



MORTGAGE PAYMENT PROTECTION INSURANCE

1. FREESTART MORTGAGE PAYMENT PROTECTION INSURANCE

This policy can help you protect your mortgage payments for up to 12 months if you become unemployed or suffer an accident or sickness (this is known as a disability). You can also cover the cost of any life or buildings and contents insurance linked to your home.

We will provide 25% additional free benefit (on top of the cover you have taken out to protect your mortgage and related insurance premiums) to cover other household costs. The maximum total monthly cover limit including the 25% additional benefit is £1,500, or an amount equal to 65% of your gross monthly income, whichever is the lower.

This is how the policy works -

- You choose the amount of cover you need to protect your monthly mortgage payment, any related life insurance premium and the premium for the buildings and contents insurance on your home.
- We increase your cover by an additional 25% to protect other household costs (see section 3).
- You choose the type of cover you want (see section 2).
- You choose the benefit split you want (see section 5).
- You choose the qualification period you want (see section 14).
- You pay a monthly premium to keep the policy in force (see section 7).
- We pay a fixed monthly benefit for up to 12 months if you are unable to work due to unemployment or a disability.

2. THE TYPE OF COVER THE POLICY PROVIDES

You can take out unemployment and disability insurance and this option will give you the maximum level of protection in the event of a claim. Alternatively, you can take out unemployment only or disability only cover but you must be aware of the following points:

- **If you take out unemployment only cover** - you will not be able to claim for disability. If you suffer a disability during a period of unemployment, your monthly benefit payments will be suspended until you are able to actively continue seeking work.
- **If you take out disability only cover** - you will not be able to claim for unemployment. If you become unemployed during a period of disability, you will only continue to receive monthly benefit payments while you remain disabled.

3. THE FREE COVER AND ADDITIONAL FREE BENEFIT YOU RECEIVE

- **If your mortgage has been in force for 30 days or less** - you will receive six months free cover against unemployment or disability (unless you select unemployment only cover or disability only cover) and, 25% additional free benefit (over and above the cover you have taken out to protect your mortgage and related insurance premiums) for the full term of the policy.
- **If your mortgage has been in force for more than 30 days** - you will receive three months free cover against disability and, 25% additional free benefit (over and above the cover you have taken out to protect your mortgage and related insurance premiums) for the full term of the policy. You are not insured against unemployment for the first three months of the policy (this is known as the exclusion period). Any unemployment cover you have selected will only begin at the end of the free cover period.

Transferring cover from another insurer - if you transfer your mortgage payment protection cover from another insurer, we will waive the exclusion period provided that your previous insurance has been in force for at least six months and you have never made a claim under your previous insurance.

4. THE ELIGIBILITY REQUIREMENTS OF THE POLICY

You are eligible for cover under the policy if:

- you are at least 18 and under 65 years of age;
- you live and work in the United Kingdom, (including Channel Islands and Isle of Man);
- you are taking out the policy to protect your mortgage on the private residential property you live in; and

- you agree to keep to the policy conditions.

You are not eligible for cover under the policy if:

- you know of any circumstances that may result in you becoming unemployed;
- your work is of a casual, temporary or seasonal nature;
- you work for a temporary employment agency;
- unemployment is a regular feature of your particular job; or
- you are currently unable to work due to a disability. This clause does not apply if you are on maternity leave.

5. THE NUMBER OF PEOPLE WHO CAN BE INSURED (THE BENEFIT SPLIT)

- If your mortgage is in your name only, or you have a joint mortgage and you are the only person who is eligible for cover, we will issue single cover in your name and you will be insured for 100% of the monthly benefit.
- If your mortgage is in joint names and both of you are eligible for cover, you have the following options:
 - you can take out single cover in your name and you will be insured for 100% of the monthly benefit (subject to you being the main income earner); or,
 - you can take out split cover and you will both be insured for a percentage of the monthly benefit. If you make a claim, we will divide your monthly benefit in the same percentage as the normal income of each person at the start of the claim.

