard bit was being in the dog house with the wife for over a week, this isn't the first time she's took me to A&E and hopefully the last as I'm calming down on the biking.'

Mr W, PSP customer

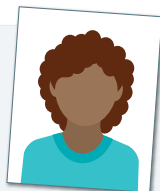
Examples of Personal Sick Pay claims we paid last year

As you can see, different types of sickness can affect customers of all ages and working in a variety of different jobs.

Miss L

Occupation – Chef

Age – 40



Monthly benefit – £1,024

Cause of claim – Viral/ infection disorders

Time off work – 5 months

Length of policy before claim – 2 years

Mr W

Occupation – Bricklayer

Age – 26



Monthly benefit – £400

Cause of claim - Accident

Time off work – 2 months

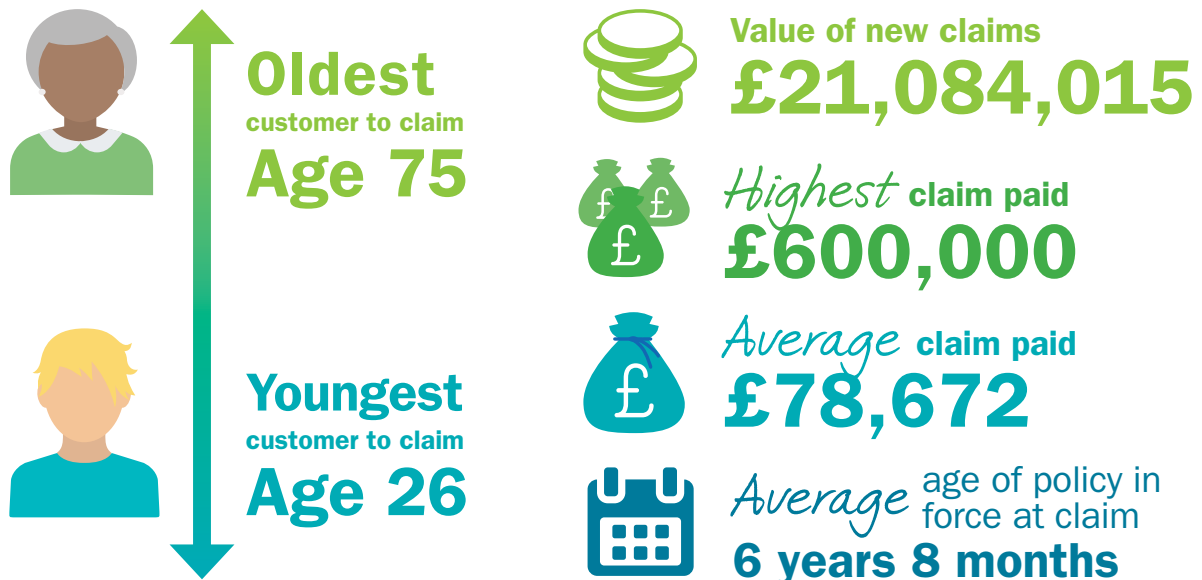
Length of policy before claim – 2 years 6 months

Critical Illness



If you were to be diagnosed with a critical illness or suffered a serious accident it could affect you physically, emotionally and financially. We aim to support you in all three of these areas. Critical illness is designed to pay you money when you're diagnosed with one of the conditions or illnesses covered by our policy.

The figures below show no one is immune to critical illnesses and they can happen to anyone, regardless of your age or gender.



Common cause of claim	Total % of claims paid	Total amount paid 2016
Cancer	64.6%	£14,096,077
Heart related	12.7%	£2,600,921
Stroke	7.1%	£714,322
Multiple sclerosis	4.5%	£1,243,337

Examples of Critical Illness claims we paid last year

As you can see, critical illness affects customers of all ages.

