



# MORTGAGE & LIFESTYLE PROTECTION

*Policy Summary*



# Mortgage & Lifestyle Protection

## Policy Summary

**In this summary, we try to help you by giving you the 'key facts' of the plan. It doesn't set out the full terms and conditions – you'll find these in our 'Plan Conditions' document.**

**Mortgage & Lifestyle Protection is provided by Liverpool Victoria Friendly Society Limited, which is part of LV=.**

**If we can help you by providing this document in Braille, in large print or on audiotape, please let us know. You can call us on 0800 085 8811 (for textphone, dial 18001 first). We may record and/or monitor calls for training and audit purposes.**

### What is Mortgage & Lifestyle Protection?

Mortgage & Lifestyle Protection is designed to provide you with a regular monthly income to help cover your mortgage repayments, contribute towards your living expenses, or both, if you can't work because of sickness or an accident, or if you become involuntarily unemployed.

The plan gives you a number of cover options. You can choose to be covered if:

- You are unable to work because of an accident or sickness only
- You are unable to work because of an accident or sickness, or if you become involuntarily unemployed.

You can't choose to be covered for unemployment on its own.

You can choose to cover:

- Your monthly mortgage repayments (we call this Mortgage Payment Protection) only
- Your living expenses (we call this Living Expenses Protection) only
- Both your monthly mortgage repayments and your living expenses.

You can choose the amount of cover you need up to a maximum of £50,000 a year. However the amount of cover you choose cannot be more than half your earned income. The amount of cover you choose isn't limited by the actual amount of your mortgage repayments or living expenses.

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## What am I covered for, under accident and sickness cover?

If you're employed or self employed, you are covered if because of an accident or sickness you're unable to do your normal occupation. You wouldn't be expected to go back to work in a different occupation – the plan will continue to pay out for as long as you're unable to do your normal occupation.

By 'occupation' we mean a type of work with certain characteristics, not a specific job with a particular employer.

If you're not working when you become sick or have an accident you are still covered, but we'll only pay a claim if you're unable to carry out a certain number of tasks. We call these 'Activities of daily living'. Also we'll limit the amount we pay out to a maximum of £1,500 a month.

More details of what you're covered for can be found in the Plan Conditions in Section A1, and more details of how much we'll pay out can be found in the Plan Conditions in Section A5.



### Is there anything I'm not covered for, under accident and sickness cover?

Yes. Although there are no standard exclusions for accident and sickness cover, as a result of underwriting we may apply exclusions to your plan. If we apply any exclusions to your plan, we'll tell you about them before your plan starts.

#### Unemployment

Accident and sickness cover only pays out if you are unable to work because of an accident or sickness. This means we won't pay a claim for accident and sickness cover if you are not working for a different reason, for example if you've chosen not to work, or you've been made redundant.

If you choose to, Mortgage & Lifestyle Protection can provide cover if you're made unemployed. What you're covered for (and not covered for), for unemployment cover, is explained later on in this document.

#### If you are still working

You cannot generally claim if you are sick or have had an accident and you're still working in your normal occupation, or are doing other work. We may be able to offer some support if we've been paying a claim and you return to work part-time, or return to work in a different job. This is explained in more detail in Sections A8 and A9 of the Plan Conditions.

#### If you die

This plan doesn't pay out in the event of your death. If you die, and we are paying a claim, the payments will stop, and your plan will end.

#### Travelling abroad

It doesn't matter where you are when you become ill, or have an accident, but we'll only pay a claim while you are in one of a number of countries listed in the Plan Conditions. If you're anywhere else in the world, we would only pay a claim for a maximum of 26 weeks. This is explained in more detail in Section A1 of the Plan Conditions.

## What am I covered for, under unemployment cover?

If you're employed, you're covered if your employer makes you involuntarily redundant.

If you're self-employed you're only covered if you're declared bankrupt, or your business is insolvent, or in liquidation. We won't consider loss of business, for example the cancellation of a contract, as unemployment.

You're also covered if you're employed or self-employed and have to stop work to care for a member of your family.

More details about what you are covered for can be found in the Plan Conditions, Section B1.



### Is there anything I'm not covered for, under unemployment cover?

Yes. There are a number of occasions where we won't pay a claim for unemployment cover. These are briefly listed below. A more detailed explanation of each of these can be found in the Plan Conditions, Section B1 – 'What's not covered'

- We won't pay a claim if you become unemployed during the claim exclusion period, or if you are told or made aware during the claim exclusion period that you'll become unemployed. The claim exclusion period is normally the first 90 days after the start date of your plan. In some cases it will be the first 60 days. Please see the Plan Conditions for more details.
- We won't pay a claim for unemployment cover if the evidence we receive when you claim indicates that you'd been made aware that you were going to be made unemployed before your cover started.

