

# POLICY SUMMARY.

**keyfacts**<sup>®</sup>

This policy is provided by Legal & General Assurance Society Limited.

## OVERVIEW

The policy is designed to meet the demands and needs of people who wish to help protect against the financial impact of your incapacity on you or your family's lifestyle. This policy could be used to help with everyday living expenses.

The policy is designed to pay you a regular monthly benefit if you can't work due to incapacity caused by an illness or an injury which results in loss of earnings, or are unable to carry out at least 3 daily living activities, if you work less than 16 hours per week, are not in paid employment or are not working at the time of claim.

If you return to work after a claim, your cover will continue until the policy ends or you die, whichever comes first.

When you become incapacitated there is an initial period of time when we don't pay a monthly benefit which we call the deferred period.

If you don't review your policy regularly, there could come a time when your cover is not enough to meet your needs.

If your earnings do not support your chosen cover and/or you receive continuing income, your monthly benefit may be reduced at the time of claim. If this happens, we will not refund any difference in premiums.

The monthly benefit may affect your claim to some means-tested State benefits. Your entitlement to employment related non-means tested State benefits (such as contributory Employment and Support Allowance) shouldn't be affected. However, State benefit rules may change.

The monthly benefit we pay out under your policy may affect your claim to benefits paid out under other income protection policies. You cannot take this policy out if you have not been registered with a GP in the United Kingdom for at least the last two years.

This Policy Summary is only a brief guide to the cover and exclusions. You will find full details in the Policy Booklet which will form the basis of our contract with you.



## WHAT IS COVERED?

You will be covered if you meet our definition of incapacity:

If you work more than 16 hours per week, and are paid for your work, your incapacity definition will be own occupation. This means if, due to illness or injury, you're unable to work in your own occupation and you're not following any other occupation, we'll consider you to be incapacitated.

If you work less than 16 hours per week, are not in paid employment or are not working at the time of claim, we will consider you to be a houseperson. Your incapacity definition will be Activities of Daily Living (ADL). This means if, due to illness or injury and in our opinion, you're unable to carry out at least three of the following activities, we'll consider you to be incapacitated.

### Activities list

**Walking** – The ability to walk more than 200 metres on a level surface.

**Climbing** – The ability to climb up a flight of 12 stairs and down again, using the handrail if needed.

**Lifting** – The ability to pick up an object weighing 2kg at table height and hold for 60 seconds before replacing the object on the table.

**Bending** – The ability to bend or kneel to touch the floor and straighten up again.

**Getting in and out of a car** – The ability to get into a standard saloon car, and out again.

**Writing** – The manual dexterity to write legibly using a pen or pencil, or type using a desktop personal computer keyboard.

We'll pay your monthly benefit for the duration of a valid claim until you recover and are no longer incapacitated, your policy ends, or you die, whichever happens first.



## WHAT IS NOT COVERED?

You are not covered if you don't give us full and honest answers to the questions we ask you before your policy starts. Please don't assume that we'll contact your doctor to find out your full medical details.

- We may restrict some elements of cover based on the information that you give us. If we do this we'll tell you what we've excluded in your Policy Booklet under the heading 'When we will not pay a claim'.
- This policy has no cash value and we will not pay out if you reach the end of your policy without making a valid claim.
- If you stop paying your premiums your cover will end 30 days after the first missed premium.
- This policy does not include unemployment cover, and therefore will not pay out if you become unemployed.

# ABOUT YOUR POLICY.

## YOUR PREMIUMS

### Guaranteed premiums

Your premiums will remain the same during the length of your policy unless you make any changes.

### Increasing premiums

If you choose an increasing policy your premiums will increase in line with the changes in the Retail Prices Index (RPI) multiplied by 1.5 subject to a maximum increase of 15% per annum. The RPI provides an indication of inflation on a monthly basis.

