

# KEY FEATURES

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OF LIFE COVER

PROTECTION FOR LIFE

Important information you need to read

THE FINANCIAL CONDUCT AUTHORITY IS A FINANCIAL SERVICES REGULATOR. IT REQUIRES US, SCOTTISH WIDOWS, TO GIVE YOU THIS IMPORTANT INFORMATION TO HELP YOU DECIDE WHETHER OUR LIFE COVER BENEFIT IS RIGHT FOR YOU. YOU SHOULD READ THIS DOCUMENT CAREFULLY SO THAT YOU UNDERSTAND WHAT YOU ARE BUYING AND THEN KEEP IT SAFE FOR FUTURE REFERENCE.

LIFE COVER IS A TYPE OF BENEFIT AVAILABLE UNDER OUR PROTECTION FOR LIFE PLAN. FOR EACH BENEFIT YOU CHOOSE UNDER THE PLAN, WE'LL SET UP A POLICY THAT IS LEGALLY SEPARATE FROM ANY OTHERS IN THE PLAN WITH ITS OWN KEY FEATURES AND POLICY PROVISIONS.

THESE KEY FEATURES SHOULD BE READ WITH THE ENCLOSED QUOTATION.

## ITS AIMS

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- To pay out the benefit amount as a single cash sum or monthly cash sums if, during the benefit term,
  - you die, or
  - you're diagnosed with a terminal illness.The single cash sum can be level, increasing or decreasing over the benefit term.  
Monthly cash sums can be level or increasing over the benefit term.

## YOUR COMMITMENT

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- To pay monthly premiums for this benefit by Direct Debit until the end of its term. Further details are provided in the quotation.
- To answer all questions in the application honestly and fully. We may not pay any claim, have to amend the terms of your cover or at worst cancel your cover if:
  - you don't answer the questions honestly
  - you give us incomplete or misleading answers, or do not advise us of a change in the information you provided in response to our questions prior to the date we have agreed the terms of your cover.

We will have agreed the terms once we have your signed confirmation that all your application answers are true and complete and we have written to you after that confirming our terms.

## RISKS

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- The policy has no cash-in value at any time, and if the benefit amount has not been paid out by the end of the selected term, the policy will end and you'll get nothing back. Also, if you don't pay your premiums on time your cover will stop, your benefit will end and you'll get nothing back.
- We might not pay out in certain circumstances – see "What will stop this benefit paying out?" for more details.
- If you choose a decreasing benefit amount to help cover a mortgage or loan, what we pay out may not be enough if:
  - the interest rate on your mortgage or loan goes above the interest rate we've assumed for your benefit, or
  - your mortgage or loan is increased or extended.
- If your circumstances change, the benefit amount you've chosen may not be sufficient to meet your needs. You should regularly review your benefit amount.

## QUESTIONS & ANSWERS

### WHAT ARE THE OPTIONS AVAILABLE?

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

	Level Life Cover	Decreasing Life Cover
What is covered by this benefit?	Life Terminal illness	Life Terminal illness
Can this benefit be increased in line with the Retail Prices Index (RPI)?	Yes	No
Youngest age you can start this benefit	18 (19 next birthday)	18 (19 next birthday)
Oldest age you can start this benefit	79 (80 next birthday)	79 (80 next birthday)
Oldest age when this benefit will end	89 (90 next birthday)	89 (90 next birthday)
Shortest time for which you can set up this benefit	1 year	5 years
Maximum benefit amount	£5,000,000	£5,000,000
Minimum benefit amount	£2,000 (or £240 if the benefit is paid monthly)	£2,000
Is joint ownership of this benefit possible?	Yes	Yes
Can this benefit be set up on a key person or life of another?	Yes	Yes
Can this benefit be put in trust?	Yes	Yes
Can the benefit amount be paid monthly?	Yes	No
Is Mortgage Free Cover available?	Yes (depending on your circumstances) *	Yes (depending on your circumstances) *
Is Free Accidental Death Cover available?	Yes (depending on your circumstances) **	Yes (depending on your circumstances) **
Is Premium Protection available?	Yes	Yes

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

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

## HOW DOES A MONTHLY BENEFIT AMOUNT WORK?

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

## HOW DOES AN INCREASING BENEFIT AMOUNT WORK?

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

This is explained in provision 3 of the policy provisions.

- You can decline an automatic increase for a year, but if you decline the increase two years in a row, automatic increases will stop and cannot be reinstated.

