





Income Protection Policy Conditions Guaranteed Premiums

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Please keep it in a safe place.



LIVERPOOL VICTORIA



Income Protection Policy Guaranteed Premiums

Policy Conditions

Welcome to LV=, and thank you for choosing our Income Protection policy.

Welcome to LV= and thank you for choosing our Income Protection policy, which is one of a number of different types of life and health insurance policies available in our Flexible Protection Plan.

These conditions, your Policy Schedules, application, any declarations you have made and any documents we send you confirming changes to your policy and the amount of your cover, form a contract between you and us under your Plan.

These are important documents, so please keep them in a safe place.

This contract is signed on our behalf and starts on the date shown in your Policy Schedule.



Mike Rogers
Chief Executive
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**If we can help you, by providing these documents in Braille,
in large print or on audiotape, please let us know.**

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Definitions

We explain these terms because this is a legal document. In some cases the words may have other meanings in every day use. We have highlighted these words in bold (other than personal terms such as 'you' and 'we') so you know when they apply.

'**You**' means the person who applied for this **policy**, the person who is insured and the person legally entitled to the payment from this **policy**. Where we use '**your**' it has the same meaning.

'**We**', '**us**', or '**our**' means Liverpool Victoria Friendly Society Limited.

'**Amount of your cover**' and '**amount of cover**' means the amount you are insured for. This is shown on your Policy Schedule.

'**End date**' means the date when your **policy** ends. This date is shown in your Policy Schedule.

'**Homemaker**' means someone who is not in paid or unpaid work having chosen to stay at home and look after their family and includes a carer. By family we mean their husband, wife or civil partner, and/or their children. To be a homemaker you cannot be claiming Jobseekers Allowance. If you are claiming Jobseekers Allowance we will consider you unemployed.

'**Income**' means your taxable earned income before any income tax is paid, minus any expenses which are allowable against income tax. You'll find this figure on your P60 if you are employed or your tax return if registered self employed with HM Revenue and Customs.

'**Income before the claim**' means the **income** you received from your **occupation** in the 12 months before the date you became **unable to work**. For self employed people we will average earnings over three years. Where there are less than three years records it will be based on the records available.

'**Inflation**' means the rising cost of goods and services such as your weekly shopping, gas and electricity. We will measure this using the Retail Prices Index, unless this stops being published, in which case we would use another similar published index.

'**Occupation**' means your occupation at the time you became sick or had the accident that meant you were **unable to work**.

'**Plan**' means your LV= Flexible Protection Plan, your Plan Schedule, and any policies (including this **policy**) which are included in it.

'**Plan anniversary**' means each 12 month anniversary from the date your **plan** originally started. This will be the same as the 12 month anniversary of your **policy** unless you have added a new policy to an existing **plan**. You can check this on your Plan Schedule.

'**Policy**' means these conditions, your Policy Schedule, any Special Provisions listed in that Policy Schedule and any documents we send you to confirm changes to your policy or **the amount of your cover**. We will apply a Special Provision when we are not able to offer you a **policy** based on the terms detailed in these conditions. This may be because of your occupation, your health or your leisure activities. We will let you know if this applies to you before we start asking you for any money.

'**Premium**' and '**premiums**' mean the monthly amount you pay for the **amount of your cover**.

‘Start date’ means the date when your **policy** started. This date is shown in your Policy Schedule.

‘Unable to work’, ‘inability to work’, ‘able to work’, ‘ability to work’ – The way we measure these under this **policy** depends on whether you have Own Occupation cover or Work Tasks cover. We explain this in detail in Section A1 for Own Occupation Cover and Section A2 for Work Tasks Cover.

‘Waiting period’ means the number of months you have chosen to wait after you are **unable to work**, before we will start paying you, when we approve a claim. You choose the waiting period when you apply for your **policy**. This will be shown in your Policy Schedule.

Why choose LV= Income Protection?

This **policy** is designed to help you cope if you lose your income as a result of sickness or an accident.

The cover we can offer depends on your occupation when you take out the **policy**. When you ask for a quote we can tell you what type of cover is available. We will confirm this when you apply.

Own Occupation cover

This pays out if, because of an accident or sickness, you are unable to do your usual **occupation**. You would not be expected to go back to work in a different occupation – for as long as you are unable to do your usual **occupation**, the **policy** will continue to pay out.

Work Tasks cover

This pays out if, because of an accident or sickness, you are totally unable to carry out three or more tasks from a list of everyday activities.

Section A: What you're covered for

This section tells you about:

- What you're covered for
- The types of cover available

This **policy** 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 are **unable to work**; we call these Own Occupation and Work Tasks cover.

We determine which cover we can offer by looking at your occupation, your health and any leisure activities you take part in, particularly if we consider any of them to be dangerous. Examples of leisure activities that we consider to be dangerous would include private flying, parachuting or rock climbing.

Sometimes we will use a different measure, for example, if you are a **homemaker**. If this is the case, this will be explained in full before your **policy** starts, and is also explained in your Policy Schedule under the heading of Special Provisions.

We tell you which cover we can offer before your **policy** starts. For reference you will find this on your Policy Schedule. (If you haven't applied yet you may have this information on your quote. Make sure you look at your cover when your acceptance terms are sent to you in case it has changed from your quote).



On the following pages we explain the different types of cover in more detail, and explain what you're covered for, and what you're not covered for.

You only need to read the section that applies to the type of cover shown on your Policy Schedule.

So, if your Policy Schedule shows that you have Own Occupation cover, you only need to read Section A1 and if it shows you have Work Tasks cover, read Section A2.

A1 Own Occupation cover



What's covered

- **Unable to work due to sickness or accident**

In this section, the words '**unable to work**' and '**inability to work**' mean that we will pay a claim if, following your **waiting period**, because of sickness or accident, you are totally unable to carry out all the main duties of your **occupation** and aren't doing any other paid or unpaid work. The words '**able to work**' and '**ability to work**' mean that you can work.

