Personal Sick Pay

PSP £1,000 guarantee adviser at a glance

We understand that income can fluctuate, especially for the self-employed. Because of this, we want to provide your clients with peace of mind with our Personal Sick Pay Guarantee.

This means that for the first two years of a claim, we will pay up to the first £1,000 of cover without any deductions, as long as your client is working at least 30 hours a week and in receipt of an income.

With Personal Sick Pay, maximum monthly benefits are calculated as 60% of your client's monthly earnings. **The maximum benefit your client will ever receive when they claim is the amount they are covered for**. Their benefit will never exceed this amount, even if 60% of their average earnings over the previous 12 months, is more than their cover amount. However, the benefit we pay may be less, if their 12 months average income has dropped prior to claim.

At claim, we ask for evidence of your client's earnings in the previous 12 months prior to becoming unwell, to calculate what benefit we will pay. In cases where 60% of their 12 months average income is below their benefit amount, we will then look to see if they are eligible for the Personal Sick Pay Guarantee.

In these cases where the calculated benefit amount has dropped below an average of £1,000 a month, but they can evidence that they are normally working at least 30 hours a week and receiving an income in the previous 3 months, we will pay your client either £1,000 a month or their amount of cover, whichever is lower, for the first two years of a claim.

If the claim lasts longer than two years, we'll continue paying your client the amount of cover they applied for or 60% of their earnings before tax, whichever is lower.

Examples of fluctuating income	Deepak	Joe	Clara	Mary
Cover amount chosen	£2,000	£1,800	£3,200	£800
60% of 12m average earnings	£3,000	£720	£2,600	£650
Benefit amount paid at claim	**£2,000**	**£1000***	**£2,600**	**£800***

*Benefit Guarantee applied if working 30 hours or more and earning an income when they claim

Are any deductions made?

Under the guarantee and for the first two years of any claim, we won't make any deductions to the first £1,000 if your client receives income from other sources. This income could be from employer sick pay or other disability insurances. We will never deduct any income received from state benefits. However, the income they receive from us may affect any state benefits they receive from the government.

For cover of more than £1,000 a month, or clients working less than 30 hours a week, we will deduct payments from any other sickness insurance, as well as 60% of any employer sick pay, other earned income, or some pension payments.

Who the guarantee is aimed at

We developed the guarantee to help make sure your clients get at least £1,000 per month benefit, or the amount of cover they are paying for if less than £1,000, and to make it easier for you to explain how Personal Sick Pay works. It can also provide confidence to clients whose income could reduce between taking out the policy and making a future claim, like the self-employed.

Important

It's important to always recommend an appropriate amount of cover dependent on your client's earnings when they apply.

The amount you choose should normally be no more than 60% of their current or expected future earnings.

Proof of hours worked and income

Your client can use the following to prove their hours worked and that they received an income

- Payslips
- Most recent P60
- Invoices
- Bank statements
- Copy of employment contract/letter from employer
- Tax returns
- Certified accounts

We understand salary and income can sometimes be a bit 'up and down', so we'll average out the hours your client worked in the three months before they became unwell.

Please see the policy conditions for full details.

The Personal Sick Pay £1,000 guarantee in action

Ashley is a 35-year-old self-employed gardener, earning around £37,000 a year before tax

As a self-employed gardener, Ashley's income fluctuates throughout the year. After reviewing her needs, her adviser recommends £1,850 a month Personal Sick Pay (60% of her monthly average £3,083 pre-tax take home pay) with a day one waiting period.

In February, Ashley is unfortunately involved in a car accident and is unable to work. She contacts LV= and makes a claim under her Personal Sick Pay policy.

In the 12 months before the accident, Ashley's average income pre-tax income temporarily fell to £700 a month.

However, because she is able to prove that, in the 3 months prior to being unable to work, she was normally working 30 hours a week and had an income, by providing recent payslips and invoices, LV= pays her £1,000 a month during her claim, despite the drop in her income.

Ashley uses the £1,000 a month to cover her usual living expenses so she's free to focus on getting better. After two months recovery, Ashley is well enough to go back to work. She calls us to let us know that she no longer needs to claim, and her cover continues to protect her should she need to claim again.

