

# Key Features of the Flexible Protection Plan

LV= Personal Sick Pay



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



# Contents

<b>What is the Flexible Protection Plan?</b>	<b>3</b>
<b>Aims, your commitments and risks</b>	<b>4</b>
<b>Questions and answers</b>	<b>5</b>
<b>Other important information</b>	<b>9</b>

## Why would I need Personal Sick Pay?

No matter who you are, what job you do, or how healthy you feel, an accident or ill health can happen to you at any time.

If you become too unwell to work due to an illness or an accident, it can be difficult to make ends meet - the bills don't stop coming in just because you're too ill to work. State benefits can be small and hard to claim, and savings usually don't last long.

- **If you're employed** - you might get some sick pay from your employer. Usually they'll only pay you for a number of weeks or months. You can take out your own Personal Sick Pay to start paying you when your employer stops, helping to replace some of your earnings so you still have some money coming into your bank account while you can't work.
- **If you're self-employed** - you won't have an employer to pay you any sick pay. But you can set up your own Personal Sick Pay to help replace some of the money you were making from your business, or to help you pay for running the business while you're too unwell to work.

If you do have an accident or get too ill to work, we'll pay it to you tax free, and you can do absolutely anything you want with the money. You can use it to pay for the important things like your mortgage or rent, car or fuel, and the costs of running your home or business.

Or the fun stuff in life like shopping, your internet or mobile, clothes, family or your media package. It's your money to spend how you like.

The bills don't stop just because you're too unwell to work, and that's where we come in.

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**Important note:** This document gives you the Key Features about LV= Personal Sick Pay. We've put a reference to where you can find out the full information on each point in the Personal Sick Pay Policy Conditions document. Please read them both carefully before you take out your Personal Sick Pay.

If we can help you by providing these documents in Braille, large print, or audio then please let us know. Please keep it in a safe place as it's an important document.

Personal Sick Pay is provided by Liverpool Victoria Friendly Society Limited.

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# What is the Flexible Protection Plan?

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

You can choose from:
Life Protection
Critical Illness Protection
Combined Life and Critical Illness Protection
Income Protection & Budget Income Protection
Personal Sick Pay

**This Key Features document provides information about Personal Sick Pay. If you're interested in any of the other policies, and would like more information about them, please speak to your financial adviser.**

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**Important:** When you apply for Personal Sick Pay, it is vital that you answer all of the questions we ask you in the application honestly and in full. If you're insuring someone else, this also applies to any part of the application that they complete.

Luckily, the vast majority of people are completely honest and truthful. But if someone tries to fraudulently claim on their insurance - for example making a false claim or deliberately giving false information about their age, health or lifestyle when they took out their Personal Sick Pay - then we may have to cancel their policy, or pay a different amount for a claim. We'd review the information and see if it would have affected whether we could have offered you the same level of insurance. We have to do this to protect ourselves, and our customers, from the knock on effect of fraud on the price of insurance for everyone else. If we cancel your insurance you are not entitled to a refund of the premiums you have already paid.

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# Aims, your commitments and risks

In this Key Features document we try to help you by giving you the key features of Personal Sick Pay, which is part of our Flexible Protection Plan. It doesn't contain the full terms and conditions, which you'll find in the Personal Sick Pay Policy Conditions. Personal Sick Pay is underwritten by Liverpool Victoria Friendly Society Limited, which is part of LV=.

## Aims

- To pay you money each month, to help replace some of your lost earnings if you become too unwell to work due to sickness or an accident.
- It will pay out until you either get better or the end date you choose (unless you die, when payments would also stop). If you choose Budget Personal Sick Pay it will pay out for up to 24 months for each claim.
- You can choose to insure yourself, or someone else.

## Your commitments

- First of all you need to choose how much Personal Sick Pay you need, how long you want your insurance for, and how long you want to wait after you become too unwell to work before we start paying you.
- To pay for your insurance each month by Direct Debit. We'll collect your bank details when you set up your insurance.
- To answer all the questions we ask you carefully and honestly when you apply for your insurance. If you're insuring someone else they need to do the same.
- To tell us if there is any change to the information you provided with your application between the date you applied for your Personal Sick Pay, and the actual start date of your Personal Sick Pay.