By main duties, we mean the duties that can't reasonably be left out without affecting your ability to do your **occupation**. When assessing your ability to carry out those duties, we will consider whether there are any changes that you or your employer can reasonably make that would allow you to continue in your **occupation**.

Your cover is restricted if you are not doing your **occupation** before the accident or sickness prevented you from doing it. If this is the case you are still covered but we will use the more restrictive measures explained under Work Tasks cover in section A2 to work out whether to pay a claim.

- **You recover but only go back to your occupation part-time**

If you have been claiming on your **policy**, but recover enough to go back to your **occupation** part-time, we may pay you some of the **amount of your cover**. We explain this in more detail in Section B8.

- **You recover but go back to work in a different occupation**

We realise that you might recover, but are not well enough to go back to your **occupation**. We want to help with your recovery and help you get back to paid work. So, if you are still not well enough to go back to your **occupation** but want to start work in a new paid job for less money, then we may be able to pay you a proportion of the **amount of your cover** to help with this. We explain this in more detail in Section B9.

- **All types of sickness or accident**

There are no restrictions on the type of sickness or accident, unless we have told you about any restrictions before your **policy** starts. We will list any exclusions on your Policy Schedule under the heading of Special Provisions.

- **Sickness or medical conditions that you had before you applied**

As we ask you for all your medical history before we offer you the **policy**, we will cover all illnesses unless we have told you that we won't, before your **policy** starts. We will list any exclusions on your Policy Schedule under the heading Special Provisions.

We will tell you about any exclusions before we ask you for the first **premium**.

- **Changing your occupation**

You're covered if you change your occupation. You are not required to tell us, however you may wish to check with us whether your new occupation would give you a lower **premium**. If it wouldn't, you can still keep your existing cover so there is nothing to lose by asking. More information on how you can change your **policy** if you change your occupation can be found in Section C3.

- **Travelling Abroad**

We will pay you after your **waiting period**, if you have a valid claim and you are in any of the following countries:

Australia, Austria, Belgium, Bulgaria, Canada, Channel Islands, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Hungary, Iceland, Ireland, Isle of Man, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, UK or USA.

If you are anywhere else in the world we would pay you for a maximum of 26 weeks. If, at the end of the 26 weeks, you have returned to one of the countries above we will continue to pay you if you still have a valid claim. Please note we will stop paying a claim if you travel from one of the countries listed above to stay in one that is not listed for more than two weeks, even if this is just for a holiday.

A1 Own Occupation cover (continued)



What's not covered

■ Unemployment

This **policy** will only pay out if you are unable to do your **occupation** (paid or unpaid), 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, whether paid or unpaid or you have been made redundant. This would also apply if you are employed by your own limited company but have no actual contracts or work.

Of course, if you are already unemployed at the time you have an accident or sickness that prevents you from then taking paid or unpaid work, then you are still covered. This is explained under the 'What's covered' section.

However it's important to understand that we can stop paying a claim if you become fit for work even if there is not a vacancy that you can apply for.

■ Sickness or accident and still working

You cannot generally claim under this **policy** if you are sick or have had an accident and are still **able to work** in your **occupation** or are doing other paid work. The only exception is where you recover but we're already paying a valid claim. More detail on this is explained in Sections B8 and B9.

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

■ Getting home if you have an sickness or accident abroad

This **policy** does not cover you for the costs of returning home if you are abroad, for example if you need special medical assistance or special seating arrangements on a plane.

Please remember: It's a good idea to have appropriate travel insurance when travelling abroad.

■ Death

This **policy** does not pay out in the event of your death. In that event, this **policy** will end and, if we were paying you, the payments would stop.

■ Fraud and Deliberate non-disclosure

Please understand that whilst we know that the vast majority of our customers are honest, we do have to protect ourselves (and our customers) against the effect of fraud.

For this reason we will cancel the **policy** and not pay a claim if we find someone has deliberately withheld information from us or has intentionally provided us with false information or lied to us, when they applied, when they claim, or when they apply to re-start their **premiums** (see Section C8). More detailed information on when we can cancel the **policy** can be found in Section C12.



A2 Work Tasks cover

What's covered

■ Unable to work due to sickness or accident

In this section, the words '**unable to work**' and '**inability to work**' mean that due to sickness or accident you are unable to do any paid or unpaid work and you cannot carry out at least three of the following activities, using appropriate equipment to help you but without the help of another person:

- **Walking** – to be able to walk a distance of 200 metres on flat ground (with the use of a walking stick or other aid if necessary) without stopping.
- **Climbing** – to be able to walk up or down a flight of 12 stairs (with the use of a handrail) without stopping.
- **Bending** – to be able to bend or kneel to pick up something from the floor and stand up again.
- **Communicating** – to be able to answer the telephone and take a simple message.
- **Eyesight** – to be able to read a standard daily newspaper or to pass the standard eyesight test for driving. (after correction by spectacles or contact lenses if necessary)
- **Dexterity** – to be able to use a pen, pencil or keyboard.
- **Healthcare** – to be able to make arrangements to see a doctor and take regular medication as prescribed.
- **Financial independence** – to be able to understand the value of money, and handle routine financial transactions.

If you are not in paid or unpaid work before the accident or sickness prevented you from working, you are still covered, and we will still use the above measure to work out whether to pay a claim.

■ All types of sickness or accident

There are no restrictions on the type of sickness or accident, unless we have told you about any restrictions before your **policy** starts. We will list any exclusions on your Policy Schedule under the heading of Special Provisions.

■ Sickness or medical condition that you had before you applied

As we ask you for all your medical history before we offer you the **policy**, we will cover all illnesses unless we have told you that we won't, before your **policy** starts. We will list any exclusions on your Policy Schedule under the heading of Special Provisions.

