

## KEY FEATURES OF THE LV= LIFE INSURANCE PLAN

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 LV= Life Insurance plan is right for you. You should read this document carefully so that you understand what you are buying, and then keep it in a safe place for future reference.



# KEY FEATURES OF THE LV= LIFE INSURANCE PLAN

In this Key Features document we try to help you, by giving you the key features of the LV= Life Insurance plan. It doesn't contain the full terms and conditions – you'll find these in our 'Plan Conditions' document.

LV= Life Insurance is underwritten by Liverpool Victoria Friendly Society Limited, which is part of the Liverpool Victoria group of companies.

If we can help you by providing this document in Braille, in large print, or on audio tape, please let us know.



## Its aims

- To pay a one off cash lump sum on death (your amount of cover) to help pay off a mortgage, or provide a lump sum to ease the financial worries of your family.
- To give you the option to ask us to pay out a reduced cash lump sum instead if you're diagnosed with a terminal illness.
- To insure just yourself, or yourself and someone else.



## Your commitment

To meet your commitment under this plan you need to:

- Choose the amount of cover, and the type of cover you need.
- Choose how long you need the cover for.
- Pay your premiums each month by Direct Debit.
- Answer all the questions when you apply carefully and to the best of your knowledge and belief.
- Tell us if there's any change to the information given when you apply, or to any of the supporting documents provided, between the date your application was completed, and the date your plan starts.



## Risks

- If you don't tell us everything we ask for when you apply, or you don't tell us that the information given has changed before your plan starts, we may cancel it, or may not pay a claim.
- If you stop paying premiums, your plan will stop after 60 days. This means you won't be covered.
- If you choose level cover, your cover is fixed when your plan starts and doesn't change. This means it won't keep up with the rising cost of living (inflation) and will mean the lump sum we pay out on a claim may buy less in the future.
- If you've taken this plan out to cover a loan or a mortgage, it's not guaranteed to pay off all of the outstanding balance in the event of a claim.
- If you ask us to pay out your plan early because you've been diagnosed with a terminal illness, we'll reduce the amount of cover we pay out by 3%. You don't have to accept this, and you can continue paying your premiums until the end of your plan term. However if you don't die before the end date of your plan, then your cover stops, and you don't get anything back.
- Although you've covered wherever you are in the world, if you ask us to pay out your amount of cover early because you have been diagnosed with a terminal illness, we'll only pay a claim if that diagnosis has been confirmed by a doctor who practices in one of a certain number of countries. The list of countries can be found in Section A1 of the Plan Conditions.
- If you are diagnosed with a terminal illness in the last 12 months of your plan, we won't pay a terminal illness claim.
- If the Government changes the tax treatment of protection products like the LV= Life Insurance plan, the amount of cover paid out on a claim could change.

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

### **IMPORTANT:**

**When you apply for this plan, it is vital that you answer all of the questions we ask you in the application honestly and in full.**

**We'll cancel your plan if you act fraudulently, or deliberately provide untrue, inaccurate or misleading information, when you apply for the plan, or when making a claim.**

**We may also cancel your plan, 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.**

**If we cancel your plan you're not entitled to a refund of the premiums you have paid.**

# Questions & answers

## What is LV= Life Insurance?

LV= Life Insurance is designed to provide a one-off cash payment if you die before the end date of your plan. The cash could be used to pay off a mortgage or provide a lump sum to ease the financial worries for your family.

It's aimed at people who don't drink a lot, don't smoke a lot, and are generally healthy. Of course this doesn't mean that you can't apply if you aren't healthy, or do drink or smoke a lot. It just means that you may have to pay a higher premium or you may not be accepted for this plan.

You can apply for LV= Life Insurance either on-line or over the telephone.



### What am I covered for?

You're covered if you die before the end date of your plan. The plan pays out a cash lump sum (your amount of cover), that can be used as you wish.

You can also ask us to pay the amount of cover if you're diagnosed with a terminal illness. However we'll reduce the amount of cover we pay out to reflect the fact that we're paying out on your plan even though you haven't died. We currently reduce the amount of cover by 3%. Please see section A6 of the Plan Conditions for more information on this.