Important note - the restriction relating to the main income earner for single cover will be waived if both parties to the mortgage wish to be insured for 100% of the monthly benefit and both parties take out individual cover by completing two separate proposals.

6. IMPORTANT FACTS YOU WILL NEED TO DISCLOSE BEFORE THE POLICY START DATE

In addition to the underwriting questions on your proposal, you must tell us if any of the following should apply:

- You cannot register as unemployed within the United Kingdom, Channel Islands or Isle of Man.
- You are employed on a fixed-term contract and you have less than 2 years service with your current employer.
- You are employed on a fixed-term contract and your contract has six months or less to run.
- You are aware of any proposed redundancies or reorganisation in the business you work for.
- You are aware of any financial or contractual threat to the business you work for.
- Unemployment is a regular feature of your particular job.
- You have a pre-existing medical condition.
- You are currently unable to work because of a disability (including any maternity leave).
- You are taking out the policy to protect an existing mortgage and you are in arrears with your mortgage payments.
- You are using your mortgage for commercial purposes (including buy to let mortgages).
- You are not living in the property named on your proposal.
- You are acting as a guarantor on the mortgage (even if you are named on the mortgage agreement).
- You already have unemployment and/or disability insurance.

7. THE PAYMENT OF PREMIUMS

Premiums are payable monthly in advance by direct debit. If you are making a claim under the policy, you must continue to pay your premium as it falls due. We will increase your monthly benefit to reimburse any premium you pay during a period of claim. We can change your premium by giving you 30 days notice in writing. The premium includes Insurance Premium Tax at the current rate. If we are required by law to increase the level of Insurance Premium Tax or to make any other charges, we will increase your premium from the date any such charges are implemented.

8. WHEN WE WILL TREAT YOU AS BEING EMPLOYED OR SELF EMPLOYED

- **Employed** – means, you currently work for an employer who is deducting the appropriate PAYE tax and national insurance contributions from your gross monthly income and:
 - your work is permanent, or
 - you work on a fixed term contract and you have at least two years continuous service. If you work on a fixed term contract and you have less than two years continuous service, you are not insured against the non renewal of your contract and any entitlement to monthly benefit will end on the date that your contract was originally intended to terminate.
- **Self employed** – means, you are one of the following:
 - classed for Income Tax purposes as schedule D and you make Class-2 national insurance contributions;
 - a proprietor of the business you work for (either alone or with others, except as a shareholder);

- a controlling director of the business you work for (you own more than 20% of the issued shares); or,
- a relative of a proprietor or a controlling director of the business you work for. **Relative** - means spouse, partner, or any immediate family member related to you by blood, marriage or law).

9. WHEN WE WILL TREAT YOU AS BEING UNEMPLOYED

- **Employed** – we will treat you as being unemployed, if your current employment has been totally and permanently terminated by your employer due to circumstances beyond your control.
- **Self-employed** – we will treat you as being unemployed, if the business you work for has totally and permanently ceased to trade due to circumstances beyond your control, or the control of any other director or partner.

If you become unemployed - then, subject to the policy exclusions, we will pay out for unemployment if:

- you are entirely without work and you are not doing any job (either employed or self-employed) for any form of payment or reward;
- you are registered as being unemployed and available for work at an appropriate benefits office (unless you are exempt); and
- you can provide us with satisfactory independent evidence that you are actively looking for permanent work.

We will consider the first day of your unemployment to be the date on which you are first registered as being unemployed and available for work at an appropriate benefits office (unless you are exempt) and you are receiving (at least) national insurance credits. If you are receiving payment in lieu of notice, the qualification period you have selected will not begin until any payment in lieu of notice period you are required to give or receive under your contract of employment has ended.

10. WHAT PREVENTS US PAYING OUT FOR UNEMPLOYMENT (THE EXCLUSIONS)

We will not pay out for unemployment if any of the following should apply.