We will tell you about any exclusions before we ask you for the first **premium**.

■ Changing your occupation

You're covered if you change your occupation. You are not required to tell us, however you may wish to check with us whether your new occupation would give you a lower **premium** or whether we could offer you Own Occupation cover. If it wouldn't, you can still keep your existing cover so there is nothing to lose by asking. More information on how you can change your **policy** if you change your occupation can be found in Section C3.

A2 Work Tasks cover (continued)

■ Travelling Abroad

We will pay you after your **waiting period**, if you have a valid claim and you are in any of the following countries:

Australia, Austria, Belgium, Bulgaria, Canada, Channel Islands, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Hungary, Iceland, Ireland, Isle of Man, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, UK or USA.

If you are anywhere else in the world we would pay you for a maximum of 26 weeks. If, at the end of the 26 weeks, you have returned to one of the countries above we will continue to pay you if you still have a valid claim. Please note we will stop paying a claim if you travel from one of the countries listed above to stay in one that is not listed for more than two weeks, even if this is just for a holiday.



What's not covered

■ 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 are still covered. This is explained under the 'What's covered' section.

Also it's important to understand that we will stop paying a claim if you are able to work even if there is no vacancy that you can apply for.

■ Sickness or accident and still working

You cannot claim under this **policy** if you are sick or have had an accident and are still **able to work** in your **occupation** or are doing other paid work.

■ You recover and go back to work

If you recover and go back to work full time or part-time in your **occupation**, or in different work, then your claim will stop. This means Sections B8 & B9 do not apply to Work Tasks cover.

■ Getting home if you have an sickness or accident abroad

This **policy** does not cover you for the costs of returning home if you are abroad, for example if you need special medical assistance or special seating arrangements on a plane.

Please remember: It's a good idea to have appropriate travel insurance when travelling abroad.

- **Death**

This **policy** does not pay out a lump sum in the event of your death. In that event, this **policy** will end and, if we were paying you, the payments would stop.

- **Fraud and Deliberate non-disclosure**

Please understand that whilst we know that the vast majority of our customers are honest, we do have to protect ourselves (and our customers) against the effect of fraud.

For this reason we will cancel the **policy** and not pay a claim if we find someone has deliberately withheld information from us or has intentionally provided us with false information or lied to us, when they applied, when they claim, or when they apply to re-start their **premiums** (see Section C8). More detailed information on when we can cancel the **policy** can be found in Section C12.



Section B: Claims and Payments

This section tells you about:

- When we will pay the **amount of cover**
 - How much we will pay
-

B1 When you need to tell us about your accident or sickness

If you are **unable to work** because of your accident or sickness, it is important that you tell us within the times given below, so we can manage your claim as quickly as possible, and start making payments to you as soon as we can. You can tell us in writing, by phone or by fax.

(a) If the **waiting period** you've chosen is two months or less

You need to tell us within two weeks after your accident occurs, or sickness starts. If we don't hear from you until after two weeks, we will still pay your claim if it's valid, but we will count your **waiting period** as if you became **unable to work** two weeks before you told us.

(b) If the **waiting period** you've chosen is three months or more

You need to tell us within eight weeks after your accident occurs, or sickness starts. If we don't hear from you until after eight weeks, we will still pay your claim if it's valid, but we will count your **waiting period** as if you became **unable to work** eight weeks before you told us.

If you are not in paid or unpaid work when you make a claim we will count your **waiting period** from the date on which your accident or sickness meant you became totally unable to carry out at least three of the activities listed in the Work Tasks cover section.

B2 The evidence we need to support your claim

To make a claim:

- Ask us for a claim form.
 - Fill in the claim form telling us about your accident or sickness, your **occupation** and your **income**.
 - Return the form to us as soon as possible, normally within 14 days.
-

So that we can assess your claim, we will need evidence of your **income**, and we may need to get medical reports from your doctor. If we do, we will need you to complete a consent form. The form will fully explain your rights under the Access to Medical Reports Act 1988.

Please understand that whilst the vast majority of our customers are honest, we do have to protect ourselves (and our customers) against the effect of fraudulent claims. Therefore, if you are asked for additional information, please do not take this as a reflection of our opinion of you.

We don't know what evidence we will need until you make a claim, as all claims are looked at individually. We won't ask for unnecessary evidence and we will explain why we need anything we ask for.

Whilst we are paying you, we may ask you to complete extra declarations about your **inability to work** as a routine review. As part of this review, we may need routine medical reports from your doctor(s), other specialists or your employer. When this happens we will tell you what we need and supply the forms for you and your doctor(s) to fill in. If your doctor charges for this, you will have to pay for it, as we do not cover this cost. However, we will pay for all other non-routine medical reports or evidence we ask for.

We may need you to be examined by a doctor of our choice. We may also ask for other evidence to consider your claim or to confirm that you are still **unable to work**. Some examples of the evidence we may need are:

- a report from any doctor (or any alternative medical practitioner) who has treated or examined you.
- a report from a member of our staff or a person acting on our behalf who has visited you in your own home to discuss the claim.

You are not covered if any of the information we ask for is not provided, unless there is a good reason. In the worst case, this could mean that we would refuse or stop paying your claim.

B3 How we pay you

Once we approve a claim, we will pay you a month in arrears. This means that the first payment will be paid at the end of the month after your **waiting period** ends. (Your **waiting period** is the number of months you have chosen to wait before we will start paying you.)

For example for a **waiting period** of two months, if you were **unable to work** in January, we would make the first payment at the end of March. Payments will be made directly into your bank or building society account. You need to be continuously **unable to work** throughout this period for us to start paying a claim.

If you were **unable to work** for less than a whole calendar month, we would work out how much to pay you by dividing the number of days you couldn't work by the number of days in the month.

