

Key features of the Decreasing Mortgage Cover Plan and the Level Protection Plan



Contents

Helping you decide

This important document gives you a summary of the Decreasing Mortgage Cover plan and the Level Protection Plan. Please read this before you decide to buy this plan, and keep it for future reference.

The Financial Conduct Authority is the independent financial services regulator. It requires us, Zurich Assurance Ltd., to give you this important information to help you to decide whether our Decreasing Mortgage Cover Plan and/or Level Protection Plan 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.

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About the Decreasing Mortgage Cover Plan and the Level Protection Plan

The Decreasing Mortgage Cover Plan is a life assurance and critical illness plan that is designed to protect a repayment mortgage or a loan where the debt is decreasing over time.

The Level Protection Plan is a life assurance and critical illness plan that is designed to protect you, your family, an interest-only mortgage or loan, or a business.

This document covers the key features of both plans. Unless otherwise stated, the descriptions within this document apply to both plans.

If you are buying one or both plans and receiving advice from a financial adviser, your adviser will help you decide if the plans are right for you.

If you are buying without the help of an adviser, Zurich will not give you advice about the suitability of the plans. You must decide whether they are adequate and suitable for you. You may prefer to take the time to go through a full review of your needs with a financial adviser (who may charge for the service).

Its aims

What the plans are designed to do

- Provide you with one of the following:

Life cover that pays a cash sum if, during the plan's term, you die or are diagnosed with a terminal illness that is expected to lead to death within the earlier of 12 months and the remaining term of the cover.

Life or earlier critical illness cover that pays a cash sum if, during the plan's term:

- you die,
- are diagnosed with a terminal illness that is expected to lead to death within 12 months, or
- are diagnosed with a critical illness.

You can also add **extra life cover**.

- Give you the option to include a payment protection benefit, which pays a monthly amount if you can't work because of long-term illness or injury.

In addition, the Level Protection Plan

- Allows you to include the option of converting some or all of the life cover under the plan to a new plan which will provide cover for the rest of your life (lifetime protection).
- Allows you to include the option to renew the plan at the end of the term, for a further term.

Your commitment

What we ask you to do

You need to:

- Make regular payments over the plan's term.
- Give us all the information we ask for when you apply for a plan. Please don't assume we'll contact your doctor for any medical information.
- Tell us about any changes to the information you give us on your application that happen before your plan starts. Please see 'When will the plans not pay out?' on page 15.
- Take into account, when choosing the level of payment protection benefit you want, any state benefits you may be entitled to, and any other insurance plans you already have that provide cover for accident, illness or injury (including any other plans with Zurich).
- Review your cover regularly, to make sure it continues to be right for your needs.

Risk factors

What you need to be aware of

- You must answer all the questions on your application fully, truthfully and accurately, because if you don't we may not pay a claim.
- We will not pay a claim in the circumstances described in 'When will the plans not pay out?' on page 15.
- If you stop paying for your plan, your cover and plan will end after 30 days and we won't refund any payments you've already made.
- Payment protection benefit risks to be aware of:
 - If you don't take into account any income you could receive from other sources, you may be paying for more benefit than you can claim.
 - If your earnings have reduced at the time you claim, we may reduce the benefit we pay you.
 - We won't refund any payments you've made if you have paid for a higher benefit than you can claim and we reduce the benefit we pay you.
 - If you receive this benefit, you may not be able to receive some means-tested state benefits.
- Also on the Decreasing Mortgage Cover Plan
 - If your mortgage interest rate increases above 10%, your cover may not be enough to pay off your mortgage or loan.

Other documents you should read

If you want more detail on specific points the following documents will help you. Please contact us if you'd like a copy of any of these, our contact details are on page 23. We've highlighted when they are relevant throughout this document.

Here to help at every step

Explains what happens from when you apply to when your plan starts. It also tells you what you can expect from us while you have your plan.

Your guide to your cover

If your plan includes critical illness cover, this guide gives full definitions of the critical illnesses covered and the circumstances in which you can claim them. This is available on our website. Alternatively, please contact us and we will send you a copy.

Mortgage Protection – free cover terms and conditions

Explains how mortgage protection free cover works and when you are eligible for it.

Business Protection – free cover terms and conditions

Explains how business protection free cover works and when you are eligible for it.

Relevant life – free cover terms and conditions (available on Level Protection Plans only)

Explains how relevant life free cover works and who is eligible for it and when.

Decreasing Mortgage Cover Plan and Level Protection Plan terms and conditions

Gives you the full terms and conditions that apply to the respective plans.

Questions and answers

Choosing your plan

Which plan is right for me?

Decreasing Mortgage Cover Plan

This plan may be right for you if you have a repayment mortgage or loan and you want to make sure the debt will be repaid if, depending on the cover you choose, you die, suffer a terminal illness or are diagnosed with a critical illness.

It also allows you to include a payment protection benefit if you need an income in the event you can't work because of long-term injury or illness.

