



**KEY FEATURES OF THE  
FLEXIBLE PROTECTION  
PLAN **INCOME  
PROTECTION AND BUDGET  
INCOME PROTECTION****

The Financial Services Authority is the independent 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.



# KEY FEATURES OF THE FLEXIBLE PROTECTION PLAN

## INCOME PROTECTION AND BUDGET INCOME PROTECTION

We are able to provide literature and communications in the following alternative formats: Braille, large print, audiotape.

### ITS AIMS

- To give you a monthly income to replace some of your lost income or, if you are not working, meet additional expenses, if the person insured becomes ill or has an accident. With Budget Income Protection, income is to be replaced for a maximum of 24 months.

### YOUR COMMITMENT

- You choose the amount of cover you need and how long you need it for. You then pay the monthly premiums when they are due, by Direct Debit. You must continue to pay the premiums due even when we are paying you a monthly income.
- You answer all the questions on the application form carefully and to the best of your knowledge and belief. If you are insuring someone else they do the same.
- You tell us if there is any change to the information you or the person insured put on the application form, or in supporting documents you give us, between the date the application form is filled in and the date the policy starts.

### RISKS

- If you stop paying premiums your cover will stop after 60 days.
- If you choose level cover, your cover is fixed when your policy starts, and doesn't change. This means it won't keep up with inflation, and will buy less in the future.
- If you choose Budget Income Protection you may still require a replacement income after 24 months.
- If you do not tell us everything we ask on the application form or about a change before your policy started we might not pay a claim.
- Although you are covered wherever you are in the world, in the event of a claim we only accept medical evidence from certain countries. (Please see the relevant Policy Document for further details.)
- **WARNING – this policy has no cash-in value at any time.**

### QUESTIONS AND ANSWERS

#### What is the Flexible Protection Plan?

This plan lets you mix and match different life and health policies to give you a comprehensive plan designed to meet your particular needs.

You can choose from four types of cover:

1. Life Protection
2. Critical Illness Protection
3. Income Protection
4. Mortgage Payment Protection

This document only gives information on our income protection policies; Income Protection and Budget Income Protection. If you need further information or assistance or would like information about any of the other policies available under this plan, please speak to your Financial Adviser.

#### What is Income Protection?

It is a health insurance policy that pays a monthly income in the event of a valid claim to help replace lost income, or meet additional expenses if the insured person is unable to work (or if not working, to complete certain tasks) due to illness or injury (this is known as being incapacitated – see 'What does being incapacitated mean?') within a specified number of years (the Term).

You can choose from a number of options.

#### Income Protection or Budget Income Protection

You can choose which level of cover you need, from the following:

- Income Protection – if you make a valid claim we will pay you a monthly income until one of the following happens:
  - i) you return to work (or if not working, can complete certain tasks);
  - ii) you die; or
  - iii) the policy ends.
- Budget Income Protection – if you make a valid claim we will pay you a monthly income until one of the following happens:
  - i) the 24 month payment period ends;
  - ii) you return to work (or if not working, can complete certain tasks);
  - iii) you die; or
  - iv) the policy ends.

### Level or increasing cover

You can choose to include automatic increases to your monthly benefits.

- Level protection – the monthly income that we would pay you if you make a valid claim is fixed when you start paying the premiums and will not change. If you choose level protection, inflation will reduce the buying power of the monthly payments over time.
- Increasing protection – both the monthly income that we would pay you if you make a valid claim and the premiums you need to pay go up in line with rising prices. We measure this using the Retail Prices Index (RPI).

### When your monthly payments start

You can choose the number of months you would need to wait before we would start paying out if you are incapacitated. This is called the 'deferred period' in the policy document. You can choose from 1, 2, 3, 6, 12 or 24 months depending on your job.

You should choose a deferred period based on how long your employer will pay you sick pay for, and whether you have any savings to fall back on if you are not working.

### Can I apply?

To apply:

- You must be a UK resident (not the Channel Islands or Isle of Man).
- You must be aged 17 to 59.
- The policy must be for 5 years or more.
- The policy must end before you reach age 65 (and in some cases sooner – we will tell you if this applies to you).

The application form must be signed by the applicant and insured person and returned to us within 60 days from the start date of the policy. For the person that is being insured this requirement extends to them signing the summary of any interview we may require for the purpose of underwriting the policy. Accordingly, we will cancel the policy and no premiums will be refunded if we do not get all the necessary signatures within the 60 days required.

**When you apply for the policy, please make sure that you answer all of the questions on the application form honestly and in full. If you miss out providing us with any information, or give us misleading information, we may not pay a claim. You should not assume that we will write to your doctor, it is your responsibility to complete the application form properly.**

### Can I insure someone else?

Yes, if you would lose out financially if they were incapacitated. You can apply for the policy to cover:

- you alone, or
- one other person.

