SCOTTISH WIDOWS PROTECT

Personal Protection
Income Protection Cover
Policy Provisions
SWP – PERSONAL IPC (2024A)

SCOTTISH WIDOWS

CONTACTING US

If you have a question about your policy, please call us on:

0345 030 6572

Or write to us at:

SCOTTISH WIDOWS LIMITED, PO BOX 24171 69 MORRISON STREET, EDINBURGH EH3 1HL

COMPLAINTS

If you ever wish to complain, please see 16 How to complain on page 60.

CLAIMS

If you need to make a claim, please see 4 How to claim on page 13.

You can tell us about the claim by completing our online claim form at **scottishwidows.co.uk** or call us on **0345 601 4839**.

We're open from 9am to 5pm, Monday to Friday. Calls may be recorded and monitored to help us improve our service.

It will help if you can tell us your policy number (shown on your policy schedule) when you contact us.

CONTENTS

WELCOME TO SCOTTISH WIDOWS PROTECT

This booklet tells you how your Scottish Widows Income Protection insurance policy works. You should read this alongside your policy schedule, which gives more details of the cover you hold.

Please keep these documents in a safe place. It might also be a good idea to let your family know you have this cover.

1. Welcome to Scottish Widows Protect

We explain what the words in **bold** mean in '3. Understanding our technical terms' on page 6.

We'll always communicate with you in English. You can ask for information from us in large print, braille, or audio.

1.1 Overview

Your policy provides **income protection cover** against a loss or reduction to your earnings due to an illness or injury.

- There are three types of benefits which we may pay under this cover:
  - **incapacity income benefit**,
  - **rehabilitation income benefit**, and
  - **proportionate income benefit**.
- We'll pay you a monthly income amount for each of these benefits provided our conditions for paying them are met.

  If your cover is:
  - 'Income Protection Cover – 2 years'
    A maximum **number of claim payments available** of 24 will apply for a first claim. But a lower **number of claim payments available** may apply, or even no payments may be made, for any further claim.
  - 'Income Protection Cover – Full term'
    The above limit of the **number of claim payments** available for a claim doesn't apply.

Your policy also provides **hospitalisation cover**, and **fracture cover** (unless we've told you that we've excluded this from your policy).

- We'll pay you a single amount if you meet our claim conditions for one of these covers.
- Any claim you make won't affect any claim for **income protection cover**.

Examples of what your policy doesn't provide

- **Income Protection Cover**
  We won't provide any benefit if the reason you're not working isn't due to an illness or injury. So, we won't pay out if you're made redundant, the source of your work ends, you're fired, you quit your job or you choose not to work.
- **Fracture cover** (if not excluded)
  This doesn't include cover for minor 'hairline' fractures or those resulting from various sports and pursuits. So, we won't pay out if say you break a leg while skiing.
- **Hospitalisation cover**
  We won't pay any treatment costs while you're in hospital.

We may pay more than one claim over the term of your policy.

We may also pay out under more than one type of cover for the same claim.

Example

Francesca has a serious accident which results in multiple fractures, a hospital stay and a lengthy period of being unable to work. Francesca later recovers but is only well enough to return to work for a reduced number of hours.

We would pay Francesca under **fracture cover**, **hospitalisation cover**, and **income protection cover** if our claim conditions are met. Under **income protection cover**, we would pay Francesca **incapacity income benefit** and later **rehabilitation income benefit** to top up her income.

If you'd like to increase your cover, it may be possible to do this. You may also ask us to consider various other changes. See '13.2 Changes you can make' on page 37.

In the following sections we explain the above in more detail.

2. Please double-check your information

Please check the details on your application summary as it's really important that you gave us honest and complete information when you took out this policy.

You should also check your policy schedule to make sure the personal information, type of cover and details, such as the monthly benefit amount, are correct. If anything is wrong, you should tell us as soon as possible.

If any information you gave us wasn't honest or complete, we may not pay a claim or we may reduce the amount we pay. Please see '11. What will stop us paying out?' on page 35.

3. Understanding our technical terms

Sometimes we have to use technical terms when we're explaining your policy. We explain below the terms we use most in **bold**.

We also use some other terms but we explain what they mean in the sections where we first use them.

You should also be aware that some terms may not apply to your policy – we explain where this may happen.

'Before-tax'

An amount of money determined during **PAYE** and/or **self-assessment** before any deduction for tax owed to the **HMRC**. This may also be called a 'pre-tax' or 'gross' amount.

'Benefits in kind'

These are goods and services provided by an employer to an employee for free or at reduced cost which result in tax owed to **HMRC**.

Examples

A car or an interest-free loan provided by an employer are a Benefits in Kind.

'Claim period'

This is a period that is part of a **period of incapacity** which starts and ends as follows.

a) The **claim period** starts immediately after the end of the **deferred period** for that **period of incapacity**.

> But if your type of cover is 'Income Protection – 2 years', the **number of claim payments available** can't be zero at that time. If it's zero, the **claim period** won't begin. See '6.8 What is the number of claim payments available?' on page 18.

b) The **claim period** ends on the day before the earliest date of:

- The **period of incapacity** ending.
- If your type of cover is 'Income Protection – 2 years': The date the **number of claim payments available** reaches zero.
- If you travel or start to live abroad in countries outside of the UK and other **included countries** and this results in a claim ending. See '6.9 What happens if I travel or start to live abroad?' on page 19.
- You're charged with a criminal offence where that charge prevents you from working.

> For example, this might happen if someone is held in custody while they await their trial.

- You die.
- Your policy ends for any other reason, for example if its expiry date is reached.

> A **claim period** will always include an **income claim period**. It may also include a **proportionate claim period** and/or a **rehabilitation claim period**.

'Cover amount'

This is the monthly amount of cover you have for **incapacity income benefit**. See 'Step 1 – Cover amount' on page 21.

> The **cover amount** may be different from the 'monthly benefit amount' shown in your policy schedule.

'Deferred period'

A period of weeks starting when a **period of incapacity** begins. The **deferred period** you chose at the start of your policy is shown in your policy schedule.

A **deferred period** may also be known as a 'waiting period' by others.

'Earnings'

Your average monthly earnings just before your **period of incapacity** started. This is an amount **before-tax**. We explain how we calculate your **earnings** in 'Step 2 – Earnings' on page 21.

'Endorsement'

A document that changes one or more terms of the legal contract between you and us (see **policy documents**). This may take the form of a letter.

'Exclusion'

A circumstance where we won't pay a claim if the cause of that claim results from that circumstance. See 'What exclusions may apply?' on page 36.

'Fracture'

A fracture is a partial or complete breakage of a bone in the body.

'Fracture cover' (if not excluded from your policy)

This is cover for a range of different **fractures**. See '9. What happens if I make a fracture cover claim?' on page 32.

'HMRC'

HM Revenue and Customs, the government department responsible for the collection of taxes.

'Hospitalisation cover'

This is cover if you spend six or more nights in hospital. See '10. What happens if I make a hospitalisation cover claim?' on page 34.

'Incapacity'

We'll use one of the following two definitions of **incapacity** to consider a claim under **incapacity protection cover**. See section '6.2 Which definition of incapacity must I meet?' on page 14.

Definition 1 – Own Occupation

Under this definition, **'incapacity'** means:

As a result of an illness or injury you can't do the **material and substantial duties** of your **normal occupation**. And you aren't doing any other **occupation** in its place for payment or profit.

Definition 2 – Activities of Daily Living

Under this definition, **'incapacity'** means:

As a result of an illness or injury you can't do at least three of the **'activities'** below on your own.

This is without the help or supervision of another person, but with the use of special equipment routinely available to help and having taken any appropriate prescribed medicine.

- **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.

‘Incapacity income benefit’

A monthly income benefit which we pay during an **income claim period**.

You may think of this as us paying you ‘sick pay’.

‘Included countries’

These are:

- United Kingdom (UK)
- Australia,
- Canada,
- Channel Islands,
- European Union (EU) – all countries which are members of the EU,
- Isle of Man,
- New Zealand,
- Norway,
- Switzerland, and
- United States of America.

We may not pay a claim or stop paying one if you live or travel abroad outside of these countries. See ‘6.9 What happens if I travel or start to live abroad?’ on page 19.

‘Income claim amount’

The monthly amount of **incapacity income benefit** we pay during an **income claim period**.

This may be the same or less than the cover amount. It will depend on your circumstances at the time of the claim. See ‘7. What income claim amount is paid?’ on page 20.

‘Income claim period’

Is a period during a **claim period** where you have an **incapacity** and we pay you an **incapacity income benefit**. The **income claim period** ends when we stop paying you that benefit.

An **income claim period** could end because the **claim period** has ended, or a **proportionate claim period** or **rehabilitation claim period** has started.

‘Income protection benefit’

A benefit which is one of **incapacity income benefit**, **proportionate income benefit** and **rehabilitation income benefit**.

‘Income protection cover’

This is cover which may provide one or more types of **income protection benefit**.

'Linked claim'

This is a subsequent claim for **income protection benefit** where we treat two or more successive **periods of incapacity** as being one period. See '6.7 What are the conditions for a linked claim?' on page 17.

'Material and substantial duties'

These are the duties that are normally required for, and/or form a significant and integral part of, the performance of your **occupation** that cannot reasonably be omitted or modified.

'Minimum benefit guarantee'

Your policy schedule shows the amount of **minimum benefit guarantee** at the start of your policy. We explain later

- when the **minimum benefit guarantee** may increase what we pay out under **income protection cover** and when it won't,
- how the amount of the **minimum benefit guarantee** may change if your **cover amount** changes.

'New Earnings'

These are earnings we calculate during a **proportionate claim period** or a **rehabilitation claim period** if you have a **partial incapacity**.

'Normal occupation'

The **occupation** from which you last had any earnings before the start of a **period of incapacity**. If you had more than one **occupation**, it will be the one that you were doing most of the time just before that period.

'Number of claim payments available'

This number only applies if your cover is 'Income Protection Cover – 2 years'.

It doesn't apply if your cover is 'Income Protection Cover – Full term'.

The **number of claim payment available** is a maximum limit to the number of claim payments that we'll make during a **period of incapacity**. It's 24 for a first claim, but it may be a number less than 24 (including zero) for any later claim. See '6.8 What is the number of claim payments available?' on page 18.

'Occupation'

A trade, profession, or type of work you do for profit or pay. It's not a specific job with any particular employer. It's also unrelated to any location and availability of work.

'Old earnings'

These are earnings we calculate during a **proportionate claim period** or a **rehabilitation claim period** if you have a **partial incapacity**.

'Partial incapacity'

We explain the meaning of this in '8. What happens when we pay a proportionate income benefit or a rehabilitation income benefit?' on page 26.

> We use **partial incapacity** to determine if we should pay a **proportionate income benefit** or a **rehabilitation income benefit** after we stop paying **incapacity income benefit**.

'Partial incapacity period'

A period after the end of an **income claim period** and during a **period of incapacity**, where you continuously have a **partial incapacity**.

'PAYE'

Pay as you earn.

> An **HMRC** system where tax and National Insurance Contributions owed are deducted by an employer from an employee's salary or wages. Similarly, tax deductions may be taken from any **pension income** paid to an individual. Further tax adjustments to **PAYE** may be required by an individual by **self-assessment**.