You can insure two people under one plan. If you do, the plan will pay out if either of you die or are diagnosed with a terminal illness before the end of your plan. This plan will only pay out once. When a claim has been paid for one person, the plan ends, and the other person is no longer covered.

If there are two people insured – and they both die at the same time – the older person is assumed to have died first.



### Is there anything I'm not covered for?

Yes.

If you're diagnosed with a terminal illness within 12 months of the end date of your plan, we won't pay out your plan early. More details can be found in Section A1 of the Plan Conditions.

You're covered if you die anywhere in the world. However if you ask us to pay out the amount of cover early because you're diagnosed with a terminal illness, we'll need this diagnosis confirmed by a doctor who practices in one of a certain number of countries. We've explained this in more detail in the Plan Conditions, Section A1.

If you've taken this plan out to protect a loan or a mortgage, and have chosen decreasing cover, then the amount we pay out if you die isn't guaranteed to repay the mortgage or loan in full. More details on this can be found in Section A2 (b) of the Plan Conditions.

We may not pay a claim, and could cancel your plan if we find that you have deliberately withheld information from us, or intentionally provided us with false information, or lied to us when you applied for your plan, when you make a claim, or apply to restart your premiums. More information on this can be found in Section C6 of the Plan Conditions.

## Can I apply?

You can apply if you're permanently living in the UK (not including Channel Islands and Isle of Man) and are aged between 17 and 69.

For joint life plans these age limits apply to both of you.



### How much cover can I have?

There is no minimum amount of cover; there is only a minimum premium.

If you're aged 55 or under when your plan starts the most cover you can apply for is £500,000.

If you're aged 56 to 65 when your plan starts, the most cover you can apply for is £300,000.

If you're aged 66 or more when your plan starts the most cover you can apply for is £200,000.

For joint life plans these limits apply to the older of you. For example if one of you is aged 50, and the other is aged 60, then the maximum amount of cover you can have for a joint life plan is £300,000.

It's important to understand that these limits apply across all your LV= Life Insurance plans. So if you already have a plan, and are applying for another one, the limits apply for the amount of cover under all these plans added together. For example if you're both aged 50 and you have a joint life plan, with cover of £300,000, the maximum cover you can have for an additional plan is £200,000. This is the maximum whether the new plan you have is a single plan or another joint plan.

These limits don't apply to any other plans or policies you have with LV=. They only apply to your LV= Life Insurance plans.

When you come to make a claim, if the total amount of cover for all your LV= Life Insurance plans is more than the limits shown above, the most we'll pay is the relevant limit shown. If your total cover is more than the relevant limit, when we pay your claim we'll refund the premiums you've overpaid.



### How much does it cost?

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

The minimum premium is £5 a month, but there's no maximum.

We'll confirm the premium you need to pay for your cover before your plan starts.

## 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. 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.

Your personal quote will show you how much you'll pay in total in premiums, if you keep paying them until the end date of your plan.

Of course if we pay a claim for your plan, then your plan will end, and you won't have to pay any more premiums.

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

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## Are there any charges?

The premium you pay includes a monthly administration charge of £2.00.

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## Can LV= change the premium I pay?

No. Your premium is guaranteed. This means it won't change.

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## When does my plan start and end?

It starts on the date we ask for your first premium. It will end when a claim is paid or on the end date shown on your Plan Schedule.

You can't take out a plan that lasts for less than five years, or more than 45 years.

Your plan must end before you reach age 85.

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## What types of cover can I choose?

You can choose:

### **Level cover**

This means the amount of cover and the premium you pay is fixed when your plan starts, and doesn't change. This means it won't keep up with inflation and may buy less in the future.

### **Decreasing cover**

This type of cover is designed to cover the reducing amount that you owe on a capital and interest repayment mortgage. The amount of cover will go down each month, but the premium you pay is fixed when your plan starts and doesn't change.

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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 might change. Remember that inflation will mean that the amount of cover you choose now may buy less in the future.

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## Can I change my cover?

If you wish to change the amount of cover, the end date of your plan, or the type of cover you have, you'll need to apply for a new plan.

