

# Relevant Life Cover

## Product Profile

In this document we outline the relevant product information about LV= Relevant Life Cover, 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 Relevant Life Cover policy conditions.

### Target market

Relevant Life Cover is a tax-efficient life insurance policy, allowing a company to offer a death-in-service benefit to its employees (including salaried directors). It's set up by the company and pays out a tax-free, lump sum on the death (or diagnosis of a terminal illness) of the person insured. Because the policy is written into a discretionary trust the proceeds go directly to the employee's family or financial dependants.

Relevant Life Cover might be suitable for businesses that are too small for a group life scheme, have high earning employees who might exceed their personal pension lifetime allowance or have members of group schemes who want to top up their benefits.

Relevant Life Cover is not suitable if someone is a non-salaried director of a Limited Company, an Equity Member of an LLP or a sole trader, however this policy can normally be set up for a PAYE employee regardless of their legal trading status of the employer.

### Distribution

To ensure your client receives 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

- Pays a cash lump sum on death during the term.
- Terminal Illness cover is included at no extra cost.
- Level or inflation-linked cover.
- Guaranteed premiums.

### What is not covered

- We won't pay a claim if the insured 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 their employees against a critical illness or protect their income should they be unable to work due to accident and sickness.

### Risks

- After the plan has been issued, your client won't be able to change it.
- There is no cash in value at any time.
- If your client stops paying their premiums, their cover may cease.

- If your clients choose level cover, it won't keep up with inflation and could buy less in the future.
- If the government changes the tax treatment of protection products like Relevant Life Cover, the amount of cover paid out on a claim, taxation of premiums or claim payments, or the premium payable for cover could change.

### 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 75.
- Clients can only take out a policy on a single life, or life of another basis for their employees or directors (if salaried).
- The policy will only pay out once, on the first death (or diagnosis of a terminal illness) and will then end.
- The policy must be written into a Discretionary Trust at the start of the policy with the employee's family or dependents as beneficiaries. The beneficiaries must either be individuals or a charity, so it can't be assigned to a mortgage lender for example. If the policy is not written into a trust, and the beneficiaries are not individuals it won't fulfil the legislative requirements for a Relevant Life Cover policy, which could have tax implications.
- The premiums are paid for by the employer and unlike group schemes, usually treated by HM Revenue & Customs as a business expense.

### Eligibility

To apply clients must be:

- a business registered in the UK
- permanently living in the UK.

The person insured/employee must be:

- aged between 17 and 69
- clients can only set this policy up on a life of another basis and the policy must be put into a Discretionary Trust with the employee's family or dependents as beneficiaries.



## Fair value assessment

We have assessed our Relevant Life 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.

## LV= Relevant Life Cover

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
✓ Providing a lump sum payment in the event of death, or terminal illness.	✗ Personal protection (this policy only provides death in service cover and must be taken out by an employer).
✓ Employers who wish to provide lump sum death in service benefits for their employees.	✗ Covering a mortgage (as the policy cannot be assigned to a lender).
✓ Employers who wish to provide additional life cover for their high earning employees who already have employer life cover under a group scheme and the cover exceeds the lifetime allowance.	✗ Those looking to provide a lump sum if the person insured is diagnosed with a critical illness.
✓ Employees who need for cover expires before they reach age 75 as this is the maximum age at which the policy can end.	✗ Those looking for business protection to cover the loss of a key person, to provide finances to purchase shares of director or partner in the event of their death, or to cover an interest only business loan.
✓ Employers who wish to provide additional life cover for their high earning employees who already have employer life cover under a group scheme and the cover exceeds the lifetime allowance.	✗ Businesses not registered in the UK.
✓ Employers who want guaranteed premiums.	✗ Employees who don't have any financial dependants.
	✗ Non-salaried directors of limited companies (those who aren't taxed under PAYE) and equity members of an LLP.
	✗ Sole traders or partnerships as they are considered to be self-employed.

### 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.

## Options and additional benefits

### Guaranteed Increase Options

Your client can increase the amount of the cover, if certain events happen and they are eligible. If your client changes the amount of their cover using one of the options below, their premium will also change to reflect this. The premium will be based on the age and smoker status of the person insured at the time of change.

Your clients can increase their cover for each of these life events:

- an increase in their mortgage as a result of moving home, or home improvements
- mortgage extension
- marriage or civil partnership
- divorce or dissolution of civil partnership
- birth or legal adoption of a child
- their basic salary increases by more than 10%.

### If the person insured (employee) leaves the company:

There are a number of options including stopping the plan and ending the trust, or issuing a new policy, on the same terms as the existing contract, to the individual or to their new employer. For more details and increase limits refer to the Policy Terms and Conditions.

### Benefits of being an LV= member

By taking out this product the policyholder(s) 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).

Please note the life insured is not eligible for membership, and won't get access to the full range of LV= benefits.

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

### LV= Business Care

For all new policies (from 1 October 2015), we offer the client (the business) telephone access to free specialist advice in business and commercial law, business tax and VAT. Provided at no added cost, these services are non-contractual and can be changed or removed at any time, and conditions apply. More details about LV= Business Care are available at [LV.com](https://www.lv.com).

### LV= Doctor Services

For all new policies (from 1 September 2018), the person insured under the policy and their spouse / partner (provided they live together at the same address) have access to a number of app and phone based medical services and advice. These include virtual 24/7 GP consultations, prescription, second opinion, Remote Physiotherapy, Remote Psychological Services and Discounted Health MOTs. 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://www.lv.com/benefits).

**LV= Doctors Services and LV= Business Care are provided by third party companies. These services are 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, please contact your LV= Account Manager on



0800 678 1890



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