

A quick guide to Loan Protection Insurance



Lloyds TSB
Insurance

Loan Protection Insurance Policy Summary

What is loan protection insurance?

Loan protection insurance, which is optional and not a condition of taking out the loan, may enable you to meet your monthly loan repayments in the event of your unemployment, accident or sickness. It may also provide you with critical illness cover, life cover and hospitalisation cover. This is a summary of the cover that your loan protection insurance policy provides. It does not contain the full terms and conditions of your loan protection insurance policy, which can be found in your policy document.

Who are the insurers?

For Loan Protection Insurance Policies purchased on or before 31 December 2006, your Loan Protection Insurance Policy is underwritten by Lloyds TSB General Insurance Limited and The Prudential Assurance Company Limited. For Loan Protection Insurance Policies purchased on or after 1 January 2007, your Loan Protection Insurance Policy is underwritten by Lloyds TSB General Insurance Limited and Scottish Widows plc.

Are you eligible for loan protection insurance?

You are eligible if on the date that you sign your loan agreement you are:

- 18 or over and under 75 throughout the term of your loan agreement, and
- either employed (including self-employed), retired or a non-employed person (choosing not to work), and
- resident in the UK, Channel Islands or the Isle of Man, and
- signing your loan agreement as a private individual and not as a business, and
- the first named person on the loan agreement if your loan is in joint names, and
- none of the points below apply to you.

You are not eligible if on the date that you sign your loan agreement you are:

- unemployed, or
- in receipt of Incapacity Benefit from the relevant government authority, or
- acting as a guarantor, or
- solely a student and not working.

Please note that the loan protection insurance policy is only available for a loan of £25,000 or less (not including the premium for the loan protection insurance policy).

If you are sick, or injured through an accident when you sign your loan agreement:

- If you are employed, your cover will not begin until you have returned to work for at least 14 consecutive days.
- If you are retired or a non-employed person (choosing not to work), your cover will not begin until you have recovered from your accident or sickness for at least 14 consecutive days.

If you are aged 60 or over when you sign your loan agreement:

- Your loan protection insurance policy will be limited to a maximum term of 10 years.

What are the significant features and benefits of the loan protection insurance?

Policy benefits at a glance

This table briefly outlines the cover you may be eligible for under your loan protection insurance policy and how any change in your circumstances or age may affect it.

If at the point of claim you are:	Unemployment Cover	Positive Job Solutions	Accident or Sickness Cover	Plus bonus 10% cash payment	Critical Illness Cover	Hospitalisation Cover	Life Cover
Under 65 and have been employed (including self-employed) for 16 hours or <u>more</u> a week.	✓	✓	✓	✗	✓	✗	✓
Under 65 and: <ul style="list-style-type: none"> employed (including self-employed) for <u>less</u> than 16 hours a week, or a non-employed person (choosing not to work), or retired. 	✗	✓	✓	✓	✓	✓	✓
65 or over.	✗	✓	✗	✗	✓	✓	✓

If your circumstances change during the term of your loan agreement, it may affect the benefits that you are eligible for under your loan protection insurance policy.

For example, if, while claiming, you reach the age of 65, any unemployment or accident or sickness benefit payments will stop.

If, whilst claiming, your circumstances change so that a different benefit may be more appropriate, we may re-assess the basis on which we pay your claim.

i Please refer to your policy document for full details:

Unemployment cover	page 18
Accident or sickness cover	page 23

Summary of features and benefits

Unemployment cover

If, during the term of your loan protection insurance policy you are unemployed for 15 consecutive days or more you could claim against this cover.

This cover provides a monthly benefit equal to the monthly repayment under your loan agreement. Unemployment cover is subject to a maximum of 12 monthly benefit payments per claim.

Any subsequent unemployment claim must be preceded by a period of six months in continuous active employment of 16 hours or more per week.

Accident or sickness cover

If, during the term of your loan protection insurance policy you are employed and off work due to accident or sickness for 15 consecutive days or more, or non-employed (choosing not to work) or retired and would be considered unable to perform the duties of a retail shop assistant due to accident or sickness for 15 consecutive days or more, you could claim against this cover.

This cover provides a monthly benefit equal to the monthly repayment under your loan agreement.

Critical illness cover

If, during the term of your loan protection insurance policy you are diagnosed by a doctor as suffering from, or you need an operation for, a specified critical illness (for a full explanation of specified critical illnesses, please refer to pages 4 and 5 of your policy document) you could claim against this cover.

This cover provides a benefit equal to the total loan amount (this is the original amount borrowed including any loan protection insurance premium) or the amount you still owe under your loan agreement (less any arrears), whichever is the greater.

Hospitalisation cover

If, during the term of your loan protection insurance policy you have to stay in hospital for three consecutive nights or more, you could claim against this cover. This cover provides a benefit of £25 for an in-patient stay of three consecutive nights in hospital, and £25 per night for each subsequent night's stay as an in-patient for the same condition or related condition, which need not be consecutive. You are able to claim for a maximum of 365 nights per condition.

