



Policy Provisions

Protection for Life
Lifetime Cover
PFL-LTLC (2008)

Introduction

This booklet provides details for a Lifetime Cover policy.

Each schedule issued by Scottish Widows plc (“Scottish Widows”) and referring to this booklet, the provisions contained in this booklet, and any valid endorsements to these issued by Scottish Widows, make up the policy documents for a contract between Scottish Widows and the policyholder(s) named in the schedule, and are in their entirety conclusive as to its terms.

Notes to help you understand the policy.

Because this is a complicated legal document, we have provided explanations in the right-hand margin (just like the information you are reading now). However, please note that these explanations do not form part of the contract between you and us. They are included only to help you understand the policy.

This contract and all other communications will be written in English.

Please keep this document in a safe place. It can be stored in your Protection for Life folder.

Also please remember to inform us if you change your name, address or bank account.

***To make a claim please call us on 0845 601 4179 for a life cover claim
and 0845 601 4839 for a premium protection claim.***

***You can reach us at our main administrative office: 15 Dalkeith Road, Edinburgh, EH16 5BU
or telephone number 0131 655 6000.***

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

It will help if you can quote your policy number (or plan number) when you contact us.

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1 Preliminary

1.1 Meaning of terms

“**Actuary**” is any person who holds an appointment to Scottish Widows in accordance with SUP 4.3.1R of the Financial Services Authority Handbook (as may be amended from time to time). If there is more than one such person then we will choose one of them as our Actuary.

“**Policyholder**” is the legal owner of the policy. This is the person or persons named in the schedule or, if applicable, their legal successor(s). Subject to provision 1.2, if there is more than one such person and we accept a claim, each person will have an equal entitlement under the policy.

“**Policy month**” is a one-month period starting on the start date or a monthly anniversary of the start date.

“**We**” or “**us**” means Scottish Widows.

“**You**” means

- (a) if there is only one life assured named in the schedule: the life assured;
- (b) if there are two lives assured named in the schedule: both the first life assured and the second life assured;

except where a different meaning is given in a provision.

Other terms are used throughout the provisions and their meanings or descriptions are established in the schedule or in particular provisions.

In these provisions, the masculine includes the feminine and the singular includes the plural and vice versa, unless the context requires otherwise.

Headings to the provisions (except for those headings which are the names of illnesses or options) are included for reference only and do not form part of the provisions or affect their interpretation.

1.2 Entitlement under the policy on death

If there is more than one **policyholder**, on the death of any one of them, the deceased **policyholder** will have no rights under the policy and the survivor(s) will be exclusively entitled to any benefit under the policy.

Provision 1 deals with some formalities.

The meanings of certain terms are established in the schedule or in certain of these provisions.

*You will see that we have sometimes shown words in **bold type** to help you see where a specially-defined term is being used.*

“Legal successor” means someone to whom the whole legal entitlement under the policy has been transferred, for example a trustee or a full assignee. This does not include assignees in security (usually a mortgage lender), because although they have important rights they do not have all of them.

If the policy is under trust, the terms of the trust will determine any entitlement under the policy.

Provision 1.2 deals with what happens if there is more than one policyholder and one of them dies.

2 Premiums

2.1 When and how

Premiums will be due on the first premium due date and thereafter monthly until the last premium due date. However, no premiums will be payable after the date on which any claim is accepted under provision 4. Unless we agree otherwise, premiums will be payable on or before the due date and must be paid by a method acceptable to us.

2.2 Amount

Subject to the following paragraph and to provision 3.1.2 (if the basis of the policy is “Increasing”), the amount of each premium will be equal to the cover premium stated in the schedule plus the policy fee stated in the schedule.

However, if premium protection applies to the policy, we will reduce the premium by an amount as we reasonably determine from any **premium reduction date**. A “**premium reduction date**” is either

- (a) the monthly anniversary of the start date which occurs six months before the start of the **policy month** in which a life assured to whom premium protection applies reaches their 66th birthday, or
- (b) if there are two lives assured, the start of the **policy month** immediately after we receive notification of the death of a life assured to whom premium protection applies.

2.3 Non-payment of premiums

If any premium is not paid within 30 days of its due date, we may cancel the policy without value.

The following terms are detailed in the schedule:

*first premium due date;
last premium due date;
start date;
basis.*

Provision 4 deals with life cover.

Provision 5 explains what happens to your premiums if you have premium protection and we accept a claim.

Premiums are payable by direct debit from your bank account.

If the premiums for more than one “Scottish Widows Protection for Life” policy are paid for by one direct debit then we will reduce the total amount of direct debit collected by a “Multiple Benefit Discount”. The “Plan Summary” document, which we will send out from time to time, will give details of the amount of any discount then applying.

