

FPP Personal Sick Pay

Product Profile

In this document we outline the relevant product information about LV= Personal Sick Pay, 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 Personal Sick Pay policy conditions.

Target market

This product is for employed or self-employed clients who need a monthly or weekly benefit to help replace some of their income if they were unable to work due to an accident or long-term sickness. It can be used to help support their and/or their family's current lifestyle and financial commitments.

It is aimed at clients in riskier jobs who can be more expensive to insure, such as tradespeople and nurses.

The product offers a choice of waiting periods to reflect the financial needs and circumstances of your client.

The product covers your client for up to 60% of their income if they're unable to work due to accident or sickness. You can also recommend this type of income protection to clients whose earnings may fluctuate over time, such as the self-employed or contract workers. It also includes a number of unique features especially for people working in these types of occupations.

We offer two versions of our Personal Sick Pay policy, our standard policy and our lower cost budget policy.

Under standard Personal Sick Pay, they'll be covered until they're able to return to work, or their policy ends (whichever is soonest).

They can make as many claims as they need to during the policy term. If the claim is for the same illness or injury and within 6 months of returning to work, we may be able to start your client's income protection payments again straight away, without having to wait for their waiting period. If your client is unable to work because of a different reason, we will treat it as a new claim and they will need to wait for their waiting period to end before the payments start.

Budget Personal Sick Pay works in exactly the same way as our standard policy with just one difference, we'll only pay your client for a maximum of 24 months for a single claim.

As with our standard Personal Sick Pay your client can make multiple claims if they need to. If the claim is for the same illness or injury and within 6 months of returning to work, we may be able to start your client's income protection payments again straight away, without having to wait for the waiting period as long as they haven't reach the maximum claim limit. If your client is unable to work because of a different reason, we will treat it as a new claim and they will need to wait for their waiting period to end before the payments start.

Personal Sick Pay has age-costed premiums. The cover is worked out on a cost per £1,000 of cover basis, and the amount your client pays each month increases over the term of the policy as they get older.

For clients in more traditional less risky occupations such as office workers our FPP Income Protection policy may be more suitable.

Distribution

To ensure your clients receive the right level of protection and to reduce the risk of the policy not paying out due to non-disclosure, we believe this product should only 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 and they are not paying for cover that they can't claim on.

Main features

- Pays a regular income benefit in the event the client is unable to work because of accident or sickness
- choice of weekly or monthly benefit
- own occupation definition of disability
- benefits paid until return to work or the policy ends, whichever is the earlier. Benefits limited to a maximum of two years per claim under the Budget option.
- level or inflation-linked cover
- automatically includes the Personal Sick Pay Guarantee
- guaranteed or reviewable age-costed premiums
- Waiver of Premium option.

What is not covered

- This policy doesn't cover being unable to work for any other reason apart from sickness or 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). If you're a homemaker being unable to work means that you are too unwell to prepare a meal or do basic housework.
- The policy won't pay out if the client is ill but continues to work (whether this is paid work or voluntary work).
- We won't pay a claim if your client wasn't registered with a GP and lived in the UK for the last two continuous years immediately before the policy was taken out.
- We'll stop paying a claim if your client stops following their doctor's advice, or if they refuse any reasonable medical treatment.
- We won't pay a claim for any illness or injury we've told your client we have excluded before their policy starts.



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.
- Benefits paid at claim may reduce any state benefits your client might be entitled to.

Limits and basis

- The minimum term is 5 years. The policy must end before the insured person reaches the age of 70.
- Clients can choose to take out a policy on a single life basis, on themselves or on a life of another.
- Clients can insure up to 60% of their earnings, subject to a minimum amount of cover of £6,000 a year (£500 a month) and a maximum of £100,000 a year (£8,333 a month)
- A choice of waiting periods.
 - Day one option covers your client from first day they become too ill to work. However your client will need to be unable to work for at least 3 days in a row before they can claim
 - Your client can also choose from 1, 4, 8, 13, 26 or 52 week options and will need to be unwell for an appropriate number of weeks before they can claim.
- Any claim lasts until the earlier of the policy end date, your client dies or gets better.
- Under the budget version, the maximum claim period per claim is two years. Under reviewable age-costed premiums, the price in the future for each £1 of Personal Sick Pay is guaranteed to go up each year at the rate set out in the Reviewable Future Price table for the first 5 years. After that we'll review the prices in the table every 5 years and the amounts quoted in the table could change (either up or down) every 5 years.
- If your client becomes unemployed or a homemaker or for longer than 30 days after their policy starts, their cover will be limited to £1,500 in the event of a claim.