'Pension income'

This is any income a person receives from one or more pension arrangements. This includes:

- Income they receive from a pension scheme, such as that from an annuity.

  > An 'annuity' provides a guaranteed income for life on terms agreed with the annuity provider before it starts.

  Any income they receive from a pension policy such as income payments from a drawdown policy.

  > A 'drawdown' policy allows for flexible income payments to be taken while keeping the remainder of the policy invested.

- Any state pension paid by the government.

'Period of incapacity'

A period after the start date, where you continuously have an **incapacity**. It may also include a later **partial incapacity period** which is part of the same claim.

'Policyholder'

The owner of a policy. For this policy, it is **you**.

'Policy documents'

The documents which contain the terms of the legal contract between you and us as we may change from time to time. They include this booklet, your policy schedule, and any **endorsements**. They may also include any other document we give you where we say it should be kept as part of your **policy documents**.

'Premium'

A payment you make to us for providing your cover.

'Proportionate claim period'

We explain the meaning of this in '8. What happens when we pay a proportionate income benefit or a rehabilitation income benefit?' on page 26.

We use **the proportionate claim period** to determine how long we pay **proportionate income benefit** for.

'Proportionate income benefit'

The type of **income protection benefit** we pay during a **proportionate claim period**.

Any **proportionate income benefit** we pay during an **income protection cover** claim will be less than the **incapacity income benefit** we paid earlier.

'Provisions'

The terms and conditions of your policy.

We'll reasonably decide the level of rounding we use for any term which is an amount that we calculate.

'Rehabilitation claim period'

We explain the meaning of this in '8. What happens when we pay a proportionate income benefit or a rehabilitation income benefit?' on page 26.

We use the **rehabilitation claim period** to determine how long we pay a **rehabilitation income benefit**.

'Rehabilitation income benefit'

The type of **income protection benefit** we pay during a **rehabilitation claim period**.

Any **rehabilitation income benefit** we pay during an **income protection cover** claim will be less than the **incapacity income benefit** we paid earlier.

'RPI'

The UK Retail Prices Index.

This is a measure of UK inflation published by the Office for National Statistics.

'Self-assessment'

This is an alternative system to **PAYE** where any tax and other amounts due to **HMRC** is worked out when completing a yearly tax-return to them. You can find more details on the **HMRC** web pages at **www.gov.uk**

'We', 'us' and 'our'

Scottish Widows Limited.

'You' and 'your'

The person named in the schedule as the 'Life assured'.

4. How to claim

You should contact us as soon as possible, so we can help you as quickly as we can.

Type of cover	When to contact us
Income protection cover	Before the earliest of • the date that's eight weeks after the start of your **period of incapacity**, and • the date your **deferred period** ends.
Fracture cover	Before the earliest of • the date that's eight weeks after the **fracture** occurs, and • the expiry date of your policy.
Hospitalisation cover	Before the earliest of • the date that's eight weeks after you leave hospital, and • the expiry date of your policy.

If you don't tell us within these time limits, we may not be able to properly consider your claim and may have to reject your claim.

This is particularly important for **income protection cover** as it may not be possible for us to get sufficient information and evidence that you started to meet, or would have met, our definition of **incapacity**. If that happens, we may have to delay the date your **period of incapacity** starts or reject your claim.

Please:

Complete our online claim form at **scottishwidows.co.uk**

Or call us on **0345 601 4839**

We'll take you (or the person making the claim on your behalf) through the process as quickly as possible.

5. Information we'll need

The information and evidence we need will depend on the type of cover your claim is for.

5.1 Income Protection Cover

We'll need information and evidence about your health, your occupation, and your earnings.

Health information

We'll ask you for any certificates, information, and other evidence that we reasonably need to check the start of your **incapacity** or **partial incapacity**.

Examples

- You give us a 'fit note' which is clear that you're not fit to work.

  This could be from your general practitioner (GP) or another medical professional such as a hospital doctor or a registered nurse. A fit note may alternatively be called a 'sick note'.
- We'll ask for a medical report on you from your GP.
- We may ask you to attend a medical examination.

We'll ask for these again from time to time during the **claim period**.

This is so we can check the claim should continue.

Occupation information

We'll ask you for information and evidence about your **normal occupation** before your **incapacity**.

Examples

This is to check details such as:

- Whether immediately before the claim you were employed or doing self-employed work of at least 16 hours a week giving rise to earnings.
- If you weren't working, we'll need to know how long you've been unemployed or not working for.
- What your current occupation or job is.

Earnings information

We'll ask you to give us:

- evidence which is relevant to your earnings before your current **period of incapacity** began as explained below, and
- evidence of your **old earnings** and **new earnings** during a **proportionate claim period** or a **rehabilitation claim period**.

Employed

If you were employed immediately before the **period of incapacity** or during a **period of partial incapacity**:

We'll need one or more of:

- 12 monthly payslips.
- Evidence of any **benefits in kind** you received over the last tax year.

Examples

- A copy of your last tax year's 'P11D Expenses and benefits' form given to **HMRC**.
- Your employer's confirmation of the value of each such benefit.

A tax year starts on the 6th April of a year and ends on the 5th April of the following year.

- Evidence of company accounts for up to the last 36 months, where appropriate.
- Your 'P60 End of year certificate' for the last tax year.

Your employer should give you the P60. It includes details given to **HMRC** of your pay over that year.

If you had more than one job, we'll need the evidence for each job.

If we have to calculate your earnings for a job over a different period than 12 months, we'll instead ask for the evidence for that different period.

Self-employed

If you were self-employed immediately before the **period of incapacity** or during a **period of partial incapacity**:

We'll need a copy of your last three **self-assessment** tax-returns to **HMRC**.

- Evidence of company accounts for up to the last 36 months, where appropriate.

If you haven't yet completed three years of tax-returns,

- we'll need a copy of your last tax-return or last two tax-returns, and/or
- we'll tell you if there's any other information that we need to calculate your average monthly earnings from self-employment.

If you don't have a copy of any **HMRC** document, you should ask your employer (if employed), or ask **HMRC** to give you a copy.

If there's any change to **HMRC's** processes which affects a document we've mentioned above, we'll tell you the equivalent evidence we need.

Other income information

We'll ask you for information and evidence about any other income you get during a **claim period**. See 'Step 4 – Other income' on page 23.

5.2 Fracture Cover and Hospitalisation cover

We'll ask for medical information and evidence that is relevant to your claim.

Examples

Fracture cover – a letter or note given to you by the hospital or medical facility that was treating your **fracture**. That evidence must have sufficient details about the **fracture** that we need: such as the cause, where in your body it occurred and the type of **fracture** (how serious it is).

Hospitalisation Cover – a hospital discharge note, or a letter from the hospital detailing how long you spent there.

For both, we may need other relevant notes or letters from an appropriate medical person such as your consultant or your GP.

5.3 In general – all types of claim

For all types of claim we may also need the following information:

- We may need to see your birth certificate.
- We may also ask for evidence that shows you gave honest and complete answers to all the questions we asked when you took out the policy.

Examples

- We may ask your GP for health information about you before your policy started.
- We may ask for evidence about your occupation and earnings when you applied for your cover.

We'll never ask for more information and evidence than we believe is reasonable to consider the claim.

We'll pay back you, or any person making a claim for you, any costs (for example, postage fees) we consider reasonable provided you give us evidence of them.

6. What happens if I make an incapacity income benefit claim?

This section explains what happens if you meet our definition of **incapacity** and our other conditions for paying an **incapacity income benefit**. We'll pay you **incapacity income benefit** once a month during the **income claim period**.

We explain how we calculate the amount of **incapacity income benefit** (the **income claim amount**) we pay in '7. What income claim amount is paid?' on page 20.

6.1 What are the conditions to be met?

Conditions to be met

- We're told of the **incapacity** within the time limit explained in '4. How to claim' on page 11.
- You must meet the definition of **incapacity** which applies to you.
- The date your **incapacity** begins is on or after the start date of your policy.
- Your **period of incapacity** lasts for at least the **deferred period**. See '6.3 When is incapacity income benefit paid?' below.

  But if your claim is a **linked claim**, a **deferred period** won't apply again. See '6.7 What are the conditions for a linked claim?' below.
- If your cover is 'Income Protection Cover – 2 years', the **number of income payments available** must be at least one.
- None of the circumstances detailed in '11. What will stop us paying out?' on page 35 apply to the claim.

  For example, the cause of the claim isn't due to an **exclusion** which we've told you about.

6.2 Which definition of incapacity must I meet?

Your policy schedule shows the **own occupation** definition of **incapacity** which we'll use from the start date of your policy.

But there are circumstances where, you may have to meet the 'activities of daily living' definition of **incapacity** instead (see page 7 for definition of 'activities of daily living').

We'll use that 'activities of daily living' definition of **incapacity** if in the 90 days immediately before your **period of incapacity** began

- you've not been working at all, or
- you've been working but you've not done at least an average of 16 hours a week of paid work.

However, we'll increase the 90 days stated above to 12 months in the following circumstances:

- You're an employee where
  - you've agreed with your employer to take maternity leave, parental leave, or adoption leave, and
  - your job is being held open for your return or you've accepted an offer from your employer for a new role when your leave ends.
- You're self-employed and taking maternity leave, parental leave or adoption leave.

6.3 When is incapacity income benefit paid?

We explain in '5. Information we'll need' the types of information and evidence we need to decide if you meet the definition of **incapacity** applying and the other claim conditions.

When you contact us about a claim, we'll ask you for some initial information and evidence. Depending on your circumstances:

a) We may decide that we've sufficient information that makes us believe you're likely to meet the definition and the other claims conditions. Provided we can work out your **income claim amount**, we'll be able to start paying your claim before we've fully approved it.

   We'll then consider your claim more fully once we've got further information:

   - This can take some time. See '6.4 Why can there be a delay before we approve a claim?' below.
   - While considering your claim we may reasonably decide to suspend further payments. See '6.5 When would we suspend claim payments?' below.

Or

b) We may decide that we require further information and evidence to be satisfied you meet the definition and the other claim conditions. Only once we've got this, and other information to work out your **income claim amount,** can we fully approve your claim and start paying it.

But see '6.10 What happens if you reject my claim?' below.

We'll normally be due to pay you the first **incapacity income benefit** one month after the start of the **income claim period**. Or putting it another way, one month after the end of the **deferred period**.

Example

Ali's **deferred period** ends on the 5th March. Ali's **income claim period** starts on 6th March. The first payment due to Ali is on the 6th April.

But in practice there may be a delay to when we pay the first income benefit. This would happen if we're not promptly told about the claim, or we don't get sufficient information in time for us to set up your first payment. We'll then start paying the claim as soon as we reasonably can.

If there are any further monthly payments during the **income claim period**, we'll decide which date of the month they're made.

While we're paying a claim, we'll need the relevant information and evidence mentioned in '5. Information we'll need' to continue those payments.

After a claim ends you and/or your financial adviser should consider whether the policy is still appropriate for your needs.

6.4 Why can there be a delay before we approve a claim?

After the end of the **deferred period**, it may take us a month or so to get all the information and evidence we reasonably need to be certain that we should approve your claim.