Whether premium protection applies or not is shown in the schedule. The amount of the reduction will be similar to the amount included in the premiums to pay for the cost of premium protection.

The meaning of “policy month” is given in provision 1.1.

While premiums are payable you must pay them on time to ensure your cover continues. This policy does not have a surrender value.

We may inform anyone to whom the policy is assigned in security if premiums are not paid.

3 Claim Amount

If we accept a claim under provision 4 a cash sum (the “**claim amount**”) will become payable. Subject to provision 3.2, the **claim amount** will be determined in accordance with provision 3.1.

3.1 Level and increasing basis

Subject to provision 3.1.2(c), the basis that applies to the policy is shown in the schedule.

3.1.1 Level

If the basis is “Level” then the **claim amount** at the **time of the claim** will be equal to the “Benefit amount” shown in the schedule.

3.1.2 Increasing

If the basis is “Increasing” then the following paragraphs apply.

- (a) The **claim amount** at the start date will be equal to the “Initial benefit amount” shown in the schedule.

On each yearly anniversary of the start date, the **claim amount** applying immediately before that anniversary will increase.

Subject to a minimum of 2% and a maximum of 10%, it will increase by the percentage increase in the **Retail Prices Index** (as defined below) over the twelve months ending five, or such other number as we may reasonably decide, months prior to that anniversary.

“**Retail Prices Index**” means the United Kingdom Retail Prices Index or such other similar index as our Actuary decides.

- (b) The increased cover premium applying on or after each yearly anniversary will be calculated as follows:
- (i) We will first take the cover premium applying for the **claim amount** immediately before the anniversary.
- (ii) Next, we will increase the cover premium from (i) above as follows:
- We will:
- (1) Calculate a “**premium increase percentage**” by multiplying the percentage increase in the **claim amount** for that anniversary calculated in (a) above by 1.2.
- (2) Finally, we will increase that cover premium by the **premium increase percentage** calculated in (1) above.

The following terms are detailed in the policy schedule:

*start date;
expiry date;
basis;
one of: benefit amount, initial benefit amount.*

Before the policy started you chose whether it would be on a “level” or “increasing” basis and your choice is shown in the policy schedule.

If the policy is “level” then provision 3.1.1 will not alter the amount of the cash sum which will remain level. The cover premium will also remain level, subject to provision 2.2.

If the policy is “increasing” then provision 3.1.2 will increase, at each policy anniversary, the cash sum we would pay. The cover premium will also increase.

You will not have to provide us with any information about your state of health for these yearly automatic increases.

The Retail Prices Index is the index we will be using for the foreseeable future, but we might have to use something else if this changed or no longer existed.

The cover premium will increase at a greater rate than the rate of increase in the claim amount.

(c) We will write to **you** at least six weeks before each yearly anniversary to let **you** know the results of the automatic increases under this provision. The increases for an anniversary will then take effect on the anniversary unless **you** request us to cancel the increases. A request must be in a form acceptable to us and be received at our main administrative office at least two weeks before the relevant anniversary. If on two consecutive anniversaries the automatic increases are cancelled, all future automatic increases will immediately cease to apply.

You may request us at any time to cease all future automatic increases in the **claim amount** and premiums. Your request must be in a form acceptable to us. Once the automatic increases have ceased they cannot be reinstated.

If all future automatic increases cease to apply, for whatever reason, the basis of the policy will become "Level".

We will tell you about the premium increases before they happen.

The address of our main administrative office is shown at the start of this booklet.

If this happens, the claim amount and the premiums will no longer change and will remain at their then current amounts.

3.2 Early Death Exclusion and Accidental Death

This provision applies only if the schedule states that an Early Death Exclusion applies to the policy.

If this exclusion applies, the schedule describes the circumstances when the claim amount would not be calculated in accordance with provision 3.1 and how it would instead be calculated.

Provision 3.2.1 details the Accidental Death conditions referred to in the Early Death Exclusion.

3.2.1 Accidental Death conditions

"**Accidental Death**" is death resulting from injury caused solely and directly by accidental, external, violent and visible means.

The Accidental Death conditions are:

- (a) the cause of death is an Accidental Death that did not arise directly or indirectly from any of the causes listed in provision 3.2.2,
- (b) we receive such information about, and such evidence of, the event or circumstances giving rise to the Accidental Death as we may reasonably require (we will reimburse the claimant's reasonably incurred expenses if we accept the claim results from Accidental Death), and
- (c) unless we decide otherwise, we receive written notification of the death within two years of the start date of the policy.

The start date of the policy is shown in the schedule.

3.2.2 Accidental Death exclusions

The causes referred to in provision 3.2.1 are:

(a) Hazardous sports and pastimes

Any hazardous sports or pastimes which typically involve such activities as flying, climbing, going underground or underwater and engaging in racing of any kind other than athletics or swimming.