<p>Mr N Occupation – Joiner/Builder Age – 66</p> <p>Total amount paid – £20,000 Cause of claim – Cancer Length of policy before claim – 17 years 7 months</p>		<p>Miss P Occupation – Administrator Age – 36</p> <p>Total amount paid – £23,000 Cause of claim – Breast Cancer Length of policy before claim – 5 years 3 months</p>	
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Critical Illness



Enhanced claim payments

Experiencing a critical illness at an earlier age or as a result of an accident can mean living with a life-changing condition which could potentially affect your finances and lifestyle for the rest of your life.

Our enhanced claim payment definitions have been designed to pay you more money than the original amount you insured yourself for.

- **Diagnosis of a specified neurological condition below age 45.**
We'll pay one and half times (150%) of your cover, up to a maximum of £200,000 (on top of the original cover) if you're under the age of 45 and diagnosed with one of six neurological conditions
- **Enhanced claim payment as a result of an accident.**
We'll pay twice the amount (200%) of your cover, up to a maximum of £200,000 (on top of the original cover), if you're under the age of 45 and are diagnosed with one of ten conditions as a result of an accident.

Customer story

James was 30 when he was diagnosed with Parkinson's disease. This diagnosis meant his life would change forever. Having Life and Critical Illness cover made a huge difference as James was eligible for our enhanced neurological payment feature. He was surprised at how simple the claim process was and how much money we were prepared to pay. As James was eligible for 150% of his cover, he was able to put money aside and keep it safe for when he needs it later on in his life.

Claims we couldn't pay


We paid out a total of £21m on new critical illness claims (including child claims) last year. We were unable to pay 1% of claims due to misrepresentation and 7.2% for not meeting the policy definition.

	2016	2015
Claims paid	91.8%	91.0%
Declined – Misrepresentation	1.0%	3.0%
Declined – Not meeting definition	7.2%	6.0%

Examples of Critical Illness claims we paid last year


As you can see, critical illness affects customers of all ages.

Mr S
Occupation – Accountant
Age – 57



Total amount paid – £150,000
Cause of claim – Heart attack
Length of policy before claim – 15 years 9 months

Mr L
Occupation – Claims Handler
Age – 32



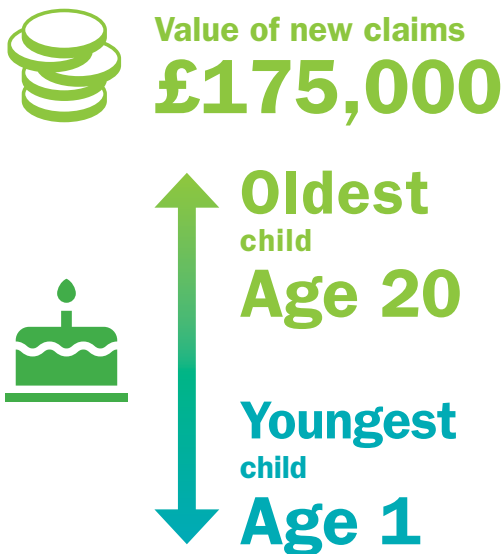
Total amount paid – £132,000
Cause of claim – Benign brain tumour
Length of policy before claim – 11 years

Critical Illness – Children’s Cover



Our children’s cover is automatically included in your combined life & critical illness policy and even if you don’t have children now, they’ll still be covered if you have a family in the future. We’ll pay up to a maximum of £25,000, or £50,000 if both parents hold two separate policies. When we pay a claim, it doesn’t affect the main policy (this stays in place, for the full amount).

If your child has an accident and you make a claim against one of our ten specified definitions, we’ll double the payment – up to a maximum of £50,000. No one ever wants to imagine their child becoming critically ill or suffering an accident, but sadly it does happen as these figures and examples show.




Jeremy and Nicola Krzystyniak, Critical illness customers – children’s claim

“Everybody thinks it’s never going to happen to them and we thought the same, but not any more, it happened in the blink of any eye, in a moment everything changes.”