For full details please read the optional extra benefits section on page 7.

Level Protection Plan

This plan may be right for you if you want to provide financial protection for yourself, your family or business or you want to make sure the debt on an interest-only mortgage or loan can be repaid if, depending on the cover you choose, you die, suffer a terminal illness or are diagnosed with a critical illness. It may also be right for you if you want the option to:

- convert some or all of your life cover to a plan offering lifetime protection
- renew your plan at the end of its term
- include a payment protection benefit if you need an income in the event you can't work because of long-term injury or illness.

What types of cover can the plans provide?

Life cover only

Life cover only pays a cash sum if you die during the plan's term or if you are diagnosed with a terminal illness. A terminal illness is a definite diagnosis by the attending consultant of an illness that satisfies both of the following:

- The illness either has no known cure or has progressed to the point where it cannot be cured; and
- In the opinion of the attending consultant, the illness is expected to lead to death within the earlier of 12 months and the remaining term of the cover.

After we've paid the cash sum the plan will end.

Life or earlier critical illness cover

If you are diagnosed with a critical illness during the plan's term that meets our plan definition of it, the amount we'll pay will depend on the condition you are diagnosed with. Please see pages 10 to 12 for a list of the medical conditions and operations we cover.

The majority of the conditions and operations we cover will, in the event of a successful claim, result in the payment of the full critical illness cover cash sum.

However, some of the conditions we cover will, in the event of a successful claim, result in a cash sum payment of 20% of the level of critical illness cover on the plan at the time you claim, or £15,000, whichever is the lower. We refer to these as 'additional critical illness cover cash payments'. If we make an additional critical illness cover cash payment, **this will not reduce** the amount of cover provided by your plan.

We'll pay the life cover cash sum if you die during the plan's term, and the plan will end. If you choose life or earlier critical illness cover, the plan will end after we have paid either the life cover cash sum or the full critical illness cover cash sum. The full cash sum is paid only once.

You can also include extra life cover. This is where the life cover amount is greater than the critical illness cover, so if we pay a full critical illness claim, the life cover amount will reduce by the critical illness cash sum paid and will continue until the end of the term. Your payments will then reduce, based on the reduced cover and your age when the plan started. We'll pay the extra life cover if, before the end of the plan's term, you die or are diagnosed with a terminal illness.

After a full critical illness cover cash sum has been paid, you cannot make any claims for an additional critical illness cover cash payment.

We only cover the critical illnesses we define in our plan and each critical illness must meet our plan definition.

The full list of critical illnesses we cover is on pages 10 to 12.

Full definitions of the illnesses covered and the circumstances in which you can claim are in Your guide to your cover.

How do guaranteed payments work?

The plans are set up on a guaranteed payment basis. This means the monthly (or yearly) amount you pay for a plan is guaranteed to stay the same unless you choose to change the amount of cover on your plan.

How does decreasing cover work for the Decreasing Mortgage Cover Plan?

Your cover decreases each month and is designed to reach zero by the end of the term. This is because your debt should be decreasing as you repay it over time. If you claim, the cover should pay off your outstanding repayment mortgage or loan, provided that:

- the amount of cover at the start of the plan is at least the amount of your repayment mortgage or loan (if you add extra life cover the lower level of cover should be at least the amount of your repayment mortgage or loan)
- you keep your mortgage payments up to date
- your mortgage interest rate does not go above 10%.

If interest rates are less than 10% during the term of your mortgage, the cover could be more than you need to pay off your mortgage.

What optional extra benefits can I include?

The following optional extra benefits may be available at the time you apply for the plan for an extra cost. If they are available, they will appear when you apply for an illustration and you must decide before you complete your application if any of these are suitable for your needs – you can't add them later.

The optional extra benefits are explained in more detail for you on pages 17 to 21.

Total permanent disability – unable before age 60 to do your own occupation ever again benefit

If your plan includes critical illness cover, you may have the option to include this benefit. This will allow you to claim the cash sum if, due to the loss of physical or mental ability through an illness or injury before age 60, you are unable to do your own occupation ever again.

Payment protection benefit

This pays out a monthly amount if you are incapacitated and can't perform your own occupation because of illness or injury. If you are claiming this benefit, we'll also make your payments to the plan for you.

This benefit is not available if you choose the Level Protection Plan with convertible or renewable term options.

Waiver of payment benefit

This means we make your payments to the plan for you if you are incapacitated and can't perform your own occupation because of illness or injury.

Optional extra benefits available on the Level Protection Plan

The following options may be available when you apply for the plan.

Convertible term

If your Level Protection Plan is for life cover only, you have the option of converting some or all of your life cover to Zurich's whole of life plan (this offers lifetime protection). You won't have to give us more details about your health or activities.

Renewable term

If your Level Protection Plan is for life cover only or for life or earlier critical illness cover, at the end of the initial plan term you have the option to renew the plan for a further term, equal to the original term and for the same amount of cover as you have on your plan at the time. You won't have to give us more details about your health or activities.