You cannot take out Income Protection or Budget Income Protection on more than one person.

The person being insured will need to fill out the health and medical details sections of the application form. The age limits apply to them as the person you are insuring, not you as the applicant. If they become incapacitated and you make a valid claim, we would pay the monthly income to you. You can make a claim under your Income Protection or Budget Income Protection policy each time that the insured person is incapacitated (see '**What does being incapacitated mean?**') during the policy term.

### What does being incapacitated mean?

This depends on the job that you do and will usually mean one of the following at the time you become ill or have an accident:

- You are totally unable to do the essential things necessary to do your normal job because of an accident or illness.
- For an initial period (13 weeks if aged 55 or over, 26 weeks if aged under 55, when incapacity starts) you are totally unable to do the essential things necessary to do your normal job because of an accident or illness. After this period it means that you are unable to do the essential things necessary to do any job, which you could reasonably do, given your previous experience, training and education.
- You are unable to do certain activities considered essential to working without someone else's help (we call these 'work tasks') because of an accident or illness. These include:

Walking          Climbing          Bending          Financial Independence  
Communicating          Eyesight          Healthcare          Dexterity

If you are a homemaker or in part-time work we may measure incapacity differently from above. We will tell you if this applies to you. We will not pay out if you are working when you first claim. If you are unemployed when you become ill or have an accident we will not pay out unless you cannot go outdoors without help. Full details of which of the above definitions applies will be confirmed to you when you take out the policy.

**This is only a guide to what is covered.** The full details of the circumstances in which you can claim are given in the policy. In some cases the cover may be limited. We will tell you if this applies to your policy.

### **What will my monthly benefit be?**

You choose the amount of cover you need based on your normal earnings before income tax and National Insurance contributions. The most that we will pay out each year is half of your normal earnings at the time you make a valid claim, less anything you were receiving from other sickness and/or accident policies. The amount we pay out will also reduce if you are receiving income from your employer or a pension. Please see the relevant Policy Document for further details.

If you were unemployed at the time you became incapacitated (see **'What does being incapacitated mean?'**) the most we would pay is £1,000 a month.

If you insure someone else it is their health and earnings we would look at if you made a claim. Any payment would be made to you.

### **When will the policy pay out?**

You can make a claim if the insured person is incapacitated (see **'What does being incapacitated mean?'**) for longer than the deferred period you choose when you take out the policy.

If you take out our Income Protection policy, monthly payments will start at the end of the deferred period, and will continue until the insured person returns to work (or if not working, can complete certain tasks), dies or the policy ends. Monthly payments will stop when one of these happens.

If you take out our Budget Income Protection policy, monthly payments will start at the end of the deferred period, and will continue until the insured person returns to work (or if not working, can complete certain tasks), dies, the policy ends or the 24 month payment period ends. Once we have paid out 24 months' worth of payments we will not pay out any more even if the insured person can't go back to work. If they are a homemaker the policy will be cancelled. If not you can continue the cover but you would not be able to claim for the same or a related illness until the insured person has been back in full time work continuously for at least 6 months. See the Policy Document for further details.

We will only pay a claim while the insured person is in the EU or one of a number of other countries listed in the Policy Document. We will not refuse to pay a claim if the accident or illness happened somewhere else in the world, provided the insured person returns to one of the countries listed in the Policy Document to receive payments.

### **What if the insured person starts part time or less well paid work?**

If you are claiming benefits under this policy and the insured person goes back to work in their normal job on a part time basis, or a less well paid job because they are not fully recovered, we may still pay out an income. This will depend on the definition of incapacity that applies to your policy. Please refer to the policy document for full details of when we would pay and the way we work out how much we would pay.

### **Can I make more than one claim?**

Yes, under our Income Protection policy, if the insured person goes back to work after a claim and then has to stop work again within 6 months because of the same illness or injury, we might start paying you again immediately, depending on whether you have Income Protection or Budget Income Protection (see **'When will my policy pay out?'**).

If the reason the insured person is stopping work is different we will treat it as a new claim and won't pay out until the end of another deferred period, as detailed in the policy document. You can make as many claims as you need to during the policy term.

### **Will my monthly income increase?**

Yes, if your Income Protection policy has Increasing Protection. If we are paying a claim when we are due to increase the benefits the maximum increase will be 12% for that year.

If your Budget Income Protection policy has Increasing Protection and we are paying a claim when we are due to increase the benefits we will not increase them.