The example on the next page shows you how we work out what to pay when this happens. The figures used in the example don't relate to your own **policy**.



Example

Rosie makes a claim. Her policy has a 2 month waiting period. The waiting period ends on 15th March.

Rosie's first payment would be calculated as follows:

$$(31 - 15) = 16$$

(as there are 31 days in March and the first 15 are not eligible for payment)

$$(16 / 31) \times 100 = 52\%$$

This means Rosie will receive 52% of the full monthly amount payable at the end of March.



We will continue to pay you until one of the following happens:

You are now **able to work** (as defined under the type of cover you have)

or

your **policy** reaches its **end date**

or

your death.

We explain how we work out how much we will pay you in sections B4 & B5.

B4 How much we will pay out

Once we have approved your claim, we will work out the total monthly payment as follows:

(a) If you are working in your occupation when you become unable to work we will pay the lower of:

the **amount of your cover** at the time,

or the maximum monthly amount we could pay you. We explain this in Section B5

(b) If you are a homeowner or not in paid or unpaid work when you become unable to work we will pay the lower of:

the **amount of your cover** at the time,

or £1,500 a month minus any other monthly payments for any accident or sickness policies that you are receiving payments from (for example: this could be a mortgage payment protection policy or a credit card payment plan).

This limit of £1,500 can be increased by us in the future. If we decide to increase this limit, we will let you know.

Unfortunately, we won't be able to refund any **premiums** if we don't pay the **amount of your cover** in full. So, it is worth checking this if your circumstances change, for example if you change your job.

B5 How we work out how much we will pay you

The example below illustrates how we work out how much we will pay you.



Example

John earns £27,000 a year, which gives him a monthly take home pay of £1,700.

He can take out Income Protection policy for a maximum of 55% of his annual income of £27,000.

(Which divided by 12 means he could take out an Income Protection Policy for a maximum of £1,237 a month.

John chooses £1,237 a month cover.

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 Income Protection policy, he applies for a credit card, and takes out payment protection insurance on that card.

2 years after taking out his Income Protection policy, John becomes sick and is unable to work as a result. His payment protection insurance on his credit card starts paying £150 a month. By this time his salary has also increased to £30,000.

To work out the maximum monthly amount we will pay under John's policy:

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

$$\mathbf{£30,000 \times 55\% = £16,500}$$

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

$$\mathbf{£16,500 \div 12 = £1,375}$$

Then we take off the payments from his payment protection insurance

$$\mathbf{£1,375 - £150 = £1,225}$$

The maximum monthly amount we could pay based on his income is £1,225 a month. As the amount of his cover is more than the maximum monthly amount, we will only pay John £1,225 a month, and not the £1,237 he is covered for.

After the 6 month waiting period he starts to receive tax free payments from LV= of £1,225 a month.



We work out the maximum monthly amount, as follows:

First we take 55% of your **income before the claim** and divide this by 12. If this works out to be less than £1,000 a month we'll use £1,000 a month instead if you qualify for the £1,000 benefit guarantee. We explain the requirements for the guarantee in section B6.

Then we take off any of the following monthly payments, before tax, that you are entitled to:

- payments from any other sickness or accident insurance on your life (for example, any mortgage payment protection or credit card protection you are claiming on)
- 60% of sickness benefit or retirement payments you receive from any source
- 60% of any continuing **income** or pension payments that you are still receiving whilst you are claiming, (we don't take into account any **income** earned before you became **unable to work** – for example a bonus that is paid at the end of the year)

We take these payments off so that you don't normally receive payments totalling more than your **income** and lose the incentive to go back to work. Don't forget that the payments we make to you are free of income tax and therefore closer to your previous taxed **income**.

Finally we check the result against the **amount of your cover**. We will pay the lower of the maximum monthly amount and the **amount of your cover** as shown on your Policy Schedule.

Remember that your **income before the claim** generally means the **income** you received from your **occupation** in the 12 months before you became **unable to work**.

We can use our discretion to base your **income before the claim** on your average **income** over a longer period, if this more accurately reflects the **income** you were aiming to replace and where it means your **income before the claim** is higher. For example we might do this if you have suffered a progressive sickness which has meant that your **income** has reduced although you have still been working.

If you have inflation-linked cover we will increase the amount of your **income before the claim** each year, in line with **inflation** while we are paying you.

We may change the way in which we work out the maximum monthly amount we will pay you, if any of the following change:

the way payments from income protection policies are taxed

or

the way any of the payments we take into account in working out the maximum monthly amount we will pay you are taxed.

If we decide to do this, we will tell you about the changes we have made at least 30 days before they become effective. Naturally, we will make sure any changes we make are reasonable and proportionate to the changes that have prompted the review. In fact, we will only do this to make sure that no one was entitled to receive more in total payments than they would under this **policy** prior to the changes being made and in so doing lose the incentive to return to work.

B6 £1,000 Benefit Guarantee

At LV= we understand that your income can go up and down, and that when you come to claim it is possible that your **income** might have dropped.

If your **income** drops but your **amount of cover** stays the same, it's possible that your **amount of cover** might now be more than the 55% of income allowed. If this happened we would usually reduce the amount we pay you to the amount allowed.

Under the £1,000 benefit guarantee, when you make a claim we will, as usual, ask for information on your financial situation to help us understand how we can best help you with your claim. But even if 55% of **your income before the claim** is less than £1,000 a month, we'll use £1,000 a month instead. As explained in section B5 the £1,000 a month will be subject to deductions to take account of income that you are still entitled to (for example sick pay or other insurances).

To qualify for this guarantee you must have been working for at least 16 hours a week at the time you became **unable to work**.

You can still receive state benefits (for example, Employment and Support Allowance) on top of the guarantee.