Indexation

Depending on the cover you have, this means the life and critical illness cover will increase automatically each year in line with any increase in the average weekly earnings measure, or the retail prices index or at 5% or 10% (as you choose). Your payments will increase each year to pay for the higher cover.

Who can the plans cover?

Both plans can cover one person or two people jointly. If either plan covers two people, we'll pay out the plan's sum assured as a cash sum when the first person suffers the critical illness, or terminal illness or dies (depending on the cover you have).

You must be resident in the United Kingdom to take out a plan. If the plan covers two people jointly, this applies to each planholder.

For Level Protection Plans

For plans that provide life cover only you must be aged between 16 and 83 when the plan starts.

For plans that provide life or earlier critical illness cover you must be aged between 16 and 69 when the plan starts.

If a plan covers two people, these age restrictions apply to both of you.

For Decreasing Mortgage Cover Plans

For plans that include life cover only you must be aged between 16 and 79 when the plan starts.

For plans that include life or earlier critical illness cover you must be aged between 16 and 69 when the plan starts.

If a plan covers two people, these age restrictions apply to both of you.

How long can the plans last?

For plans that provide:

- **Life cover only** – the term of the plan must be at least one year for Level Protection plans and at least five years for Decreasing Mortgage Cover plans and the longest both plans can run is 50 years. The plans must end before your 85th birthday.
- **Life or earlier critical illness cover** – the term of both plans must be at least five years and the longest both plans can run is 40 years. The plans must end before your 75th birthday.
- **Payment protection benefit** – the longest this benefit can run on both plans is 49 years and it will end on or before the plan anniversary after your 65th birthday.

If we have not paid out the full cash sum, the plan will finish at the end of the term unless:

- you have a Level Protection Plan with convertible or renewable term options available and you decide to use the option.

Please note for the renewable term option, the final time you can renew will be on the renewal date on or closest to (but before) your 70th birthday. At this point you can extend your life or earlier critical illness cover one last time to a maximum age of 74, and for life cover only plans, you can extend your life cover one last time to a maximum age of 84.

If the plan covers two people, the age limits set out above apply to the oldest person.

Can children have critical illness cover?

If your plan includes critical illness cover, your children will also be covered. Children's critical illness cover applies from when each child reaches the age of three months and lasts until their 18th birthday. The list of medical conditions and operations we cover is shown on pages 10 to 12.

For the majority of the medical conditions and operations we cover we will, in the event of a successful claim, pay half the level of critical illness cover on the plan at the time you claim or £25,000, whichever is the lower. We'll only pay one claim for each child.

Some of the medical conditions and operations we cover pay 20% of the level of critical illness cover on the plan at the time you claim, or £15,000, whichever is the lower. For these definitions only, we'll pay a maximum of one claim for each child for each of the definitions covered.

In the event of a claim the child must survive at least 14 days after diagnosis or operation.

A children's critical illness benefit claim will not reduce the amount of cover provided by your plan, or alter the amount you pay for it.

How much do the plans cost?

Your personal illustration tells you how much the plan will cost, but that cost depends on the following:

- Your personal circumstances – for example, your age, health, occupation and whether you smoke.
- The amount and type of cover, and any optional benefits you choose.
- How long you want the cover to last.

You can pay monthly by direct debit, and you may also be able to pay yearly by direct debit or cheque.

Do the plans include any free cover?

We may be able to give you free cover for a limited period when you're buying a property. This is for the period between the date you exchange contracts (missives in Scotland) and the date you complete the contract to buy the property.

If you are using the plan to protect a business loan, we may be able to give you free cover while we assess your application.

If you are applying for the Level Protection Plan and the plan is to protect the life of an employee, we may be able to give you free cover while we assess your application.

Full details of the different types of free cover available are explained in each of the Mortgage Protection – free cover, Business Protection – free cover and Relevant Life – free cover terms and conditions.

What conditions does critical illness benefit cover?

The complete list of medical conditions and operations we cover is set out below. Full definitions of these illnesses and the circumstances in which you can claim are in Your guide to your cover.

Our definitions typically use medical terms to describe the illnesses but in some cases the cover may be limited. Where cover is limited for a definition the criteria for the limitation is shown in your terms and conditions.

Some of the definitions we cover will, in the event of a successful claim, result in a payment of 20% of the level of critical illness cover on the plan at the time you claim, or £15,000, whichever is the lower. We refer to these as 'additional critical illness cover cash payments'. We'll pay a maximum of one claim for each event for each life assured for these definitions. If an additional critical illness cover cash payment is made, this will not reduce the amount of cover provided by the plan.