We need to be satisfied that:

a) You meet the definition of **incapacity** as explained above, but there can be delays

   Examples

   - Your GP may delay giving us your medical report.
   - If we ask you to attend a medical examination, there's likely to be a period to wait before it can take place, and a period afterwards before we get the examination report.

b) The answers given to us for the medical, lifestyle, occupation, and earnings questions which we asked before we agreed to your policy starting (or changing) were complete and accurate.

c) We're not over-paying the **income claim amount**.

Once we have all that information, we'll consider the claim.

6.5 When would we suspend claim payments?

We may suspend any claim payments we've started to make before we've fully approved a claim. We'll do this if we've reason to believe that you may not after all meet all our claim conditions. Also, we'll suspend claim payments if after three months we've not yet got all the further information and evidence we've asked for.

We'll restart your claim payments once we get everything we've asked for and we can approve your claim. We'll also pay you the total of the claim payments missed during the period we suspended them.

6.6 What happens to my premium payments?

We'll still collect your **premium** payments during a **deferred period** and while we're considering your claim. Although we may decide to stop collecting them before we've fully approved your claim if we believe you're likely to meet all our claim conditions. We'll repay you any **premium** payments we've collected during the period between the end of the **deferred period** and the date we fully approve your claim.

But see '6.10 What happens if you reject my claim?' on page 19.

We'll restart collecting your payments after the **period of incapacity** ends.

We'll also restart collecting your **premium** payments during any period where we suspend our claim payments to you. But if we later restart your claim payments, we'll repay you any **premium** payments that we collected during that period.

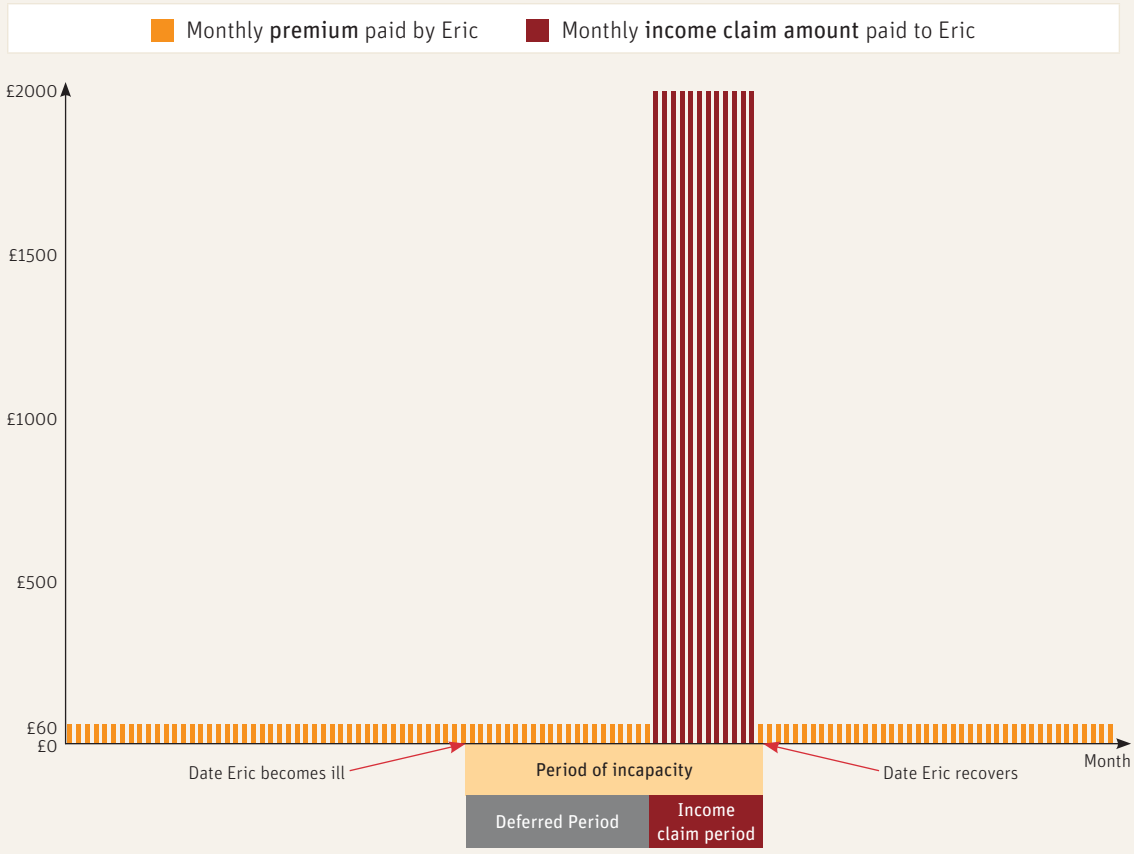
Or putting it another way, if we fully approve your claim, we pay all your **premium** payments during the **claim period**.

Example

Eric's policy has a monthly benefit amount of £2,000 which is Level, and he pays a monthly **premium** of £60. Eric becomes ill and meets all conditions for us to approve his **incapacity income benefit**.

We'll start paying Eric the monthly **income claim amount** one month after the end of his **deferred period**. For Eric that amount is the same as his policy's monthly benefit amount. We'll continue to pay Eric that amount during the **income claim period**. We also won't collect Eric's monthly **premium** payments during that period.

Eric recovers and returns to his previous work as before. This means his **income period** ends and his **claim period** ends at the same time. We'll stop paying Eric the **income claim amount,** and we'll restart collecting his **premium** payments.



6.7 What are the conditions for a linked claim?

We'll consider a claim to be a **linked claim** if the following conditions are met as well as those in section 6.1 above.

Linked claim conditions to be met

a) For the current claim you meet the definition of **incapacity** applying to you at the start of the current **period of incapacity**.

b) The cause of your **incapacity** is the same as or related to that of the previous **period of incapacity**. We'll reasonably decide this based on the opinion of a relevant medical professional(s).

c) We call the period between the end of the previous **period of incapacity** and the start of the current one the '**linking period**'. The **linking period** must be less than the relevant '**linking period limit**' in the table below.

Type of Cover	Linking period limit
Income Protection Cover – 2 years	6 months
Income Protection Cover – Full term	12 months

We won't refund any **premium** payments made during a **linking period** or pay any **income protection benefit** in respect of that period.

Example

Beatrice has 'Income Protection Cover – Full term' and we pay her **income protection benefit** one month after her **deferred period** of four weeks ends. After a further four months Beatrice recovers and returns to work as before. Beatrice's **income claim period** ends. Unfortunately, Beatrice has a relapse seven months later from the same cause as before and can't work. As this happens within Beatrice's linking period limit of 12 months, it's a **linked claim**. Beatrice doesn't have to wait for her **deferred period** to end and we resume paying her **income protection benefit** one month later. This time Beatrice fully recovers after three months.

6.8 What is the number of claim payments available?

This section only applies if your cover is 'Income Protection Cover – 2 years'.

The following restriction to the **number of claim payments available** doesn't apply if your cover is 'Income Protection Cover – Full term'. If you've got that Full term cover, you can now go directly to section 6.9 below.

The **number of claim payments available** changes as follows:

a) At the start of your policy the **number of claim payments available** to you is 24.

b) Each time we make a monthly payment during a **claim period** the **number of claim payments available** reduces by one.

Example

Bruce hasn't made a claim before. So, the **number of claim payments available** to Bruce is 24 at the start of his claim. We start paying Bruce's claim one month after the end of his **deferred period**.

But after we've made 10 payments, Bruce recovers from the illness which caused his claim. So, Bruce no longer meets our definition of **incapacity** and his **income claim period** ends. Bruce's **claim period** also ends at the same time.

This means that the remaining **number of claim payments available** to Bruce is 14 at the start of any second claim unless d) below applies.

c) If during a **period of incapacity** the **number of claim payments available** reaches zero, the following applies:

- The current **claim period** will end. So, we won't make any further payments in respect of that **period of incapacity**.
- We also won't pay out for any later claim unless d) below applies.

Example

Bruce becomes ill again for a second time four months after returning to work. The reason for Bruce's illness is the same as before. So, it's a **linked claim** and a **deferred period** doesn't apply again.

At the start of Bruce's second claim the remaining **number of claim payments available** is 14. That number reaches zero when we make the 14th monthly payment to Bruce. So, Bruce's **claim period** ends despite him not being well enough to return to work.

We won't make any further monthly payments to Bruce unless d) below applies and a new **period of incapacity** begins.

d) If you return to work for at least 16 hours a week for a period of six months in a row after a **claim period** has ended, we'll reset the **number of claim payments available** to 24. Your work must give rise to earnings for at least 16 hours a week.

Notes

The **number of claim periods available** can be any number between zero and 23 when a reset to 24 occurs.

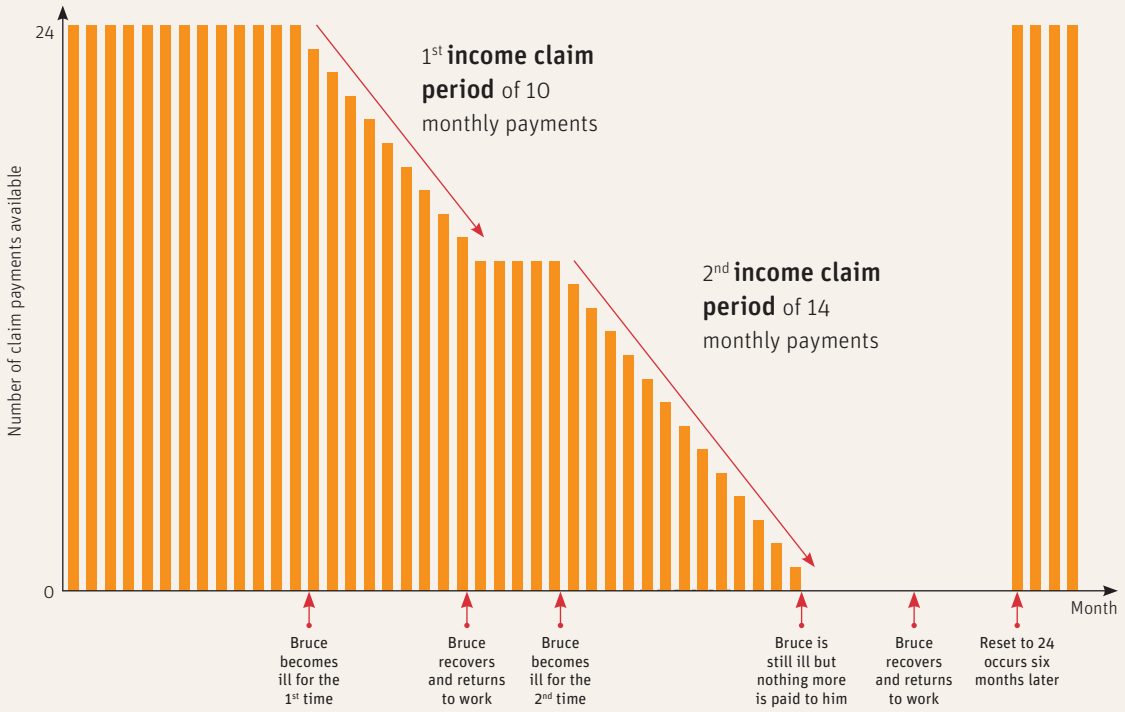
If you return to work and we're paying you a **proportionate income benefit** or a **rehabilitation income benefit**, that work occurs during the **claim period**. So, we won't take that period of work into account for a reset to 24.