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**Warning: Personal Sick Pay only pays out if you become too unwell to work, you can't cash it in at any time.**

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## Risks

- If you don't tell us everything we ask for when you apply, or you don't tell us if anything changes before the start date of your Personal Sick Pay, we may have to cancel it or might not be able to pay a claim.
- If you stop paying for your Personal Sick Pay, after 60 days we'll stop insuring you.
- If you choose Budget Personal Sick Pay, we'll only pay out for up to 24 months for each claim. This means you'd then need to find another source of income or rely on state benefits.
- You can choose for your Personal Sick Pay to keep up with increases in the cost of living. If you don't choose this option the amount of insurance you have will stay the same over time. This means as the cost of things go up over time (called inflation) you won't be able to buy as much with the money you get from your Personal Sick Pay in the future as you can today.
- The price you pay for your Personal Sick Pay will go up as you get older. The future prices you will pay are shown in the Future Prices document. You can choose for these future prices to be guaranteed to increase at the prices shown in the document. If you don't and you choose reviewable future prices, then under certain circumstances we can increase or reduce the future prices shown in the document.
- You're covered even if you fall ill, and are unable to work while you are overseas. Although we will only pay a claim for up to 26 weeks unless you return to one of a specified number of countries. For more information see the Policy Conditions section 6.7.
- If the Government changes the tax treatment of insurance products like Personal Sick Pay, it's possible the amount paid out on a claim could change.

# Questions and answers

## Who can take out Personal Sick Pay?

You can only set up Personal Sick Pay if you're:

- Aged 17-59 (though you can keep it to up to age 70)
- A UK resident for at least the last 2 years
- Have been registered with a doctor for at least 2 years
- Working in a job we can insure when you apply (this is checked as part of your application)

You won't be able to apply if you're currently a homemaker or unemployed.

Don't worry, if you change jobs in the future we will still cover you in your new job, whatever it is as long as your insurance stays the same.

## What do I get from Personal Sick Pay and when does it pay out?

Your Personal Sick Pay will pay out if an illness or injury means you can't carry out the main tasks of your occupation, and you aren't doing any other paid or unpaid work (by unpaid work we mean work you don't get paid for like voluntary work). The only exception to this is if, before you set up your Personal Sick Pay, we told you in writing there was something we couldn't insure you for, based on your answers to the health and lifestyle questions we asked at the time.

For more information see Policy Conditions section 1.

## How much Personal Sick Pay can I have?

The amount of Personal Sick Pay you can have depends on your income and how many hours you work.

### For Budget Personal Sick Pay:

The maximum time we will pay a claim for is two years.

- For insurance of up to £1,000 a month, where you are receiving an income and normally working at least 30 hours a week, we will pay you either £1,000 or the amount of cover, whichever is lower. This is called the Personal Sick Pay guarantee.
- For insurance of more than £1,000 a month, or where you are normally working less than 30 hours per week 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 = £1,300.

Any money you get from savings and investments can't be included in your earnings figure.

If you're self-employed we'd base your earnings on your average net profit over the previous three years. If you own a limited company, you can also include dividends as part of your earnings, when working out the maximum insurance you can have. The most Personal Sick Pay you can have is £8,333 a month, and the least is £500 a month.

For more information see Policy conditions section 5.2.

If your earnings drop in the future then we'll still guarantee to pay you £1,000 a month insurance as long as you were normally working at least 30 hours a week at the time of claim and receiving an income.

### For Full Personal Sick Pay:

We will pay a claim until you are well enough to work in your occupation again or you have reached the policy end date, or die.

- For insurance of up to £1,000 a month for the first two years of claim payment, where you are receiving an income and normally working at least 30 hours a week we will pay you either £1000 or the amount you have chosen to insure, whichever is lower. This is called the Personal Sick Pay guarantee.

If your claim lasts longer than two years the Personal Sick Pay guarantee will end. The maximum amount we will pay after two years will be the amount of your cover or 60% of your taxable earnings before you became too unwell to work, whichever is lower.

- For insurance of more than £1,000 a month,, or where you are normally working less than 30 hours per week 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 = £1,300.

Any money you get from savings and investments can't be included in your earnings figure.

If you're self-employed we'd base your earnings on your average net profit over the previous three years. If you own a limited company, you can also include dividends as part of your earnings, when working out the maximum insurance you can have. The most Personal Sick Pay you can have is £8,333 a month, and the least is £500 a month.

For more information see Policy conditions section 5.2.