There are also a number of other instances when we won't pay a claim. These are if:

- you resigned, retired, or took early retirement, or
- you took voluntary redundancy or unemployment, or
- you refused a reasonable offer of alternative employment offered by your employer, or
- your unemployment started after you reached State Retirement age, or if earlier the agreed or normal retirement date for your occupation, or
- you are only doing temporary work at the date you became unemployed, or
- unemployment is a regular feature of your occupation (for example if you're a consultant, and you only normally work for six months of the year), or
- you or a member of your family is a director or a majority shareholder in the company that makes you unemployed, or
- you become unemployed because:
  - of your own misconduct, fraud or dishonesty, or
  - you have not successfully completed any probationary period for your job, or
  - of your involvement in a strike or labour dispute, or
  - of your direct or indirect involvement in a riot or war, or
  - you've been sent to prison



If you've stopped work to care for a member of your family we won't pay a claim if:

- the Community Care Assessment doesn't confirm that the person you're caring for actually needs a carer, or
- the person you're caring for would have required care before your unemployment cover started.

## **Does the claim exclusion period apply to my unemployment cover if I've cancelled a similar policy with another insurer to take out this plan?**

If you've already got a policy with another provider, that included unemployment cover and you cancel it to take out our Mortgage & Lifestyle Protection Plan, we don't want you to have to go through another exclusion period without any cover.

So we'll waive the claims exclusion period, but the amount of cover we'll pay may be limited if you make a claim.

There are some terms and conditions that apply, and we explain this in more detail in Section B9 of the Plan Conditions.

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## **Can I apply?**

You can apply if you are:

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

and

aged between 17 and 65 (the maximum age may be lower for certain occupations)

and

you're either employed or self employed.

Unfortunately you can't apply for this plan if you're retired, unemployed, a carer, a homemaker, or you aren't currently working for any other reason.

It's really important that you read the sections in this document, and the Plan Conditions that explain what you're not covered for, so that you don't take out a plan, and then find that you're not able to make a claim. For example if you're aware that you are going to be made unemployed, you shouldn't take out unemployment cover in this plan, as we won't pay an unemployment claim.

## How much cover can I have?

The most cover you can have is half your annual earned income before tax. This doesn't include any income from savings or investments.

The maximum amount of cover you can apply for is £50,000 a year.

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## What types of cover can I choose?

For Mortgage Payment Protection, you can only choose level cover. For Living Expenses Protection you can choose either level cover, or inflation-linked cover.

### Level cover

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

### Inflation-linked cover (Living Expenses Protection only)

This means the amount of cover you choose and the premium you pay for your Living Expenses Protection will both go up each year in line with inflation. If we're paying a claim when an increase is due, we'll limit the increase to a maximum 12% for that year. More information on inflation-linked cover can be found in Section C1 of the Plan Conditions.



### What's the maximum amount you would pay out?

We work out the maximum amount we could pay you using your annual income before tax, and the most we'd usually pay is half your annual income before tax.

However we realise that at the time you're claiming it might be difficult for you to provide evidence of your annual income before tax, or it may no longer support your amount of cover (that is to say half your annual income before tax when you claim may be less than your amount of cover). If this happens we want to help make sure that you can continue to pay your mortgage. So instead we'll work out the maximum amount we can pay you using an amount equal to the average of your monthly mortgage repayments in the 12 months before you claimed. We call this our mortgage guarantee, and we explain how this works in Section A6 of the Plan Conditions.

So using either half your annual income before tax, or your average monthly mortgage payment as a starting point, we then take off the following payments before tax that you may be receiving:

- payments from any other sickness, accident or unemployment cover you have, and
- 60% of any other income that you may continue to receive (for example sick pay from your employer), and
- any state pension benefits that you receive whilst we're paying you (but we don't take off any other State Benefits such as Employment & Support Allowance or Jobseekers Allowance).

We take these payments off so that you don't receive payments totalling more than your income before you started to claim. Because of this, the amount we pay you when you claim may be less than the amount of cover you are paying for. We don't refund premiums if this happens.