## AGE LIMITS

The minimum length of the policy is five years but it cannot end before your 50th birthday. You can take this policy out from your 18th birthday until your 60th birthday. The policy must end before your 70th birthday, or your planned retirement date, whichever is earlier. There may be certain occupations that have limitations on the length of the policy.

## YOUR COVER

### Level cover

Your amount of cover will stay the same unless you change it.

### Increasing cover

If you choose an increasing policy, we'll give you the option every year to increase the monthly benefit you're covered for by the change in the Retail Prices Index (RPI) up to a maximum of 10% of your current monthly benefit, without the need for further medical evidence. This policy is designed to protect your monthly benefit against inflation. The maximum monthly benefit is £14,000 per month (£168,000 per year). Your premiums may be higher as you have chosen this option.

The RPI is a way of measuring the impact of inflation on family budgets and is published by the Government.

Your premium will increase at a different rate to your monthly benefit because it's indexed by the changes in the RPI multiplied by 1.5 up to a maximum of 15% of your current premium. This takes into account the fact that the likelihood of claiming increases as you get older.

If the change to the RPI is less than 1% then both your premium and monthly benefit will stay the same until the next review.

If you decide not to increase the monthly benefit you're covered for, we won't offer you this option again.

## MONTHLY BENEFIT

The table below shows how the maximum monthly benefit that you can qualify for at the start of your policy is calculated. We do not cover 100% of your total gross earnings because currently tax and national insurance are not deducted from your monthly benefit. Remember that if you need to claim we'll calculate the maximum monthly benefit at claim based on your earnings immediately before you are incapacitated.

<b>How to calculate the maximum monthly benefit you can choose at the start of your policy</b>	<b>Example 1 Total Gross Annual Income = £40,000</b>	<b>Example 2 Total Gross Annual Income = £65,000</b>
60% of gross annual income up to and including £60,000	<b>£40,000 x 60% = £24,000</b>	<b>£60,000 x 60% = £36,000</b>
50% of gross annual income over £60,000	N/A	£65,000 - £60,000 = £5,000 <b>50% x £5,000 = £2,500</b>
Maximum monthly benefit at the start of your policy	$£24,000 \div 12$ (months) = <b>£2,000 monthly benefit</b>	$£36,000 + £2,500 = £38,500$ $£38,500 \div 12$ (months) = <b>£3,208 monthly benefit</b>

### Maximum Monthly Benefit

The maximum monthly benefit we allow is £20,000 per month (up to a maximum of £240,000 per year), less any deductions we may apply.

The maximum monthly benefit if you:

- choose an increasing policy is £14,000 per month (up to a maximum of £168,000 per year)
- are considered to be a houseperson; working less than 16 hours per week, are not in paid employment or not working at the time of claim, is £1,666.67 per month (up to a maximum of £20,000 per year)
- are self-employed for less than 12 months, is 35% of your gross earnings (up to £240,000 per year).

## HOW DOES MY EMPLOYMENT STATUS AFFECT ME?

If you're employed when claiming we will pay your monthly benefit based on your pre-tax earnings for PAYE assessment purposes (including P11D benefits – benefits in kind and any dividends from a private limited company) in the 12 months before you become unable to work.

If you're self-employed when claiming we will pay your monthly benefit based on your share of the annual pre-tax profits. This is the total income from the business less any allowable expenses as permitted under HM Revenue & Customs (HMRC) guidelines.

If you are self-employed for more than 36 months prior to a claim, we'll calculate your yearly earnings based on your average yearly pre-tax profit over three completed years prior to incapacity. If you're self-employed for less than 36 months before a claim we'll calculate your yearly earnings based on your average yearly pre-tax profit during the period of self-employment prior to incapacity.

We will ask for evidence of your earnings if you claim.

## WHAT OTHER INCOME DO I NEED TO CONSIDER?

Continuing income will be deducted from your chosen monthly benefit or the maximum monthly benefit calculated at the time of claim, whichever is greater.