The medical conditions and operations we cover

Aorta graft surgery – for disease and trauma

Aplastic anaemia – of specified severity

Bacterial meningitis – resulting in permanent symptoms

Benign brain tumour – resulting in permanent symptoms or specified treatment

Benign spinal cord tumour – resulting in permanent symptoms or specified treatment

Blindness – permanent and irreversible

Cancer – excluding less advanced cases

Cardiac arrest – with insertion of a defibrillator

Cardiomyopathy – of specified severity

Coma – with associated permanent symptoms

Coronary artery by-pass grafts – (a payment is available to pay for surgery after being placed on an NHS waiting list)

Creutzfeldt-Jakob disease (CJD) – requiring continuous assistance

Deafness – permanent and irreversible

Dementia including Alzheimer's disease – resulting in permanent symptoms

Encephalitis

Heart attack – of specified severity

Heart surgery – with thoracotomy

Heart valve replacement or repair

The medical conditions and operations we cover (continued)
HIV– caught from a blood transfusion, by physical assault or at work*
Kidney failure – requiring permanent dialysis
Liver failure – end stage
Loss of hand or foot – permanent physical severance
Loss of independence – of specified severity
Loss of speech – total permanent and irreversible
Major organ transplant – from another donor
Motor neurone disease and specified diseases of the motor neurones – resulting in permanent symptoms
Multiple sclerosis – of specified severity
Neuromyelitis optica (Devic’s disease) – with persisting clinical symptoms
Paralysis of limb – total and irreversible
Parkinson’s disease – resulting in permanent symptoms
Parkinson’s plus syndromes – resulting in permanent symptoms
Pneumonectomy – for disease or trauma
Primary pulmonary arterial hypertension – resulting in permanent symptoms
Pulmonary artery replacement – with surgery
Removal of an eyeball as a result of injury or disease – permanent physical severance
Severe lung disease/respiratory failure – of specified severity
Spinal stroke – resulting in permanent symptoms
Stroke – resulting in specified symptoms
Systemic lupus erythematosus – of specified severity
Terminal illness – where death is expected within 12 months
Third–degree burns – covering 20% of the body’s surface area or 50% of the face’s surface area
Total permanent disability – unable before age 65 to look after yourself ever again#
Traumatic brain injury – resulting in permanent symptoms

*The incident causing infection must have occurred in an eligible country – these are listed in the terms and conditions.

For children’s critical illness benefit ‘total permanent disability’ means an irreversible level of disability which, in Zurich’s reasonable opinion, means the child would be disabled from performing any occupation whatsoever if he or she were an adult.

The medical conditions and operations qualifying for additional critical illness cover cash payments

Bladder removal

Brain abscess drained via craniotomy

Cerebral or spinal aneurysm – with surgery or radiotherapy

Cerebral or spinal arteriovenous malformation – with surgery or radiotherapy

Less advanced cancer of the Anus

Less advanced cancer of the Bile Ducts

Less advanced cancer of the Breast

Less advanced cancer of the Cervix

Less advanced cancer of the Colon and Rectum

Less advanced cancer of the Gallbladder

Less advanced cancer of the Larynx

Less advanced cancer of the Lung and Broncus

Less advanced cancer of the Oseophagus

Less advanced cancer of the Oral cavity or Oropharynx

Less advanced cancer of the Ovary

Less advanced cancer of the Pancreas

Less advanced cancer of the Prostate

Less advanced cancer of the Renal Pelvis

Less advanced cancer of the Stomach

Less advanced cancer of the Testicle

Less advanced cancer of the Urinary Bladder

Less advanced cancer of the Uterus

Less advanced cancer of the Vagina

Less advanced cancer of the Vulva

Other less advanced cancers in situ.

Liver resection.

Non-malignant pituitary adenoma – with specified treatment

Significant visual loss – permanent and irreversible

Single lobectomy – the removal of a complete lobe of a lung

Syringomelia or Syringobulbia – treated by surgery

Skin cancer (not including melanoma) – advanced stage as specified

Third-degree burns – less extensive – covering 5% of the body's surface area or 19% of the face's surface area

After your plan starts

Can I change my plan after it starts?

Increasing your cover

You may be able to increase your cover later on, up to certain limits, without giving us any more details about your health or activities. This is called the 'guaranteed insurability option'.

We'll tell you on your plan schedule if we can't include this option in your plan.

If this option is provided on your plan, here's when you can use it and how:

- you must be 54 or younger
- the plan must have a minimum remaining term of one year
- if the plan covers two people, the age limit applies to the older person.

For the Level Protection Plan

The events that allow such an increase are if you:

- increase your mortgage or loan
- marry
- divorce
- enter into a civil partnership
- dissolve a civil partnership
- become the natural parent of a child
- legally adopt a child
- have a salary increase of 10% or more following a promotion or change of job
- increase or change your business assurance needs
- enter into a new commercial loan or increase an existing one.

For the Decreasing Mortgage Cover Plan

The events that allow such an increase are if you:

- increase your mortgage
- enter into a new commercial loan or increase an existing one.

Full details are in section 6 of the terms and conditions.