Example

Bruce recovered five months after his second claim ended. Bruce then worked continuously for six months, so his **number of claim payments available** reset to 24.

We would consider a new claim from Bruce after this point. We would treat it in the same way as a first claim, so a **deferred period** would apply.

Number of claim payments available to Bruce



You can ask us at any time what the current **number of claim payments available** is and if relevant, when it is due to reset to 24.

6.9 What happens if I travel or start to live abroad?

At the start of your policy, you must be a United Kingdom (UK) resident.

If you later travel or start to live abroad in any of the other **included countries**, the total time spent there won't affect any **claim period**.

But if you travel to or live abroad in any country which isn't an **included country**, the following applies.

If the total time you spend in such countries during a current **claim period** and during any previous **claim period(s)** reaches six months, the current **claim period** will immediately end. We'll stop paying your current **income protection benefit**.

We won't pay any further claim you make until you return to the UK or start to travel to or live in another **included country**.

You and/or your financial adviser should consider whether the policy remains appropriate for your needs.

6.10 What happens if you reject my claim?

We'll tell you why. And if we've started paying a monthly **income claim amount**, we won't make any further payments.

We won't normally ask you to return any amounts we've paid to you, but see '11. What will stop us paying out?' on page 35 for when we might.

But we'll ask you to pay us the total of any **premium** payments we've not collected while we were paying your claim. You must pay us that total within 12 months of the date we rejected your claim. If you don't, we may cancel your policy.

If we're happy that your policy can continue, we'll start to collect your **premium** payments again. But please let us know if you wish to end your policy instead.

7. What income claim amount is paid?

This section explains how we calculate the **income claim amount** we'll pay for **incapacity income benefit**.

7.1 How is the income claim amount calculated?

We have six main steps to calculate the **income claim amount** for a month during the **income claim period**.

The diagram below gives an overview of what we do in each step. We explain each step in more detail afterwards.

STEP 1 We determine the '**cover amount**' for that month.

STEP 2 We calculate your '**earnings**' before your **incapacity**.

STEP 3 We calculate an '**earnings limit**' for that month.

This is an amount which is lower than your **earnings**.

STEP 4 We calculate the amount of any' **other income**' you get that month which is on top of your **earnings**.

STEP 5 We calculate a '**reduced earnings limit**' for that month.

This is your **earnings limit** less any **other income**.

STEP 6 Finally, we calculate the **monthly income claim amount** that we pay you for that month.

Your **monthly income claim amount** (before any adjustments) is the lower of your **cover amount** and your **reduced earnings limit**.

But we may adjust your **monthly income claim amount** if

- the **minimum benefit guarantee** results in an increase, or
- you have to meet the 'activities of daily living' definition of **incapacity** and that results in a decrease.

Step 1 – Cover amount

We'll determine the **cover amount** applying at start of the **period of incapacity**. The **cover amount** will depend on whether the Basis of your cover is Level or Increasing.

- **Level**

  The **cover amount** is the 'Monthly benefit amount' shown in your policy schedule.

- **Increasing**

  The **cover amount** at the start date of your policy is the 'Initial monthly benefit amount' shown in your policy schedule. The **cover amount** will then automatically increase each year – see the 'Appendix – Increasing Cover' on page 43.

But if the following changes are made to your policy, we'll allow for them:

- An increase or decrease is made to your monthly benefit amount or
- If your cover is Increasing and you ask us to not automatically increase your cover.

Step 2 – Earnings

Your '**earnings**' are your average monthly earnings before your **incapacity** from your **normal occupation**.

We need to calculate average earnings because what someone earns could vary a lot from month to month. For example, someone might have a basic salary, but they're paid a bonus if they meet their sales targets. Or someone may be paid a wage which varies a lot from week to week. If we just took the most recent months' earnings, we might end up not paying enough or paying too much.

How we calculate your **earnings** depends on whether for your **normal occupation** you're employed or self-employed.

Employed

If you were employed immediately before the start of **period of incapacity**.

a) We'll first calculate the total paid to you from employment in **your normal occupation** over the 12 months immediately before the start of the **period of incapacity**.

   This includes:

   - The amount of monthly **before-tax** earnings or wages.
   - The value of any **benefits in kind** from your employer, provided these aren't paid during the **period of incapacity**.
   - The amount of any **before-tax** regular and consistent bonuses and commission.
   - Any **before-tax** dividends you're paid due to your employment with a private limited company. This is subject to them being paid from the net trading profit of that company and not from retained profit.

   But

   - we won't include any **pension income** you've been paid, and
   - we won't include any other earnings you had due to you having another job immediately before the **period of incapacity**.

b) We'll then divide the total from a) by 12 to get your average monthly **earnings** from employment.

c) But when we calculate a) and b) we may need to adjust them in the following circumstances.

   1. If you were employed for less than 12 months we'll use the number of complete months you were employed for instead of 12.
   2. If your earnings are variable due the nature of your employment, we may reasonably decide to use up to 36 months of earnings instead of 12.

   However, depending on your circumstances, we may reasonably decide to take another approach than stated in **1.** or **2.** above to determine your **earnings**. We'll only do this if we believe that would be fairer.

Self-employed

If you were self-employed immediately before the start of **period of incapacity**.

a) We'll first calculate the total income you received from your business over the 36 months immediately before the start of the **period of incapacity**. This total is **before-tax** and any other deductions. But we won't include any **pension income** you were paid.

b) From the result of a) we'll deduct the total amount allowed by the **HMRC** as business expenses.

c) We'll then divide the result from b) by 36 to get your average monthly **earnings** from self-employment.

d) But if you were self-employed for less than 36 months, we'll use the number of complete months you were self-employed for instead of 36 in the above. However, depending on your circumstances we may reasonably decide to take another approach to determine your **earnings** if we believe that would be fairer.

Step 3 – Earnings limit

We calculate your '**earnings limit**' for a month during an **income claim period** as follows:

We use the '**Earnings table**' shown in your policy schedule.

If your **earnings** are £70,000 or less,

We multiply your **earnings** by the **percentage covered** of 60% and divide the result by 12 to get the **maximum earnings covered**.

If your **earnings** are above £70,000

a) We multiply £70,000 by the **percentage covered** of 60%.

b) We then multiply the part of your **earnings** above £70,000 by the **percentage covered** for that part of 45%,

c) We then divide the total of a) and b) by 12 to get the **maximum earnings covered**.

Example

Caleb has yearly earnings of £80,000.

Caleb's monthly **earnings limit** is £3,875.

(£70,000 x 60% = £42,000
+ £10,000 x 45% = £ 4,500
Total £46,500,
and £46,500 ÷ 12 = £3,875)

Step 4 – Other income

Your '**other income**' is the monthly amount paid to you (or on behalf of you) during a month of the **period of incapacity**.

This is the total of the following monthly amounts:

a) any other ongoing earned income,

But this doesn't include any income you earned from another job which you started to receive before the period we used to calculate your **earnings**.

b) any ongoing benefits paid such as sick pay from your employer,

c) any regular benefits you're paid from another insurance policy or policies you may have due to you having an incapacity (or equivalent),

For example, you could be paid an income from another income protection policy.

See the next section '7.2 What happens if I have more than one policy providing incapacity benefits?' on page 25 for more details.

and

d) any **pension income**.

But this doesn't include any amount of **pension income** you started to receive before the period we used to calculate your **earnings**.

Step 5 – Reduced earnings limit

Your monthly '**reduced earnings limit**' is equal to your **earning as limit** (step 3) less any **other income** (step 4).

Step 6 – Income claim amount

Your monthly **income claim amount** (before any adjustments) will be the lower of

a) your **cover amount** for that month (step 1), and

b) your **reduced earnings limit** (step 5).

But the following adjustments may apply:

- If your current **minimum benefit guarantee** is greater than the above monthly **income claim amount**, we'll increase the monthly **income claim amount** to the amount of that guarantee unless the following applies.

  If you've got any other income protection policy with us which has a **minimum benefit guarantee** (or equivalent) we'll only apply such an increase to one of those policies. See part b)(1) of section '7.2 What happens if I have more than one policy providing incapacity benefits?' on page 25 for more details.

- If you have to meet the 'activities of daily living' definition of **incapacity**, we'll limit the monthly **income claim amount** as calculated above to a maximum of £1,500.

  However, if you've got more than one income protection policy with us, a further overall limit may apply across those policies. See part b)(2) of section 7.2 for more details.

If your **income claim amount** (after any adjustments) is less than your current **cover amount**,

- We won't refund any part of your **premium** payments already paid to us.
- After your claim ends, you and/or your financial adviser should consider whether the policy remains appropriate for your needs.

Examples

In each example below, we've assumed all conditions for us to start paying **incapacity income benefit** are met and there's only one income protection policy.

1. **Full monthly cover amount is paid**

   Willa's policy schedule shows a monthly benefit amount of £2,000, Level cover, and a **minimum benefit guarantee** of £1,500 a month.

   So, Willa's **cover amount** is also £2,000 (step 1).

   Immediately before Willa's **period of incapacity** began, she was working with total yearly **earnings** of £60,000 (step 2). So, her **earnings limit** is £3,000 a month (step 3).

   (£60,000 x 60%) ÷ 12 = £3,000

   Willa doesn't have any **other income** (step 4), which means that her **reduced earnings limit** (step 5) is also £3,000 a month.

   This limit is more than her **cover amount** of £2,000, so her **income claim amount** (before any adjustments) is £2,000 (step 6). This is above the **minimum benefit guarantee**, so we don't have to adjust Willa's **income claim amount**. We'll pay Willa £2,000 a month which is her full **cover amount**.

2. **Minimum benefit guarantee paid instead of full cover amount**

   Maisie also has a **cover amount** of £2,000, and at the start of her policy she had been earning £70,000 a year.

   But immediately before Maisie's **period of incapacity** began, she was working with lower total yearly **earnings** of £20,000 in the last 12 months (step 2). So, her **earnings limit** is £1,000 a month (step 3).

   (£20,000 x 60%) ÷ 12 = £1,000

   Maisie doesn't have any **other income** (step 4), which means that her **reduced earnings limit** (step 5) is also £1,000 a month.

   Maisie's **income claim amount** (before any adjustments) is the lower of her **cover amount** and her **reduced earnings limit** (step 6) which is £1,000. But as this is less than the **minimum benefit guarantee** of £1,500, we increase her **income claim amount** to £1,500.

   This happened because Maisie's **earnings** don't support us paying her full **cover amount**, but the **minimum benefit guarantee** has increased what we would otherwise have paid.

3. **Limit to the income claim amount when the 'activities of daily living' definition of incapacity has to be met**

   Sharon's policy has a monthly benefit amount of £3,000, Level cover and a **minimum benefit guarantee** is £1,500. So, Sharon's **cover amount** is £3,000 (step 1).