You need to consider the following continuing income when calculating your chosen monthly benefit at the start of your policy, as this will be taken off the monthly benefit payable when you claim:

- 60% of continuing gross income received, such as sick pay
- 60% of dividends received from a private business to represent your share in net trading profit
- 60% of gross income from investments, if this is taken into account in determining your earnings for the monthly benefit
- 60% of ill-health pension/early retirement schemes that would pay you a benefit as a result of incapacity
- Any regular payments to which you're entitled from any other insurance policy due to incapacity. Regular payments from other insurance policies received as a result of death, terminal illness or critical illness will not be taken into consideration.

We won't reduce the monthly benefit due to income from savings.

The benefit we pay may affect your claim to some means-tested State benefits. Any employment related non-means tested State benefits (such as contributory Employment and Support Allowance (ESA) and Statutory Sick Pay) will not be deducted from the monthly benefit.

## THE INCOME GUARANTEE

The monthly benefit at claim stage is calculated based on your earnings immediately before you were incapacitated, not your earnings at the start of your policy. This could mean that if your earnings go down, you may not receive what you expect. To help protect your chosen monthly benefit that you select at the start of your policy, we include the Income Guarantee at no extra cost.

We'll base the Income Guarantee on the lower of £1,500 per month or your chosen monthly benefit at the start of your policy.

This could be made up of a combination of your continuing income alongside the monthly benefit provided by your policy. Continuing income you receive whilst incapacitated will be deducted from the chosen monthly benefit, or the maximum monthly benefit calculated at the time of claim, whichever is greater. The monthly benefit payable will never be more than the monthly benefit as shown in your Policy Booklet. If the chosen monthly benefit was more than £1,500 per month and the maximum monthly benefit at claim is less than £1,500 per month, any continuing income will be deducted from the Income Guarantee.

The monthly benefit payable will be re-assessed throughout your claim and adjusted to take into account any changes to your continuing income, to ensure that if your continuing income reduces or comes to an end, the monthly benefit payable will increase up to but not exceeding the chosen monthly benefit or £1,500 per month, whichever is lower.

The Income Guarantee will not apply if you are considered to be a houseperson; working less than 16 hours per week, are not in paid employment, or are not working at the time of claim.

If we reduce the monthly benefit payable at claim, we won't refund any of your premiums. Therefore it is important that you review your policy regularly to ensure that it meets your needs.

### **The Income Guarantee for NHS Dentists, Doctors, Midwives, Nurses and Surgeons**

We will base the Income Guarantee on the lower of £3,000 per month or the monthly benefit chosen at the start of the policy if you are employed by the NHS as a dentist, doctor, midwife, nurse or surgeon.

**Working Example – Scenario 1**

Peter earns £28,000 a year.

He can take out a plan for 60% of his annual gross income:

$$(\text{£}28,000 \times 60\%) = \text{£}16,800$$

This figure is then divided by 12 to work out the maximum monthly benefit that Peter can take out:

$$(\text{£}16,800 \div 12) = \text{£}1,400$$

Therefore, Peter decides to take out a policy with a monthly benefit of £1,400 and a deferred period of 26 weeks.

A few years later, Peter suffers an illness and is unable to work. At claim, we calculate the maximum monthly benefit based on Peter's new salary, which has reduced to £22,400 a year.

The maximum monthly benefit based on Peter's new salary is:

$$(\text{£}22,400 \times 60\% = \text{£}13,440 \div 12) \text{£}1,120 \text{ per month.}$$

However, due to the Income Guarantee, we will pay him his chosen monthly benefit of £1,400 per month.

If Peter receives any continuing income, we would need to take this into account. For example, if Peter has continuing income of £500 per month, then we would deduct 60% of this amount (£300) from the monthly benefit as calculated at claim:

$$\text{£}1,400 - \text{£}300 = \text{£}1,100$$

Therefore Peter would receive a monthly benefit of £1,100.