Separation option

This is available on joint plans where two people are using the plan to protect a mortgage. If you separate, this option allows either or both of you to continue the amount of cover you have at that time as individuals by taking out separate plans. You won't have to give us any more details about your health or activities.

Can my payments change in the future?

For the Decreasing Mortgage Cover Plan

The Decreasing Mortgage Cover plan operates on a guaranteed payments basis, which means your payments will stay the same during the term of the plan unless you ask us to change your level of cover.

For the Level Protection Plan

The Level Protection Plan operates on a guaranteed payments basis, which means your payments will stay the same during the term of the plan unless you:

- include indexation benefit
- ask us to change your level of cover
- convert your life cover to Zurich's whole of life plan on guaranteed payments
- renew your plan for a further term.

What if I stop paying?

If you stop making payments, your cover and plan will end 30 days after the last payment was due. You won't get back any of the payments you've already made.

How much do the plans pay out?

You decide how much cover you need when you buy a plan.

In addition, depending on the type of cover you choose, we may pay:

- an additional critical illness cover cash sum payment of either £15,000 or 20% of the critical illness cash sum, whichever is the lower

and/or

- a children's critical illness cover payment of £25,000 or 50% of the critical illness cash sum, whichever is the lower.

The plans never have a cash-in value.

Additional information about the Decreasing Mortgage Cover Plan

If you buy a Decreasing Mortgage Cover Plan, because the cover reduces every month, any amount we pay you will be based on the cover remaining on your plan at the time of a claim.

When will the plans not pay out?

We will not pay (or fully pay) a claim, or we may cancel all cover under the plan if:

- You don't give us all the information we ask for when you apply for your plan or when you make a claim. Please don't assume we'll contact your doctor for any medical information.
- You don't tell us about any changes in the following between making your application and when your plan starts:
 - Personal health.
 - Family medical history.
 - Occupation.
 - Where you live – if you move to live outside the UK.
 - The frequency and extent of your foreign travel.
 - Any hazardous leisure activities you do.
 - Alcohol consumption.
 - Smoking habits.
 - Use of recreational drugs or drugs not prescribed for you.

We will not pay a claim for life cover if:

- you haven't made all the payments that were due
- you commit suicide within 12 months of the date the plan started or was reinstated
- (for a terminal illness claim) the diagnosis of the illness does not meet the terminal illness definition exactly.

We will not pay a claim for critical illness cover if:

- you haven't made all the payments that were due
- the illness suffered is not covered by the plan
- the illness suffered does not meet the plan definition exactly
- when claiming on child cover, the child doesn't survive 14 days from the date of diagnosis or operation
- you do not tell us about the claim within six months of suffering or undergoing the medical condition or operation
- the medical condition arises while you are living abroad and you do not return to one of the countries we specify
- the claim is for a child for a medical condition from which he or she was already suffering (whether or not there were any symptoms) before the start of the cover
- the claim is for a legally adopted child who was already suffering from the medical condition at the date of the adoption (whether or not there were any symptoms).

Full details are in [section 3 of the terms and conditions](#).

If we apply any additional specific exclusions, we will show them on your plan schedule.

Will I get regular updates on my plan?

Yes, we'll send you a statement each year showing the cover you have. This will help you decide if your cover continues to meet your protection needs or whether you need to make any changes.

Cancelling your plan or making a claim

Can I change my mind and cancel?

Yes you can. When you first take out your plan, we'll send you a welcome pack which includes details of how to cancel your plan if you've since changed your mind. If you do cancel within the first 30 days, we'll refund your money.

You can cancel your plan at any time by contacting us to let us know, but if this is after the first 30 days we won't refund any money you've already paid towards your plan.

How can I make a claim?

To make a claim, you, or the person dealing with your affairs, should contact us on the numbers listed below. We'll confirm what information we need in order to process the claim as quickly as possible. You must tell us within the stated time limits of any claim you wish to make, please see section 7 of the plan terms and conditions.

Full details are in the 'Making a claim' section of the terms and conditions.

To make a claim please call us on **0370 243 0827**.

Our opening hours are 9am to 5pm Monday to Friday.

What about tax?

You won't have to pay income tax or capital gains tax on any benefits either plan pays out.

Provided that the plan is written under a suitable trust, the cash sum payable on death should not form part of your estate for inheritance tax purposes. If the plan is not written in trust, the cash sum payable on death may be liable to inheritance tax. If the plan is owned by a company, the cash sum may be subject to corporation tax. Please talk to an adviser about how this affects you and what arrangements you could make.

We've based this information on our understanding of current UK law and HM Revenue & Customs practice. Future changes in law and tax practice or individual circumstances could affect taxation.

Optional extra benefits

You can also choose to include the following extra benefits in your plan for an extra cost. You must decide at the start of your plan if you want to include any of these benefits; you can't add them later. Full details are in section 3 of the terms and conditions.

Optional extra benefits available on both plans:

The following options may be available when you apply for the plan.