Life cover

If, during the term of your loan protection insurance policy you die, life cover provides a benefit equal to the total loan amount (this is the original amount borrowed including any loan protection insurance premium) or the amount you still owe under your loan agreement (less any arrears), whichever is the greater.

What am I not covered for?

There are certain situations that you are not covered for. Full details of these are set out in your policy document.

The significant and unusual exclusions are set out below. There may be other exclusions that are relevant to you so you need to check the exclusions sections of your policy document for a full list of exclusions.

You will not be covered for Unemployment:

- where you are 65 or over
- if you have not been employed for at least 16 hours per week and have not been paying the correct tax or National Insurance contributions immediately prior to your claim
- if you have not been continuously employed for at least 16 hours per week for a minimum period of six months either at the time of signing your loan agreement or during the term of your loan protection insurance policy
- where you are not meeting the Jobseeker's Agreement within the UK, or equivalent agreements within Northern Ireland, the Channel Islands or an EU member state

What am I not covered for? (continued)

You will not be covered for Unemployment (continued):

- lasting for less than 15 complete and consecutive days
- which immediately follows a period of casual or temporary work or unemployment which is normal in your line of work (e.g. seasonal or where your contract is for a specific task)
- which results from the end of a fixed-term contract, unless certain conditions are met (for full details, please refer to the unemployment exclusions on pages 16 and 17 of your policy document)
- which you are notified of, or which begins within 30 days of you signing your loan agreement
- which you were aware of, or should reasonably have known about, when you signed your loan agreement
- due to any pre-existing condition. However a claim may be accepted if you remain symptom free and have not consulted a doctor or received treatment for the condition for a full 24 months prior to your claim. (For a full explanation of pre-existing conditions please refer to the Definitions on page 6 of your policy document)
- during any deferred period or the calendar month during which you have taken a repayment holiday.

i Please refer to your policy document for a full list of exclusions, in particular:

Unemployment cover

pages 16 and 17

You will not be covered for Accident or sickness:

- where you are 65 or over
- if you are solely a student and not working
- whilst you are unemployed, unless you are already claiming unemployment benefit under your loan protection insurance policy
- lasting for less than 15 complete and consecutive days
- due to any pre-existing condition. However a claim may be accepted if you remain symptom free and have not consulted a doctor or received treatment for the condition for a full 24 months prior to your claim. (For a full explanation of pre-existing conditions, please refer to the Definitions on page 6 of your policy document)
- during any deferred period or the calendar month during which you have taken a repayment holiday.

i Please refer to your policy document for a full list of exclusions, in particular:

Accident or sickness cover

pages 21 and 22

You will not be covered for Critical illness:

- due to any pre-existing condition. However a claim may be accepted if you remain symptom free and have not consulted a doctor or received treatment for the condition for a full 24 months prior to your claim. (For a full explanation of pre-existing conditions, please refer to the Definitions on page 6 of your policy document).

i Please refer to your policy document for a full list of exclusions, in particular:

Critical illness cover **pages 24 and 25**

You will not be covered for Hospitalisation:

- whilst you are employed for 16 hours or more per week
- if you are solely a student and not working
- whilst you are unemployed
- lasting for less than three consecutive nights, unless you have already spent three consecutive nights in hospital for the same condition during the period of your insurance
- which was impending, i.e. which you were aware of when you signed your loan agreement
- due to any pre-existing condition. However a claim may be accepted if you remain symptom free and have not consulted a doctor or received treatment for the condition for a full 24 months prior to your claim. (For a full explanation of pre-existing conditions, please refer to the Definitions on page 6 of your policy document)
- due to treatment or investigations relating to infertility or fertility
- spent in a convalescent, nursing or rest home, or similar section of a hospital
- during any deferred period or the calendar month during which you have taken a repayment holiday.

i Please refer to your policy document for a full list of exclusions, in particular:

Hospitalisation cover **pages 27 and 28**

You will not be covered for Life:**i For Life cover please refer to your policy document for a full list of exclusions, in particular:**

Life cover **page 29**

Important information

What if I am refinancing my Lloyds TSB loan(s)?

Where you have refinanced a Lloyds TSB personal loan that was covered by a loan protection insurance policy and you enter into a new loan protection insurance policy, you will be covered under the terms and conditions of your new loan protection insurance policy.

However, if you are unable to claim on your new loan protection insurance policy because:

- you have a pre-existing condition, or
 - you wish to claim for unemployment benefit but your unemployment began or you were notified of it within 30 days of signing your new loan agreement, or
 - you wish to claim for unemployment benefit but we believe you were aware of your unemployment or should reasonably have known about it when you signed your new loan agreement (whether or not you had received official notice),
- we will assess your claim under the terms and conditions of your previous loan protection insurance policy.

i Please refer to your policy document for full details, in particular:

Refinanced Loans

page 30

How long will my loan protection insurance policy last?

Cover starts on the date you sign your loan agreement and have agreed to pay the premium for your loan protection insurance policy and will end when the first of the following occurs:

- you reach the age of 75 (unless your loan agreement extends past your 75th birthday as a result of taking one or more repayment holidays during the term of your loan),
- your loan agreement terminates,
- the total loan amount or the amount you owe under your loan agreement (less any arrears) has been paid under a critical illness or life claim,
- you enter into an Individual Voluntary Arrangement in respect of your debts, or are made bankrupt, or
- your debt is transferred to another person.