B7 What happens if you become sick again (sometimes called linked claims)

This section is important if you have been claiming, return to paid work but then become too sick to work again. It is important as if you are **unable to work** again you might not need to wait before we would start paying a claim again.

Once we have started to pay you, you will hopefully become well enough to go back to work. However, we realise that sometimes people are unfortunate enough to find they have to stop work again, because of the same sickness or accident.

If this happens within the first six months of you going back to work, we will start paying you again straight away as long as:

the cause of your **inability to work** is the same as it was for the original claim.

and

your **occupation** is the same as it was when you were first **unable to work**.

and

you tell us within two weeks of the date that you stop work again.

If we can't confirm that the reason you are **unable to work** is the same, or you go back to work in a different occupation we will have to treat this as a new claim. If we do, you will need to wait until another **waiting period** ends again before we start to pay you again.

B8 What happens if you go back to work part-time in your occupation (sometimes called rehabilitation benefit) – Own Occupation cover only

Section B8 only applies where your Policy Schedule states that you have Own Occupation cover. If you have Work Tasks cover, Section B8 doesn't apply.

This section explains how we work out what we will pay you if you can only go back to work part-time after your sickness or accident. We have used examples, which you might find helpful, later in this section.

If you're claiming on your **policy**, and we have started to make payments to you, and you then go back to work in your **occupation** part-time, we will continue to pay you if:

you have been **unable to work** continuously for at least three months

and

you go back to work for less than 30 hours a week

and

you worked for more than 30 hours a week immediately before you became **unable to work**

and

your **income** from part-time work is less than your **income before the claim**.

We understand that if you are self-employed, it might be difficult for you to prove your weekly working hours when you make a claim. We will work with you to try and find evidence that will support your working hours. An example of evidence that would help could be a copy of your accounts.

We work out how much we will pay you as follows:

$$\left(\frac{\text{Income before the claim minus your income from part time work}}{\div \text{income before the claim}} \right) \times \text{actual cover}$$

In this formula, your income from part time work is based on the yearly equivalent, before any tax is paid. For example if your monthly income from part time work, before tax, was £500, then we would use £6,000 in this formula, (£500 x 12 months = £6,000 a year).

By actual cover, we mean the amount we were paying you before you went back to work part-time. If we applied our £1,000 benefit guarantee, it will still be included as your actual cover.

We will need evidence of your **income** from part-time work, such as your P60, payslip, written confirmation from your employer, invoices or your accounts.

We will need to review the amount we pay you if any of the following change:

- your **income** from part-time work
- the **amount of your cover**
- the maximum monthly amount we will pay you. We describe this in Section B5.

We will pay you until one of the following happens:

your **income** from part-time work is the same as or more than your **income before the claim**

or

you are able to carry out the main duties of your **occupation** for more than 30 hours a week

or

your **policy** reaches its **end date**

or

you die.

The example below illustrates how we work out what we will pay you if you go back to your **occupation** on a part-time basis.



Example

Before her accident, Megan earned £30,000, giving her monthly take home pay of £1,900.

Megan has been claiming on her Income Protection policy since her accident, because she has been unable to work.

The amount of her cover is £1,250 a month. After a year off work, her doctor tells her she can start work again, but that she can't work more than 20 hours a week.

Her employer agrees to pay her a reduced salary of £18,000 a year, reducing Megan's take home pay to £1,200 a month.

To work out what we will pay, we take Megan's part-time income away from her income before the claim to give us the difference.

$$\pounds 30,000 - \pounds 18,000 = \pounds 12,000$$

We then divide her reduced income by her income before the claim and multiply this by 100 to tell us the decrease in her income as a percentage.

$$\pounds 12,000 \div \pounds 30,000 = 0.4 \times 100 = 40\%$$

Megan's income from part time work is 40% less than her income before the claim. So she will continue to receive 40% of her Income Protection payments.

$$(\pounds 1,250 \times 0.4 = \pounds 500)$$

This equates to £500 a month. Before her accident, Megan took home £1,900 a month.

Now that she is back at work part-time, she takes home £1,700 (£1,200 from her job, plus £500 tax free from her policy).



B9 What happens if you recover but not enough to go back to your occupation (sometimes called proportionate benefit) – Own occupation cover only

Section B9 only applies where your Policy Schedule states that you have Own Occupation cover. If you have Work Tasks cover, Section B9 doesn't apply.

This section explains how we work out what we will pay you if you can only go back to work in a different occupation after your accident or sickness.

We have used examples that you might find helpful later in this section.

Where you recover from sickness or accident but aren't fit enough to go back to working in your **occupation** we will pay you if:

because of sickness or accident you are totally unable to carry out the majority of the main duties of your **occupation**

and

you start a different occupation

and

your **income** from your new occupation is lower than your **income before the claim**.

We work out how much we will pay you as follows:

$$\left(\frac{\text{(Income before the claim minus your income from part time work)}}{\text{income before the claim}} \right) \times \text{actual cover}$$

In this formula, income from your new occupation is based on the yearly equivalent, before any tax is paid. For example if your monthly income, before tax, from your new occupation was £500, then we would use £6,000 in this formula, (£500 x 12 months = £6,000 a year)

By actual cover, we mean the amount we were paying you before you went back to work in your new occupation. If we applied our £1,000 benefit guarantee, it will still be included as your actual cover.

So that we can continue to pay you, we will need:

details of your new occupation

and

a description of your new job

and

evidence of your **income**.

We will need to review the amount we pay you if any of the following change:

your **income** from your new occupation

or

the **amount of your cover**

or

the maximum monthly amount we will pay you. We describe this in Section B5.

We will pay you until one of the following happens:

your **income** from your new occupation is the same as or more than your **income before the claim** (but we can restart payments if your **income** falls again, as explained below)

or

we believe you are fit enough to carry out the main duties of your **occupation**, based on the evidence we have received

or

your **policy** reaches its **end date**

or

you die.