- 1 Total permanent disability – unable before age 60 to do your own occupation ever again benefit
- 2 Payment protection benefit
- 3 Waiver of payment benefit

Optional extra benefits also available on the Level Protection Plan:

The following options may be available when you apply for the plan.

- 4 Convertible term
- 5 Renewable term
- 6 Indexation

1 Total permanent disability – unable before age 60 to do your own occupation ever again benefit

Depending on your occupation and provided your plan provides critical illness cover, you may be able to include cover, at the same level as your critical illness cover, against totally permanently losing the physical or mental ability to perform your own occupation ever again. You must be 54 or younger to include this benefit.

Your 'own occupation' is the one you were performing immediately before the start of the disability. If you were not working immediately before the start of the disability, your 'own occupation' is the one you stated when you applied for the plan.

The benefit stops on the plan anniversary after your 60th birthday or at the end of the plan's term if this happens earlier.

If the plan covers you and another person, you can choose whether you want to include this benefit on either or both of you.

You cannot include this benefit in your plan if your plan is for life cover only.

For a definition of 'own occupation', please refer to section 3 of terms and conditions.

2 Payment protection benefit

The payment protection benefit pays you a monthly income if you can't perform your own occupation because you're incapacitated due to illness or injury. You must be 59 or younger to include this benefit. The incapacity must have started after the plan began and you must be incapacitated from doing the main duties of the job, or jobs, you were doing at the time of the injury or the start of the illness.

Some occupations need a high degree of medical fitness, a licence to perform the occupation, or total dependence on the use of your hands or voice. In these cases, we'll apply the special definition of disability.

This means that if you are still claiming payment protection benefit 12 months from the end of the deferred period, we will stop paying the payment protection benefit at any time after the 12 month period when you could return to work in a new occupation to which you are suited because of your education, training, retraining or experience.

Your plan schedule says whether this applies to you. If the plan covers you and another person, you can choose whether the payment protection benefit covers either or both of you.

You cannot include this benefit in your plan if you choose either the convertible or the renewable term options.

For a definition of 'payment protection benefit', please refer to section 3 of terms and conditions.

How much payment protection benefit can I have?

- The minimum monthly income amount you can have is £100 a month.
- The maximum monthly income amount you can have is 1% of the life cover or critical illness cover, whichever is the higher amount. This is subject to a limit of £4,000 a month or 50% of your pre-incapacity earnings, whichever is the lower amount. Please see the example below.
- If the plan covers you and another person and the payment protection benefit is on both of you, then the total combined benefit must not be more than 1% of the life cover or critical illness cover, whichever is the higher amount. This is subject to a limit of £4,000 a month, shared between you, or 50% of your pre-incapacity earnings, whichever is the lower amount.

Example

£50,000 of life or earlier critical illness cover plus extra life cover of £25,000

You earn £1,500 a month at the start of the plan.

Payment protection benefit of £750 a month (1% of £75,000 – the total life cover amount, and 50% of your earnings).

At the time of claim, you earn £1,200 a month.

We will pay a maximum payment protection benefit amount of £600 a month (50% of £1,200).

What are pre-incapacity earnings?

If you are employed, this means your basic salary plus any overtime payments, benefits in kind, bonuses or commission in the 12 months before you become unable to work. Benefits in kind are other benefits that are not part of your salary.

If you are a director of a private limited company, and you were working for that company immediately before your period of incapacity, we will also include your share of pre-tax profits of that company.

If you are self-employed, this means your share of pre-tax profit from your trade, profession or vocation in the 12 months before you become unable to work (for the purposes of Part 2 Income Tax (Trading and other Income) Act 2005), after deduction of trading expenses – called net relevant earnings.

If your earnings, as described above, in the 12 months before you become unable to work do not fairly reflect your normal level of earnings you should (or we can ask you to) send in other evidence of earnings. We'll tell you what this should be at the time.

Can Zurich reduce the payment protection benefit it pays?

Yes, if you receive income from any of the following and they take you over the maximum payment limits:

- Payments that continue from your employer, such as sick pay.
- Ongoing earned income, including any pensions that start to be paid after your incapacity.
- Other insurance benefits that are due to you because you're incapacitated. This includes regular payments made directly to you or payments made on your behalf, such as to pay your mortgage, credit card or loans.

We'll also reduce the amount of payment protection benefit we pay if your earnings have fallen and your benefit is higher than the maximum we'll pay. If we reduce your payment protection benefit, we won't refund any of the payments you've already made, so you need to regularly review the amount of benefit you have.

What income will not affect how much Zurich pay?

- Income support or any other means-tested state benefits.
- Income from savings and investments.
- The taxable value of any royalties from any patent or copyright or profits from selling shares or securities.

When does the payment protection benefit start?

You choose how soon after being incapacitated you want the monthly income to start. This is called the deferred period. You can choose a deferred period of three months, six months or 12 months. The benefit is paid monthly in arrears and provided we are in a position to pay the claim, we'll pay you on the first day of the month after the end of the deferred period you have chosen. If we are not in a position to pay the claim then we'll backdate the payments to the end of the deferred period.