**It's important to understand that whatever measure we use to work out the maximum monthly amount we could pay you, we'll never pay more than the amount you are insured for.**

Please note that for accident and sickness cover, if you aren't working at the time you have the sickness or accident, the most we'd pay out is £1,500 a month (plus any inflation-linked increases that take you over this amount), whatever the amount of cover you chose.

This means it's really important that you tell us when you stop working, so that we can reduce the premium you're paying for your accident and sickness cover.

To help you work out how much you would get if you made a claim, we explain how much we'll pay out in Sections A5 and B5 of the Plan Conditions.

If you've chosen inflation-linked cover, and we're paying a claim when an increase is due, the increase will be limited to a maximum of 12% for that year. (If the claim is being paid under our mortgage guarantee, inflation-linked increases won't apply, and the amount we pay you won't increase). For details of inflation-linking and how this applies to your Living Expenses Protection, please read Section C1 of the Plan Conditions.

## How much does it cost?

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

The minimum premium is £10 a month, but there is no maximum.

We'll tell you your premium before your plan starts. This may be different to the amount shown on your personal quote.



## How long do I pay premiums for?

You pay a premium every month by direct debit until the month immediately before the end date of your plan (less your waiting period). So if you have a waiting period of three months, the last premium you'll pay will be four months before the end date of your plan. You can choose to stop paying premiums at any time, but if you do then your plan will stop, you won't be covered and you won't get anything back.

If we're paying a claim, you won't need to pay any of the premiums that are due after the end of your waiting period, whilst we continue to pay your claim. Once we stop paying your claim, you'll need to start paying your premiums again.

**This plan has no cash-in value at any time.**

## When does my plan start and end?

It starts on the date we ask you for your first premium. It will end on the date shown in your Plan and Policy Schedules.

Your plan must last for at least five years.

Your plan must end before your 71st birthday.

In some cases (for example because of the type of occupation you have) we may set a younger ending age. If this applies to you, we'll let you know before your plan starts.



### What about claiming?

If you need to make a claim you should let us know straight away. If you don't this may result in a delay in us starting to make payments to you. We explain when you need to tell us, and what happens if you don't, in the Plan Conditions. Please read Section A2 for accident and sickness cover and read Section B2 for unemployment cover.

You can make a claim by telephoning 0800 028 6333 (for textphone dial 18001 first). We may record and/or monitor your calls for training and audit purposes. Or you can write to us at: Claims Department, LV=, Pynes Hill House, Rydon Lane, Exeter EX2 5SP.

## How long do I have to wait after making a claim before my payments start?

You can choose how long you will have to wait after your sickness or accident happens, or you become unemployed, before we start making payments to you. We call this the waiting period.

You can choose a one, two, three or six month waiting period. And you can choose a different waiting period for your accident and sickness cover and your unemployment cover. For example if you're self employed, you may want payments for your accident and sickness cover to start after just one month, because you won't have an employer paying you sick pay. But you may want your unemployment cover to start after a longer period, for example three months. If you're employed, and your employer pays you sick pay, you might want to choose a waiting period for accident and sickness cover of three or six months, to tie in with how long your employer pays you sick pay. For your unemployment cover you might want to choose a different period depending on how long you think you'll be able to manage on any savings you've got.

The longer the waiting period you choose the lower the premiums for your cover will be. However, you will have to wait longer after your sickness or accident happens, or you become unemployed, before we start making payments to you.





## How long can I claim for?

If you're working and claim under your accident and sickness cover, we'll pay you until you're able to go back to work, no matter how long this takes. There's no limit on the number of times you can claim under your accident and sickness cover.

If you claim under your unemployment cover, we'll pay you for up to 12 months. If you get a new job or become self employed your payments will stop.

We'll pay up to 36 months of unemployment cover in total where you've made several claims. If you claim the maximum 36 months of unemployment cover, this cover will end and we'll reduce the premium you pay to reflect this.

Whether you're claiming for accident or sickness cover, or unemployment cover, we'll stop making payments to you at the end date of your plan, or if you die.

## When can I claim on my unemployment cover?

To be able to claim on your unemployment cover you must be working 16 hours a week or more continuously (or on maternity or paternity leave or absence) for six months immediately before you become unemployed.

You must also be receiving either Jobseekers Allowance or be receiving National Insurance Credits (unless you have stopped work to become a carer).

If you're self employed you can only claim if you're declared bankrupt, or your business is insolvent, or in liquidation. We won't consider loss of business, for example the cancellation of a contract, as unemployment.