We will only restart payments to you where your **income** from your new occupation falls below your **income before the claim** again. If this happens within 52 weeks or less of us stopping the payments, your payments will restart straight away. Naturally, you must have been unable to do your **occupation** throughout.

Before we restart your payments we will need evidence of the reduced income and medical evidence that confirms that the reduction in your **income** is a direct result of your **inability to work**. Regrettably, if you can't provide this evidence we won't be able to continue to pay you.

The example on the following page illustrates how we work out what we would pay if someone went back to work in a lower paid work.



Example

Roger used to be a computer analyst, and earned £16,800 a year giving him a monthly take home pay of £1,100.

He has been claiming on his policy since his sickness started, because he has been unable to work. The amount of his cover is £700 a month.

After 6 months, his doctor tells Roger he can start working again, but that he can't type. So Roger gets a job working on the enquiries desk at a DIY store. His new job pays £12,000 a year, which gives him a take home pay of £800.

To work out what to pay, we take Roger's income from his new job away from his income before the claim to give us the difference.

$$£16,800 - £12,000 = £4,800$$

We then divide his reduction in income by his income before the claim and multiply this by 100 to tell us the decrease in his income as a percentage.

$$£4,800 \div £16,800 = 0.286 \times 100 = 28.6\%$$

Rogers's income from his new job is 28.6% less than his income before the claim. So he will continue to receive 28.6% of his Income Protection payments.

$$£700 \times 28.6\% = £200$$

This equates to £200 a month. Before his sickness Roger took home £1,100 a month. Now that he is working in the DIY store, he takes home £1,000 (£800 from his new job at the DIY store, plus £200 tax free from his policy).



B10 What happens if you're insuring someone else

If you are insuring someone else, we will look at their occupation, health and leisure activities to work out what cover we can offer when you take out the **policy** or if you want to increase the **amount of cover** under section C2, C3 or C4. We will only pay you if they are **unable to work** as defined in the relevant sections of these Conditions, and, when we work out the amount we will pay you, we look at their situation and not yours.

If you are insuring someone else, they will need to complete the questionnaire about their occupation, health, leisure activities and **income**. If we need any doctor's reports, these will need to be provided by the doctor of the person you are insuring and they will need to give us their consent for us to ask for these.

Section C: Other conditions

This section tells you about other things you need to know, such as how to pay your **premiums**, and how to cancel your **policy**.

C1 Inflation-linked cover



Section C1 applies only if you have chosen for the **amount of your cover** to increase in line with **inflation**. We refer to this as inflation-linked cover. If you're unsure whether this applies to you, you will find whether or not this is included on your Policy Schedule.

We will increase the **amount of your cover** on each **Plan anniversary**. This means every 12 months from the **start date** of your **Plan**. This is shown as the plan start date in your Plan schedule.

Where we apply this increase, the **amount of your cover** and **premium** will both go up in line with the increase in **inflation**. This increase will be based on the 12 month period ending three months before your **Plan anniversary**.

If your **Plan anniversary** is less than three months after the **start date** of this **policy**, the first increase in the **amount of your cover** will be made on the next **Plan anniversary**.

If we are paying a claim when an increase is due, we limit the increase to a maximum of 12% for that year.

We will tell you what we will increase the **amount of your cover** to and your new **premium** before we increase them.

Any Special Provisions that apply to your **policy** will also apply to any inflation-linked increases. These Special Provisions will be shown in your Policy Schedule.

If the increases mean that the **amount of your cover** becomes more than three times the initial **amount of your cover** (shown in your Policy Schedule), we can stop increasing it. The good news is that we won't do this if we are paying a claim when an increase is due. This allows us to protect ourselves if there has been very high **inflation**, as you benefit from the fact that the increases to your **premium** are based on the age you were when you bought this **policy**.

You can ask us not to increase the **amount of your cover**, but you must let us know before the **Plan anniversary** when an increase is due. We then won't make any further increases to the **amount of your cover** for the rest of the term of your **policy**.

However, if we are paying a claim at the time you ask us not to increase the **amount of your cover**, we will still increase it but your **premium** won't go up. Once we have stopped paying the claim, we will change the **amount of your cover** back to the level that applied before your claim.

Please note if you ask us not to increase the **amount of your cover**, but later on decide that you want us to start increasing it again, you will need to re-apply for inflation-linked cover. We can't guarantee that we will be able to offer you inflation-linked cover again, as it will depend on your health, occupation and leisure activities and whether we are offering the same type of insurance at that time.

C2 Guaranteed Increase Options

You can increase your **amount of cover** (other than for **inflation-linking**, which we explain in Section C1 above) without having to complete a full application form, if certain events happen. The event must happen to the person insured. In all cases you can only do this within three months of the event happening.

We call these Guaranteed Increase Options, because we guarantee that you can increase your **amount of cover** without further health questions – for other types of increase you would need to answer health questions. Because of this we limit when and by how much you can increase your cover. We've explained this in more detail below.

Unfortunately you won't be able to increase the **amount of your cover** by a Guaranteed Increase Option if you are **unable to work**. This will also be the case if you have already suffered an accident or sickness but you haven't yet made a claim or you are still in the **waiting period**.

Your premium will go up to reflect the increase in the **amount of your cover**. The additional **premium** will be based on your age, sex, whether you smoke or not and your occupation at the time you increase the **amount of your cover**. Any special terms that apply to your original **policy** will also apply to the increased **amount of cover**.

The events which are covered by our Guaranteed Increase Options are:

Mortgage increase as a result of moving house or home improvement

You can use this option if you increase the amount of your mortgage because you're moving home or if you are planning home improvements. You can increase the **amount of your cover** by up to 50% of the original **amount of cover** shown in your Policy Schedule. The maximum increase to your **plan** is limited to the increase to your mortgage repayments.