If your plan covers you and another person and you include payment protection benefit on both of you, you can choose different deferred periods for each of you.

You should continue to make payments until the end of the deferred period or until we agree your claim if later. However, once you start receiving benefit, we'll make your payments for you.

When does the payment protection benefit stop?

We'll stop paying you the payment protection benefit as soon as one of the following happens:

- You no longer meet our definition of incapacity.
- you continue to meet the definition of incapacity but you start working in a new job as an unpaid volunteer, unless you are working as an unpaid volunteer for a registered charity.
- You no longer have any loss of earnings.
- You reach the age when this benefit on the plan stops.
- The plan anniversary after your 65th birthday.
- The end of the plan's term.
- The plan ends after payment of a full critical illness claim, terminal illness or death claim.
- For rehabilitation benefit claims:
 - 12 months after you return to work, or
 - you are able to work in your pre-disability occupation on a full-time basis and without any restrictions in your duties.

If we have applied a special definition of disability and you are still claiming payment protection benefit 12 months from the end of the deferred period, we will stop the payment protection benefit after the 12 month period when you could return to work in a new occupation to which you are suited because of your education, training, retraining or experience.

Returning to part-time or less well paid work

If after a period of claiming the benefit you go back to the same job part-time, you may be entitled to receive a reduced benefit called 'rehabilitation benefit' for up to 12 months from the time you return to work. If you are unable to return to your previous job but can do a different, less well paid job, you may be entitled to receive a reduced benefit called 'proportionate benefit'. This won't apply if you have a special definition of disability because of your occupation.

When won't Zurich pay the payment protection benefit?

We won't pay a claim for payment protection benefit if:

- you haven't made all the payments that were due
- you weren't in a paid job when you became incapacitated
- your incapacity starts when the benefit has less than three, six or 12 months left to run (depending on the deferred period you've chosen)
- you have more than one job and you can still do the main duties of any of them
- you are not continuously disabled throughout the deferred period
- the medical condition arises while you are living abroad and you do not return to the United Kingdom or one of the other countries we specify
- the cause of the claim is due to:
 - infection with HIV/AIDS (unless you caught it in the United Kingdom from a blood transfusion, by physical assault or at work in an eligible occupation)
 - any act of terrorism, war or civil commotion
- the cause of the claim arises from the circumstances detailed in any specific exclusions on your plan schedule.

How often can I claim?

The number of times you can claim the payment protection benefit is not limited. If you have received the benefit and you claim again from the same cause within six months of returning to work, there won't be another deferred period before we start paying you again. To keep your cover going, you must start making payments to your plan again when you return to work and we stop paying you any benefit under the plan.

3 Waiver of payment benefit

If you include waiver of payment benefit, we'll make your payments to the plan for you if you are incapacitated and can't perform your own occupation because of illness or injury for longer than six months.

The illness or injury must have started after the plan began and you must be incapacitated from doing the main duties of the job, or jobs, you were doing at the time you had the injury or illness that caused the incapacity.

If the plan covers you and another person, you can choose whether you want to include this benefit on either or both of you.

You can't include this benefit if you:

- are aged 55 or older when the plan starts
- have chosen payment protection benefit
- have not been accepted on our standard terms
- are not in paid employment when the plan starts.

When won't Zurich pay the waiver of payment benefit?

We won't pay a claim for waiver of payment benefit if:

- you haven't made all the payments that were due
- you had the illness or injury that caused the incapacity before the plan started
- the benefit has less than six months to run
- you weren't in a paid job when you became incapacitated
- you have more than one paid job and you can still do the main duties of any of them
- you are not continuously disabled throughout the deferred period

- the incapacity is caused by:
 - infection with HIV/AIDS (unless you caught it in the United Kingdom from a blood transfusion, by physical assault or at work in an eligible occupation)
 - any act of terrorism, war or civil commotion
- the cause of the claim arises from the circumstances detailed in any specific exclusions on your plan schedule.

When does the waiver of payment benefit stop?

The benefit stops as soon as one of the following happens:

- You no longer meet our definition of incapacity.
- You return to paid employment.
- The plan reaches the end of the term.
- The plan anniversary after your 65th birthday.
- The plan ends after payment of a full critical illness claim, terminal illness or death claim.

Optional extra benefits available on the Level Protection Plan

The following options may be available when you apply for the plan.

4 Convertible term

This option allows some or all of the life cover amount to be converted across to a Zurich whole of life plan, without giving us an update on your current health or activities. Please note:

- payments will increase to pay for the cost of the new plan and will be based on your age at the time and whether or not you smoked when your Level Protection Plan started
- If the plan covers two people, you need to choose whether the new plan will pay the life cover cash sum when the first person, or after the second person, dies or is diagnosed with a terminal illness and when you use the option, the oldest person must be:
 - 69 or younger if the cash sum is required when the first person dies or is diagnosed with a terminal illness
 - 83 or younger if the cash sum is required when the second person dies or is diagnosed with a terminal illness.