We'll pay each successful claim for up to 12 months, and we'll pay up to 36 months of unemployment cover in total, if you've made several claims. If you claim the maximum of 36 months of unemployment cover, your unemployment cover will end, and we'll reduce the premium you pay to reflect this.

If we pay you for an unemployment claim and you then return to work, we won't pay another unemployment claim until you've been back at work for at least six months.

## **What happens if I need to claim on my accident and sickness cover and my unemployment cover at the same time?**

You can't claim under your unemployment cover if you're already claiming under your accident and sickness cover. Your plan won't pay out for both accident and sickness cover and unemployment cover at the same time.

If you're unfortunate enough to be unable to work because of sickness or an accident, and you're also unemployed at the same time, we'll always treat your claim based on the first event to have happened. For example if you claimed for an accident and sickness claim, and you then become unemployed we'll treat your claim as an accident and sickness claim. If you then recover but you're still unemployed, as long as you meet the conditions for an unemployment claim, we'll start to make payments for your unemployment claim straight away.

If you claim for unemployment and then also become unable to work because of sickness or accident, your claim for unemployment cover would usually stop. This is because you won't be able to claim Jobseekers Allowance as you won't be able to actively look for work. However we want to make sure that you continue to receive payments if you're still unemployed. So if this happens we will continue to pay your unemployment claim, whilst you're unable to work because of sickness or accident. Once we paid your unemployment claim for 12 months, then your unemployment claim would then stop. If you're still unable to work because of sickness or accident, then we'll assess your accident and sickness claim. But because you're not working we'll use an 'activities of daily living definition' to work out whether we could pay your claim, and the most we'd pay would be limited to £1,500 a month. As long as you meet this definition we'll immediately start to pay your accident and sickness claim.

We explain in more detail how we deal with claims if you need to claim on your accident and sickness cover and unemployment cover at the same time in Section C5 of the Plan Conditions.

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## **Do I have to still pay my premiums whilst you are paying my claim?**

Our Mortgage & Lifestyle Protection plan automatically includes Waiver of Premium. This means that if you need to claim, once your waiting period has ended, and we start to make payments to you, we won't continue to collect your premium, whilst we continue to make those payments.

Once your claim finishes, you'll be responsible for paying your monthly premiums again.

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## **What happens to my accident and sickness cover if I stop working?**

It's important that you tell us when you stop working. This is because if you've retired, become a homemaker or a carer, are unemployed, or are taking a career break when you make a claim for accident and sickness cover, the most we would pay out is £1,500 (plus any inflation-linked increases that take you over this). We've explained how much we'll pay you if this happens in more detail in Section A5 of the Plan Conditions.

If you aren't working when you make a claim for accident & sickness cover we measure your ability to do a number of activities of daily living instead of your ability to carry out your own occupation.

If you tell us when you stop working we'll be able to reduce the premium you pay, to reflect your reduced cover. If you don't tell us, your premiums will stay the same, but we'll still use the activities of daily living to assess your claim.

For more information on the activities of daily living, please see Section A1 of the Plan Conditions.

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## **What happens to my unemployment cover if I stop working?**

Of course if the reason you've stopped working is because you have become involuntarily unemployed then you can make a claim. Please see 'When can I claim on my unemployment cover' on page 9 for more details.

If you stop working, and you aren't making a claim for unemployment cover, it's important you tell us, so that we can stop your unemployment cover and reduce the premium you pay. You can re-start it again when you find new employment. We explain how this works in Section C4 of the Plan Conditions.

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## **What happens if I recover from my accident or sickness, and go back to work, but earn less as a result?**

If you're claiming on your accident and sickness cover under your plan and go back to work in your previous occupation on a part-time basis, or go back to work in a new occupation because you're not fully recovered, and earn less as a result, we may still be able to pay you a reduced amount to make up the difference in your income.

We explain how we calculate how much we'll pay you, and when we review the amount we pay you if this happens in sections A8 and A9 of the Plan Conditions.

Unfortunately if you aren't working at the time you become ill or have an accident that prevents you from working, then your plan doesn't cover you for reduced payments as described above.

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## How will I know if I have enough cover in the future?

It's a good idea to check your plan each year to make sure you have enough cover, as your financial or personal circumstances change. To help you with this we'll send you an annual statement which summarises the cover you have under your plan.

If you think that your cover is not enough or too much, and are unsure of what to do, you should speak to your financial adviser.

Remember that the most we'll pay out if you claim is half of your annual income before tax. So if your income goes down, the maximum amount we'll pay out if you claim will go down too.

