

FACTS AND FEATURES SIDE BY SIDE.

It's our aim to make selling income protection as simple as possible. Here, we've compared the features of our Income Protection Benefit Plan with those of our Mortgage Payment Protection Insurance to help make it easier for you to see how they can work together.

defaqto

2012



INCOME PROTECTION

This is not a consumer advertisement. It is intended for financial advisers and should not be relied upon by private investors or any other person.

	IPB	MPPI
Premium frequency	Monthly or annual.	Monthly only.
Premium rates	Guaranteed only.	Rates are not guaranteed.
Deferred periods	4, 13, 26 or 52 weeks.	30, 60 or 180 days for accident and sickness. 30 or 60 days for unemployment.
Minimum benefit	Subject to minimum premiums.	Subject to minimum premiums.
Maximum benefit	<p>60% of first £30,000 gross annual earnings plus 50% of excess over £30,000.</p> <p>For those self employed for less than 12 months the maximum benefit is 35% of pre-incapacity earnings up to £200,000 per annum (£16,667 per month).</p> <p>Housepersons benefit (and those on a career break or during periods of unemployment): up to £20,000 per annum (£1,667 per month).</p> <p>There is an overall maximum benefit of £200,000 per year.</p>	<p>The lower of:</p> <ul style="list-style-type: none"> – 140% of the monthly mortgage payment. – 65% of the gross monthly income. <p>Monthly benefit selected can cover the mortgage payment and an additional amount to meet mortgage related insurance premiums, utility bills and Council Tax. This additional amount must not exceed 40% of the monthly mortgage payment.</p>
Length of benefit payment	<p>A monthly benefit for as long as the claim is valid.</p> <p>If low cost option is chosen the benefit will be payable for no more than a total of 5 years.</p>	Up to 12 months or until client returns to work (whichever happens first).
How benefits are paid	Benefit payments will start one month after the end of the deferred period and will then be paid monthly in arrears.	<p>Standard: the first payment of benefit is made 31 days after the deferred period ends. Any subsequent payments are made at 30 day intervals.</p> <p>Back to Day One: the first payment of benefit is made at the end of the deferred period. Any payment is calculated back to the first day of the claim. Any subsequent payments are made at 30 day intervals.</p>
Deductions at claim time	Any continuing income or benefit amount insured under other similar policies may be deducted if it takes your client above the maximum benefit payable. State benefits and pension income are deducted only when maximum benefit is exceeded.	<p>Benefit is still paid if statutory sick pay received from employer.</p> <p>If any claim arising under this policy is also covered or covered in part by any other monthly paid MPPI, the benefit paid will be based on our rateable proportion of such loss.</p>
Incapacity definition	<p>Occupation classes 1 and 2: Own occupation.</p> <p>Occupation classes 3 and 4: Own occupation for the first 12 months on claim and then ADW* thereafter.</p> <p>Houseperson: ADL**</p>	Unable to carry out normal or any occupation suited by education, training or experience.



	IPB	MPPI
Claim notification	Within 2 weeks of incapacity where 4 week deferred period is chosen, otherwise within 4 weeks for all other deferred periods.	As soon as possible and within 180 days of the date last in work.
Illness and Injury exclusions	Alcohol or drug abuse. Any exclusions as specified in the policy. Incapacity caused by normal pregnancy is not covered.	18 month pre existing condition. Disabled due to normal pregnancy. Self inflicted injury. Alcohol or drug abuse. Criminal act. War and civil commotion. Disability due to operation or treatment not medically necessary including beauty treatment or cosmetic injury.
AUTOMATIC FEATURES – AT NO EXTRA COST		
Waiver of premium	Yes – premiums are waived when receiving benefit payment.	No.
Hospitalisation benefit	After 7 consecutive nights in hospital, 1/30th of monthly benefit (up to £150 per night whilst in hospital) will be paid for a maximum of 13 weeks.	Not available.
Death benefits	12 times the current monthly premium due or current yearly premium due at date of death.	Not available.
Guaranteed insurability option	Client can increase their cover during the plan term without needing to answer any further medical questions if their circumstances change. For example: <ul style="list-style-type: none"> • an increase in salary (due to a promotion or change of job) • increase in mortgage amount • on every third policy anniversary. This feature is automatically included if accepted on normal rates before 45th birthday. This option must be exercised before 50th birthday and within 6 months of each event. Can exercise option a maximum of 3 times. The maximum amount the cover can be increased is the lesser of half of initial benefit or £10,000 per annum (£833 per month).	Not available.
Continuous cover	Available during statutory maternity or paternity leave, career break and unemployment.	Not available.