   We worked out each of the other amounts in steps 2 to 4 before calculating Sharon's **reduced earnings limit** to be £2,500 in step 5. This is less than Sharon's **cover amount**, so her **income claim amount** before any adjustments is £2,500 (step 6).

   But four months before Sharon became ill, she was made redundant and hadn't been working since then. As Sharon wasn't working for more than 90 days before her **period of incapacity** started, she had to meet the 'activities of daily living definition' of **incapacity** (see '6.2 Which definition of incapacity must I meet?'). As a result, we limit Sharon's **income claim amount** to £1,500 a month.

7.2 What happens if I have more than one policy providing incapacity benefits?

This section only applies if in 'Step 4 – Other income' of the previous section the **other income** that we calculate includes an amount due to part c) of that step.

a) It's normal for income protection policies to have a limit on what benefit is paid out in relation to a person's earnings and any other income they may have.

In calculating that limit, any regular benefits paid to you or on your behalf from another insurance policy or policies due to an incapacity are normally allowed for. This could for example, include any income paid from another income protection policy, a policy providing accident cover benefits and/or sickness cover benefits, or a policy providing unemployment cover.

This means for example if someone has two income protection policies, what is paid from one policy can in effect reduce what is paid from the other (possibly to zero), and also the other way round.

We'll fairly share the total income to be paid to you from

- your policy or policies with us, and
- any you have with another provider.

We'll do this in accordance with industry-wide best practices for the management of income protection claims amongst the different providers of such policies.

b) In carrying out a) above, we'll also allow for the following terms when you have more than one income protection policy with us:

1. If you have another policy with a **minimum benefit guarantee** (or equivalent) and a guarantee would increase what we pay you,
   - We'll increase what we pay you from only one of those policies.
   - We'll choose to apply the guarantee to the policy which gives the greatest increase to what we pay you.
   - We'll then assume that each other policy with us has no **minimum benefit guarantee** (or equivalent) when we calculate any income due to be paid from it.

2. The following overall limit only applies if
   - you have to meet the 'activities of daily living' definition of **incapacity**, and
   - you've more than one Scottish Widows Protect – Income Protection Cover policy (or if relevant, any later type of income protection policy we may offer).

   We'll limit the total **income claim amount** for a month that we pay from all these policies to a maximum of £1,500.

Examples

1. **Paying the greater minimum benefit guarantee**

   Jamie has two Scottish Widows Protect – Income Protection Cover polices with us as in the table below and no others that provide incapacity benefits.

Policy	Cover amount	Minimum benefit guarantee
1	£2,200	£1,500
2	£1,000	£1,000
Total	£3,200	

   Jamie was working immediately before his claim, and we determine his **reduced earnings limit** to be £1,000 a month. So, Jamie doesn't have enough **earnings** to support us paying his total **cover amount** of £3,200 a month. The total monthly **income claim amount** we would have paid him is his **reduced earnings limit** of £1,000.

   But we then compare Jamie's **reduced earnings limit** with the **minimum benefit guarantee** for each policy (see 1. above). The guarantee for Policy 1 gives the greater **minimum benefit guarantee** which is £1,500 so we use that. It increases the total monthly **income claim amount** from £1,000 to £1,500.

   So, the total monthly **income claim amount** we pay to Jamie is £1,500 a month.

2. **Overall limit applies when the 'activities of daily living' definition of incapacity has to be met**

   Frida has two Scottish Widows Protect – Income Protection Cover polices with us as in the table below and no others that provide incapacity benefits.

Policy	Cover amount	Minimum benefit guarantee
1	£1,200	£1,200
2	£1,300	£1,300
Total	£2,500	

   Frida wasn't working for five months before her claim and she had to meet the 'activities of daily living' definition of **incapacity**.

   We calculated Frida's **reduced earnings limit** to be £2,600 a month which is more than Frida's total **cover amount** of £2,500 a month. But we don't pay Frida the lower of these as the overall limit of £1,500 a month applies – see **2.** above. That is, we pay Frida a combined total monthly **income claim amount** of £1,500 a month.

7.3 What happens if the final month of my claim period is not a whole month?

If your **incapacity** in the final month of your **claim period** isn't for a whole month, we'll pay a corresponding part payment for that final month.

Example

Hamish is being paid £3,000 a month. In the final month of Hamish's **claim period**, his **incapacity** lasts for 10 days out of that month's 30 days. The final claim payment we make to Hamish is £1,000.

(10/30) x £3,000 = £1,000

8. What happens when we pay a proportionate income benefit or a rehabilitation income benefit?

This section explains the **proportionate income benefit** and **rehabilitation income benefit** we may pay after an **income claim period** ends. We've designed these benefits to top up your income if you return to work with less earnings than before.

Your earnings could be less if say

- you start a different **normal occupation** – we may pay a **proportionate income benefit**, or
- you can't work as many hours as you previously did for your **normal occupation** – we may pay a **rehabilitation income benefit**.

8.1 Technical terms used for these benefits

We use the following further terms when we consider whether a **proportionate income benefit** or a **rehabilitation income benefit** should be paid. And if so, to calculate what amount of benefit we'll pay.

Any term in **bold** not explained here is either explained in '3. Understanding our technical terms' or '7.1 How is the income claim amount calculated?'.

'Calculation date'

A date at which we calculate a **partial income amount** during a **proportionate claim period** or a **rehabilitation claim period**.

The first **calculation date** will be within a month of the start the relevant **partial claim period**.

We'll redo the calculation at such other dates as we consider appropriate. For example, if there is a change to your **new earnings**.

'Final income claim amount'

This is the final **income claim amount** we paid during the **income claim period** that has just ended.

'New earnings'

This is your average monthly earnings that you have at a **calculation date**. We explain how we calculate these in Step 1 below.

'Old earnings'

This is your **earnings** before the start of the **period of incapacity**. We'll increase them in line with **RPI** for the period between the start of the **period of incapacity** and the **calculation date**.

'Partial incapacity'

We'll consider you to have a **partial incapacity** during a **period of incapacity** if the following circumstances apply.

a) You're still not well enough to do the **material and substantial duties** of your **normal occupation**.

b) But you're well enough to start working again and due to your illness or injury which caused the claim one of the following applies:

- You're only able to return to your **normal occupation** to a lesser extent than before.

Or

- You're only able to work in a different **occupation** from before.

We'll consider you to no longer have a **partial incapacity** if you're now well enough to do the **material and substantial duties** of your **normal occupation** to the same extent as before. This applies even if you don't return to your previous **normal occupation**.

We'll reasonably consider whether you have or no longer have a **partial incapacity** using the appropriate medical information and evidence about you that we ask for.

'Partial claim period'

This is either:

- a **proportionate claim period** where we pay a **proportionate income benefit**,

or

- a **rehabilitation claim period** where we pay a **rehabilitation income benefit**.

'Partial income amount'

This is the monthly amount of **proportionate income benefit** or **rehabilitation income benefit**, as relevant, that we pay during a **partial claim period**. The monthly amount may change at a **calculation date**.

'Proportionate claim period'

This is a period, that is part of a **period of incapacity**, which starts and ends as follows.

a) The **proportionate claim period** starts on the date where both of the following conditions are met:

- You have a **partial incapacity** during the **claim period**.

And

- You start working again. But due to your illness or injury that caused the claim you're only able to work in a different **occupation** from your **normal occupation**.

b) The **proportionate claim period** ends on the day before the earliest date of:

- You no longer have that **partial incapacity**.
- Your **new earnings** after returning to work are at least your **old earnings**.
- We decide a **rehabilitation claim period** should begin for your claim.

c) The **claim period** ends.

Examples

In both of the following examples, all conditions for a claim to be paid are met.

1. **Income Protection Cover – 2 years**

   James was an office worker before having a stroke. James had 'Income Protection Cover – 2 years' and he made his first claim. The **number of claim payments available** was 24. Once James' **deferred period** was over, we paid him four **incapacity income benefit** payments. At this point James was starting to feel a lot better. The medical advice James was given was that he shouldn't return to his previous job, but there were other jobs he could do.

   James's **income claim period** ended, and a **proportionate claim period** started when he began to work full time in a shop on a lower salary than before.

   At this point, the maximum **number of claim payments** available to James for **proportionate income benefit** is 20.

   Jame's **proportionate claim period** ended after we paid him 20 **proportionate income benefits** and the **number of claim payments available** reached zero. James's **claim period** also ended then.

   James continuously works for a further six months as a shop worker, We then reset James's **number of claim payments available** to 24. At this point we'll be able consider any new claim James makes based on his **normal occupation** now being a shop worker.

2. **Income Protection Cover – Full term**

   Ada was working as a hotel manager before her **incapacity**. We paid Ada **incapacity income benefit** after her **deferred period** ended. That benefit ended when Ada started to work in a call centre.

   As Ada's salary was less than before, we started to pay her **proportionate income benefit**. Ada continued to work in that job and continued to meet the conditions for a **partial incapacity**. So, we continued to pay Ada **proportionate income benefit** until her policy ended.

'Rehabilitation claim period'

This is a period, that is part of a **period of incapacity**, which starts and ends as follows.

a) The **rehabilitation claim period** starts on the date that both of the following conditions are met.

- You have a **partial incapacity** during the **claim period**.

And

- You start working again in your **normal occupation**. But due to your illness or injury that caused the claim you're only able to work to a lesser extent than before.

b) The **rehabilitation claim period** ends on the day before the earliest date of:

- You no longer have a **partial incapacity**.
- We decide that a **proportionate claim period** should begin for your claim.
- We decide a new **income claim period** should begin.
- The **claim period** ends.

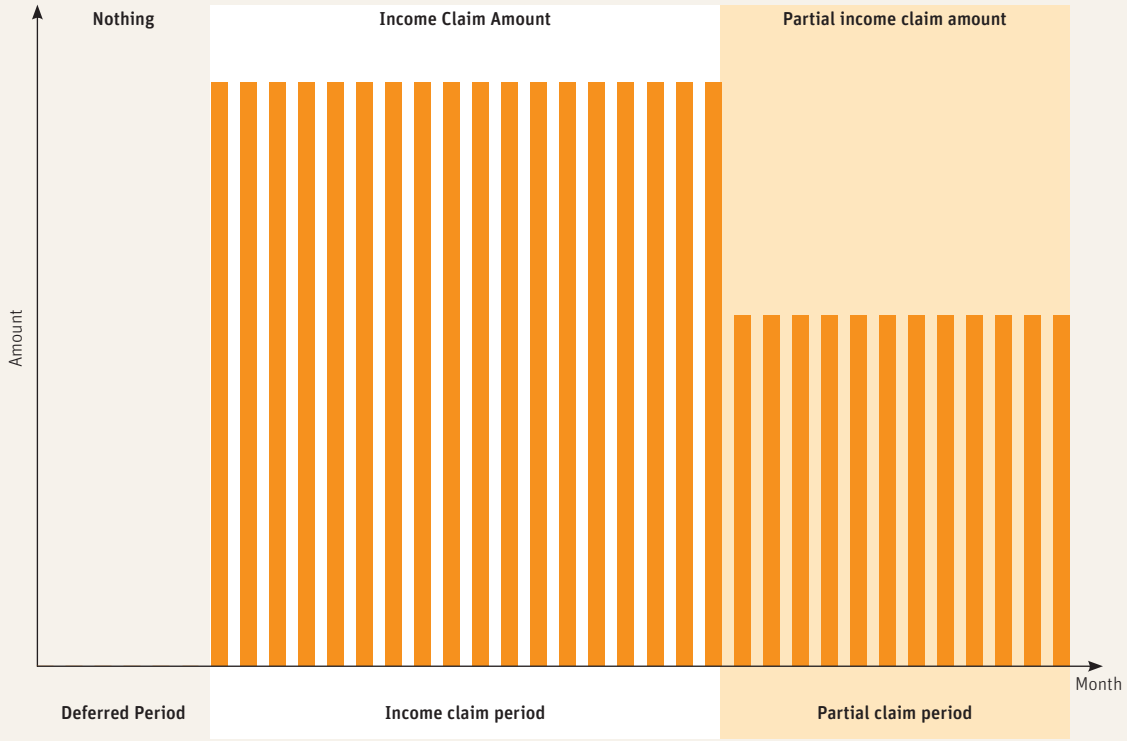
Example

Sam worked as a nurse before their accident. Sam recovered enough to return to nursing but to begin with wasn't physically able to work as many hours as before. So, Sam's **income claim period** ended, and a **rehabilitation claim period** started as Sam met the conditions for that.