The Income Guarantee means that we will pay Peter a monthly benefit, which when added to his continuing income, guarantees he will receive the monthly benefit amount on his policy of £1,400.

If Peter is still claiming a monthly benefit when his continuing income stops altogether the monthly benefit we pay will increase up to the maximum benefit limit of £1,400 per month. This is the monthly benefit on Peter's policy.

**Working Example – Scenario 2**

Sarah earns £32,500 a year.

She can take out a plan for 60% of her annual gross income:

$$(\text{£}32,500 \times 60\%) = \text{£}19,500$$

This figure is then divided by 12 to work out the maximum monthly benefit that Sarah can take out:

$$(\text{£}19,500 \div 12) = \text{£}1,625$$

Therefore, Sarah decides to take out a policy with a monthly benefit of £1,625 and a deferred period of 26 weeks.

A few years later, Sarah suffers an illness and is unable to work.

At claim, we calculate the maximum monthly benefit based on Sarah's new salary, which has reduced to £26,000 a year.

The maximum monthly benefit based on Sarah's new salary is:

$$(\text{£}26,000 \times 60\% = \text{£}15,600 \div 12) \text{£}1,300 \text{ per month.}$$

However, because Sarah's chosen monthly benefit was greater than £1,500, with the Income Guarantee, we will pay her a monthly benefit of £1,500 per month.

If Sarah receives any continuing income, we would need to take this into account. For example, if Sarah has continuing income of £500 per month, then we would deduct 60% of this amount (£300) from the monthly benefit as calculated at claim:

$$\text{£}1,500 - \text{£}300 = \text{£}1,200$$

Therefore Sarah would receive a monthly benefit of £1,200.

The Income Guarantee means that we will pay Sarah a monthly benefit, which when added to her continuing income, guarantees that she will receive a monthly benefit amount of £1,500.

If Sarah is still claiming a monthly benefit when her continuing income stops altogether the monthly benefit we pay will increase up to the maximum benefit limit of £1,500 per month.



## DEFERRED PERIODS

When you take out your policy you will need to choose between five different deferred periods (4, 8, 13, 26 or 52 weeks). A deferred period is an initial period of time when you're unable to work and we don't pay any monthly benefit.

You should take into account any earnings which you'll receive once you stop working. You should also think about how long you're prepared to live on your savings.

For all deferred periods, if your claim is accepted after we have assessed it both medically and financially your monthly benefit payments will start one month after your deferred period ends and then will be paid monthly in arrears.

If you choose:

- A four week deferred period, you must tell us within two weeks of the start of incapacity.
- Any other deferred period, you must tell us within four weeks of the start of incapacity.

If you don't do this we may not backdate your claim.

Premiums must continue to be paid during your deferred period and whilst your claim is being processed. We'll tell you when you no longer need to pay your premiums and we will suspend them while we pay your monthly benefit. Any overpaid premiums will be returned to you. When your claim ends, you'll need to start paying your premiums again to make sure your cover continues.

## STEPPED BENEFIT

If you choose the Stepped Benefit option you are allowed to select two deferred periods, each with different monthly benefits.

This means you have a lower monthly benefit which then increases as your continuing income reduces.

The Stepped Benefit allows you the flexibility to tailor your policy to meet your personal circumstances. This could be useful if your employer continues to pay you a reduced income for the first few weeks or months of your incapacity. Any continuing income you receive will be taken into account when you claim and may reduce the monthly benefit you receive.

### **NHS Dentists, Doctors, Midwives, Nurses and Surgeons**

If you are employed by the NHS in the UK, and are registered with the General Dentist Council (GDC) or General Medical Council (GMC), or you are a nurse or midwife directly employed by the NHS in the UK and registered with the Nursing & Midwifery Council (NMC), as a dentist, doctor, nurse or surgeon we can provide special terms in order to match your sick pay structure should you come to claim within your first 5 years of employment with the NHS.