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Proportionate benefit	If following a valid claim, the client returns to work, but because of the incapacity they are only able to return to a lower income occupation, then a proportionate benefit is payable. This is reduced in accordance with clients' new earnings.	Not available.
Linked claims	If client becomes incapacitated after returning to work within 12 months of same or related cause, then the deferred period won't apply.	Within three months client won't need to wait for deferred period.
OPTIONAL FEATURES – WHICH MAY INCUR AN ADDITIONAL COST		
Low cost option	For a reduced premium, benefit will cease after 5 years of payment over policy term. Not available if stepped benefits or permanent and total incapacity benefit have been taken.	Not available.
Permanent and Total Incapacity Benefit (only available at outset)	The benefit is increased by 20% after client has been incapacitated for at least two years and incapacity is likely to be permanent. Charged as an additional 10% of premium. Not available if low cost option selected.	Not available.
Indexation	To keep the cover in line with increases in the Retail Prices Index (RPI), the client can increase the benefit by the RPI (more than 1%, max 10%) on every policy anniversary. The premium will increase by the change in RPI multiplied by 1.5.	Not available.
Stepped benefits	Two deferred periods and two monthly benefits are allowed within a single policy. This is useful for the client if they wish to integrate their benefits more closely with employer provided benefits. Not available if low cost option selected.	Not available.
Unemployment cover	Not available.	This will pay a monthly benefit if the client becomes unemployed through no fault of their own for up to 12 months. Access to LifeTrack Direct – a job search service providing support and information, including CV production, a job database and skills manual.

*ADW – Activities of Daily Working.

**ADL – Activities of Daily Living.

These are a list of daily activities Legal & General use to determine your client's level of incapacity. Please see our key features document for full details.

Both products have no cash in value at any time.

TWO GOOD QUESTIONS TO GET YOU STARTED:

1. Do you always consider both short and long term protection cover in the most cost effective way for your clients?
2. Does your chosen solution take into account any relevant deferment periods and your clients existing policies?

The following products are designed to pay a monthly benefit to help protect your client's home and their loved ones if they were unable to work due to an illness or injury.

Income Protection Benefit Plan (IPB) helps to provide a monthly benefit if the client is unable to work due to incapacity caused by illness or injury leading to a loss of earnings. If the client is someone who works in the home, the benefit could help meet additional expenditure.

Mortgage Payment Protection Insurance (MPPI) helps to cover the client's monthly mortgage payment, if they are unable to work due to accident, sickness, or involuntary unemployment. The benefit will be paid after a deferred period for up to 12 months or until they return to work, whichever happens first. So your client can concentrate on recovering or finding new employment without fear of losing their home.

The following table gives an overview of both products. Please refer to the Key Features Documents for full details of the policy benefits and limitations.

	IPB	MPPI
What do these products cover?	Illness and injury cover. Pays a monthly benefit should the client be unable to work due to incapacity caused by an illness or injury, resulting in a loss of earnings.	Accident, sickness and unemployment cover. Helps pay the monthly mortgage amount, mortgage related insurance premiums and utility bills, after an initial deferred period, for up to a maximum of 12 months benefit.
Choice of product	Illness and injury only.	Accident and sickness only. Accident, sickness and unemployment only. Unemployment only.
Underwriting	Medical underwriting at application.	Medically underwritten at point of claim, not at application.
Occupations	This cover is available for employed, self-employed, contract workers and housepersons.	This cover is available for contract, self employed, full time and part time workers provided they work at least 16 hours per week. No occupations are excluded for monthly benefits up to £1,500.
Joint life cover	No.	Joint applicants are accepted.
Entry age limits	18.5nb to 60nb.	18nb to 64nb.
Term of policy	Minimum of 5 years. Maximum: no maximum except for years implied by minimum term and selected expiry date (see below).	Short term monthly rolling contract.
Selected expiry date	Any ages within 50 to 70. The plan should end no later than the clients planned retirement date.	The date the mortgage is repaid, the date the client plans to retire from work or the date the client reaches 65 years old, whichever happens first.



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Legal & General Assurance Society Limited.

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Registered office: One Coleman Street, London EC2R 5AA

This is also where our head office is in the UK

We are authorised and regulated by the Financial Services Authority.

We are members of the Association of British Insurers.

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