Convertible term is not available if:

- you choose payment protection benefit
- your plan includes critical illness cover.

5 Renewable term

You can choose to renew your plan for the same term and amount of cover if your plan provides:

- life cover only
- life or earlier critical illness cover
- life or earlier critical illness cover with extra life cover.

If your plan provides life cover only you must be 68 or younger to include this benefit.

If your plan provides life or earlier critical illness cover, or life or earlier critical illness cover with extra life cover you must be 64 or younger to include this benefit. If the plan covers two people, the age limits apply to the oldest person.

You can also renew your plan with a reduced amount of cover. You do not need to give us any further details of your health or activities.

The option to renew is available each time the plan reaches the end of a term, up until the renewal on, or closest to (but before), your 70th birthday when you will be offered a final renewal which may be for a different term to the plan's original term.

Your payments will increase each time you renew your plan's term to reflect your age, the cost of providing life cover at that time, and whether or not you smoked when the plan started.

Renewable term is not available if:

- you choose payment protection benefit
- your plan is for life cover only and you choose to include convertible term.

6 Indexation

If you include indexation, your cover (but not payment protection benefit) will increase automatically each year in line with any rise in the Average Weekly Earnings measure, or the Retail Prices Index or at 5% or 10% (as you choose). If you choose to index your cover in line with the Average Weekly Earnings measure, or the Retail Prices Index, any increase will be restricted to a maximum of 10% each year. Your payments will increase each year to pay for the increased level of cover.

If you decide you no longer want indexation, please write and tell us and we'll remove it.

Other information

How to complain

If you need to complain, please see the 'How to contact us' section on page 23. You can ask us for details of our complaints handling process. If you're not satisfied with our response to your complaint, you can complain to:

Financial Ombudsman Service
Exchange Tower
Harbour Exchange Square
London
E14 9SR

Telephone: 0800 023 4567
Email: complaint.info@financial-ombudsman.org.uk
Website: www.financial-ombudsman.org.uk

This service is free to you and you can find out more by contacting the Financial Ombudsman Service. You do not have to accept a decision by the Financial Ombudsman Service and you are free to go to court instead if you wish.

Compensation

We are covered by the Financial Services Compensation Scheme (FSCS). If we cannot meet our obligations, you may be entitled to compensation under the scheme.

Any compensation you receive under the scheme will be based on the FSCS's rules. For this type of plan, the scheme covers 100% of the claim. Please note that for life assurance products the FSCS's first responsibility is to ensure the cover continues rather than pay compensation.

If you need more information, you can phone the FSCS helpline on 0800 678 1100 or 020 7741 4700, write to the address below or visit the website www.fscs.org.uk

Financial Services Compensation Scheme
10th Floor
Beaufort House
15 St Botolph Street
London
EC3A 7QU

Terms and conditions

This key features document gives a summary of the Decreasing Mortgage Cover Plan and the Level Protection Plan. It doesn't include all the definitions, exclusions or terms and conditions.

We'll send you a copy of the full terms and conditions when your plan starts. If you would like a copy before then, please contact us direct.

We'll let you know if there are any changes to the terms and conditions. For details of changes we can make, see the 'Changes we can make to the plan' section of the terms and conditions.

This document complies with the Association of British Insurers (ABI) statement of best practice for critical illness cover, December 2014.

If you'd like more information about critical illness cover, please ask the ABI for a copy of its Guide to Critical Illness. The address is:

ABI
51 Gresham Street
London
EC2V 7HQ

or visit the website www.abi.org.uk

Law

The plans are governed by the law of England.

Our regulator

We are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority. We are entered on the Financial Services register under number 147672. This is on the website www.fca.org.uk. You can phone the FCA free from a landline on 0800 111 6768.

Communicating with you

Our plan documents and terms and conditions are in English and all communications with you will be in English.

How to contact us

If you want to contact us before you buy this plan:

Keep in touch

It's important that we keep in touch so, if you change your address or any of your contact details, please let us know.

We'd like everyone to find it easy to deal with us. Please let us know if you need information about our plans and services in a different format.

All our literature is available in large print, braille, audio or CD.

If you are a textphone user, we can answer any questions you have through a Typetalk operator. Please call us on **18001 01793 514514**. Or, if you prefer, we can introduce you to a sign language interpreter.



Phone

01793 514514

Monday to Friday 8.30am – 6pm (excluding bank holidays).
We may record or monitor calls to improve our service.



Write to

Zurich Assurance Ltd
Tricentre One
New Bridge Square
Swindon
SN1 1HN
UK

Please let us know if you would like a copy of this in large print, braille, audio or CD.

This key features document follows the Association of British Insurers Statement of Best Practice for Critical Illness Cover.

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