### **What other options are available?**

#### **Waiver of Premium Cover**

You can choose whether or not to include Waiver of Premium in your plan. If you choose to include it, you won't have to pay the premiums for all your policies in your plan if you are unable to work due to being incapacitated. **The definition of incapacity that will apply for Waiver of Premium benefit will be the same definition of incapacity that will apply to your Income Protection or Budget Income Protection policy.**

For details of the definitions of incapacity please see **'What does being incapacitated mean?'** above. Full details of which of the definitions applies to your Waiver of Premium benefit will be confirmed to you when you take out the policy.

If you are insuring someone else under the plan it is their health that we would look at when deciding whether to pay a claim. If you have chosen for the benefits payable under any of your policies in this plan to increase, this Waiver of Premium cover will automatically go up in line with them. However, we may not let you increase the Waiver of Premium cover if you change or take out any new policies under your plan, if your health has deteriorated.

You can also choose the number of months you would need to wait before we stop asking you to pay your premiums if you are incapacitated. This is called the 'deferred period'. You can choose 3 or 6 months, and you may be able to choose 1 or 2 month periods depending on your job.

We will only waive the premiums if you are in the EU or one of a number of other countries listed in the Policy Document. However, we will not refuse to pay a claim if the accident or illness happened somewhere else in the world provided that you then return to one of the listed countries to receive payments.

If you go back to work after a claim and then have to stop work again within 6 months because of the same illness, we might stop asking for your premiums again immediately. If the reason you are stopping work is different or we don't cover the specific circumstances relating to your relapse we will treat it as a new claim. If this happens we will ask you for your premiums until the end of another deferred period.

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

With this Key Features document you will find a quote showing how much your cover will cost if we accept you on our standard terms. The cost of the cover depends on a number of things, including the insured person's gender, age, state of health and whether or not they smoke. We give lower rates to non-smokers – someone who has not smoked or otherwise used any tobacco products or substitutes in the last twelve months.

The minimum premium is £5 per month for the whole plan. Each policy within the plan has its own administration fee. If you choose to include more than one policy when you take the plan out, we may reduce the administration fees we add to each policy.

## **Will my premiums change during the term?**

### **Income Protection and Budget Income Protection**

You can choose between guaranteed and reviewable premiums.

- Guaranteed premiums – the premiums you pay are guaranteed as soon as you start paying and will not change. However, if you have chosen Increasing Protection your premiums, and cover, will automatically go up each year in line with rising prices.
- Reviewable premiums – the premiums you pay can increase or decrease in the future. We guarantee not to increase or decrease the premiums for the first 5 years of your policy, but we can do so any time after that. If your premiums do go up, or down, we guarantee we will not change them again for the next 12 months.

When we review the premiums we look at:

- i) the assumptions we made including the number and type of claims we thought we would get when we set your premiums;
- ii) what has actually happened; and
- iii) what we now consider it is reasonable for us to assume is going to happen in the future.

There is no limit to the amount your premium might go up or down, but when working it out we will make sure we are being fair and reasonable. If your premiums need to go up or down we will tell you before we make the change. If your premiums need to go up you will be able to choose to either pay the increase or reduce your cover and maintain the premium at its current level.

Also, if you have chosen Increasing Protection your premiums, and cover, will automatically go up each year in line with rising prices.

### **Waiver of Premium Cover**

The premium you pay is guaranteed as soon as you start paying. We will not increase it unless you have chosen Increasing Protection for your Income Protection or Budget Income Protection, and then only in line with rising prices (RPI), or when the reviewable premiums for your Income Protection or Budget Income Protection are increased at a review date.

### **How do I pay for the cover and what happens if I stop paying premiums?**

You can only pay monthly by Direct Debit. If we do not receive your payment within 60 days of the date it was due, the policy will stop and you, or the person you are insuring will not be covered. **This policy has no cash-in value at any time.**

### **Is there anything I am not covered for?**

**If when you apply you fail to provide us with any information, or give us misleading information, we may not pay a claim. You should not assume that we will write to your doctor, it is your responsibility to complete the application form properly.**

We do not include any standard exclusions in our Income Protection and Budget Income Protection policies. If we need to add any exclusions to your policy we will tell you.

This policy covers you anywhere in the world. However, we will only pay benefits or waive premiums if the insured person is in certain countries. (Please see the relevant Policy Document for further details.)

### **Can I increase the benefits or extend the term of my cover if I need to?**

Yes, you can change your cover at any time. We may ask you to provide us with evidence of your state of health at that time. Any change will be subject to any limits we are applying at that time.

### **What happens to the policy if I die?**

The policy does not include any death benefits. If you die your cover will end. If you die while we are paying you a monthly income, this income will end.

### **Does the policy have a cash in value?**

No, the policy has no cash in value at any time.