If your earnings drop in the future then we'd pay you 60% of your new level of earnings. However, we'll still guarantee to pay you £1,000 a month insurance for the first two years of a claim as long as you were normally working at least 30 hours a week at the time of claim and receiving an income. This is called the Personal Sick Pay Guarantee.

#### **How long will you pay me for while I'm too unwell to work?**

You can choose from two types of Personal Sick Pay, which pay out for different lengths of time.

- **Full Personal Sick Pay** - We'll keep paying you until you become well enough to work in your occupation again, however long that takes.
- **Budget Personal Sick Pay** - We'll keep paying you until you become well enough to work in your occupation again, but up to a maximum of two years for each claim.

For both options we'd also stop paying you when your insurance reaches the end date you chose when you set it up, or if you die.

For more information see Policy Conditions section 1.3.

#### **How long do I have to wait before you start paying me if I become too unwell to work?**

We call this your 'waiting period', you can choose from the following:

- **Day one option** - If you choose this option your Personal Sick Pay starts from the first day you became too unwell to work. However, you do need to be too unwell to work for 3 days in a row before you can claim on your insurance.
- **1, 4, 8, 13, 26 or 52 week options** - You can choose any of these options and you would need to be too unwell to work for this number of weeks before you started getting paid your insurance.

For more information see Policy Conditions section 1.2.

#### **Does my Personal Sick Pay keep up with the cost of living (inflation)?**

You can choose for your Personal Sick Pay to keep up with inflation if you wish. If you do it means the amount of Personal Sick Pay you'd get paid by us will go up each year, on the plan anniversary by inflation. As the amount of insurance you have goes up, the price you pay will go up too. The price you pay will also normally go up as you get older.

Or you can choose for your Personal Sick Pay to stay at a level amount. But if you choose this then although your cover doesn't go up the price you pay for it will normally go up as you get older. If you do choose a level amount then bear in mind that you won't be able to buy as much with your money in the future compared to today.

For more information see Policy Conditions section 2.4.

#### **Can I choose when my Personal Sick Pay ends?**

Yes. You can choose for your insurance to end between age 50 to age 70. You can cancel your insurance at any time.

For more information see Policy Conditions section 1.3.

#### **How do I pay for my Personal Sick Pay?**

You pay for your Personal Sick Pay monthly on the date shown on your Policy Schedule and payments will need to be made by Direct Debit. If you want to continue to be covered you'll need to keep paying for your insurance until the end date you have chosen.

You'll still need to keep paying for your insurance during a claim unless you take out 'Waiver of Premium' cover which will pay your premiums for you during a claim. Your adviser can help with this.

You can choose to stop paying at any time, but if you do then your policy will end, you won't be covered and you won't get any money back. This policy has no cash-in value at any time.



### **Will the price of my Personal Sick Pay go up?**

Yes, the price you pay will go up as you get older, because the risk of ill health increases with age.

The price you pay is based on your age each year, so for example at age 35 you would be paying the price for a 35 year old, at 36 it will go up to the price for a 36 year old and so on. This means you always pay the price applicable to your own age.

Because the price you pay will go up as you get older, this could affect how affordable it is for you in the future. So it's important to check the price you'll be paying in the future which is shown in your future prices tables.

For more information see Policy Conditions section 3.

### **Could the amounts shown in the future prices tables be changed in the future?**

Yes, but only if you choose to have reviewable future prices. When you buy your insurance, you can choose to have either:

- **Guaranteed future prices** - where the prices shown for future ages won't change (the price is a bit higher to start with); or
- **Reviewable future prices** - where the prices shown in the table for future ages will be reviewed every 5 years and could go up or down.

For more information see Policy Conditions section 3.3.

### **What happens if I become unemployed or take a career break?**

We can keep insuring you in the normal way for up to a year if you become unemployed or take a career break. This means that if you become ill or have an accident and make a claim we'll treat you as if you were still working in the same job before you became unemployed or took a career break.

If you continue to be unemployed or stay on a career break for more than a year, and then become ill or have an accident, then we'll pay you if you're too unwell to either do basic housework or prepare a meal. Your insurance will then be the lower of the amount of insurance you have or £1,500 a month.

For more information see Policy Conditions section 6.

### **Can I keep my Personal Sick Pay if I go abroad?**

Your Personal Sick Pay is flexible and we'll keep insuring you while you're working outside of the UK, on holiday abroad, or even if you move abroad permanently. You can claim and we can pay you your Personal Sick Pay while you're abroad. But you'll need to be living in one of the following countries by the end of 26 weeks of claiming, or we'll have to stop paying you until you are:

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.

