

keyfacts[®]



Key Features of the Business Protection Plan

Life cover

This is an important document, which you should retain



About Legal & General

The Legal & General Group, established in 1836, is one of the UK's leading financial services companies. Over 6.5 million people rely on us for life assurance, pensions, investments and general insurance plans. The Legal & General Group is responsible for investing £287 billion worldwide (as at 30 June 2009) on behalf of investors, policyholders and shareholders.

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The Financial Services Authority is the independent financial services regulator. It requires us, Legal & General, to give you this important information to help you to decide whether our Business 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.

Introduction

We have designed our Business Protection Plan to help protect you and your business financially if the life assured dies or is diagnosed with a terminal illness.

We have tried to give you all the information about our products in clear and straightforward language. Where we've had to use a technical term we've highlighted this in blue and given a full explanation in our glossary on page 11.

Its aims

The plan aims to allow you to choose:

- the amount of cover;
- the period of cover; and
- the type of cover.

Your plan includes:

Life cover – pays out a lump sum or capital instalments paid over two, three or five years if you die or are diagnosed with a terminal illness.

If you choose decreasing cover, your cover reduces approximately in line with the outstanding loan amount.

Your commitment

You must:

- Provide us with all the relevant information we ask for when you take out the plan. If you don't, your plan may not pay out, and we might have to cancel your policy. Please don't assume that we'll write to your doctor, it's your responsibility to fill in the application form accurately.
- Truthfully provide all the information we ask for when you or your representatives make a claim. If you don't, your plan may not pay out and we might have to cancel your policy.
- Pay your premium monthly or annually by direct debit.
- Tell us if any of the following change between completing your application and when your plan starts:
 - Medical disclosures
 - Family history
 - Occupation
 - Travel or residence (except holidays)
 - Pastimes
 - Alcohol consumption
 - Start smoking
 - Use of recreational drugs, for example cocaine or heroin. Please note that these examples are not intended to be a complete list.

If you don't tell us about changes to any of the above, it could mean your plan won't pay out and we may have to cancel your policy.

We're here to help

If you've any queries, would like more information, or you would like this document in Braille, large print or audiotape, please contact our helpdesk on 0370 010 4080. We may record and monitor calls. Call charges will vary.

Risks

The plan carries the following risks:

- If you stop paying your premiums your cover will end 30 days after the first missed premium.
- If you don't truthfully provide all the information we request on your application or when you or your representative make a claim, we won't pay out under the plan.
- There are some circumstances when your plan won't pay out. These are described under 'When won't the plan pay out?' on page 6.
- The plan has no **cash in value** at any time.
- The present tax treatment may change.
- You should check that the plan **term** is long enough to cover the duration of your business loan term, otherwise you won't be fully protected.
- Your policy's conditions or benefits may be subject to **exclusions** after we **underwrite** your application. In that case, we'll include those exclusions in your policy document.
- We won't pay out a claim from a cause that we exclude in your policy document.

For decreasing cover

- If you've chosen decreasing cover there are some circumstances when the lump sum we pay will not be enough to pay off your mortgage in full. This could happen if the interest rate on your mortgage rises above the interest rate applied to your decreasing cover. (You can find the interest rate applied to your decreasing cover in your quote and in your policy document). This may also happen if you change the type or terms of your mortgage. For example if you change from a repayment mortgage to interest only mortgage.

What is Legal & General's Business Protection Plan?

Our Business Protection Plan is a long term insurance policy which you can tailor to meet your needs. You can choose:

- **The type of cover you need** – your plan includes:
 - **Life cover** – pays out a lump sum or capital instalments if the insured person dies. You can choose either level or decreasing cover. The capital instalment option isn't available with decreasing cover.
 - **Terminal illness cover** – life cover automatically includes terminal illness cover. This means we'll pay the lump sum if the insured person is diagnosed as being terminally ill and is eligible to claim, with a life expectancy of less than 12 months. Once we've accepted a claim for terminal illness cover the plan will end. This cover doesn't apply during the plan's last 18 months and isn't available on plans with a **term** of less than two years.
- **The level of cover you need** – this is the lump sum or capital instalments that we pay out for a valid claim.
- **How long the cover lasts** – the table below gives details of the minimum and maximum **term**, as well as maximum ages.
 - After we've paid the lump sum or capital instalments, your policy ends and you pay no more premiums.