### **What if my circumstances change?**

You should check your cover regularly to make sure you have the right amount of cover as your financial position changes. If you have chosen Increasing Protection, this will help as the buying power of your cover will be protected against the effects of inflation. However, it is still a good idea to check this on a regular basis. If you have chosen Level Protection, you must make sure you regularly check your cover as rising prices will reduce its buying power.

### **Can my plan be cancelled?**

The application form must be signed by all relevant applicants and insured persons and returned to us within 60 days from the start date of the plan. For persons that are being insured this requirement extends to them signing the summary of any interview we may require for the purpose of underwriting the policy. Accordingly, we will cancel the plan and no premiums will be refunded if we do not receive all the necessary signatures within the 60 days required.

### **How would I claim?**

You need to tell us promptly if you are intending to make a claim. If you do not do so, payment of the benefits may be delayed. The policy document includes full details of when we need to be notified of any intention to make a claim.

Claims can be made by telephoning 0800 028 6333. For Textphone: first dial 18001. Calls may be recorded for training and monitoring purposes. Alternatively, write to us at: LV=, Pynes Hill House, Rydon Lane, Exeter EX2 5SP

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

Your adviser will give you details about the cost of providing advice to you. The amount will depend on the size of the premium and the length of the policy term. It will be paid for out of the deductions.

## FURTHER INFORMATION

### Retail Clients

We are required by our regulator, the Financial Services Authority, to categorise our customers to determine the level of protection they will receive. If you take out our Flexible Protection Plan described in the Key Features document, we will treat you as a retail client. This gives you the highest level of protection available under the Financial Services Authority Rules.

### Taxation

Normally, the monthly income paid under Income Protection and Budget Income Protection will be free from Income Tax and Capital Gains Tax. You will not get tax relief on your payments.

Tax treatment depends on your personal circumstances. Any references to taxation are based on our understanding of current legislation and HM Revenue & Customs practice, which is subject to change. If you are unsure about the tax position, please ask your Financial Adviser.

### Your right to cancel

When you receive your plan documents you will also receive a notice reminding you of your legal right to change your mind. You have the right to cancel your plan within 30 days of receiving the notice. You can do this by completing and returning the cancellation form to us at Liverpool Victoria Life Company Limited, Pynes Hill House, Rydon Lane, Exeter, EX2 5SP

If you send us your cancellation form within 30 days of receiving it, we will refund any premiums you have paid. You can cancel your plan anytime after this, but there will be no return of premiums paid. There is no cash in value for this plan.

### Law

The law of England and Wales will apply. All communications will be in the English language.

### Complaints

If you have a complaint about any aspect of this plan or the service you receive from LV= please telephone us on 01202 292333 quoting your reference number. For Textphone first dial 18001. Or, write to us at: Box 2, LV=, County Gates, Bournemouth BH1 2NF.

Making a complaint will not affect your right to take legal action. We operate a written complaints procedure in accordance with the Financial Services Authority and you may be able to refer your complaint to the Financial Ombudsman Service. Details of our complaints handling process are available on request.

### Compensation

We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. This type of business is covered for 100% of the first £2,000 plus 90% of the rest of the claim, and the maximum compensation is unlimited.

Further information about compensation arrangements is available from the Financial Services Compensation Scheme, 7th Floor, Lloyds Chambers, 1 Portsoken Street, London E1 8BN. Tel: 020 7892 7300. Fax: 020 7892 7301 or email enquiries@fscs.org.uk.

### Liverpool Victoria Life Company Limited

Liverpool Victoria Life Company Limited is a wholly owned subsidiary of Liverpool Victoria Friendly Society Limited. **Liverpool Victoria Life Company Limited is authorised and regulated by the Financial Services Authority.**

### Will I become a member of Liverpool Victoria Friendly Society Limited?

Yes, provided your monthly premium is £10 or more (unless you turn down membership when you fill out the application form). You will qualify for Membership benefits and, as soon as your plan has been running continuously for twelve months, you can take part in Annual General Meetings and vote on Liverpool Victoria Friendly Society Limited matters.

LV= and Liverpool Victoria are registered trade marks of Liverpool Victoria Friendly Society Limited and LV= and LV= Liverpool Victoria are trading styles of the Liverpool Victoria group of companies. Liverpool Victoria Life Company Limited registered in England No. 597740, authorised and regulated by the Financial Services Authority, register number 110423. Liverpool Victoria Friendly Society Limited (LVFS) is authorised and regulated by the Financial Services Authority, register number 110035. LVFS is a member of the ABI, AFS and ILAG. Registered address for both companies: County Gates, Bournemouth BH1 2NF. Tel: 01202 292333