For more information see Policy Conditions section 6.7.

### **Can I change how my Personal Sick Pay is set up in the future?**

You can change the amount of Personal Sick Pay you have, how soon it pays out and when it ends.

Depending on the change you want to make, we may have to ask you some medical and lifestyle questions first.

For more information see Policy Conditions section 7.1.

### **What other help and support do I get from LV=?**

During a claim, to help you recover we may be able to offer you access to services like physiotherapy, counselling, rehabilitation services or other financial support. If, after a claim, you go back to work part time or to a different job because of your health, and you're earning less, under certain circumstances we may be able to support you financially.

For more information see Policy Conditions section 6.

### **Will state benefits affect what I get paid by LV=?**

If you're also receiving state benefits we won't reduce what we pay you by what you're getting from the government.

For more information see Policy Conditions section 8.4.

**Could Personal Sick Pay affect the amount of state benefits I could claim when sick?**

Yes it's possible. Personal Sick Pay provides long term insurance and there is no way to know if or how it might affect what you can claim from the state in the future.

So depending on your future personal situation and the government's rules at that time, it's possible that your Personal Sick Pay might affect the amount of state benefits you can claim (if you are entitled to claim any).

For more information see Policy Conditions section 8.3.

**Does any sick pay I get from my employer or any other insurance affect the amount of Personal Sick Pay I receive from LV=?**

As long as you were normally working 30 hours a week and receiving an income before you became too unwell to work then under our Personal Sick Pay guarantee, we promise to pay you £1,000 for two years (or if you chose less insurance than £1,000 then the amount you chose). We won't reduce it if you're receiving sick pay from your employer or have other insurances protecting your earnings.

However if you:

- normally work less than 30 hours a week
- or have cover of more than £1,000 a month or;
- been receiving Personal Sick Pay benefit for more than two years;

it can affect the amount we can pay you.

When you make a claim we'll therefore need to check how much you earn and what other money you're getting. We would then deduct from the amount we could pay you any continuing sick pay or pension payments and any monthly sickness insurances that you're receiving.

**Am I covered for normal pregnancy?**

No. Personal Sick Pay simply insures you against being too unwell to work. Normal pregnancy is, of course, not considered an illness, so we won't pay a claim if the only reason you're not able to work is because you're pregnant.

For more information see Policy Conditions section 4.



## Other important information

### Do I need to check my Personal Sick Pay regularly?

Yes. Your life and needs can change over time – like how much Personal Sick Pay you need, how many hours a week you're working or what you're earning.

So please check at least once a year, how much Personal Sick Pay you need and make sure the insurance you have is still right for you. Your financial adviser can help you with this.

### When does my Personal Sick Pay start and end?

Your Personal Sick Pay starts when we ask you for your first payment. If you don't cancel it at any time, it will end at the age you chose when you applied.

### How long do I keep paying for?

If you want to continue to be covered you'll need to keep paying for your insurance until the end date you have chosen. You can choose to stop paying at any time, but if you do your policy will end, you won't be covered and you won't get any money back. Personal Sick Pay has no cash-in value at any time.

### What if I can't pay for my Personal Sick Pay?

If you miss a monthly payment, we'll give you up to 60 days to pay it. After this, your insurance would end and you wouldn't get anything back.

It's possible to set up separate insurance that will pay the monthly price of your Personal Sick Pay for you, if you become too unwell to work. This type of insurance is called 'Waiver of Premium'. Please speak to your financial adviser who can provide you with more information and help you decide if it's right for you. Full details of this cover can be found in Waiver of Premium Policy Conditions.

### How do I make a claim?

If you have an accident or illness and need to make a claim on your Personal Sick Pay, please call our friendly, UK based claims team on 0800 756 5869 (for textphone dial 18001 first) as soon as you can. The sooner you contact us, the sooner we can start helping you. Please be aware we may record and/or monitor your calls for training and audit purposes.

We'll take some details from you, check your name and age and explain how we'll help you with your claim - we'll try and make life as easy as possible for you and help you through the process.

In some cases we may need to contact your doctor or other medical professional. Don't worry, we'll always cover the costs of any information we need, and we'll only ask for information that is absolutely necessary.