We understand that when times are hard, you might be finding it difficult to keep paying your premiums. If this happens, please let us know, as we may be able to reduce your amount of cover, or shorten the term of your plan for you. This means your premium will be lower. The premium you pay for a new plan will be based on our premium rates at the time, as well as your personal details, such as your age, and whether you smoke or not. So the premium you pay for a new plan may be more than you paid originally.

Of course it's important to realise that if you reduce your amount of cover, or shorten the term, and you wish to increase them again in the future, you'll have to apply for a new plan.

If you have a joint life plan, and you divorce, legally separate or have your civil partnership dissolved, then we can replace your joint life plan with two single life plans, without having to apply for a new plan. Please see Section B of the Plan Conditions for more details.

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

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

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



### What about claiming?

We understand that this will be a stressful time for your friends and family, so we've tried to make this as easy as we can.

You, or your legal representatives can make a claim by telephoning 0800 028 6333 (for textphone, dial 18001 first). Calls may be recorded and/or monitored for training and audit purposes. Or they can write to us at: Claims Department, LV=, Pynes Hill House, Rydon Lane, Exeter EX2 5SP

## Who gets the money when there's a death claim?

Who we pay out the lump sum to on death depends on how you set up your plan. We've explained each scenario in the table below.

Who's insured?	Who normally gets the money?
Just you	The money goes to your estate
You and someone else	The money goes to the surviving plan owner when one of the people insured dies.

If you've got a single life plan, unless you put your plan in trust the money will normally go to your estate, which may be subject to Inheritance Tax. Please see the section on 'How is the payment from this plan taxed?', for more information.

If there are two people insured – and they both die at the same time – the older person is assumed to have died first.

Of course, if you put your plan in trust then the money will go to the trustees, and if you've given your plan away (assigned it) it will go to the new owners. If you'd like more information about whether a trust is suitable for you, please speak to a financial adviser or a solicitor.

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## Who gets the money when there's a terminal illness claim?

Once your claim is approved, we'll pay the claim to you as the plan owner.

Of course, if you put your plan in trust then the money will go to the trustees, and if you've given your plan away it will go to the new owners. If you'd like more information about whether a trust is suitable for you, please speak to a financial adviser or a solicitor.

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## How is the payment from this plan taxed?

**Income Tax and Capital Gains Tax** – Claims paid from this plan won't be subject to either income tax or capital gains tax.

### **Inheritance Tax** –

The lump sum we pay out when you die will normally go into your estate and inheritance tax could apply to the part of your estate that is worth more than £325,000.

But the good news is, if your estate is less than £325,000 inheritance tax will not apply. Remember that £325,000 is the amount that applies for the tax years 2009/10 and 2010/11.

Your estate is the total value of all your assets (for example your home, your savings, and your personal belongings) less any debts you owe (for example a mortgage or outstanding credit card bill). It can also include assets you've already given away. If your plan is written in trust, then it won't normally be included in your estate.

Inheritance tax can be pretty complicated. If you think your estate might be affected, or to find out whether a trust is suitable for you, please speak to a financial adviser or a solicitor.

Of course, if you own the plan with somebody else, it's not so simple! A financial adviser or solicitor will be able to advise you on how Inheritance Tax will apply to your personal circumstances.

How much tax you pay depends on your personal circumstances. Any references we make to taxation are based on our understanding of current legislation and HM Revenue & Customs practice, which can change.

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## 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'll cancel your plan if you act fraudulently, or deliberately provide untrue, inaccurate or misleading information when you apply for the plan, or when making 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 as accurately as you can.

We've explained when we can cancel your plan in more detail in Section C6 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 dial 18001 first). We may record and/or monitor your call for training and audit purposes. Or you can write to us at LV=, Pynes Hill House, Rydon Lane, Exeter, EX2 5SP.

## How do I complain?

If you have a complaint about any part of the service you receive from us, it's important that we know about it, so we can help put things right. You can let us know by calling us on 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'll 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.

# 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 LV= Life Insurance 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 Services Authority rules.

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## What would happen if LV= got into financial trouble and wasn't 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 total claim. For contracts like this, 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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## Law

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

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