



INCOME PROTECTION GUARANTEED PREMIUMS

Policy Summary

Income Protection Guaranteed Premiums

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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.

Income Protection 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 please let us know.



What am I covered for?

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

There are two 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 the main tasks of your occupation and aren't doing any other paid or unpaid work. By main tasks we mean the things which can't reasonably be left out of your role, by you or your employer. You would not be expected to go back to work in a different occupation – for as long as you are unable to do your normal occupation, the policy will continue to pay out.

We'll also use this measure, if you claim within the first 12 months from

- becoming unemployed
- becoming a homemaker, or
- taking a career break

If you have been out of work for longer than 12 months when you claim we'll use the measures under homemaker cover which are detailed below to determine whether we can pay your claim.

More details for Own occupation cover can be found in the Policy Conditions in Section A1.

Homemaker cover

This pays out if because of an accident or sickness, you are unable to prepare a meal or do basic housework. We promise we'll be reasonable in reviewing your claim, our aim is to make sure we can pay out when someone is genuinely unable to be a homemaker.

More details for Homemaker cover can be found in the Policy Conditions in Section A2.

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

If you are a Doctor or Surgeon, registered with the General Medical Council, and licensed to practice in the UK, then we have some special conditions, over and above our standard conditions. More information about these extra conditions can be found in Appendix A 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.

Of course, if you are already unemployed at the time you have an accident or sickness that prevents you from working, then you're still covered. This is explained in section A1 of the Policy conditions

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, if you have homemaker cover you can not claim if you are still able to prepare a meal or do basic housework. Although, if you have own occupation cover, we may be able to offer some support if you return to work part time or in another occupation.

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'll 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.

How much cover can I have?

The most cover you can have is 55% of your annual earned income before tax.

This does not include any income from savings or investments.

If you own a limited company then your income can also include dividend income from your business. This is as long as the dividend income is clearly related to your work activities, and the dividends are paid from current year annual profits net of tax. For more information please see the definitions section for income in the policy conditions.

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?

The most we'd pay out is 55% of your annual income before tax.

We then take off other payments you may be receiving, such as the payments from any other Income Protection, or accident and sickness policies that you may have.

We take these payments off so that you don't receive payments totalling more than your income before you started to claim. Because of this the amount we pay you when you claim may be less than the amount of cover you are paying for. We don't refund premiums if this happens. However if after we've taken these amounts off, the maximum amount we could pay is within 10% of your amount of cover, we'll ignore the over-insurance, and pay the amount you're insured for in full.

We will never pay out more than the amount you are insured for.

We won't reduce the amount we pay you by the amount of any state sickness benefits – you can continue to receive these in addition to the payments you receive from this policy. However any payments from this policy could affect the amount of state benefit you can claim.

Please note if you were unemployed or on a career break the maximum we'll pay out could be affected. This will depend on how long you've been unemployed or on a career break. Please see Section D4 of the policy conditions. However if you are a Doctor or Surgeon then we have some special arrangements that allow you to take a sabbatical break, and leave your cover in place. Please see Appendix A – Condition 2 of the policy conditions for more information.

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.



Example

John earns £30,000 a year. He can take out an Income Protection policy for a maximum of 55% his annual income which works out at £1,375 a month.

John chooses £1,375 a month cover.

A year after taking out his Income Protection policy, he applies for a small personal loan, and takes out payment protection insurance on that loan.

Five years later John becomes sick and is unable to work as a result. His payment protection insurance on his loan starts paying £300 a month. By this time his salary has also increased to £36,000.

The following calculation shows you how we work out how much to pay John.

First of all we work out 55% of John's income before the claim

$$\text{£36,000} \times 55\% = \text{£19,800}$$

Then we divide this by 12 to work out the monthly equivalent

$$\text{£19,800} \div 12 = \text{£1,650}$$

Then we take off the payments from his payment protection insurance

$$\text{£1,650} - \text{£300} = \text{£1,350}$$

The maximum monthly amount we could pay based on his income is £1,350 a month.

Finally we check this is not more than John was covered for. His cover was £1,375 a month.

However as the difference between the maximum amount we could pay and what he is covered for is less than 10% – we ignore the fact that he is over-insured, and agree to pay him the full £1,375 he is covered for.

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, and your employer pays you sick pay 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.

If you are a Doctor or Surgeon working for the NHS you may be able to claim under our NHS Doctors and Surgeons sick pay guarantee. This means we would pay your claim early if you've chosen a waiting period of 12 months. For more information, please see Appendix A – Condition 3 of the policy conditions.

Can I apply?

You can apply if you are:

permanently living in the UK

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.

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 will 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.

The policy must also end before you reach age 70.

What types of cover can I choose?

You can choose:

Level cover

This means the amount of cover and the premium you pay is fixed when your policy starts, and doesn't change. If you choose level cover, inflation will mean that the amount of cover you choose now will buy less in the future.

Inflation-linked cover

This means that the amount of cover you choose and the premium you pay will both go up each year in line with inflation. This may be shown on your personal quote as increasing amount of cover, or index-linked amount of cover. If we are paying a claim when an increase is due, we will limit the increase to 12% for that year. More information on inflation-linked cover can be found in Section C1 of the Policy Conditions.

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 if you choose level cover, inflation will mean that the amount of cover you choose now will buy less in the future. A financial adviser will be able to help you with this.