- You do not tell us about your claim within six months of the event.
- You knew before the policy start date of any circumstances that could result in you becoming unemployed or, in our reasonable opinion, you should have known.
- Your unemployment occurs within the exclusion period or, you are told within the exclusion period about any future unemployment, even if your unemployment does not occur until after the exclusion period has ended.
- You were not in continuous work for six months immediately before your first claim for unemployment. This exclusion will be waived if you were in continuous work for six months immediately before the policy start date.
- Your work is of a casual, temporary or seasonal nature (including any work for a temporary employment agency).
- Unemployment is a regular feature of your particular job.
- Your unemployment occurs as a result of:
 - your resignation, retirement or voluntary unemployment;
 - you accepting early retirement in lieu of unemployment;
 - your misconduct, including any fraud, dishonesty, breach of contract or any other circumstance that led to your employer taking disciplinary action against you;
 - your failure to meet any of the performance standards or targets laid down by your employer;
 - your participation in any industrial action; or
 - your apprenticeship or training contract coming to an end.
- Your unemployment occurs as a direct result of civil unrest, war, radioactive contamination or any other related event.
- Your unemployment occurs while you are working away from the United Kingdom, Channel Islands or Isle of Man for more than 90 days in a row. This clause will not apply if you:
 - work for the British Armed Forces;
 - work as a Civil Servant in a British Embassy or Consulate; or
 - are subsequently required by your employer to work at another location within the European Union.
- You are receiving payment in lieu of notice.
- You are doing any job (either employed or self-employed) for any form of payment or reward.
- Your unemployment occurs as a result of a disability.

11. WHEN WE WILL TREAT YOU AS BEING DISABLED

- **Employed & Self-employed** - we will treat you as being disabled if you suffer an accident or sickness and a doctor or consultant confirms that the condition prevents you from doing your normal work or any other work you are reasonably able to do given your experience, education or training.

If you become disabled - then, subject to the policy exclusions, we will pay out for disability if:

- you were actively working when your disability occurred;
- you cannot work as a direct result of the disability you are claiming for and you are not receiving any form of payment or reward (other than your normal or statutory sick pay entitlement); and
- you are under the regular care and attendance of a doctor or consultant.

We will consider the first day of your disability to be the date on which a doctor or consultant first certifies that you are unable to work due to the disability you are claiming for.

12. WHAT PREVENTS THE POLICY PAYING OUT FOR DISABILITY (THE EXCLUSIONS)

We will not pay out for disability if any of the following should apply.

- You do not tell us about your claim within six months of the event.
- You knew before the policy start date of any circumstance that could result in you becoming disabled or, in our reasonable opinion, you should have known.
- Your disability is caused by a self-inflicted injury, alcohol abuse, drug abuse or you fail to follow any medical advice.
- Your disability is caused by stress, anxiety, depression or any other nervous disorder. This exclusion will be waived if a suitably qualified consultant certifies that the condition prevents you from working.
- Your disability is caused by a pre-existing condition.
- Your disability is caused by pregnancy or any normal pregnancy related condition (other than a medical complication which happens as a result of your pregnancy).
- Your disability is caused by backache, or any other back related condition, where there is no physical or radiological evidence of a medical abnormality. This exclusion will be waived if a suitably qualified consultant certifies that the condition prevents you from working.
- Your disability arises from any operation or treatment which is not medically necessary (including cosmetic or beauty treatment).
- You are doing any job for payment or reward or, you are receiving any form of payment or reward for managing or carrying out any part of the day to day running of your business.
- Your disability is caused by any of the unemployment exclusions.