Example

Marc has moved house and increased his mortgage.

The amount of cover under his existing Income Protection policy is £500 a month. This was enough to meet his mortgage repayments, but as his mortgage repayments have now gone up to £700 a month, he needs to increase his cover.

Marc earns £26,000 a year before tax. This means that the maximum amount of cover he can have under his policy is £14,300 a year or £1,191 a month.

As he only wishes to increase his cover to £700 a month, he can because this is still less than the maximum cover he could have which would be £1,191. Also as the amount which he wants to increase his cover by (£200) is less than 50% of his original amount of cover (£500), he is allowed to do this under the Guaranteed Increase Option.

Marriage or Civil Partnership

You can use this option if you marry or enter a civil partnership (as defined by the Civil Partnership Act 2004). You can increase the **amount of your cover** by up to 50% of the original **amount of cover** shown in your Policy Schedule.

Childbirth or legal adoption of a child

You can use this option if you have a child, or you legally adopt a child (this must be legally recognised in the UK). You can increase the **amount of your cover** by up to 50% of the original **amount of cover** shown in your Policy Schedule.

Increase in basic salary received from an employer

You can use this option if you are employed and have an increase in salary of at least 10%. Your basic salary must have increased because of a promotion, the award of a recognised professional qualification or both a change of employment and employer. You must be employed immediately before and after the increase in your basic salary. You can increase the **amount of your cover** by up to 50% of the original **amount of cover** shown in your Policy Schedule.

General limits for Guaranteed Increase Options

There are some limits for how much you can change the **amount of cover** by. The total of all the Guaranteed Increase Options you use can't be more than £10,000 a year or 50% of the original **amount of cover** shown on your Policy Schedule. However, if work tasks cover (see section A2) applies to your **policy** the overall **amount of cover** is limited to £18,000 a year (£1,500 a month).

In addition there is a limit of £25,000 or 150% of the original **amount of cover**, whichever is lower.

The total cover after using the Guaranteed Increase Options must not be more than the maximum monthly amount. We explain how we work out the maximum monthly amount of cover in Sections B4 and B5.

The table below explains the limits in more detail. It also shows the maximum age at which you can make use of these options. In all cases you can only use these options within three months of the event occurring.

Event	Increase limit	Maximum Increase	Maximum Age
Mortgage Increase	The lower of: 50% of the original amount of cover shown in your Policy Schedule or The increase in your mortgage repayments	£10,000 a year*	55
Marriage/ Civil Partnership	50% of the original amount of cover shown in your Policy Schedule	£10,000 a year*	55
Childbirth/ Legal adoption	50% of the original amount of cover shown in your Policy Schedule	£10,000 a year*	55
Increase in basic salary	50% of the original amount of cover shown in your Policy Schedule	£10,000 a year*	55

* If work tasks cover (see section A2) applies to your **policy** the overall **amount of cover** is limited to £18,000 a year (£1,500 a month).

If you want to use one of the Guaranteed Increase Options, we'll ask you for evidence of the change of your circumstances, such as:

- a copy of your mortgage offer
 - or your original marriage certificate or civil partnership registration certificate,
 - or the original birth certificate or adoption certificate,
 - or a letter from your employer.
-

C3 Changing your policy

You can change the **amount of your cover**, (other than using inflation-linking or a Guaranteed Increase Option, which is explained in Sections C1 and C2), your **waiting period** or the term of your **policy** at any time. You can also apply to change your **policy**, if you have changed job. If you want to do this please let us know, and we will supply you with a special application form to complete. We'll let you know what information we need at the time, and we'll be able to help you complete the application form.

Unfortunately, we can't guarantee that you'll be able to do this, as it will depend on your age, health and medical history, occupation, leisure activities and whether we are offering the same type of insurance at that time.

We'll work out the new **premium** depending on your age, health and medical history, occupation, leisure activities, whether you smoke and the **premium** rates available at the time.

It is very important that you don't cancel your existing **policy**. We will confirm the changes you've requested to you, and if you wish to proceed with them, we'll tell you if your existing **policy** needs to be cancelled. If it does need to be cancelled, we'll do this automatically for you.

C4 What to do if you stop working

It is very important that you tell us when you aren't in work, because if you claim, we will assess whether you are **unable to work** using the work tasks definition explained in Section A2. We will also limit the **amount of your cover** to a maximum of £1,500 a month (plus inflation linked increases). This means that if your **amount of cover** was more than £1,500 a month, the most we will pay if you make a claim is £1,500 a month. So if you don't tell us that you are not in work, you could find that you are paying for cover that you cannot claim for. More details of how much we will pay out if you make a claim are explained in Section B4.

If you wish to reduce the **amount of your cover** to less than £1,500 a month because you are not in work, we can do this for you, and we will also change the **premium** you need to pay.

You can go back to the cover you had before you stopped working if you go back to work within 24 months of when you stopped working. Your **premium** will change back to what you were paying before you stopped working. We will ask you to confirm what your new

occupation is, but we won't ask you any additional medical questions if no claim was made during the career break. You will need to be back in paid work for at least two months before a valid claim for your full **amount of cover** can be made.

Unless you have made a claim under your **policy**, you can apply to go back to the Own occupation definition at any other time, but we will ask you to complete a special application form which asks you details about your new occupation, and your health and medical history. Your **premium** may not be the same as what you were paying before you stopped working, and will be based on you age, sex, whether you smoke or not, and your occupation and state of health at that time. You will need to be back in paid work for at least two months before a valid claim for your **amount of cover** can be made.

If you forget to tell us that you aren't in work, and claim while you are not in work, the **amount of your cover** will be limited to £1,500 a month (plus any inflation linked increases), and we will assess whether you are **unable to work** using the work tasks definition explained in Section A2. Unfortunately we won't be able to refund your **premiums** if this happens.

