

Key Features

of Critical Illness with Life Cover

Important information you need to read

The Financial Services Authority is the independent financial services regulator. It requires us, Scottish Widows, to give you this important information to help you decide whether our Critical Illness with Life Cover benefit 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.

Critical Illness with Life Cover is a type of benefit available under our Protection for Life plan. For each benefit you choose under the plan, we'll set up a policy that is legally separate from any others in the plan with its own key features and policy provisions.

These Key Features should be read with the enclosed quotation.

Its aims

- To pay out the benefit amount as a single cash sum or monthly cash sums if, during the benefit term,
 - you die,
 - you are diagnosed with a terminal illness, or
 - you are diagnosed with a critical illness, that meets our policy definitions. We only cover the critical illnesses we define in our policy provisions.

The cash sum ("benefit amount") can be level, increasing or decreasing over the benefit term.

Monthly cash sums can be level or increasing over the benefit term.

Your commitment

- To pay monthly premiums for this benefit by Direct Debit until the end of its term. Further details are provided in the quotation. These premiums are reviewable - see "How do reviewable premiums work?".
- To provide us with all relevant information, including medical details, to the best of your knowledge and belief. If you don't do this, we might not pay out.
- To tell us if there is any change to your personal health, family history, occupation, participation in any hazardous leisure activities, travel or residence between completing the application process and the start of this benefit. If you don't do this, we might not pay out.

Risks

- There's no cash-in value at any time.
- We might not pay out in certain circumstances – see "What will stop this benefit paying out?" for more details.
- If you don't pay your premiums on time, this benefit will stop and you'll get nothing back.
- Your premiums will be subject to five-yearly reviews and may increase, decrease or stay the same at a review. There's no limit to the amount of any increase. You may not be able to afford the same benefit amount after a review and you may not be able to take out replacement cover at that time. See "How do reviewable premiums work?".
- If you choose a decreasing benefit amount to help cover a mortgage or loan, what we pay out may not be enough if:
 - the interest rate on your mortgage or loan goes above the interest rate we've assumed for your benefit, or
 - your mortgage or loan is increased or extended.
- If your circumstances change, the benefit amount you've chosen may not be sufficient to meet your needs. You should regularly review your benefit amount.

Questions & Answers

What are the options available?

The table below sets out the key points of the benefit and the various options available.

	Level Critical Illness with Life Cover	Decreasing Critical Illness with Life Cover
What is covered by this benefit?	Critical illness Life Terminal illness Children's critical illness	Critical illness Life Terminal illness Children's critical illness
Can this benefit be increased in line with the Retail Prices Index (RPI)?	Yes	No
Youngest age you can start this benefit	18 (19 next birthday)	18 (19 next birthday)
Oldest age you can start this benefit	64 (65 next birthday)	64 (65 next birthday)
Oldest age when this benefit will end	69 (70 next birthday)	69 (70 next birthday)
Shortest time for which you can set up this benefit	5 years	5 years
Maximum benefit amount	£500,000	£500,000
Minimum benefit amount	£2,000	£2,000
Is joint ownership of this benefit possible?	Yes	Yes
Can this benefit be set up on a key person or life of another?	Yes	Yes
Can this benefit be written under trust?	Yes	Yes
Can the benefit amount be paid monthly?	Yes	No
Is Mortgage Free Cover available?	Yes (depending on your circumstances) *	Yes (depending on your circumstances) *
Is 30 Days' Free Accidental Death Cover available?	Yes (depending on your circumstances) **	Yes (depending on your circumstances) **
Is Premium Protection available?	Yes (to maximum age 65, ending before 66th birthday)	Yes (to maximum age 65, ending before 66th birthday)

* Mortgage Free Cover might apply to you when you have applied for Critical Illness with Life Cover in relation to a mortgage. You can see its terms and conditions in the Mortgage Free Cover leaflet. You can ask us for a leaflet if you don't already have one.

** 30 Days' Free Accidental Death Cover might apply to you while we are considering your application for Critical Illness with Life Cover. You can see its terms and conditions in the 30 Days' Free Accidental Death Cover leaflet. You can ask us for a leaflet if you don't already have one.