13. GENERAL CONDITIONS FOR MAKING A CLAIM

- The policy only pays out if:
 - your unemployment or disability occurs between the start date and the end date of the policy;
 - you meet all the policy conditions for making a claim;
 - you have paid all your premiums; and
 - you give us all the evidence we need to check your claim.
- You cannot claim for unemployment and disability at the same time.
- You cannot alter your cover under the policy during a period of claim.
- If you restrict your insurance to unemployment only or disability only cover, we will only pay for a claim arising from the specific type of cover you have selected.
- We will reduce your monthly benefit if it is more than 65% of your normal income.
- If you have any other unemployment or disability insurance, we reserve the right to reduce your monthly benefit payment by an amount equal to the benefits you receive under that insurance.
- You can transfer a claim between unemployment and disability (or vice versa) but if you do, we will not pay more than 12 monthly benefit payments in total for that period of claim.
- You can make a completely new claim as long as you have returned to work for at least 90 days in a row. Two claims that are separated by less than 90 days continuous work are treated as being the same period of claim and you will only be entitled to receive the balance of any monthly benefit payments that are left over from the previous period of claim. This period is reduced to 30 days continuous work for any claim that arises from a medical condition that is not related to the disability that brought about the previous claim.
- We will not pay out any monthly benefit if you fail to tell us about any important facts.
- If you are making a claim for unemployment and you are offered a temporary job, you can suspend your claim provided that:
 - you tell us in advance who you will be working for;
 - your temporary job lasts for at least one week and no longer than six months in a row; and
 - you do not have more than three separate temporary jobs during any one period of claim.

14. WHEN CLAIMS BECOME DUE FOR PAYMENT

The period of time you will have to wait before you can start to receive any claim benefits will depend on the qualification period option you have selected. Details of how the different qualification period options will affect the payment of claim benefits are provided below:

- **Back to Day One cover with a 30 day qualification period** - if you choose this qualification period option, we will not pay any monthly benefit if your unemployment or disability lasts for less than 30 days in a row. If your

unemployment or disability lasts for at least 30 days in a row, we will pay an amount equal to one monthly benefit payment on the 31st day. From the 31st day onwards, we will pay an amount equal to 1/30th of the monthly benefit for each day you are still unemployed or disabled and this will be paid monthly in arrears.

- **Back to Day One cover with a 60 day qualification period** - if you choose this qualification period option, we will not pay any monthly benefit if your unemployment or disability lasts for less than 60 days in a row. If your unemployment or disability lasts for at least 60 days in a row, we will pay an amount equal to two monthly benefit payments on the 61st day. From the 61st day onwards, we will pay an amount equal to 1/30th of the monthly benefit for each day you are still unemployed or disabled and this will be paid monthly in arrears.
- **30-day excess period** - if you choose this qualification period option, we will not pay any monthly benefit for the first 30 days of your unemployment or disability. From the 31st day onwards, we will pay an amount equal to 1/30th of the monthly benefit for each day you are still unemployed or disabled. This will be paid monthly in arrears and the first payment is made on the 61st day.
- **60-day excess period** - if you choose this qualification period option, we will not pay any monthly benefit for the first 60 days of your unemployment or disability. From the 61st day onwards, we will pay an amount equal to 1/30th of the monthly benefit for each day you are still unemployed or disabled. This will be paid monthly in arrears and the first payment is made on the 91st day.

15. WHEN CLAIM PAYMENTS WILL STOP

Claim payments will stop on the first of the following events:

- the date on which your unemployment or disability ends;
- the date on which you stop giving us satisfactory evidence that you are still unemployed or disabled;
- the date on which you stop giving us satisfactory evidence that you meet the policy conditions for making a claim;
- the date on which we have made 12 monthly benefit payments for any one claim; or
- the end date of the policy.

16. CANCELLATION RIGHTS UNDER THE POLICY

You can cancel the policy by writing to us and your cover will end on the date we receive your written request. If you cancel your cover within 30 days of the policy start date, we will refund any premium you have paid.

We will not refund any premium if you cancel your cover more than 30 days after the policy start date. We can cancel your cover by giving you 90 days written notice. This will not affect your right to receive claim benefits for any unemployment or disability that occurred before the cancellation date.