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. Changes will depend on your health and the occupation that you do at the time you want to increase your cover, and the terms and conditions that apply at that time.

In some circumstances you may be able to increase your amount of cover without having to complete a full application form or provide us with details of your health. We've explained when you can do this in Sections C2 and C3 of the Plan 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?

Your premium is guaranteed. This means it will not change, unless you have chosen inflation-linked cover. If you have chosen inflation-linked cover, then both your premium and your amount of cover will only increase by inflation each year.

The exception to this is if we are required to change your premium because of a change in law which affects this type of insurance. We explain this in more detail in Section C9 of the Policy Conditions.



What is the £1,500 Benefit Guarantee from LV=?

At LV= we understand that your income can go up and down. If it goes down, then when you come to claim it's possible you may be earning less than when you applied for your cover.

If this happens then the cover you choose might work out to be more than the maximum 55% of income allowed. Usually we would reduce the amount we pay you to this maximum.

When you claim, we guarantee that no matter what your income is, we'll provide you with at least £1,500 a month benefit (or if you chose cover of less than £1,500 then the amount you chose).

Please note:

- The aim of the benefit guarantee is to protect you against a genuine drop in your income after you take out your insurance. If you weren't earning enough when you set up your insurance to support the amount of cover you chose, then we reserve the right not to apply the benefit guarantee.
- To qualify for the guarantee, you must have been working at least 16 hours a week if you were self employed, or 25 hours a week if you were employed, at the time you became unable to work due to accident or sickness.
- We would deduct any other sources of income (for example sick pay or other insurance) from the guaranteed amount.
- You can still receive state benefits on top of the guarantee.
- Any amount above the £1,500 would be subject to the usual reductions explained in section B5 of your Policy Conditions.

For more details on the benefit guarantee please see Section B6 of the Policy Conditions.

Example

Kevin earns £36,000 a year (£3,000 a month), and takes out cover of £1,650 a month (55% of his income).

Three years later Kevin comes to make a claim, but by that time he taken a significant pay cut due to a company re-structure, and now only earns £24,000 a year (£2,000 a month). He has no other income protection policies or any continuing income. This means the maximum amount we could normally pay is £1,100 a month (55% of £2,000).

However under our £1,500 benefit guarantee we agree to pay him £1,500 a month, even though his income at time of claim would mean we could usually only pay him £1,100.

If you are a Doctor or Surgeon, then we may be able to offer you a £3,000 benefit guarantee instead. Please see Appendix A – Condition 1 of the policy conditions for more information.

What happens to my cover if I stop working?

It's important to tell us if you stop working. This is because we may use the measures described under homemaker cover when assessing your claim and the amount we pay may be reduced to £1,500 a month. Please see Section C4 of the policy conditions.

If you tell us when you stop working we may be able to reduce the premium you pay, to reflect your reduced cover. If you don't tell us, your premium will stay the same so this means you could end up paying for cover that you can't claim for, as the maximum amount we'll pay is £1,500. Unfortunately we won't be able to refund premiums if this happens.

If you are a Doctor or Surgeon then we have some special arrangements that allow you to take a sabbatical break, and leave your cover in place. Please see Appendix A – Condition 2 of the policy conditions for more information



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 7565869 (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 occupation as you were originally. If the reason you are unable to work is not the same, or you are working in a different occupation 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 B7 of the Policy Conditions.

What happens if I have made a claim and recovered, but I am only able to go back to work part-time?

(sometimes called Rehabilitation benefit) – Own occupation cover only.

Normally, once you recover and are able to work again, we will stop making payments to you.

However if you have Own Occupation cover then we may be able to continue to pay you a proportion of the amount of your cover, if you have been claiming on your policy, but only recover enough to go back to work in your old occupation on a part-time basis.

Unfortunately we won't be able to do this if you have homemaker cover.

More details about how we work out how much to pay and the limits that apply can be found in Section B8 of the Policy Conditions.

What happens if I have made a claim and recovered, but I am not well enough to go back to my previous occupation?

(sometimes called Proportionate benefit) – Own Occupation cover only.

Normally, once you recover and are able to work again, we will stop making payments to you.

However if you have Own Occupation cover then we may be able to continue to pay you a proportion of the amount of your cover, if you have been claiming on your policy, but only recover enough to go back to work in a different occupation, for a reduced amount of income.

Unfortunately we won't be able to do this if you have homemaker cover.

More details about how we work out how much to pay and the limits that apply can be found in Section B9 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 decide that you would have known, or we decide that you reasonably ought to have 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.

We've explained when we can cancel your policy in more detail in Section C12 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 0800 678 1906 (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 0800 678 1906 (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 Conduct Authority's requirements, and if you want more information on how we handle complaints, please contact us or visit www.LV.com/complaints.

We hope that we will be able to resolve any complaint that you have. If you're unhappy with the resolution of your complaint, the Financial Ombudsman Service may be able to help you free of charge but you'll need to contact them within six months of receiving our final response letter. Their website is www.financial-ombudsman.org.uk which includes more information about the service, including details of the various ways they can be contacted. 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 90% of the claim. From 3rd July 2015 this will change to 100% of the claim. The scheme's first responsibility is to seek continuity rather than to pay compensation.

For more information go to www.fscs.org.uk or call 0800 678 1100 or 0207 741 4100.



If you love it, LV= it

You can get this and other documents from us in Braille, large print or on audio by contacting us.

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