How does a monthly benefit amount work?

- If you choose a monthly benefit amount and we accept a claim, we'll pay a cash sum each month until the end of the term.
- If you have chosen an increasing monthly benefit amount, the benefit amount will automatically increase each year as described below in 'How does an increasing benefit amount work?'. During a claim the monthly benefit will continue to increase. For further information, see "How does an increasing benefit amount work?".
- When a claim is made it may be possible to convert the future monthly payments to an equivalent lump sum payment. Please ask us at the time of the claim if this is possible.

How does an increasing benefit amount work?

- When you take out this benefit, you can choose to automatically increase your benefit amount each year in line with the Retail Prices Index (RPI). The increases will be at least 2% up to a maximum of 10%.
- If you choose a lump sum benefit your premiums will also automatically increase, but at a higher rate than the increase in benefit amount.
- If you choose a monthly benefit your premiums will also automatically increase in line with the RPI.

This is explained in provision 3 of the policy provisions.

- You can decline an automatic increase for a year, but if you decline the increase two years in a row, automatic increases will stop.
- Any change in your premium after a five-yearly review will happen before any automatic increase occurs in that year.

Jargon buster

The Retail Prices Index is a measure of the level of price inflation in the UK. It measures inflation by calculating the average increase in the prices of a broad basket of goods and services on a month by month basis.

How does a decreasing benefit amount work?

- If you take out the benefit to cover a repayment mortgage or loan, you can usually set the initial benefit amount to be the same amount as your mortgage or loan. We'll then decrease the benefit amount each month in line with the amount outstanding under a standard repayment mortgage, assuming a fixed rate of interest of 10% a year or at the rate shown in your quotation or policy schedule, if different.

How flexible is this benefit?

At any time you can ask us to:

- top-up or reduce your benefit amount,
- increase or reduce your term, and/or
- add or remove a policy owner.

We may need more information about you, such as further medical details. If we agree to your request, we'll tell you how it affects your benefit – for example, your premiums may change.

When do we pay out on terminal illness?

If you've been diagnosed with an illness which is expected to cause your death within 12 months and before the end of the term. You'll need to tell us about the diagnosis at least 12 months before the end of the term.

When do we pay out on children's critical illness?

- If you have a child (natural, legally adopted or step child) who is diagnosed as having one of a range of specified critical illnesses, excluding total permanent disability, and they are still alive 14 days after diagnosis.
- The child must be over six months and under 21 years old. The cash sum is limited to the lower of 50% of your benefit amount and a total of £25,000 from all Scottish Widows policies.
- We'll only pay out once for each child you have and any such claim won't affect your own benefit amount.
- If you've chosen a monthly benefit amount, the cash sum is limited to the lower of 50% of the monthly benefit amount multiplied by the number of monthly cash sums that would have been payable if it was an adult critical illness claim, and £25,000 in total for all Scottish Widows policies.

What's included in critical illness cover?

We cover the illnesses recommended by the Association of British Insurers (ABI) Statement of Best Practice for Critical Illness Cover, which are:

- Alzheimer's Disease – *resulting in permanent symptoms*
- Aorta Graft Surgery – *for disease*
- Benign Brain Tumour – *resulting in permanent symptoms*
- Blindness – *permanent and irreversible*
- Cancer – *excluding less advanced cases*
- Coma – *resulting in permanent symptoms*
- Coronary Artery By-pass Grafts – *with surgery to divide the breastbone*
- Deafness – *permanent and irreversible*
- Heart Attack – *of specified severity*
- Heart Valve Replacement or Repair – *with surgery to divide the breastbone*

- HIV Infection – *caught in the UK from a blood transfusion, a physical assault or at work in an eligible occupation**
- Kidney Failure – *requiring dialysis*
- Loss of Hands or Feet – *permanent physical severance*
- Loss of Speech – *permanent and irreversible*
- Major Organ Transplant
- Motor Neurone Disease – *resulting in permanent symptoms*
- Multiple Sclerosis – *with persisting symptoms*
- Paralysis of Limbs – *total and irreversible*
- Parkinson's Disease – *resulting in permanent symptoms*
- Stroke – *resulting in permanent symptoms*
- Third Degree Burns – *covering 20% of the body's surface area*
- Traumatic Head Injury – *resulting in permanent symptoms*