C5 Back to Work Support

We want to help you get back to work and so we may provide financial support for you to receive back to work services or advice. This will be available where we believe you have a valid income protection claim and that the support or advice would help you return to work.

The maximum amount available for each claim is one months **amount of cover**. There is no **waiting period** for this. We'll need to approve the services the money is spent on and agree the costs before they're incurred so please check with us before making any arrangements.

C6 Paying your premiums

You are responsible for paying **premiums** on the date shown in your Policy Schedule. They can only be paid by direct debit. Your **premiums** are guaranteed not to increase unless you have chosen inflation linked cover.

If we are paying a claim under this **policy**, you will still need to pay the **premiums**. If you don't do this then we could stop paying you as your **policy** would eventually be cancelled.

However, you may have chosen to take out our Waiver of Premium policy alongside your **policy**. If you have, then you may not have to continue paying us. You can find more information on this in our Waiver of Premium Policy Conditions.

C7 Stopping your premiums

We give you 60 days from the due date for you to pay a **premium**. If we haven't received a **premium** from you, we will send you a reminder to let you know.

If you fail to pay any **premium** within this 60 day period, then your **policy** stops immediately, and we will cancel it. We will not pay anything to you if this happens. If we cancel your **policy**, we'll let you know.

C8 Re-starting your premiums

If your **policy** has stopped because you didn't pay a **premium**, you can ask us to start it again. You can do this within six months of the first unpaid **premium**. So that we can restart your **policy**, we will need you to pay all of the **premiums** that you haven't paid. You will also need to complete some health questions.

Unfortunately, it is possible that we may not be able to restart your **policy**, or if we can it may be on different terms to those originally offered, for example if your health has got worse since your **policy** started. In the event that this happens, we will explain our decision to you and the reasons for it. Please note as the **policy** has actually ended we are not obliged to restart it for you.

If you wished to restart your **premium** after six months you would need to apply for a new policy.

C9 Can you change the amount of my premium?

We have designed your **policy** with the aim that the amount of your **premium** won't change.

We work out the **premium** for your **policy** based on our current understanding of:

- the way your **policy** is taxed and
- the factors that we're legally able to take into account.

We could only change the **premium** after the **start date** of your **policy** for the following reasons:

- Changes to legislation that changes the way its taxed
- Changes to legislation that changes the factors we can legally use
- A decision by a UK court or the European Court of Justice that changes the factors that we can take account of

These are the only times when we can change the **premiums** for your **policy**.

We can't change your **premium** for any of the following reasons:

- To increase our profits,
- To make up for any losses we've made in the past,
- If you've made a claim,
- If there have been any changes in your health since the **start date** of your **policy**.

If your **premium** is going to change we will let you know at least 60 days before we change it.

If we advise you of an increase to your **premium**, you can choose to continue paying the previous amount instead. The **amount of your cover** will then be reduced; to the amount that we work out your existing premium will pay for.

You must tell us, if you decide to do this, at least 30 days before the change is due to be made.

You can also choose to cancel your **policy**, although you should think about it carefully before doing so. If you decide to do this, your **policy** will end, you won't be covered, and you won't get anything back.

C10 Proof of age and name

The **premium** for the **amount of your cover** is based on your date of birth as shown in your Policy Schedule.

We will need evidence of your age before we will pay a claim on your **policy**. We will accept your original birth certificate or passport as evidence, but not photocopies.

We recognise that these are valuable documents that other people may need at the same time. We will look after the documents carefully, and return them to you quickly.

It is really important that you check your Policy Schedule has the correct date of birth on it, as it affects the amount we can pay out to you if you claim. If your actual date of birth differs from that shown on your Policy Schedule, we will change the **amount of your cover** to the amount that would have been available based on your actual age and the **premiums** you have paid.

Of course, if when you claim your name is different from your name on your Policy Schedule and birth certificate we will also need evidence of this change (for example a marriage certificate). We may need to ask for additional evidence, and if we do, we will tell you what evidence we need, and why we need it.

C11 When you can cancel your policy

You can cancel your **policy** at any time, although if you do this you will lose all your cover and you won't get anything back.

If you decide to do this, please let us know, so that we don't ask you to pay any more **premiums**.

C12 When we can cancel your policy

Once your **policy** starts we won't cancel it, unless you have not paid all of the **premiums** that are due. We have explained this in more detail in Section C7.

There is just one exception.

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

We will cancel your **policy** if either you or anyone you are insuring act fraudulently, deliberately provide untrue, inaccurate or misleading information when you apply for the **policy**, when making a claim, if you apply to change your **policy** or if you apply to re-start your **premiums** (this is explained in Section C8).

This means we will cancel your **policy** 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.

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**.

For example:

a higher **premium** would have applied for the **amount of your cover**,

or

the **amount of your cover** would have been lower for the same **premium**,

or

we would have restricted the claims we pay out on,

or

the term of your **policy** would have been restricted,

or

your application would have been deferred, for example, pending the outcome of a medical investigation,

or

your application would have been declined.

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**.

If we cancel your **policy** you won't be entitled to any refund of **premiums** or payment from it.

C13 When your policy ends

On the **end date** shown in your Policy Schedule, your **policy** will stop and no further **premiums** will be due. If we're paying a claim at the time, we won't make any further payments and your claim will automatically end. You won't receive anything back when your **policy** ends.

C14 Transferring your policy to someone else

You can't assign or transfer any payment in the event of a claim under your **policy** or the **policy** itself to anyone else. This means you can't give it to anyone else or put it in Trust.

We will pay all payments due under your **policy** to you. These payments, to coin a legal phrase, will be a full and proper discharge of our liability. This means we won't owe anything to anyone else, once we have paid you.

No person, or company, apart from you and us can have any rights under, or may enforce, this agreement.

C15 The law that applies to your policy

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