Alternatively you can contact us by email [healthclaims@LV.com](mailto:healthclaims@LV.com). Or, you can write to us at LV= Health Claims Department, Pynes Hill House, Rydon Lane, Exeter, EX2 5SP

### How my claim is paid?

When you make a successful claim you can choose for us to pay you weekly or monthly. We have a 'payday' once a week and once a month, and when you qualify for your Personal Sick Pay payments, we'll make our first payment to you on the next available payday. Your Personal Sick Pay is paid to you tax free.

For more information please see Policy Conditions section 5.1.

### How do I prove the hours I have worked if I claim?

If we are going to pay you under the Personal Sick Pay guarantee, we'll need evidence of how many hours you were working in the three months before you claimed and that you received an income in that time.

- **For evidence of hours worked** - This could be confirmation of the hours you worked from your employer if you were employed. Or if you were self-employed, evidence from company accounts, invoices or receipts for example. To try and be as fair as possible, if your hours are a bit 'up and down' we can average out the hours you worked over the three months before you claim.

If in the three months before your claim, you'd worked less than your normal hours due to ill health or holiday, then to make sure we're being fair we'll look at a three month period where your hours worked hadn't been affected.

### **How do I prove my income if I claim?**

If you don't qualify under the Personal Sick Pay guarantee and you're employed, we'll ask for proof of your earnings in the 12 months before the date you became too unwell to work, this could be payslips, your last P60, or a letter from your employer. If you're selfemployed we'd usually ask for proof of your earnings in the three years before you became too unwell to work (we look over a longer period of time to help even out the ups and downs). This could be, for example, tax returns or certified company accounts.

If you haven't been working for the amount of time we mention above, we will of course be flexible and look at your income over a shorter period of time.

### **If we've paid your claim, and you've gone back to work but then become unable to work again we may be able to continue your previous claim.**

If you go back to work and then within 6 months become unable to work again then we may be able to start paying your claim again straight away. This is only if you're unable to work due to the same illness or injury as previously.

However if you've chosen Budget Personal Sick Pay and we agree to pay your previous claim straight away then both claims will count towards the 2 year maximum payment period. If you've chosen Full Personal Sick Pay then both claims will count towards the two year period for which the Personal Sick Pay guarantee would apply.

For more information see Policy Conditions section 6.4.

### **Can I change my mind and cancel my Personal Sick Pay?**

Yes, you can stop paying and cancel at any time. If you change your mind within 30 days of it starting, we'll give you back anything you've already paid. If you cancel at any other time, your Personal Sick Pay will end and you won't get anything back.

If you'd like to cancel your Personal Sick Pay, please call us on 0800 678 1906 (for textphone dial 18001 first). Or, write to us at LV=, Pynes Hill House, Rydon Lane, Exeter, EX2 5SP.

We may record and/or monitor your call for training and audit purposes.

### **Can LV= cancel my Personal Sick Pay?**

As long as you keep paying for your Personal Sick Pay we guarantee we wouldn't cancel your insurance.

The only times we would cancel your insurance would be if you deliberately provided false information to us, or if you stopped paying for it.

### **How do I complain?**

We always do our best to give you a great service, but if anything goes wrong, please let us know so we can fix it.

You can complain 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.

We aim to look at any complaints quickly and review them fairly. 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.financialombudsman.org.uk](http://www.financialombudsman.org.uk) which includes more information about the service, including details of the various ways they can be contacted.

If you'd like more information on how we handle complaints, please contact us, or visit [www.lv.com/complaints](http://www.lv.com/complaints).

Making a complaint does not affect your right to take legal action.

### **How is the payment from this policy taxed?**

Claims paid from this policy will not be subject to Income Tax or Capital Gains Tax. This is based on our understanding of current legislation and HM Revenue & Customs practice, which can change.

### **How much will the advice cost?**

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

**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 100% of the claim. The scheme's first responsibility is to seek continuity of cover rather than to pay compensation.

For more information go to [www.fscs.org.uk](http://www.fscs.org.uk) or call 0800 678 1100 or 0207 741 4100.

**Retail Clients**

We are required by our regulator, the Financial Conduct Authority, to categorise our customers to determine the level of protection they will receive.

If you take out our Flexible Protection Plan described in this Key Features document, we will treat you as a retail client. This gives you the highest level of protection available under the Financial Conduct Authority rules.

**Law**

Personal Sick Pay and its terms and conditions are governed by English and Welsh law. In the unlikely event of any legal disagreement, it would be settled exclusively by the courts of England and Wales.

All communications we make will be in English.

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



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