### JARGON BUSTER

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

## HOW DOES A DECREASING BENEFIT AMOUNT WORK?

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

## HOW FLEXIBLE IS THIS BENEFIT?

At any time you can ask us to:

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

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

## WHEN DO WE PAY OUT ON TERMINAL ILLNESS?

- We will pay out if you've been diagnosed with an illness which is expected to cause your death within 12 months. You'll need to tell us about the diagnosis before the end of the term.

## WHAT WILL STOP THIS BENEFIT PAYING OUT?

- We might not pay out if:
  - you have not answered all the questions on our application honestly and in full, or
  - you do not tell us about any changes to the information you gave us on the application before the date we have agreed the terms for your cover as described in 'Your commitment',
  - you claim under the policy before the policy start date. The policy cannot be backdated to a start date which is on or before the date of any event which might lead to a claim.

- We won't pay a terminal illness claim if you're expected to live for more than 12 months.
- In general, we won't pay a claim if we don't receive the proof that we need about the events resulting in the claim. We might not pay a claim if we don't have authorisation to obtain medical information about you.

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

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

## WHAT OTHER OPTIONS CAN I HAVE WITH THIS BENEFIT?

### Premium Protection

Before this benefit starts you can choose, at an extra cost, to include Premium Protection. This option means that we will start to pay your premiums after a period of 13 weeks if:

- you're in paid work and you suffer a disability meaning due to sickness or accident you are totally unable to follow:
  - the occupation from which you last derived any earnings before the start of disability (if there was more than one it will be that from which the largest part of those earnings was derived), and
  - any other occupation for which we reasonably consider you suited taking into account your education, training and experience,

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

or

- you're working less than 16 hours a week, you're not self-employed and you suffer a disability which;
  - prevents you from doing, even with the use of appropriate assistive devices, at least two out of six activities of daily work ("ADWs") without the assistance of another person, or
  - causes mental failure.

The six ADWs are:

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

We'll continue to pay the premiums for you until:

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

whichever is sooner.

This will help safeguard the policy and keep your protection in place.

Please see provision 5 of the policy provisions for further details of Premium Protection including the exclusions that apply and what we mean by "occupation", "mental failure" and the six ADWs.

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

It's best if you let us know about your sickness or accident as soon as you can, we suggest within 6 weeks, so we can deal with your claim at the earliest opportunity.

### WHAT DO I HAVE TO PAY?

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

### WHAT ARE THE CHARGES?

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

### WHAT ABOUT TAX?

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

### CAN I CHANGE MY MIND?

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

## HOW TO CONTACT US

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

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

Monday to Friday 8.00am – 6.00pm

Saturday 9.00am – 12.30pm

Fax number **0131 662 4053**

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

Office address Scottish Widows  
15 Dalkeith Road, Edinburgh  
EH16 5BU

- We'll communicate with you in English.
- If you'd like this document in another format such as large print, Braille or audio, you can call us on **0800 032 0947**.

## OTHER INFORMATION

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### HOW TO CLAIM

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

- For terminal illness claims call **0345 601 4839**
- For life cover claims call **0345 601 4179**
- For premium protection claims call **0345 601 4839**

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

### HOW TO COMPLAIN

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

The Financial Ombudsman Service  
Exchange Tower, London E14 9SR

Tel **0800 023 4567**

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

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

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

## TERMS AND CONDITIONS

- These Key Features give a summary of Scottish Widows Life Cover benefit as part of a Protection for Life plan. Further details of the benefit, and terms and conditions are given in the product literature and policy provisions which are available from us.
- We've the right to change some of the terms and conditions at any time. We'll write and explain if this affects your benefit.

## LAW

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

## FINANCIAL SERVICES COMPENSATION SCHEME (FSCS)

- Your plan with Scottish Widows is fully covered by the Financial Services Compensation Scheme. More information about compensation arrangements is available from the Financial Services Compensation Scheme, who can be contacted on 0800 678 1100 or 0207 741 4100 or via their website at [www.fscs.org.uk](http://www.fscs.org.uk)



Protected

## SOLVENCY II RETURNS

Our Solvency and Financial Condition Report (SFCR) and associated solvency reporting templates can be found via our website at: [www.scottishwidows.co.uk/about\\_us/financial\\_information/solvency-2-returns.html](http://www.scottishwidows.co.uk/about_us/financial_information/solvency-2-returns.html)

The SFCR is produced annually to help you understand the management and performance of our business, and the strength of our solvency position. For the Scottish Widows Insurance Group, including its three main insurance companies, the report covers key aspects of our:

- business and performance
- system of governance
- risk profile
- valuation for solvency purposes
- capital management.