(b) Self inflicted injury

Self inflicted injury or deliberate exposure to exceptional danger.

The self inflicted injury exclusion would exclude, for example, suicide attempts.

4 Life Cover

References in this provision to “**you**” are

- (a) if there is only one life assured: to the life assured;
- (b) if there is more than one life assured: to the last life assured to die.

4.1 Payment event

Subject to any further provisions referred to in the schedule, then on the day of receipt by us at our main administrative office of written notice of your death, a cash sum will become payable in accordance with provision 3.

We use the term “**time of the claim**” to be the day a cash sum becomes payable.

If we accept a claim under this provision, no further claim will be accepted under the policy and the policy will be cancelled.

If there are two of you covered under this policy then this type of policy is commonly referred to as a “second death” policy. If just one of you dies, a cash sum is not yet payable. The cash sum only becomes payable after the second of you also dies.

The address of our main administrative office is shown at the start of this booklet.

If we accept a claim under this provision then provision 3 explains the amount of the cash sum that would be paid.

5 Premium Protection Cover

References in this provision to “**you**” are

- (a) if there is only one life assured named in the schedule:
the life assured;
- or
- (b) if there are two lives assured named in the schedule: any life assured in respect of whom premium protection benefit is stated in the schedule to apply to.

This provision applies only if the schedule states that premium protection applies to the policy.

5.1 Meaning of terms

The following terms are used in provision 5.

5.1.1 Meaning of disability

Subject to the following paragraph and provision 5.5, the definition of **disability** that applies to the policy for premium protection is stated in the schedule.

If

- (a) either “Definition 1 – Own Occupation”, or “Definition 2 – Suited Occupation” is stated in the schedule to apply to the policy and
- (b) 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.

In both “Definition 1” and “Definition 2” below, “**occupation**” means a trade, profession or type of work undertaken for profit or pay.

If “Definition 1 – Own Occupation” applies, “**disability**” means you are totally unable due to sickness or accident 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 are not doing any other **occupation** for payment or profit.

If “Definition 2 – Suited Occupation” applies, “**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.

Remember it is important to keep paying your premiums on time for the first six months of disability to ensure the cover still applies.

It may help “prove your case” if you tell us about the disability after (say) three months.

Provision 5.5 states the circumstances in which disability is not covered.

If “Definition 3 – Activities of Daily Work” applies, “**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:

- (a) **Hearing**
The ability to hear, with a hearing aid if required, well enough to hear someone speaking in a normal voice in a quiet room.
- (b) **Lifting**
The ability to pick up 1kg from waist height and carry it for 5 metres.
- (c) **Speech**
The ability to be understood in a common language in a quiet room.
- (d) **Using a pen, pencil or keyboard**
The ability to use a pen, pencil or keyboard with either hand.
- (e) **Vision**
The ability to see well enough to read 16 point print using spectacles or other aids if required.
- (f) **Walking**
The ability to walk 200 metres on a level surface with a stick or other aid if required, without stopping or severe discomfort.

“**Mental failure**” has the meaning given in the following paragraphs:

You will be treated as suffering from mental failure if, due to an organic brain disease (such as Alzheimer’s Disease or senile dementia) or brain injury, your ability to reason, remember and understand things deteriorates to such an extent that you can no longer look after yourself without the continual supervision and assistance of another person.

You may not claim benefits because of a mental or nervous disorder which cannot be shown to be due to an organic brain disease or brain injury.

Mental failure will be determined using clinical evidence and recognised tests of mental capacity.

5.1.2 Meaning of other terms

“**Period of disability**” means any period throughout which you suffer disability arising after the start date.

“**Deferred period**” means the first 26 weeks of a **period of disability**.

“**Claim period**” means that part of a **period of disability** commencing immediately after the later of:

- (a) the day on which we receive at our main administrative office notice of the disability, and
- (b) the end of the **deferred period**

and ending immediately before the earliest of

- (i) the 66th birthday of any life assured to whom premium protection applies and in respect of whom premium protection benefit is being paid, and
- (ii) the day any amount becomes payable under provision 4.

The address of our main administrative office is shown at the start of this booklet.

Note that a claim period may end before the end of a period of disability.

Provision 4 deals with life cover.

5.2 Protection of premiums

Subject to provision 5.4 and to any further provisions referred to in the schedule, we will waive any premium due during a claim period and will treat it as having been paid.

Provision 5.4 covers evidence that we will need.

If the basis of the policy is “increasing”, the premiums we protect during a claim period will allow for the increases under provision 3.1.2 (b).

5.3 Linked claims

We will treat successive periods of disability as a single **period of disability** if the successive periods

The “deferred period” (wait of 26 weeks before premiums are waived) would not apply more than once to successive periods of disability linked by provision 5.3, but in the intervening periods premiums are payable.