The policy should be set up on a stepped benefit basis with a 26 and 52 week deferred period split, this matches your sick pay structure after 5 completed years of service. Should you need to make a claim before completing 5 years service, we will be able to match your situation at the time and start paying the monthly benefit when your NHS sick pay reduces or stops.

This option should only be used to cover your earnings through the NHS for that specific employment and will not cover any additional earnings received from a private medical practice.

If you need to claim, we will take into account all other income you receive including, for example, income from private practice, employment by GP or dental partnerships or any other healthcare businesses, as well as your entitlement to sick pay from your employer, or other insurance policies when calculating the monthly benefit.

## LOW COST OPTION

If you choose the Low Cost Option this provides a way of keeping your premiums down by limiting the length of time your monthly benefit can be paid.

You can choose at outset between having a maximum benefit payment period for any individual claim of:

- 12 months, or
- 24 months.

Multiple claims can be made. Please see the Policy Booklet for more information.

If you are a houseperson, after the monthly benefit has been paid for the maximum benefit payment period, which does not need to be consecutive, your policy will end.

## BENEFITS FOR ALL POLICIES.

The following benefits are automatically included at no extra cost. The following benefits may have eligibility criteria and restrictions that apply.

### LINKED CLAIMS



#### WHAT IS COVERED?

If you need to claim again for the same or related cause of incapacity within 12 months of returning to your occupation, you are covered and the deferred period won't apply. There is no limit to the number of claims you can make.

If you choose the Low Cost Option a linked claim will only be possible if your most recent claim did not reach the maximum benefit payment period chosen at outset.



#### WHAT IS NOT COVERED?

You are not covered if you do not restart paying your premiums when your claim ends. You are not covered if you need to claim 12 months after returning to your occupation due to the same incapacity, you will have to wait until your deferred period ends.

### WAIVER OF PREMIUM



#### WHAT IS COVERED?

You won't have to pay your premiums if you're incapacitated and receiving a monthly benefit.



#### WHAT IS NOT COVERED?

This does not cover your premiums during the deferred period.

## PROPORTIONATE BENEFIT



### WHAT IS COVERED?

We will pay you a proportion of your monthly benefit if you go back to work after claiming on reduced earnings as a result of your incapacity.

The monthly benefit we pay you will be reduced in proportion to the reduction in your earnings (from the 12 months before your incapacity). The Proportionate Benefit will end once your earnings return to your pre-incapacity level or your claim ends.

If you choose the Low Cost Option the Proportionate Benefit will only be payable if your most recent claim does not reach the maximum benefit payment period chosen at outset and will only be paid for the remainder of that period.



### WHAT IS NOT COVERED?

We won't be able to pay you the Proportionate Benefit if you reduce your earnings due to incapacity before making a claim.

We won't pay you a higher monthly benefit than your chosen monthly benefit.

You won't be eligible to receive this benefit if:

- you choose the Low Cost Option and your most recent claim reaches the maximum benefit payment period chosen at outset.
- you're considered to be a houseperson; working less than 16 hours per week, are not in paid employment, or are not working at the time of claim, immediately before your incapacity.

## CONTINUOUS COVER



### WHAT IS COVERED?

If you're unemployed or on a career break and become incapacitated then:

- The definition of incapacity will be Activities of Daily Living (ADL). This means that you must be unable to carry out at least three of the activities as listed in the section headed "What is Covered?".
- The maximum monthly benefit we'll pay will drop to £1,666.67 per month.
- When you return to work the definition of incapacity in the event of a claim will be restored to that stated in your Policy Booklet.

If you're on maternity, paternity or adoption leave and become incapacitated then the definition of incapacity used will be own occupation.



### WHAT IS NOT COVERED?

- You will not be covered if you do not continue to pay your premiums whilst you're unemployed, on a career break, or on maternity, paternity or adoption leave.
- You can't claim because you're made unemployed.