We also cover some additional critical illnesses, which are:

- Bacterial Meningitis – *resulting in permanent symptoms*
- Bone Marrow Failure – *permanent and irreversible*
- Creutzfeldt-Jakob Disease (CJD)
- Progressive Supranuclear Palsy
- Total Permanent Disability – *see below*

* The eligible occupations for HIV caught at work are:

- The emergency services – police, fire, ambulance
- The medical profession – including administrators, cleaners, dentists, doctors, nurses and porters
- The armed forces.

Please remember that the heading of each critical illness is only a guide to what is covered. For example, some types of cancer are not covered. Further details on how we'll consider your critical illness claim, including the full definitions we'll use and the evidence we'll need, are given in provision 5 of the policy provisions. You can ask us for a copy of these.

What is total permanent disability?

There are three different definitions for Total Permanent Disability. Only one definition will be relevant to you and we'll tell you which one when you apply.

Definition 1 – Own Occupation

“Total Permanent Disability” means a disability resulting from sickness or accident:

- (a) as a result of which you have been unable, for a period of six consecutive months, to perform the material and substantial duties of your occupation,

and

- (b) which, in the reasonable opinion of our Principal Medical Officer, is permanent and irreversible, so there is no reasonable prospect of you ever being able to perform the material and substantial duties of your occupation.

Definition 2 – Suited Occupation

“Total Permanent Disability” means a disability resulting from sickness or accident:

- (a) as a result of which you have been unable, for a period of six consecutive months, to perform the material and substantial duties of your occupation and unable to follow any other occupation for which we reasonably consider you suited taking into account your education, training and experience.

and

- (b) which, in the reasonable opinion of our Principal Medical Officer, is permanent and irreversible so there is no reasonable prospect of you ever being able to perform either the material and substantial duties of your occupation, or to follow any other occupation for which we reasonably consider you suited taking into account your education, training and experience.

Definition 3 – Work Tasks

“Total Permanent Disability” means a disability resulting from sickness or accident:

- (a) as a result of which you have been unable, for a period of six consecutive months, to perform even with the use of special equipment at least three of the following work tasks, so you always need the help of another person:

- (i) Bending
- (ii) Climbing
- (iii) Communicating
- (iv) Dexterity
- (v) Eyesight
- (vi) Financial independence
- (vii) Healthcare
- (viii) Walking

and

- (b) which, in the reasonable opinion of our Principal Medical Officer, is permanent and irreversible so there is no reasonable prospect of you ever being able to perform six or more of the work tasks as in part (a).

If Definition 1 – Own Occupation or Definition 2 – Suited Occupation is stated to apply to the policy and you were not in gainful employment immediately before the start of the disability, then Definition 3 – Work Tasks will apply instead.

Further details, including what we mean by “occupation”, “material and substantial duties” and the 8 work tasks are given in provision 5 of the policy provisions.

What will stop this benefit paying out?

- We might not pay out if you don't:
 - provide us with all relevant information, or
 - tell us about any changes before the start of your benefit as described in 'Your commitment'.
- We won't pay a critical illness claim if you don't tell us about your claim within 6 months of being diagnosed
- We won't pay a critical illness claim if it is caused directly or indirectly by any of the following:
 - taking part in a criminal act,
 - inappropriate use of alcohol or drugs, including but not limited to the following:
 - consuming too much alcohol.
 - taking an overdose of drugs, whether lawfully prescribed or otherwise.
 - taking Controlled Drugs (as defined by the Misuse of Drugs Act 1971) otherwise than in accordance with a lawful prescription,
 - unreasonable failure to seek or follow medical advice,
 - intentional self-inflicted injury, or
 - war, invasion, hostilities, civil war, rebellion, revolution or taking part in a riot or civil commotion or terrorist activities.
- For children's critical illness cover, we won't pay if the medical condition was present before the child reached the age of six months or the first symptoms started before the child was covered by the benefit.
- We won't pay a terminal illness claim if:
 - you're expected to live for more than 12 months, or
 - you don't tell us about the illness at least 12 months before the end of the benefit term.
- In general, we won't pay a claim if we don't receive the proof that we need about the events resulting in the claim. We might not pay a claim if we don't have authorisation to obtain medical information about you.