During the **rehabilitation period** Sam received physiotherapy treatment. Sam was able to return to work full time once that treatment ended, so the **rehabilitation period** ended. Sam's **claim period** also ended then.

Example

The picture below shows how the amount we'd pay out might vary over time during these periods for a Level cover policy.



8.2 What are the conditions to be met?

Conditions to be met

- We've paid you at least one **income claim amount** for the current **period of incapacity**.
- We have sufficient information and evidence:
  a) for **Proportionate income benefit**– that you meet the conditions above for a **proportionate income period** starting,
  b) for **Rehabilitation income benefit** – that you meet the conditions above for a **rehabilitation income period** starting, and
  c) for us to calculate your **old earnings** and **new earnings**.

  See also '5. Information we'll need'.

- The date your **partial incapacity** begins is before the end of the expiry date of your policy.
- We're told of the **partial incapacity** as soon as possible after returning to work and before the end of the expiry date of your policy. See '8.4 When are the benefits paid?' for what might happen if there's a delay.
- If your cover is 'Income Protection Cover – 2 years', the **number of income payments available** is at least one.
- None of the circumstances detailed in '11. What will stop us paying out?' on page 35 apply to the claim.

8.3 How is the partial income amount calculated?

There are two steps we use to calculate the **partial income amount** of **proportionate income benefit** or **rehabilitation income benefit**.

Step 1

We first calculate your **new earnings**. This depends on whether you're employed or self-employed at the date we calculate them. If you're both, it will depend on which one is your **normal occupation** that you do most of the time.

Employed

If you're employed at a **calculation date**:

a) We'll first calculate the total paid to you from employment over the 12 months immediately before that date.

This includes:

- The amount of monthly **before-tax** earnings or wages.
- The value of any **benefits in kind** from your employer, provided these aren't paid during the **period of partial incapacity**.
- The amount of any **before-tax** regular and consistent bonuses and commission.
- Any **before-tax** dividends you're paid due to your employment with a private limited company which represent your share of its trading profit. This is subject to them being paid from the net trading profit of that company and not from retained profit.

But

- if the dividends aren't paid during a **period of partial incapacity**, we won't include them,
- we won't include any **pension income** you've been paid unless it is a result of your **incapacity**, and
- we won't include any other earnings you have due to you having another job immediately before the **period of incapacity**.

b) We'll then divide the total from a) by 12 to get your average monthly **new earnings** from employment.

c) But when we calculate a) and b) we may need to adjust them in the following circumstances.

1. If you were employed for less than 12 months during the **period of partial incapacity**

   We'll use the number of complete months you were employed for instead of 12.

2. If your earnings are variable due the nature of your employment during the **period of partial incapacity**

   We may reasonably decide to use up to 36 months of earnings instead of 12.

However, depending on your circumstances, we may reasonably decide to take another approach than stated in **1.** or **2.** above to determine your **new earnings**. We'll only do this if we believe that would be fairer.

Self-employed

If you're self-employed at the **calculation date**.

a) We'll first calculate your total income you received from your business over the 36 months immediately before the date of calculation. This is before tax and any deductions. But we won't include any **pension income** you've been paid.

b) From the result of a) we'll deduct the total amount allowed by the **HMRC** as business expenses.

c) We will then divide the result from b) by 36 to get your average monthly **new earnings** from self-employment.

d) But if you were self-employed for less than 36 months, we'll reasonably decide the average monthly **new earnings** from self-employment based on your circumstances.

Example

We may decide to use the number of months you were self-employed for instead of 36 in the a) and c) above.

Step 2

The **partial income amount** at a **calculation date** is equal to

$$\left(1 - \frac{\text{new earnings}}{\text{old earnings}}\right) \times \text{final income claim amount}$$

We'll pay this amount until the next **calculation date,** or until the relevant **partial claim period** ends. But see '7.3 What happens if the final month of my claim period is not a whole month?'.

Example

We were paying Willa an **income claim amount** of £3,000 when she started to feel better and began to work again.

Although Willa was able to resume her previous job, she couldn't work as many hours as she did before her **incapacity** began. This meant Willa's yearly earnings reduced from £60,000 to £40,000.

So, we stopped paying Willa **income protection benefit** and we started paying her **rehabilitation income benefit** of £1,000 a month.

Willa has

final income benefit = £3,000

old earnings = £60,000

new earnings = £40,000

so, her partial income amount =

$$\left(1 - \frac{£40{,}000}{£60{,}000}\right) \times £3{,}000 = £1{,}000$$

8.4 When are the benefits paid?

We'll pay the first **partial income claim amount** within one month of the start of the **partial income claim period**. But it may be later than this if say, there is a delay in you telling us about your return to work and/or us getting the information and evidence we ask for.

If there are any further monthly payments to be paid during the **partial income claim period**, we'll decide which date of the month they're made. We'll make the final payment within a month of the end of the period.

If your type of cover is 'Income Protection Cover – 2 years', we'll reduce the **number of claim payments available** by 1 each time we pay a **partial income claim amount**.

Also, if you delay telling us about your return to work and we've paid you one or more **income claim amount**s instead of a lower partial **income claim amount**, the following will apply.

We'll reduce one or more of any future **partial income claim amounts** or **income claim amounts** that we pay. This is to recover the total amount which we've overpaid to you because of the delay.

If that's not possible, we'll ask you to return any amount to us that we've not yet been able to recover within 12 months of the **partial incapacity period** starting. If you don't do that, we'll cancel your policy, we won't refund any **premium** payments you've made, and if necessary, we'll take legal action to get the amount not recovered.

9. What happens if I make a fracture cover claim?

This section explains:

- our conditions to be met for a **fracture cover** claim, and
- the **fracture claim amount** (see below) we'll then pay.

9.1 What are the conditions to be met?

Conditions to be met

- We've not excluded **fracture cover** from your policy. Your policy schedule will show if we've excluded this cover.
- We're told of the **fracture** within the time limit explained in '4. How to claim'.
- You have a **fracture** of a bone that is included in the **fracture areas** listed in the table below.
- The type of **fracture** isn't a hairline, stress, or fatigue fracture.

> These are basically small cracks or bruises within a bone. They result from overuse or repetitive actions causing tiny damage to the bone over time. Often, the overuse or actions may happen while taking part in sports.

- The cause of your **fracture** is not from one of the **sport and pursuit exclusions** (see below) where we won't pay out.
- We've got all the relevant information and evidence mentioned in '5.2 Fracture Cover and Hospitalisation cover' to approve your claim.
- The date the **fracture** occurs is on or after the start date and before the end of the expiry date of your policy.
- The **fracture** occurs and is diagnosed in the UK or one of the other **included countries**.

- The following apply if we've already paid you a **fracture cover** claim (or any equivalent of it) under this or any other policy:
  - There are total limits to what we'll pay in a year and those limits haven't already been reached – see the next section.
  - The **fracture area** is different to that of any earlier **fracture** we paid a claim for in the previous year – see the next section.
  - We haven't already paid out for this claim under another policy.
- None of the other circumstances detailed in '11. What will stop us paying out?' on page 35 apply to the claim.

9.2 What are the fracture areas and what will you pay?

If all our conditions are met, we'll pay you a **fracture claim amount** as a single sum.

The amount we pay will depend on:

- which **fracture area** of your body the **fracture** occurs in,
- whether your claim is for a single **fracture** or multiple **fractures**, and
- whether we've paid you a previous **fracture cover** claim(s) for that **fracture area** within the previous year.

Fracture areas		Fracture claim amount
1	Knee, upper leg, open fracture of the skull (see note below)	£3,000
2	Ankle, arm, lower leg, pelvis, closed fracture of the skull (see note below)	£2,000
3	Cheekbone, foot (but not toes), hand (but not fingers and thumbs), jaw, shoulder blade, sternum, vertebra, wrist	£1,000
4	Collar bone, ribs (one or more)	£700

A 'closed' fracture of the skull is basically one which isn't visible. An 'open' fracture of the skull is more serious as there's also a wound open to the outside of the head.

What happens if the fracture area is the same as that for a previous claim?

If the date a **fracture** occurs is within 12 months of the date of an earlier **fracture** that we've paid a claim for, the **fracture area** now must be different from before. If both are for the same area, we won't pay out.

Example

If we've paid out before for a cheekbone **fracture**, we won't pay out for another cheekbone **fracture** within 12 months. But we might pay out for a wrist **fracture**.

What are the limits to the amount we'll pay?

We'll pay you up to £4,000 for one **fracture cover** claim which involves multiple **fractures areas**.

We'll pay at most £4,000 from all claims for **fractures** occurring in the 12 months up to and including the date of the most recent **fracture**. This includes all claims paid under this policy and any other policy you have with us that has **fracture cover** (or its equivalent).

Examples

In each example below, we've assumed all our conditions for us to pay a **fracture cover** claim are met. Also, we've not previously paid out for a **fracture** under this policy or any other policy in the previous 12 months.

- Harry breaks his left ankle, his left foot and all of its toes.

  We'll pay Harry a total of £3,000.

(ankle	£2,000
+ foot	£1,000
Total	£3,000)

  But if Harry had instead only broken his toes, we wouldn't pay out.

  We'll pay at most £1,000 in total for any further fracture(s) Harry has during the next year.

- Jane breaks her left knee.

  We'll pay Jane £3,000.

  But if Jane had also broken her right knee, we'd pay her a total of £4,000 for both knees. We won't pay Jane anything more if she has another **fracture** during the next year.