If Ashley has gone back to work and becomes unable to work again, we might be able to restart her payments from the previous claim straight away. We'll only do this if the illness is related to her previous claim, and it happens within six months of her going back to work. If it's a new illness, or she's been back at work for more than six months, we'd treat this as a new claim.

More quality features as standard

- **No deductions if your client receives state benefits** – However, it's important to understand that the amount paid out from Personal Sick Pay could affect your client's entitlement to receive some state benefits, so this is something you'll need to discuss with them.
- **Choice of guaranteed or reviewable future prices** – Personal Sick Pay increases in price as clients get older, as the risk of ill health increases with age. But unlike some other specialist income protection providers, you can choose for our future prices to be guaranteed or reviewable.

  If your client chooses guaranteed prices, they'll know in advance how much their insurance will normally go up to each year. But if they decide on the reviewable option, we can review the future costs, but we'll only do this every five years (we won't review them every year like some other providers). It's worth remembering that although reviewable prices will initially be the cheaper option, they might change in the future.
- **Day one option** – Personal Sick Pay includes the option for your client to choose 'back to day one' cover. If they choose this waiting period, we'll pay them from the first day they stopped working (but they'll need to be off work for three days in a row before they can claim). This option is a useful feature for clients who don't get employer sick pay, or those without an adequate financial safety net. Your client will also be able to choose from 1, 4, 8, 13, 26 or 52 week options.
- **How we'll pay the claim** – If your client claims they can choose for their benefit to be paid either weekly or monthly, helping them budget in the way they're used to.
- **Own occupation to age 70** – Your client will be covered if they can't do their job (providing they were working immediately before they became ill), as we think 'own occupation' is the fairest and easiest definition of sickness to claim on. And unlike some other specialist income protection providers, your client will keep their own occupation definition for their entire claim – not just the first year.

  This policy doesn't cover being unable to work for any other reason apart from sickness or an injury as a result of an accident (for example unemployment, bereavement, a normal pregnancy, or because of restricted access to work as a result of a lockdown, quarantine or periods of mandatory or precautionary isolation).
- **Own occupation on a career break or while unemployed** – Your client will get our own occupation definition of sickness for any claim they make as long as they've been not working for 30 days or less (for example on a career break, a homemaker, or unemployed). If your client claims after 31 days or more of being out of work, we'll pay a claim if they're unable to prepare a meal or do basic housework.

  The maximum amount we can pay will be limited to £1,500 a month.
- **Supporting your client at every stage** – We believe that Protection goes beyond just the financial pay out, from the moment the policy is taken out we'll be here to support your client every step of the way with:
  - LV= Doctor Services
  - Legal Advice Line

  These benefits could be particularly beneficial to any of your self-employed clients who don't have access to similar schemes sometimes offered by employers.

Important

The services available through LV= Doctor Services and Legal Advice Line are provided by third party companies.

These services are not regulated by the Financial Conduct Authority or the Prudential Regulation Authority.

- **Price doesn't have to be an issue** – Our budget version is exactly the same as our full Personal Sick Pay with just one difference: we'll pay any one claim for a maximum of 24 months. And if your client makes a claim their policy will continue (we won't cancel it). However they'll need to have been back at work for six months before they can claim again.
- **Exclusion review periods** – If we do apply an exclusion to your client's policy due to their personal circumstances, our automated rules engine can offer cover with an 'exclusion review period' automatically.
  This means we will only apply the exclusion for a limited period of time, after which we'll remove it upon request if your client suffers no further symptoms.

  We believe this is a fairer alternative to offering cover with a reduced premium, and the exclusion being in place for the full term of the policy.
- **Back to work support** – We want to help your client get back to work sooner, improving their wellbeing and morale. So, if your client makes a claim, they could be eligible for rehabilitation support and advice.
  This could include things like physio and counselling, helping prepare your client for their return to work.

  Please note, this may be capped to the equivalent value of one month's benefit.

  Rehab support services are provided by third party companies. These services are not regulated by the Financial Conduct Authority or the Prudential Regulation Authority.

Please note

Personal Sick Pay provides protection cover only and has no cash-in value.

Personal Sick Pay is part of the LV= Flexible Protection Plan, which also includes Critical Illness and Life Insurance. This guide provides an overview for Personal Sick Pay only.

For more information or speak to your LV= Account Manager, or visit

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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43590-2024 07/24

PROTECTION