Conditions	Total amount paid 2016
Cancer	£75,000
Other	£100,000

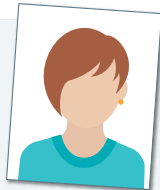
Examples of Critical Illness children’s cover claims

Age – 4
Condition – Cancer



Total amount paid – £12,500
Length of parent’s policy before claim – 13 years 10 months

Age – 20
Condition – Stroke



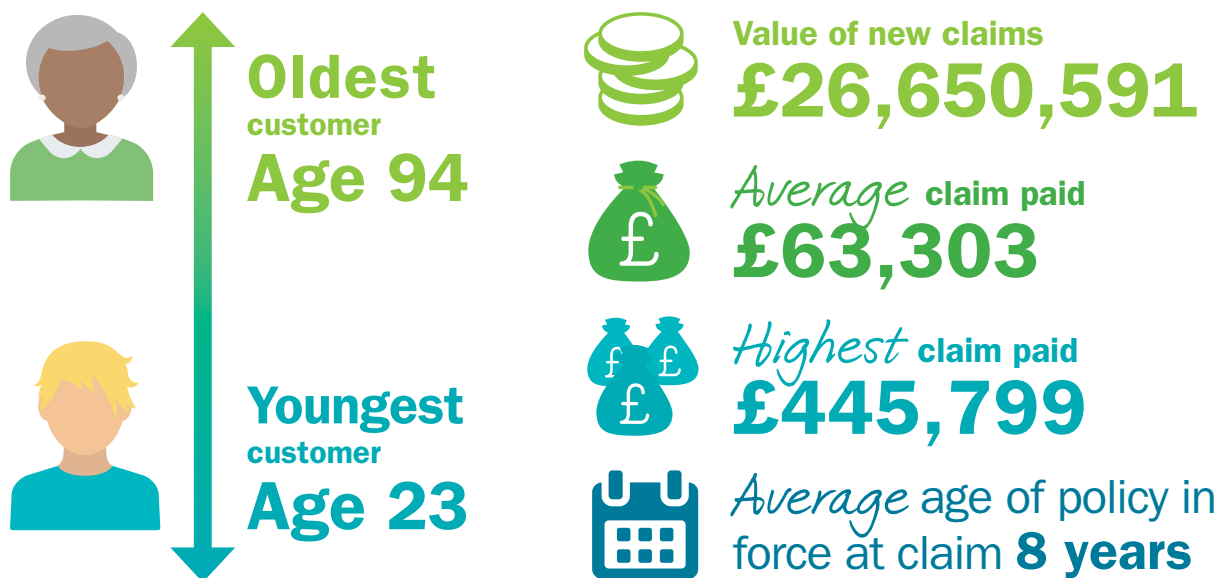
Total amount paid – £25,000
length of parent’s policy before claim – 12 years 5 months

Life Insurance



Life Insurance is designed to provide a one-off payment if you die, or are diagnosed with a terminal illness before the end date of your policy.

Life insurance could ensure that your family keep the home they've grown up in, or that your children go to university, even if you're not around to help with the expense. Sadly, unexpected death does happen, as these facts and figures show.



Common cause of claim	Total % of claims paid	Total amount paid 2016
Cancer	41.6%	£11,834,739
Heart related	13.5%	£3,445,488
Other	6.9%	£1,825,819
Respiratory disorder	6.9%	£1,057,367

Examples of Life Insurance claims we paid last year

As you can see, unexpected death affects customers of all ages.

<p>Mr S Occupation – Bank Clerk Age – 57</p> <p>Total amount paid – £12,000 Cause of claim – Cancer Length of policy before claim – 24 years 9 months</p>		<p>Miss D Occupation – Accountant Age – 40</p> <p>Total amount paid – £107,000 Cause of claim – Brain tumour Length of policy before claim – 12 years 7 months</p>	
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Claims we couldn't pay

We paid out a total of £26m on Life claims last year. We were unable to pay 2.5% of claims due to misrepresentation.

	2016	2015
Claims paid	97.5%	97.0%
Declined – Misrepresentation	2.5%	3.0%

Examples of Life insurance claims we paid last year

As you can see, unexpected death affects customers of all ages.

