

# Key Features

of 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 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.

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, or
  - you're diagnosed with a terminal illness.

The single cash sum 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.
- 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.
- 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 Life Cover	Decreasing Life Cover
What is covered by this benefit?	Life Terminal illness	Life Terminal 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	68 (69 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	1 year	5 years
Maximum benefit amount	£5,000,000	£5,000,000
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 a maximum age 65, ending before 66th birthday)	Yes (to a maximum age 65, ending before 66th birthday)

\* Mortgage Free Cover might apply to you when you have applied for 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 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 amount will continue to increase.
- If a claim is made, it may be possible to convert the future monthly benefit 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%.
- Your premiums will also automatically increase:
  - if you choose a benefit amount to be paid as a single cash sum, your premiums will automatically increase, but at a higher rate than the increase in benefit amount.
  - if you choose a monthly benefit amount, your premiums will automatically increase in line with 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 and cannot be reinstated.

### 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 a decreasing benefit amount 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.

## 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 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 provision 4 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.

It's best if you tell us about your sickness or accident within 13 weeks of it starting or happening. Please see provision 5 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 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.

## 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 this benefit or 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

Fax number: 0131 662 4053

Website: [www.scottishwidows.co.uk](http://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

Tel: 0845 080 1800

Email: [enquiries@financial-ombudsman.org.uk](mailto:enquiries@financial-ombudsman.org.uk)

Website: [www.financial-ombudsman.org.uk](http://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 above or by phone;
- For 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 Life Cover benefit as part of a 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 policy.
- 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. You may be entitled to compensation if we become insolvent and can't meet our obligations. Most insurance business is covered for 90% of the value of the claim. More 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](http://www.fscs.org.uk)



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