17. WHEN COVER UNDER THE POLICY WILL TERMINATE (THE END DATE)

Cover will end on the first of the following events:

- the date on which you die;
- the date on which you retire from work or reach the age of 65;
- the date on which your mortgage comes to an end (unless we have agreed to transfer your cover);
- the date on which your home becomes the subject of repossession proceedings in a county court or high court;
- the date on which your premium is more than 30 days overdue;
- the date on which you no longer reside in the United Kingdom, Channel Islands or Isle of Man; or
- the date on which you or we cancel the policy.

18. ACCESS TO MEDICAL RECORDS

We may ask the doctor or consultant who is caring for you to fill in a medical report so we can deal with your proposal for this insurance. To do this, we need your permission by signing the Access to Medical Reports Act 1988 (in Northern Ireland The Access to Personal Files and Medical Reports (Northern Ireland) Order 1991) declaration contained on the proposal.

You do not have to give your permission to our Chief Medical Officer being given the report. However, under these circumstances, we may be unable to process your proposal. If you give your permission, you have the right to tell your doctor or consultant that you want to see the report before it is sent to us. In this case, your doctor or consultant cannot send it to us unless you have either seen the report or 21 days have passed without you contacting your doctor or consultant to arrange to see the report.

If at first you decide that you do not want to see the report but you change your mind before your doctor or consultant sends us the report, you can tell your doctor or consultant. You will then have 21 days to see the report. We may not be able to go ahead with your proposal without medical information. As a result, the sooner you act, the quicker we can consider your proposal for this insurance. Whether or not you ask to see the report before it is sent to us, your doctor or

consultant, if you ask, must let you see a copy for up to six months after they send it to us. If you ask for a copy of the report, your doctor or consultant may charge a reasonable fee to cover the cost.

If you see the report before it is sent to us, your doctor or consultant cannot send it to us until he or she has your permission. You can ask your doctor or consultant to change any part of the report, and if they refuse you can ask your doctor or consultant to send us a separate statement with the report giving the reasons why you consider it to be wrong or misleading. Your doctor or consultant can refuse to let you see any part of the report that in his or her opinion would be likely to cause you or others any physical or mental harm. They can refuse if any part of the report may reveal information about another person unless that person gives permission or has cared for you in a professional way. In these cases, your doctor or consultant must tell you. You could then see any other part of the report. If it is the whole report that is affected, your doctor or consultant must not send it to us unless you give your permission.

19. DATA PROTECTION ACT NOTIFICATION

We may use the personal details provided by you (or any third party) to:

- give you quotations and administer your policy;
- support the development of our business by including your details in client surveys; and
- assist in market research.

We may share these details with other insurance organisations to help offset risks, administer your policy, handle claims and prevent fraud.

We have set procedures in place to ensure that confidential information about you (including medical and lifestyle) is held securely. We will store your details on computer but will not keep them for longer than necessary. Under the terms of the Data Protection Act 1998 you are entitled to a copy of all the information we hold about you. If you do request a copy, we may charge you a reasonable fee.

20. WHAT YOU SHOULD DO IF YOU HAVE A COMPLAINT

Our aim is to provide you with a first-class standard of service. If you do have a complaint, please write to:

- The Managing Director: Paymentsshield Limited, PO Box 313, Southport PR9 9WZ.
Phone: 0870 759 4010. Fax: 0870 759 4011.

21. THE INSURER AND ADMINISTRATOR

This policy is underwritten by one of our panel insurers. The insurer who underwrites your cover under the policy will be shown on the certificate of insurance we will send you.

All our panel insurers are members of the Financial Ombudsman Service and the Association of British Insurers.

The policy administrator is Paymentsshield Limited.

Within this key features document, the words we, us and our, relates specifically to Paymentsshield Limited acting for and on behalf of the appropriate insurer.

22. ENQUIRIES AND ASSISTANCE

If you have a question about the type of cover we provide under this policy or you would like a copy of the full policy conditions, please contact our Sales Department on 0870 759 4010.

Once we have received and accepted your application for cover, we will send you a personalised certificate showing the type and level of cover you have selected. We will also send you a copy of the full policy conditions.