9.3 What are the sport and pursuit exclusions?

We won't pay out under **fracture cover** if the **fracture** is a result of taking part in the following:

Sport and pursuit exclusions

a) Any of the following sports and pursuits:
   - Extreme sports including, but not limited to, mountain boarding, cliff jumping, coasteering or BASE jumping,
   - Rugby, Gaelic football, or hurling,
   - Horse riding,
   - Off-road mountain biking or BMX,
   - Rock climbing, abseiling, caving, or potholing,
   - Skiing or snowboarding, or
   - Martial arts or combat sports,

b) A sport or pursuit which we've told you is an **exclusion** for an **incapacity** under **income protection cover**.

10. What happens if I make a hospitalisation cover claim?

This section explains:

- our conditions to be met for a **hospitalisation cover** claim, and
- the **hospitalisation claim amount** (see below) we'll then pay.

10.1 What are the conditions to be met?

Conditions to be met

- We're told of the **hospitalisation** cover claim within the time limit explained in '4. How to claim'.
- We've got all the relevant information mentioned in '5.2 Fracture Cover and Hospitalisation cover' to approve your claim.
- The hospital is in the UK or one of the other **included countries**.
- The date your **hospital claim period** (see below) starts is on or after the start date and before the expiry date of your policy.
- You spend at least six nights in a row in hospital during that period and the sixth night is before the expiry date.
- The following apply if we've already paid you a **hospitalisation cover** claim (or any equivalent of it) under this or any other policy:
  a) We haven't already paid you in respect of a total of 85 or more nights spent in hospital.
  b) We haven't already paid out for this claim under another policy.
- None of the other circumstances detailed in '11. What will stop us paying out?' on page 35 apply to the claim.

'Hospital claim period'

This is a period which starts and ends as follows:

a) The **hospital claim period** starts on the day you enter hospital (provided you stay overnight there for at least six nights).
b) The **hospital claim period** ends on the day before the earliest of
   - The date you leave hospital.
   - The end of the **deferred period** for a **period of incapacity** is reached.
   - The total number of nights spent in hospital for this claim and in respect of any **hospitalisation cover** (or any equivalent of it) claims we've paid out to you reaches 90. That total includes this policy and any other policy you have or had with us.
   - You die.
c) Your policy ends for any other reason, for example if its expiry date is reached.

10.2 What is the hospitalisation claim amount?

The **hospitalisation claim amount** is equal to the number of nights spent in hospital during the **hospital claim period** multiplied by £125.

We'll pay the **hospitalisation claim amount** as a single sum within a month of the **hospital claim period** ending.

Example

Obi spent 8 nights in hospital after being in a car accident. Obi met our conditions for a claim under **hospitalisation cover**.

We paid Obi £1,000 (£125 x 8 = £1,000).

11. What will stop us paying out?

- It's very important that all the questions we ask you are answered honestly and information or evidence we ask for is not deliberately missed out.

This could be when you apply for your policy, at the time of asking for a change, at the start of a claim, or during a claim.

We may reasonably decide to not pay all of a claim or pay nothing if either of the following occurs:

- any information given to us that we've asked for turns out not to be accurate, or
- we don't receive all the information or evidence we ask for.

- We'll consider the nature of any information that is not accurate or complete. We'll then reasonably decide whether we would have provided cover, and on what terms, if we had been given what we asked for.

If we would have provided cover

- We may reduce the amount we pay out. If we do this, the reduced amount will reflect what we would have covered if we had been given complete and accurate information.
- But if that information wouldn't have changed your **premiums**, we won't reduce what we pay out.
- We'll also tell you about any changes we'll need to make to your policy to reflect the above if it is to continue. These could be for example,
  - reducing your monthly benefit amount, and/or
  - changing your **premium**, or
  - considering whether an **exclusion** should apply.

See '13.1 Changes we can make' on page 37.
You and/or your financial adviser should consider whether your policy is still appropriate for your needs.

If we wouldn't have provided cover

- We'll pay nothing.
- But if we started paying you an **income protection cover** benefit before we've fully approved your claim, we won't pay anything further.
- We'll cancel your policy.
- We may reasonably decide to not refund all your **premium** payments to us.

But see also 'What happens if we believe there has been fraud, or deliberate or reckless misrepresentation?' below.

- If there's a delay in us getting any information or evidence we need at the start of a claim or during it, the following will apply:

- We may delay when we start paying the claim until we've got everything we've asked for and had time to consider it.
- **Income protection cover-** if we've started to pay a claim but not fully approved it, we may suspend further payments to you. See '6.5 When would we suspend claim payments?'.

- If you don't tell us about your claim within the relevant time limit stated in '4. How to claim', we may delay when we start to pay the claim. We may even reject it and pay nothing.
- We may reduce what we pay out for a claim by the amount of any **premium** payments due to us that we've not been able to collect.
- If we find out that we've overpaid any claim payment, we may reduce one or more further claim payments to recover the amount overpaid. Or if that's not possible, we may ask you to return the amount overpaid within 12 months.

- Also, we'll pay nothing:
  - For each type of cover if any of the relevant Conditions to be met for that cover aren't met.
  - Where the cause of the claim is due to an **exclusion**, see below.
  - If you travel to or start to live abroad in countries outside of the UK and other **included countries** and this results in a claim ending. See '6.9 What happens if I travel or start to live abroad?'.
  - For a **fracture cover** claim - if your policy schedule states that we've excluded that cover from your policy.
  - If your policy has been cancelled for any reason.

What exclusions may apply?

We explain the **sport and pursuit exclusions** which apply to **fracture cover** claims in '9.3 What are the sport and pursuit exclusions?'.

We'll tell you if any other specific **exclusions** apply to any claim you might make. We'll do this before you take out your policy, and any **exclusion** will be shown in your policy schedule.

We'll also tell you if a change made to your policy results in an **exclusion** applying in a particular circumstance.

An **exclusion** which applies under **income protection cover** will also apply under **hospitalisation cover**.

Example

When Maja was applying for cover, she told us that one of her pursuits is rock climbing at a hard grade. As this is particularly risky, we could only provide Maja with **income protection cover** by adding an **exclusion** to her policy. The exclusion is effectively that we won't pay out if the cause of any **incapacity** Maja has is due to that pursuit.

Maja wouldn't be paid after an injury from that pursuit under

- **hospitalisation cover** because of the **exclusion** under **income protection cover**, and
- **fracture cover** because it's one of the listed **sport and pursuit exclusions**.

What happens if we believe there has been fraud, or deliberate or reckless misrepresentation?

We'll consider there to have been fraud, or an intention to commit fraud, if the following apply.

- We believe that we've deliberately been given information or evidence that turns out to be incomplete or inaccurate.

And

- This was done for the purpose of falsely obtaining money from us.

We'll consider you to have deliberately misled us if we reasonably believe you didn't honestly answer all our questions to you. We'll consider you to have been reckless if we reasonably believe you didn't care whether you answered all our questions honestly.

If any of these happen, all the following will apply:

- We'll cancel the policy.
- We won't refund any **premiums** payments made.
- If we're paying a monthly benefit, we'll immediately stop doing so.
- We'll also ask that the total amount we've paid out is returned to us. If necessary, we'll take legal action to recover that amount.

12. How do I pay for my policy?

We'll collect your monthly **premium** payments by Direct Debit from a UK bank account in your name.

Payments will be due on the first **premium** due date (shown in your schedule) and monthly after that. We'll collect your payments each month on a day we agree with you. This may be later than the monthly due date.

It's important to make your payments on time to make sure your cover continues. If we're not able to collect a payment, we'll get in touch and ask you to pay it.

If a claim is made before any missed payment is received, we'll deduct that from the amount we pay. But if you miss three payments in a row, we'll cancel your policy, and you'll get nothing back. All cover will end, and we won't pay any later claim you make.

12.1 Will my payments change?

Your payments will change if a change is shown in your schedule or if you have 'Increasing' cover.

We'll tell you about any other change to your payment which is not shown in your schedule before it happens. Your payments will change if we agree to a change to your policy that affects the charges we take.

12.2 How will my payments change if I have Increasing Cover?

Your payments due from the start date will be the initial monthly **premium** shown in your schedule. After then payments will rise at each anniversary of the start date. See Appendix 'A2 How do my **premium** payments change?' on page 44.

13. Making changes

You'll need to tell us if you change your name, address, or bank account details.

13.1 Changes we can make

We can make reasonable changes to your policy to allow for changes in the law, regulation or tax rules which affect us or your policy.

If there is any exceptional change in circumstances which, in our opinion, makes it no longer possible to carry out any of these terms and conditions, we can make reasonable changes.

We can make reasonable changes if any information we've asked for is not complete and accurate.

If there's an error in your policy documents and it's fair to correct it, we can do that too.

But we won't make any changes to your policy if your **normal occupation** changes. We'll only need to know about any change at the time of any claim made.

We'll let you know 90 days before we make any change unless it's not practical to do so. If that ever happens, we'll tell you as soon as possible, which might be after we make the change.

13.2 Changes you can make

Your policy is designed to be flexible and allows you to make various changes if your circumstances change.

13.2.1 What changes can be made to income protection cover?

- You can change the date in each month that we collect your **premium** payments.
- You may be able to change the amount of your cover.

Change to Cover amount (monthly benefit amount)	**Change to premium**	**What else do I need to know?**
Increase 	Increase 	See below '13.2.2 What are the conditions for increasing cover using the Guaranteed Insurability Option?'. The **minimum benefit guarantee** afterwards will be equal to the lower of the increased **cover amount** and £1,500. So, it may or may not change from before.
Decrease 	Decrease 	Your future **premium** payments must be at least the minimum we allow for all policies at that time. If your decreased **cover amount** is at least £1,500 a month, there will be no change to your **minimum benefit guarantee** of £1,500. If your decreased **cover amount** is less than £1,500 a month, the **minimum benefit guarantee** will reduce to the decreased **cover amount**. The decrease may affect the amount of any later increase you may ask for. See '13.2.2 What are the conditions for increasing cover using the Guaranteed Insurability Option?'. If your cover is Increasing, it will still be Increasing after a decrease to your current **cover amount**. If you decrease your cover, you should check that your policy still provides enough cover for your circumstances.

- If your cover is increasing, you can ask us at any time to cancel the automatic increase due at the next anniversary or all future anniversaries.

  See Appendix 'A4 What happens if I cancel one or more yearly increases?' on page 45.

- You may be able to change the number of weeks of the **deferred period** if there's at least 12 months left before your policy's expiry date.

Change to deferred period	**Change to your premium payments**	**What else do I need to know?**
Decrease 	Increase 	We'll ask for further medical and lifestyle information and evidence.
Increase 	Decrease 	

You may be able to change the expiry date of your policy.

Change to expiry date	Change to your premium payments	What else do I need to know?
Earlier **Term** Old ▶ New ▶	Either a decrease or an increase ▼ ▲	Your **premiums** will decrease or increase depending on your circumstances at the time. An earlier expiry date can't result in the term that's left being less than the minimum term we allow for new policies.
Later **Term** Old ▶ New ▶	Increase ▲	The later expiry date can't be after the oldest age we're prepared to offer cover to. We'll ask for further medical and lifestyle information and evidence.
Both		As the change applies to the policy, the **fracture cover** and **hospitalisation cover** will end on the new expiry date.

- If at the start date you told us that you smoked cigarettes or used other products containing nicotine and you've since stopped, please tell us. We'll consider if this affects your policy or not. For example, it may reduce your future **premiums**.
- Please contact us if you'd like any other type of change to your policy. We'll tell you whether it's something we're able to allow for. And if so, what our terms and conditions for that change are.

