

FPP Family Income Benefit

Product Profile

In this document we outline the relevant product information about LV= Family Income Benefit, required for distributors. We set out the product's target market, distribution strategy, main features, limits, suitability, risks, options and costs, and the outcome of our fair value assessment.

For full details of the terms and conditions of the policy, please refer to the FPP Family Income Benefit policy conditions.

Target market

This product is aimed at clients who have dependants who would suffer financially in the event of their death or diagnosis of a terminal illness. It provides regular payments until the end of the policy term that are not subject to income or capital gains tax. It's particularly useful for people who have financial commitments (such as regular loan repayments) that their dependents would still be liable for if they died.

For clients with children they may want to ensure a regular income to help look after their children after their death.

It's primarily aimed at clients who wish to cover their own financial commitments. However, clients can take out a policy on a life of another basis, providing they have an insurable interest in the person being insured.

Distribution

To ensure your clients receive the right level of protection, we believe this product should be sold on an advised basis, face to face or over the phone.

It's important to regularly review your client's circumstances and protection needs to make sure their cover is appropriate.

Main features

On death during the policy term, the product pays a monthly income until the end of the term (can convert at claim to a reduced lump sum).

- terminal illness cover is included at no extra cost
- level or inflation-linked cover
- guaranteed premiums
- guaranteed Insurability options on specified life events
- waiver of premium option.

What is not covered

- We won't pay a claim if your client dies as a result of intentionally taking their own life in the first 12 months of the policy.
- This policy is not suitable for clients who want to cover themselves against a critical illness or protect their income should they be unable to work due to accident and sickness.

Risks

- There is no cash in value at any time.
- If your client stops paying their premiums, their cover may cease.
- If your client chooses level cover, it won't keep up with inflation and could buy less in the future.

Limits and basis

- The minimum term is 5 years and maximum term 50 years. The policy must end before the person insured reaches the age of 90 (for level cover) or age 85 (for inflation-linked cover).
- Clients can choose to take out a policy on a single or joint life basis.
- On a joint life basis, the policy will only pay out once, on the first death and will then end.
- If your client is insuring someone else an insurable interest must exist at the start of the policy. A spouse or civil partner is automatically assumed to have an insurable interest.
- Includes 'Pay My Mortgage' facility which enables the beneficiaries of the policy, depending on their individual circumstances at the time of claiming, to have all or some of their monthly income paid directly to their lender to cover their regular mortgage payment.

Eligibility

To apply clients must be:

- Permanently living in the UK.
- Aged between 17 and 84 (for level cover).
- Aged between 17 and 79 (for inflation-linked cover).



Fair value assessment

We have assessed our FPP Family Income Benefit cover, including options and additional benefits, as providing fair value for customers within the target market, for whom the product is suitable.

We will regularly assess the product to ensure that it continues to provide fair value and meets with the requirements of the intended target market.

What we take account of when assessing fair value

When assessing fair value, we look at:

- the target market, its needs and objectives
- the expected proportion of vulnerable customers in the target market
- the product's benefits and limitations, and what services we provide
- the distributors/channels we use
- the expected overall premium
- how much it costs to provide the product and distribute it over a reasonably foreseeable period.
- the relationship between the overall price to our customers and the quality of the product and service provided.

FPP Family Income Benefit

This table shows you who the product is designed to meet the demands and needs of, and provides fair value for. It also shows who it is not designed for, and doesn't provide fair value for.

This product is suitable for	This product is not suitable for
<ul style="list-style-type: none"> ✓ Clients that have financial dependents who would suffer a financial loss in the event of their death during a specific number of years. ✓ Clients that have a financial commitment such as a mortgage or loan, and whose financial dependents would still be liable if the person insured dies. ✓ Those whose need for cover expires before they reach age 90 (level cover) or 85 (inflation linked cover) as this is the maximum age at which the policy can end. ✓ Clients who need cover for at least 5 years, and no longer than 50 years as these are the minimum term and maximum term for the policy. ✓ Clients who want a product that pays a regular monthly income (can convert at claim to a reduced lump sum) if they were to die or are diagnosed with a terminal illness. <p>Level cover is suitable for:</p> <ul style="list-style-type: none"> ✓ Those looking for the amount of monthly benefit payable at claim to remain the same throughout the term of the policy. <p>Inflation-Linked cover is suitable for:</p> <ul style="list-style-type: none"> ✓ Those looking for the amount of monthly benefit to go up each year in line with the Retail Prices Index (RPI) to keep up with inflation. The premium paid goes up by RPI multiplied by 1.5 	<ul style="list-style-type: none"> ✗ Those looking for Life and Critical Illness cover that would pay out a lump sum if the person insured dies or is diagnosed with a critical illness during the term of the policy. ✗ Those looking for Income Protection to protect their monthly income in the event of accident or sickness. ✗ Those looking for business protection to cover the loss of a key person, to provide finances to purchase shares of a director or partner in the event of their death, or to cover an interest only business loan. There are other more suitable products tailored to cover these situations. ✗ Those who are looking for their cover to decrease over the term of the policy. ✗ Clients who don't have any financial dependants. We believe this product is unlikely to be suitable . <p>Level cover is not suitable for:</p> <ul style="list-style-type: none"> ✗ Covering any rising cost to keep up with inflation as the amount of cover will be worth less in the future. <p>Inflation-linked cover is not suitable for:</p> <ul style="list-style-type: none"> ✗ Covering a mortgage debt, as the amount of cover will increase and the mortgage debt will decrease or remain the same, so this could result in clients paying for additional cover they don't need.

What information do we use to assess fair value?

- The proportion of premiums that go towards providing the amount of cover.
- How long our claims process takes from start to finish.
- What percentage of claims we pay out and if not, why not. Information of claims stats can be found here LVadviser.com/supporting-you/claims
- How many complaints there are and the proportion we uphold.

Other considerations

We consider the levels of commission we pay and, where we are able to access the details, how much distributors charge their customers for the services they provide.

Distributors will need to consider the impact of any other costs they charge when undertaking their own fair value assessments.

Options and additional benefits

Benefits of being an LV= member: By taking out this product your client will agree to become a member of Liverpool Victoria Financial Services Limited (LV=). As LV= is a mutual we are owned by our members, which means our members have a say on how the company is run. Our members also get access to a range of LV= benefits. To see the full range, and any conditions that may apply, visit [LV.com/benefits](https://lv.com/benefits).

LV= benefits are non-contractual and can be changed or removed at any time.

LV= Doctor Services: All new policy holders have access to a number of app-based medical services and advice. These include virtual GP consultations, prescription and second opinion services.

These benefits are non-contractual and can be changed or removed at any time, and conditions apply. For more details visit [LV.com/benefits](https://lv.com/benefits).

Waiver of Premium: Your client can add waiver of premium when they take out their policy. This will pay the premiums for their policy on their behalf if they're unable to work due to sickness or an accident. We set this up as a separate policy and an additional cost. For more details, refer to the Waiver of Premium Product Profile and Waiver of Premium Policy Terms and Conditions.

LV= Doctor Services is provided by Square Health Limited. This service is not regulated by the Financial Conduct Authority or Prudential Regulation Authority.

Costs

The policy premium also includes a fee, which is a fixed monthly amount, to cover administration and support costs.

To find out more about LV= Family Income Benefit, please contact your LV= Account Manager:



0800 678 1890



lvadviser.com

If you'd like us to send you this document or any future correspondence in another format, such as Braille or large print, please just let us know.

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