If you choose level cover, inflation will mean that the amount of cover you choose now will buy less in the future.

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## Can I change my cover?

Yes. Mortgage & Lifestyle Protection is designed to be flexible, so that you can change your cover as your personal or financial situation changes.

You can:

- Add Mortgage Payment Protection, or Living Expenses Protection to your plan at any time
- Increase or reduce your cover for either Mortgage Payment Protection or Living Expenses Protection
- Change your waiting period
- Change level cover to inflation-linked cover, or change inflation-linked cover to level cover on your Living Expenses Protection.
- Remove unemployment cover

Normally any changes in your cover will depend on your health, and the occupation you have at the time you want to change your cover, as well as the Plan Conditions that apply at the time. Unfortunately we can't guarantee that you will be able to change your cover.

In some circumstances you may be able to change your cover without having to provide us with details of your health. We've explained when you can do this in Section C2 of the Plan Conditions.



### What if I don't pay my premiums?

We give you 60 days from the due date for you to pay a premium.

Normally, if you stop paying your premiums, your cover will stop and you won't get anything back.

However if we're paying a claim, you won't have to pay any of the premiums that are due, after the end of your waiting period, whilst we continue to pay your claim.

Once we stop paying your claim, you'll need to start paying the premiums again.



## Can LV= change the premium I pay?

No. The premium you pay is guaranteed. This means we won't change it unless you have chosen inflation-linked cover for your Living Expenses Protection. If you choose this, then both your premium and your amount of cover will only increase by inflation each year.

Other than this we'll only change the premium you pay if you ask us to change your cover.

## How are the payments from this plan taxed?

Claims paid from this plan won't be subject to either Income Tax or Capital Gains Tax.

If you include unemployment cover in your plan, the part of your premium that relates to that cover will include Insurance Premium Tax at a rate of 5%.

Tax treatment depends on your personal circumstances. This is based on our understanding of current legislation and HM Revenue & Customs practice, which can change.

## Will the payments from this plan affect my entitlement to state benefits?

Yes it may affect your entitlement to some state benefits, especially any which are means-tested. However this depends on the type of state benefit that you're applying for, as well as your personal situation. More information on state benefits can be found by visiting [www.direct.gov.uk](http://www.direct.gov.uk). Or you can contact your local citizen's advice bureau, or visit [www.citizensadvice.org.uk](http://www.citizensadvice.org.uk).

## Could LV= cancel my plan?

Whilst the vast majority of our customers are honest, we do have to protect ourselves and our customers against the effect of fraudulent claims.

We will cancel your plan if you act fraudulently, or deliberately provide untrue, inaccurate or misleading information when you apply for the plan, or when you make a claim.

This means we can cancel your plan, or not pay the amount of your cover in full, if we determine that you would have known, or ought to have reasonably known, the true answer to a question we ask you, but have deliberately provided a false answer. So, when you apply, please take care to answer all of the questions we ask you as accurately as you can.

When you apply, we'll telephone you to ask you questions about your occupation, health and medical history. We will send you a summary of the questions we ask, and the answers you give. 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 plan. If you notice that anything is incorrect, or missing it's important that you tell us as soon as possible.

We've explained when we can cancel your plan in more detail in Section C11 of the Plan Conditions.



### **Can I change my mind?**

Yes. You can cancel your plan at any time. If you change your mind within 30 days of your plan starting, we'll refund your premiums. If you cancel at any other time, your cover will end and you won't get anything back. Your plan has no cash-in value at any time.

To cancel your plan, simply call us on 0845 640 5273 (for textphone first dial 18001). We may record and/or monitor your calls for training and audit purposes. Or you can write to us at LV=, Pynes Hill House, Rydon Lane, Exeter, EX2 5SP.

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

If you have a complaint about any part of the service you receive from us, it's important that we know about it, so we can help put things right. You can let us know by calling us on 01202 292333 (for textphone, dial 18001 first). Or, you can write to us at Box 2, LV=, County Gates, Bournemouth, BH1 2NF.

Your complaint will be dealt with promptly and fairly, and in line with the Financial Services Authority's requirements. If you want more information on how we handle complaints, please contact us.

We hope that we will be able to resolve any complaint you have, but if you aren't happy with the outcome you can refer your complaint to the Financial Ombudsman Service. If you make a complaint it won't affect your right to take legal action.

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### **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 plan, the scheme covers 90% 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 020 7892 7300.

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