13.2.2 What are the conditions for increasing cover using the Guaranteed Insurability Option?

This section explains when you can increase your **income protection cover**, but we won't consider your current state of health and lifestyle when we calculate your increased **premium** payments.

We'll only agree to increase the monthly benefit amount if the following conditions are met:

Conditions to be met

- One of the **option events** below occurs:
  - a) You ask us to increase your cover within six months of that event.
  - b) You give us any relevant evidence of the event occurring that we ask for within six months of that event.
- The increase occurs before your 59th birthday.
- The increase for an **option event** cannot be more than any limit stated for that event in the table below. See also 'What are the two overall limits?' below which also apply to all events.
- You don't have an **incapacity** at the time you ask us for the increase.
- You're actively working at the time you ask us for the increase. But if we've previously paid a claim for **income protection cover**, you've been working for at least 12 consecutive months since that claim ended. Your work must give rise to earnings for at least 16 hours a week.
- You live in the UK or one of the other **included countries** at the time you ask for the increase.
- You're up to date with all your **premium** payments due to us.
- You give us any other relevant information related to the above conditions as we may reasonably ask for. This must be done within six months of the **option event** occurring.

What are the option events?

The types of 'option events' are:

Option event		What else do I need to know?
a)	Your relationship status changes because: i) You marry, enter a civil partnership, or start to live together ('cohabit') with another person. ii) You divorce, your civil partnership ends ('dissolves') or you stop living together with someone.	
b)	You start to have responsibilities for a child (a person under age 22) because: i) You become a parent on their birth. ii) You adopt them. iii) You become their legal guardian. iv) A child becomes your stepchild as a result of marriage or registered civil partnership.	
c)	The cost of any mortgage or rental agreement you have increases	Limits 1. The increase (in £s) in monthly benefit amount must not be more than the increase (in £s) of your mortgage or rent costs. 2. But if previously you decreased your monthly benefit amount to match a reduction to your mortgage or rent costs, the following applies. You can increase your monthly income benefit back up to the previous higher monthly income benefit amount if that's higher than 1. of this option event.
d)	Your **earnings** and **other income** have increased.	This option event won't be available if you previously had a monthly benefit amount of at least £1,500 a month and it decreased to below £1,500 a month. Limits 1. The increase (in £s) in your monthly benefit must not be more than the increase (in £s) of your **earnings** and/or **other income**. 2. But if earlier your monthly benefit amount decreased to match your **earnings** and **other income** the following applies. You can increase your monthly income benefit back up to the previous higher monthly income benefit amount if that results in a greater increase than from 1. of this option event.

What are the two overall limits?

1. The total increase in monthly benefit amount since the start of the policy from using these options can't be more than the lower of
   a) 50% of the monthly benefit amount at the start of your policy, and
   b) £1,000 a month*.

   * But if you have more than one policy with us which has **income protection cover** (or equivalent), the following applies. For **b)** above this will be a limit across all those policies since the earliest policy's start date.
2. The monthly benefit amount after the increase cannot be more than our maximum amount that we allow for new policies at that time of asking for the increase. This maximum applies across this policy and any other policy with us which provides **income protection cover** (or any equivalent of it).

Other details

- We'll tell you about the increase to your **premium** payments.

When we calculate that increase, we'll allow for:

- Our **premium** rates and your smoker status at the start date of your policy.
- Your age at the time of the increase.

But we won't allow for any change in your state of health or lifestyle, or your **normal occupation** since the start date of your policy or any previous claims we've paid.

- If an **exclusion** applies to your existing cover, that **exclusion** will also apply to the increase in cover.
- We may apply the increase in cover to your existing policy or we may offer you a new policy for the increase.

  If we offer you a new policy, it will be from our range of policies at that time which offer **income protection cover**.
- The new policy will have features as close as possible to your original policy.

Examples

If your cover is 'Increasing', the new policy will be for Increasing cover (if that feature is available).

The expiry date will be as close as possible to that of this policy.

- This Policy Provisions booklet will apply to the new policy unless we tell you otherwise in writing.
- Other terms and conditions may also differ from this policy.
- We'll tell you about all such differences before you choose to increase your cover.

If it's not possible or practical to either increase your existing policy or offer you a new policy, it won't be possible to use this option.

13.2.3 What changes can I make to fracture cover and hospitalisation cover?

None. This includes that it's not possible to remove either of these covers.

13.2.4 What changes can be made if my normal occupation changes?

There are no changes that can be made which are additional to those we've explained above.

We don't need to know about any changes to your **normal occupation** until the time of any claim you make. But if you do tell us about such a change, it won't make any difference to your **premium** payments.

Example

When Penny took out her policy, her **normal occupation** was an office worker. By the time of Penny's first claim that had changed to being a care home worker. So, we considered Penny's **incapacity** against being a care home worker.

You should consider whether your policy still meets your needs if your **normal occupation** changes.

13.2.5 What happens next?

Once we've got all the information and any evidence that we ask for, we'll either agree that a change can be made or explain why not.

If we agree to a change:

- We'll let you know all the changes we need to make to your policy.
- You'll then have the choice of accepting these changes or you can choose not to change your policy.
- Your financial adviser will be able to help you with any changes but may charge you for their advice.

We won't agree to your request where:

- You don't give us any information or evidence we reasonably ask for.
- You're currently not working (for any reason).
- You're older than the maximum age for which we'd allow a new policy to start.

If we don't agree to your request, we'll explain why.

14. Can I cancel my policy?

You can cancel your policy at any time.

If you cancel within 30 days of receiving your policy documents, we'll refund everything you've paid us. After this, you won't get any refund. Your policy has no cash-in value at any time.

If your policy is cancelled, all cover will end, and any claim made later will not be paid.

To cancel your policy, call **0345 030 6572** or write to us at the address at the front of this booklet.

15. Other legal points

This is a contract between us and you. Nobody else has any rights under this contract.

Your policy is governed by the law of whichever part of the UK you lived in or normally resided when you took it out.

It's not possible to write this policy in trust.

16. How to complain

If something's gone wrong, we'd like the chance to put it right. Please call us on **0345 030 6572** or write to us at the address at the front of this booklet.

If you're not happy with our response, or if we haven't responded after eight weeks, you can complain to the Financial Ombudsman Service. This is an impartial service which can make a decision about your complaint and tell us what to do in response.

Write: The Financial Ombudsman Service
Exchange Tower
Harbour Exchange
London E14 9SR

Telephone: **0800 023 4567**

Website: **www.financial-ombudsman.org.uk**

Taking a complaint to the Financial Ombudsman Service doesn't affect your right to take legal action against us.

APPENDIX - INCREASING COVER

This Appendix only applies if the Basis for your cover is 'Increasing'.

The Basis you chose at the start of your policy is shown in your policy schedule.

A1 How does the cover amount change?

The **cover amount** at the start date of your policy is the 'Initial monthly benefit' amount shown in your schedule. The **cover amount** then increases each year on the anniversary of the start date.

We'll calculate the increases using the **RPI**. If for any reason it's not available, we'll choose another suitable index instead.

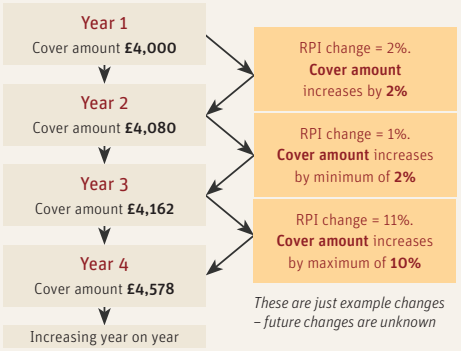
At each anniversary of the start date, we'll get the percentage change in the **RPI** over a twelve month period. The twelve month period will end four months before that anniversary. We may decide to vary this period.

We'll normally increase the **cover amount** by the change in the **RPI**. But this is subject to a minimum yearly increase of 2%, and a maximum yearly increase of 10%.

But if applying such an increase would result in a **cover amount** more than £24,000 a month, we won't increase the **cover amount**. Instead, the basis of your cover will become Level.

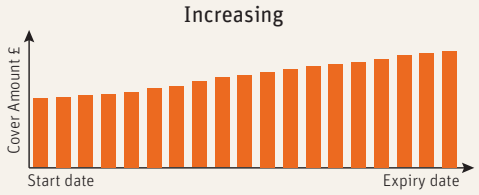
Example of RPI changes

This example shows how the **cover amount** increases for three different changes in the **RPI**. We've assumed the policy has an initial monthly benefit amount of £4,000.



Example

The diagram below shows how this type of cover could increase over time. This is just an example – how it increases for your policy will depend on future changes to the **RPI**.



The **cover amount** will continue to increase at each anniversary during a **claim period**.

We'll write to you at least six weeks before each anniversary to tell you the increase to the **cover amount** that'll apply from the anniversary.

We'll also tell you about the accompanying increase to your **premium** payments. See the next section A2 below.

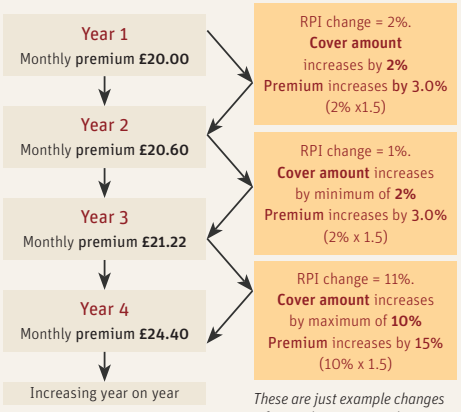
You can ask us at any time to cancel the increase due at the next anniversary or to cancel all future increases. See '13.2 Changes you can make' on page 37.

A2 How do my premium payments change?

We'll increase the payments by the same percentage increase as calculated in section A1 above for your **cover amount** for that anniversary multiplied by 1.50. So, your payments will increase at a faster rate than your **cover amount** increases.

The diagram below shows how **premium** payments could increase at each anniversary over time.

This example shows how the payments rise for three different changes in the **RPI**. The initial monthly **premium** is £20.



These are just example changes – future changes are unknown

A3 Does anything happen to the minimum benefit guarantee at an increase?

This depends on your **cover amount** after the increase:

- If that **cover amount** is less than £1,500, the amount of **minimum benefit guarantee** will also increase to be equal to the increased **cover amount**.
- If that **cover amount** is £1,500 or more, the **minimum benefit guarantee** will be £1,500.

A4 What happens if I cancel one or more yearly increases?

Change to cover amount	Change to premium payments	What else do I need to know?
Cancel one year's increase	None for the next policy year.  	Increases to your cover and **premiums** will start again at the policy anniversary after the one where the increase was cancelled. But if you ask to cancel increases for two years running, we'll cancel all future yearly increases. The basis of your cover will become Level.
Cancel all future yearly increases	None for the term that's left 	The basis of your cover will become Level.
Both		If you ask for an increase to be cancelled in the two weeks before an anniversary, we may not have enough time to cancel the next increase. If your cover becomes Level, it won't be possible for you to restart automatic increases.

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