Please see provisions 4, 5 and 6 of your policy provisions for more details.

We may add further limits or exclusions to your policy. If we do, we'll tell you about them before you make your decision to go ahead with the benefit.

What other options can I have with this benefit?

Premium Protection

Before this benefit starts you can choose, at an extra cost, to include Premium Protection for it. This option means that after 26 weeks we'll start to pay your premiums for this benefit if you suffer a disability.

There are three different definitions of Disability. Only one definition will be relevant to you and we'll tell you which one when you apply.

Definition 1 – Own Occupation

"Disability" means due to sickness or accident you are totally unable to follow the occupation from which you last derived any earnings before the start of disability (if there was more than one it will be that from which the largest part of those earnings was derived), and you are not doing any other occupation for payment or profit.

Definition 2 – Suited Occupation

"Disability" means due to sickness or accident you are totally unable to follow:

- The occupation from which you last derived any earnings before the start of disability (if there was more than one it will be that from which the largest part of those earnings was derived), and
- Any other occupation for which we reasonably consider you suited taking into account your education, training and experience,

and you are not doing any other occupation for payment or profit.

Definition 3 – Activities of Daily Work

"Disability" means any sickness or accident which

- (a) prevents you from doing, even with the use of appropriate assistive devices, at least two out of six activities of daily work ("ADWs") without the assistance of another person, or

(b) causes mental failure.

The six ADWs are:

- (i) Hearing
- (ii) Lifting
- (iii) Speech
- (iv) Using a pen, pencil or keyboard
- (v) Vision
- (vi) Walking

If either Definition 1 – Own Occupation or Definition 2 – Suited Occupation is stated to apply to the policy and you are working less than 16 hours a week before the start of the disability and you are not self-employed, then Definition 3 – Activities of Daily Work will apply instead.

We'll continue paying the premiums for you until:

- you're able to return to work, or
- you reach the age of 66, or
- the benefit ends,

whichever is sooner.

You need to tell us about your sickness or accident within 13 weeks of it starting or happening. Please see provision 7 of the policy provisions for further details of Premium Protection including the exclusions that apply and what we mean by "occupation", "mental failure" and the six ADWs.

We may add further limits or exclusions for this option. If we do, we'll tell you about them before you make your decision to go ahead with this benefit.

What do I have to pay?

- The actual premiums you pay for this benefit will depend on, for example:
 - the amount, basis and term of cover you choose,
 - your age and sex,
 - your health,
 - whether or not you smoke or use nicotine replacements, and
 - how many other benefits you have in your Protection for Life plan.
- The initial premium payable for this benefit is shown on the accompanying quotation. If you have other benefits in your plan, it will also show a discount for having more than one benefit.
- The premiums for this benefit are subject to five-yearly reviews.
- The premiums for this benefit and any others in your plan, are payable monthly by Direct Debit.
- If we pay out under this benefit, your premiums for it will stop, it will end and nothing further will be paid out.

How do reviewable premiums work?

- Your Critical Illness with Life Cover premium is reviewable every five years and can change. The premium may then increase, stay the same or reduce.
- There is no minimum or maximum amount by which your premium may change, but we'll calculate any change in a fair and reasonable way.
- We'll never change the premium because you're older, because your health or lifestyle has changed since the start of the benefit, or because of any children's or premium protection claims you've made.
- We calculate your initial premium using assumptions we expect to apply over the whole benefit term. However, at each review we revisit these assumptions and we may change our view of them. The assumptions are our expectation of future terminal illness, critical illness and death claims and we may review them for the following reasons:
 - new information arising from the analysis of our own, our reinsurer's and other insurance companies' past claims experience for similar types of policies,
 - new information arising from UK population statistics for mortality and morbidity,
 - the impact of medical advances and medical practices on future claims including genetic profiling, screening, detection, diagnostic techniques and treatment methods from any of the claim events covered under the benefit, and
 - any event outside our control which was unforeseen at the start of the benefit or since the most recent review, if later.
- If our view of these assumptions at the review has changed, we'll alter your premium based on that change.
- We'll tell you before we change your premiums. If your premiums need to increase, you can tell us to keep your premiums the same and reduce the benefit amount instead. Alternatively, you can cancel the benefit and stop paying premiums for it.
- For more information, please see provision 2 of the policy provisions.