Eligibility

To apply clients must be:

- Permanently living in the UK
- A UK resident for at least the last 2 years
- Aged between 17 and 59
- Registered with a UK doctor for at least the last 2 years
- Employed, or self-employed. Cover isn't available for homemakers, and if your client is claiming job seekers allowance when applying for the policy they will be considered unemployed and won't be eligible for Personal Sick Pay.

Fair value assessment

We have assessed our FPP Personal Sick Pay 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.

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](https://www.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.

LV= Personal Sick Pay

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"> ✘ Protecting up to 60% of gross income (assessed at point of claim), if your client becomes unable to work due to illness or accident. ✘ Those whose need for cover expires before they reach age 70 as this is the maximum age at which the policy can end. ✘ Clients who need cover for at least 5 years, as this is the minimum term for this policy. ✘ Those whose current level of income means state benefits alone would not provide a suitable level of replacement income for them. ✘ Clients who wouldn't qualify for state benefits, or wouldn't want to rely on them for replacement income. ✘ Providing a guarantee to 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. Please note this only applies for the first two years of any claim, after that we'll ask for evidence of income and the maximum cover is 60% of your clients gross income (assessed at the point of claim). ✘ Clients who have an occupation covered by the policy. ✘ Clients where a waiting period of 1, 4, 8, 13, 26 or 52 weeks would be appropriate for their needs. We also offer a day 1 option for clients who need their money sooner. ✘ Insuring someone else, where insurable interest exists. 	<ul style="list-style-type: none"> ✔ Clients who already have sufficient other forms of accident and sickness insurance in place that pay a monthly benefit if unable to work due to accident or sickness. For example mortgage protection, insurance or credit card protection that mean additional protection against loss of income is not needed. This is because we deduct amounts equal to the payments from other insurances that the client has when we pay their claim. ✔ Clients who don't need to protect their income, if they're unable to work due to accident or sickness as they have savings which they're prepared to use if they've suffered a loss of income (referred to as self-insuring). ✔ Clients looking to protect against unemployment, as this policy only protects for loss of income if they're unable to work because of sickness or an accident. ✔ Clients who've already retired. ✔ Clients whose current level of income means they are able to rely on state benefits to meet any income shortfall (and are willing to rely on state benefit payments to provide income replacement). ✔ Those looking to protect against terminal or critical illness with a lump sum pay out. ✔ Businesses wanting to provide income protection for a key employee if they're unable to work due to accident or sickness. This is because any benefits which are paid to the employee by their employer would have to be paid under PAYE, meaning the employee would receive significantly less than 60% of their income. There are other more suitable products in the market to protect a key person's income.

Options and additional benefits

Personal Sick Pay Guarantee: For insurance of up to £1,000 a month, where your client is receiving an income and normally working at least 30 hours a week, we will pay your client either £1000 a month or the amount of cover, whichever is lower. The Guarantee is automatically included at no added cost, and conditions apply. For more details, refer to the Policy Terms and Conditions.

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 them for their return to work. Please note, this may be capped to the equivalent value of one month's benefit.

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://www.lv.com/benefits).

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

LV= Doctor Services: All new policyholders and their spouse/partner (providing they live at the same address) have access to a number of app-based medical services and advice. These services include Remote GP 24/7, Prescription Services, Second Opinion, Remote Physiotherapy, Remote Psychological Support and Discounted Health MOTs. Your client's children are also covered, up to age 16, for Remote GP 24/7, Prescription Services and Second Opinion, where your client is the parental guardian. For Remote Physiotherapy and Remote Psychological Support your client may be limited to five free sessions a year. This cap is shared between the policyholder and their spouse/partner. For more details, visit [LV.com/benefits](https://www.lv.com/benefits).

Waiver of Premium: Your client can add Waiver of Premium when they take out their policy, or once it is in place. 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.

Costs

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

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

To find out more, please contact your
LV= Account Manager on



0800 678 1890



Or visit [LVadviser.com](https://www.lvadviser.com)

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