## HOSPITALISATION BENEFIT



### WHAT IS COVERED?

- We'll cover you if you have to stay in hospital for more than seven consecutive nights during your deferred period.
- We'll pay 1/30th of your monthly benefit for each night, from the 8th consecutive day you spend in hospital.
- The maximum we'll pay out is £150 per night.

These payments will continue until you leave hospital, your deferred period ends, after 13 weeks of a hospital stay, your policy ends or you die, whichever is earliest.

If you choose the Stepped Benefit your monthly benefit will be based on the first deferred period and the first level of monthly benefit.

## LIFE COVER



### WHAT IS COVERED?

If you die during the length of the policy then we'll pay out an amount equal to 12 times the monthly premium (not the monthly benefit) being paid at the time of your death.

## FURTHER INFORMATION

### CAN I MAKE CHANGES TO MY POLICY?

You can make changes to your policy. Please talk to us and we'll consider your request and let you know if what you're asking for is possible and what your new premium will be.

If you make any changes to your policy then a new policy may be set up and different terms and conditions could apply.

### CAN I INCREASE MY MONTHLY BENEFIT?

You can apply to increase your monthly benefit at any time without the need to provide us with further medical information, if the section named 'Changing Your Policy' is shown in your Policy Booklet.

You can do this:

- If your salary increases due to a promotion or change of job;
- If your mortgage amount increases; or
- On every third policy anniversary.

### ARE MONTHLY BENEFITS TAXED?

Any monthly benefits that we make should be free from UK Income Tax or National Insurance contributions. The Government may change this tax position at any time, which could affect the monthly benefit your policy pays out.

### WHAT HAPPENS IF I MOVE ABROAD?

Your policy will still pay out if you reside or travel in any of the countries of the European Union, USA, Canada, Australia, New Zealand, the Isle of Man or the Channel Islands.

The policy will remain in force if you reside or travel for up to 12 consecutive months in any other part of the world, but the monthly benefit will only be payable for up to six calendar months if you need to claim.

### DO I NEED TO TELL YOU IF MY OCCUPATION CHANGES?

You don't need to tell us if you change your occupation or employment status during the length of your policy. Your definition of incapacity will be based on your employment status and occupation immediately prior to becoming incapacitated.

## WHAT IF I WANT TO CANCEL OR CLAIM?

You can cancel your policy at any time. When you first take out your policy you will have the opportunity to cancel. If you cancel within 30 days, we'll refund any premiums you've paid. If you cancel your policy at a later stage, you will not get any money back.

### **To cancel or claim you can write to us at:**

Claims or Cancellations Department, Legal & General Assurance Society Limited, City Park, The Droveway, Hove, East Sussex BN3 7PY

Or call or email us:

- For Claims: 0800 027 9830\* [health.claims@landg.com](mailto:health.claims@landg.com)
- For Cancellations: 0370 010 4080\*

## HOW DO I COMPLAIN?

If you have a complaint about our service or would like a copy of our internal complaint handling procedure, please contact us at:

Legal & General Assurance Society Limited, Knox Court, 10 Fitzalan Place, Cardiff, CF24 0TL

**0370 010 4080\***

Making a complaint doesn't affect your legal rights. If you're not happy with the way we handle your complaint, you can talk to the Financial Ombudsman Service at: Exchange Tower, London E14 9SR

**0800 023 4567**

**0300 123 9 123**

**[complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)**

**[www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)**

\* We may monitor or record calls. Call charges will vary.

### THE FINANCIAL SERVICES COMPENSATION SCHEME (FSCS)

We are covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the scheme if we cannot meet our obligations. Whether or not you are able to claim and how much you may be entitled to will depend on the specific circumstances at the time. For further information about the scheme please contact the FSCS at: **www.fscs.org.uk** or call them on: **0800 678 1100**.



[www.legalandgeneral.com](http://www.legalandgeneral.com)

#### **Legal & General Assurance Society Limited**

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