Mr M
Occupation – Estate Agent
Age – 59



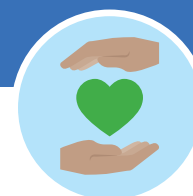
Total amount paid – £20,000
Cause of claim – Heart attack
Length of policy before claim – 18 years 9 months

Miss F
Occupation – Staff Nurse
Age – 36



Total amount paid – £100,000
Cause of claim – Breast cancer
Length of policy before claim – 5 years 6 months

Terminal Illness



Terminal illness cover is part of our life and combined life & critical illness products. It will pay out a lump sum if you're diagnosed with a terminal illness, and not expected to live for more than 12 months (unless you're diagnosed with a terminal illness in the 12 months before your insurance is due to end).

Sadly, customers can be diagnosed at any time with a terminal illness, as these facts and figures show.




Common cause of claim	Total % of claims	Total amount paid
Cancer	71.7%	£5,047,101
Brain tumour	6.7%	£944,444
Stomach disorders	3.3%	£91,125

Examples of Terminal Illness claims we paid last year


As you can see, terminal sickness affects customers of all ages and at different stages of life.

Mr P
Occupation – Solicitor
Age – 73



Total amount paid – £87,550
Cause of claim – Cancer
Length of policy before claim – 15 years 10 months

Miss A
Occupation – Secretary
Age – 55



Total amount paid – £80,277
Cause of claim – Brain tumour
Length of policy before claim – 12 years 11 months

Terminal Illness



Claims we couldn't pay

We paid out a total of £6.5m on terminal illness claims last year. We were unable to pay 1.6% of claims due to misrepresentation and 1.6% for not meeting the policy definition.

	2016	2015
Claims paid	96.8%	99%
Declined – Misrepresentation	1.6%	0.0%
Declined – Not meeting definition	1.6%	1.0%

"Thank you very much for working so promptly on this matter and for the kind tone of your communications; at such a stressful & distressing time it really makes a difference to be treated with such delicacy of approach. I really do appreciate it."

Mrs J – policy holders wife

Examples of Terminal Illness claims we paid last year

As you can see, terminal sickness affects customers of all ages and at different stages of life.

Mr E

Occupation – Company Director

Age – 44



Total amount paid – £200,000

Cause of claim – Brain tumour

Length of policy before claim – 10 years 11 months

Miss B

Occupation – Finance Officer

Age – 63



Total amount paid – £47,356

Cause of claim – Stomach disorder

Length of policy before claim – 10 years 11 months



LV= Doctor Services

LV= Doctor Services is included on selected LV= Products for all new customers. It's about going beyond the financial support you'd expect from an insurer and doing more. That's why we give you fast and convenient access to three expert medical services provided by Square Health.

This is a non-contractual benefit, and can be withdrawn at any time.

Early payment on death

Claims are more than just numbers at LV=. Earlier in 2017 we designed our early payment on death feature to release much-needed capital (up to £10,000) quickly, reducing the likelihood you or your family getting into debt whilst we're waiting for any paperwork needed to process a claim. We regularly review our claims process to ensure we do the right thing for you and your family – making an early payment is just one of the ways we offer support when it's needed most.

Our early death payment supports the Protection Distributors Group's 'Funeral Payment Pledge', which called for insurers to offer better financial support to bereaved families. If families opt for the LV= early payment, they can choose how they spend the money – we won't insist it's only used to cover funeral expenses.

Qualifying life insurance policies:

Lump sum life products (including life and critical illness combined) except: Family income assurance, Decreasing term assurance, Pension term assurance, policies that are assigned, written in trust or subject to bankruptcy order or a power of attorney, policies must have been in force for five or more years.

We won't offer an early payment if the death:

Occurs overseas, is the result of suspected murder, drug abuse, HIV/AIDs or suicide, is being investigated by a coroner.



Member benefits

When you take out a protection policy with LV= you'll automatically become an LV= member. This allows you access to, qualified counsellors who are at the end of the phone to help and support members with anything from relationship difficulties, bereavements, stress, debt, depression and anxiety. Also offered within member benefits is the member care line, this enables members to speak to a team of qualified nurses who offer advice and guidance on areas such as childcare, elderly care, medication, pre travel advice and what to expect if you're diagnosed with an illness or medical condition.



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