What are the charges?

- Our charges cover the cost of commission, expenses, profit and any other adjustments. They are included in the total cost you pay for the benefit, detailed in the quotation.

What about tax?

- Under current tax rules, any cash sum paid out under the benefit will be free of personal income tax and capital gains tax.
- If the cash sum forms part of your estate, inheritance tax may be payable on it and you may want to consider putting this benefit, or others, in trust. Please ask your Scottish Widows Direct Adviser about this. You should also consider speaking to your solicitor.
- Tax rules may change in the future.

Can I change my mind?

- You can change your mind about starting this benefit within 30 days of receiving your cancellation notice for it. If you do, you'll get back any money you have paid for it.
- If you don't cancel your benefit within the 30 day period, it will continue until the end of its term.

How to contact us

If you've any questions, or any changes you want to make to your plan, please contact us. You can phone us, send us a fax, or write to us.

☎ Call us on 0131 655 6000 during the following times:

Monday to Friday 8.00am – 6.00pm

Saturday 9.00am – 12.30pm

We may record and monitor calls to help us to improve our service.

Fax number: 0131 662 4053

Website: www.scottishwidows.co.uk

Office address: Scottish Widows plc
15 Dalkeith Road
Edinburgh
EH16 5BU

- We'll communicate with you in English.

Other information

How to complain

If you ever need to complain, please contact us. If you're not satisfied with our response, you can complain to:

The Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London
E14 9SR

0845 080 1800

Email: enquiries@financial-ombudsman.org.uk

Website: www.financial-ombudsman.org.uk

- Complaining to the Ombudsman won't affect your legal rights.

How to claim

You can notify us of a claim in writing at the address shown on page 9 or by phone;

For critical illness cover or terminal illness claims call 0845 601 4839

For life cover claims call 0845 601 4179

For premium protection claims call 0845 601 4839

- We may record and monitor calls to help us to improve our service.

Terms and conditions

These Key Features give a summary of Scottish Widows Critical Illness with Life Cover benefit as part of our Protection for Life plan. Further details of the benefit, and terms and conditions are given in product literature, and policy provisions which are available from us.

We've the right to change some of the terms and conditions at any time. We'll write and explain if this affects your benefit.

Law

- For legal purposes the law of England and Wales, Scotland or Northern Ireland will apply, according to where you reside when you take out your benefit.
- This information represents Scottish Widows' interpretation of the law and HM Revenue and Customs practices as at date of publication. Changes to tax rules and other laws may affect your contract terms.

Compensation

We're covered by the Financial Services Compensation Scheme. It'll apply if we become insolvent and can't meet our obligations. Information about compensation arrangements is available from the Financial Services Compensation Scheme, who can be contacted on 020 7892 7300 or via their website at www.fscs.org.uk

The ABI

The Association of British Insurers (ABI) publishes a Guide to Critical Illness, with general background information about this type of cover. You can get a copy of the guide by writing to us, or the ABI at 51 Gresham Street, London, EC2V 7HQ. This Key Features complies with the ABI Statement of Best Practice for Critical Illness Cover.

SCOTTISH WIDOWS
preparation is everything
official pensions and protection provider



As part of the Lloyds Banking Group, Scottish Widows is proud to be an Official Provider of the London 2012 Olympic and Paralympic Games.

Scottish Widows plc. Registered in Scotland No. 199549. Registered Office in the United Kingdom at 69 Morrison Street, Edinburgh EH3 8YF. Telephone: 0131 655 6000.

Scottish Widows plc is authorised and regulated by the Financial Services Authority. Our FSA Register number is 191517.

45453 06/09