How do I make a claim?

To register your claim:

Phone **0845 300 0123**

Fax **01633 468819**

Our lines are open from 8am to 8pm Monday to Friday or from 9am to 1pm on Saturdays.

How do I make a complaint?

If you have a complaint regarding your loan protection insurance policy, you should contact:

Post **Customer Care,
Lloyds TSB Insurance,
Tredegar Park, Newport,
South Wales NP10 8SB**

Phone **0845 300 5599**

Email **customer.care.insurance@lloydtsb.co.uk**

Fax **01633 468835**

Should you remain dissatisfied, you have the right to refer your complaint to:

Post **The Financial Ombudsman
Service (FOS),
South Quay Plaza,
183 Marsh Wall,
London E14 9SR**

Phone **0845 080 1800**

If you do contact the FOS, your actions will not affect your legal rights.

How do I pay the premium for this loan protection insurance policy?

You may pay for your loan protection insurance policy either by:

- adding the full cost of the premium to the amount you have borrowed and therefore repaying this amount over the term of the loan, or
- paying the full cost of the premium in cash.

Important information (continued)

What would happen if I take out cover and then change my mind?

If you decide that you don't want your loan protection insurance policy or it doesn't meet your needs, we will refund your money in full if you tell us this in writing within 30 days of signing your loan agreement and we haven't already paid a claim. The contract between you and us will then be treated as if it had never happened. Please write to us at:

Lloyds TSB Personal Loans Service Centre, Peterlee, County Durham SR8 2RS

If you want to cancel your Loan Protection Insurance after the first 30 days you may do this by:

- settling your loan early, in accordance with the terms of your Loan Agreement, or
- setting up a new loan without Loan Protection Insurance.

For full details, please refer to the section below entitled 'What would happen if I settle my loan early?'

i Please refer to your policy document for full details, in particular:

Are you eligible for a premium refund? page 32

What would happen if I settle my loan early?

If you settle your loan early a refund of part of your premium may be paid, provided we have not already paid a claim to you. The amount an insurer might have to pay in the event of a claim is greater at the beginning of a loan than at the end. This explains why a refund is not made on a pro-rata basis. This table provides examples of what the refund would be (the figures below are rounded to the nearest whole number).

	36 month loan	60 month loan	84 month loan
After 12 repayments	46%	65%	74%
After 18 repayments	25%	49%	62%
After 24 repayments	11%	34%	51%
After 36 repayments	0%	14%	31%
After 48 repayments	0%	4%	16%
After 60 repayments	0%	0%	7%

A standard administration fee of £45 will apply.

A refund will not be paid in the following circumstances:

- when the amount of any refund due is less than £10, or
- if you enter into an Individual Voluntary Arrangement in respect of your debts, or are made bankrupt, or
- if a claim has been paid, or
- if your debt is transferred to another person.

Would I receive compensation if the insurer were unable to meet its liabilities?

We are covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the FSCS if we cannot meet our obligations. This depends on the type of business and circumstances of the claim and would provide cover for 100% of the first £2,000 and 90% of the remainder of the claim without any upper limit. Further information about compensation scheme arrangements is available from the FSCS. Contact them at:

On-line www.fscs.org.uk

Phone **020 7892 7300**

Insurers

For Loan Protection Insurance Policies purchased on or before 31 December 2006, your Loan Protection Insurance Policy is underwritten by Lloyds TSB General Insurance Limited (Company No. 204373) and The Prudential Assurance Company Limited (Company No. 15454). For Loan Protection Insurance Policies purchased on or after 1 January 2007, your Loan Protection Insurance Policy is underwritten by Lloyds TSB General Insurance Limited (Company No. 204373) and Scottish Widows plc (Company No. 199549).

All of these insurers are authorised and regulated by the Financial Services Authority (FSA). The main business of Lloyds TSB General Insurance Limited and the Prudential Assurance Company Limited is insurance and the main business of Scottish Widows plc is life assurance, pensions and investments.

Lloyds TSB General Insurance Limited, registered in England: 25 Gresham Street, London EC2V 7HN. The Prudential Assurance Company Limited, registered in England, Laurence Pountney Hill, London EC4R 0HH. Scottish Widows plc registered in Scotland, registered office in the United Kingdom at 69 Morrison Street, Edinburgh EH3 8YF.

Choice of law

Unless we agree otherwise, English law will apply to your loan protection insurance policy.

Language

The language used in your policy document and any communications relating to it will be English.

Please note:

- We will provide cover during the period of your Loan Protection Insurance Policy according to the terms set out in this policy document in return for payment of the premium.
- Your policy cannot be transferred or the benefits assigned to anyone else.

What if I wish to request this booklet in an alternative format?

The information within this booklet is available in alternative formats such as Braille, cassette tape or large print.

Please call **0800 731 9046** if you wish to receive it in one of these formats and we will be happy to help.



Lloyds TSB

www.lloydstsb.com/insurance