- (a) arise from the same cause, and are separated only by less than six months of active full-time work, or
- (b) arise from different causes and are separated only by less than one month of active full-time work

except that we will not treat such intervening periods of active full-time work as part of the **period of disability**.

5.4 Evidence of disability

We will not waive any premium unless

- (a) such certificates, information and evidence as we reasonably require as proof of the start and continuation of the **period of disability** are provided to us at your expense (we will reimburse your reasonably incurred expenses), and
- (b) you are examined at our expense by an examiner appointed by us as often as we reasonably require.

Both (a) and (b) above are subject to provision 6.5.

5.5 Exclusions

The disability must not result directly or indirectly from:

(a) Alcohol or drug abuse

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.

(b) Criminal acts

Taking part in a criminal act.

(c) Self-inflicted injury

Intentional self-inflicted injury.

(d) Unreasonable failure to follow medical advice

Unreasonable failure to seek or follow medical advice.

(e) War and civil commotion

War, invasion, hostilities (even if war has not been declared), civil war, rebellion, revolution or taking part in a riot or civil commotion or terrorist activities.

6 General

6.1 Nil surrender value

This policy will not have a surrender value.

6.2 Changes to policy terms

If while the policy is in force

- (a) there is any change in law or taxation affecting us or the policy,
- (b) there is any change in circumstances which in our opinion makes it impossible or impracticable to carry out any one or more of these provisions, or
- (c) we become aware of any error or omission in the policy documents,

then we may with immediate effect make such reasonable alterations to the policy documents as we may in good faith consider appropriate in the circumstances. We will inform the **policyholder** in writing of any such alterations.

6.3 Payment of benefits

“**Material facts**” are those things that affect our decision to accept the application (and any amendment to it) and/or the premiums payable.

We reserve the right to not pay benefits, to pay only some of the benefits, or make any other change to the policy as we may reasonably decide if, at any time, any of:

- (a) you,
- (b) the person making the claim, or
- (c) anyone else connected with the policy or claim,

have given us incorrect information, or you didn't give us all **material facts** before the start date of the policy.

We will pay benefits only if we receive such proof as we may reasonably require of the happening of the event on which, or the continuation of the circumstances under which, the benefits are payable, the legal entitlement of the claimant, and your date of birth.

We reserve the right to not pay benefits if we have not received such authorisation as we may require to obtain medical information about any person on whose life the benefits depend.

Payment of any money by us in accordance with the policy will be a full and sufficient discharge to us in respect of that money, and we will not in any way be responsible to enquire into or see to the application of any such money.

6.4 Production of policy

We reserve the right to require the policy for cancellation or endorsement when any benefit is payable or any option is exercised or any alteration is made.

6.5 Residence

Unless otherwise stated in the schedule, you may, without restriction or payment of additional premium, reside or travel in any part of the world or engage in any occupation.

This provision sets out powers that we have to alter the terms of your policy.

We will need to write to your doctor to assess any claim and we will need authorisation to obtain medical information about you. We will require you or a personal representative to provide this authorisation when making a claim. If you or the personal representative do not provide the authorisation and we can't obtain the information we need, we might not pay the claim, and the policy could be made void with no payments to us being refunded.

By policy we mean here the schedule and any related endorsements. We may ask you to send these to us.

If at any stage in connection with a claim you are resident outside the United Kingdom and we reimburse the cost of any evidence obtained from outside the United Kingdom or pay for any examination held outside the United Kingdom then we will do so only to the extent that it does not exceed the amount we would reasonably expect the cost within the United Kingdom to have been.

6.6 Law of the contract

The law of the contract between the **policyholder** and us is that of England and Wales, unless one of the following applies:

- the **policyholder** resided in Scotland at the start date of the policy in which case the contract is subject to the law of Scotland, or
- the **policyholder** resided in Northern Ireland at the start of the policy in which case the contract is subject to the law of Northern Ireland.

If there was more than one **policyholder** at the start date of the policy, the **policyholder** referred to above will be the first named in the schedule.

6.7 References to Acts of Parliament

Reference in this policy to any Act of Parliament or any part or section of an Act includes any statutory modification or re-enactment of it and any regulations made thereunder for the time being in force.

6.8 Notice of assignment

Notice of assignment must be given to us in writing at our main administrative office as soon as practicable after the assignment takes place.

6.9 Third Party

The terms of the Contracts (Rights of Third Parties) Act 1999 and any other legal third party rights are specifically excluded.

By taking out this policy, the policyholder agrees to submit to the exclusive jurisdiction of the courts relevant to the law of the contract if there is ever a dispute between us and the policyholder.

This is important to protect the legal rights of any person to whom the policy is assigned.

The address of our main administrative office is shown at the start of this booklet.

This means that only you (or your legal successor(s)) can enforce the contract against us.

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.

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