Business Protection Plan products	Minimum term	Maximum term	Your plan must end before age
Level life cover	1 year*	40 years	80
Decreasing life cover	5 years	40 years	80

*If a one year **term** is chosen then terminal illness cover doesn't apply.

How much does the plan cost?

Your premium depends on several factors:

- Your personal circumstances, for example, your age, health, sex, occupation and whether or not you smoke.
- The amount and type of cover you choose.
- How long you want your cover to last.

You can pay your premium monthly or annually by direct debit to maintain your cover. If you stop paying your premiums, your cover will end 30 days after your first missed premium. The plan has no **cash in value** at any time.

How much does the plan pay out?

Your plan pays out a lump sum. You decide how much this is when you take the plan out.

For level life cover the plan can pay out a lump sum or in capital instalments over two, three or five years. The capital instalments option must be chosen at the start of the plan.

The plan pays out the main benefit once and then all cover ends. We produce a **personal illustration** to show you your period of cover, the type and amount of cover you've chosen and your premium.

What if I already have business protection?

If you already have business protection, please take financial advice before cancelling your existing policies. Your financial adviser can help you decide what best suits your needs.

Who receives the benefit?

This will depend on who owns the plan. For instance, under a key persons plan, the money will be paid to the limited company/partnership who effected the plan.

Under a **Directors'** or Partners' Share Protection Plan, the policy will probably be written in trust, so the benefit will be paid to the trustees who must pass the money to the surviving **directors** or partners.

For business loan protection, if the company/partnership owns the plan the money will be paid to the company.

Full details can be provided by your financial adviser.

Who can the plan cover?

You can apply for the plan to cover:

- yourself for the benefit of your partners'/**directors'** or to cover a business loan; or
- a key person(s) - a company/partnership can insure one or two of its employees.

If the plan covers two people it will only pay out once. This would be when the first of these two people dies or has a valid terminal illness claim.

Can I use business protection for key person protection?

Yes. Most companies rely heavily for success on a few key people within the organisation. If one of these people were to die or suffer a terminal illness, the company/partnership could suffer badly, with sales and profits falling. However, the company/partnership can take out life cover on the life of a key person. This means that if the key person died or become eligible for terminal illness benefit, the company/partnership would receive the sum assured. This would be payable in a lump sum or capital instalments over two, three or five years and could be used to help the business to recover.

Can I use business protection for directors'/partners' share protection?

Yes. Business partners and **directors** can suffer problems when a fellow partner or director dies, usually leaving his/her share of the business to his/her spouse, registered civil partner or estate. This means that the spouse, registered civil partner or estate may inherit part of a business that they have no interest in and which often has no cash value. By taking out life cover for the **director** or partner or estate the remaining **directors** or partners can ensure that they have the money available to buy the shares from the spouse, registered civil partner or estate.

Can I use business protection to protect a business loan?

Yes. Depending on the type of business loan or overdraft you have, you can set up life cover on a level or decreasing basis. This will help the company/partnership to repay an outstanding business overdraft, loan or commercial mortgage should the person or persons covered by the plan die, or become eligible for terminal illness benefit during the term of the plan.

When won't the plan pay out?

We won't pay a claim if:

- The policy has stopped because you haven't paid your premiums.
- You don't disclose all the relevant information that we ask for when you take out your plan. Please don't assume that we'll write to your doctor, it's your responsibility to complete the application form accurately. If you don't disclose all relevant information it may mean we cancel your cover.
- A claim is made and the person or people making the claim don't truthfully provide all the information we ask for. If this happens we may not pay your claim and we could cancel your policy.
- The cause of the claim is specifically excluded by any terms we apply to your plan when we accept your application. These will be shown in your policy document.
- You don't tell us if any of the following change between completing your application and when your plan starts:
 - Medical disclosures
 - Family history
 - Occupation
 - Travel or residence (except holidays)
 - Pastimes
 - Alcohol consumption
 - You start smoking
 - Use of recreational drugs for example cocaine or heroin. Please note that these examples are not intended to be a complete list.

If you don't tell us about any change before your plan starts your cover could be cancelled.

- The insured person commits suicide in the first year of the policy.

Further details of what is covered and any standard **exclusions** and restrictions are given in the policy provisions section of the policy document. This is made up of the policy schedule and the OLA (Ordinary Life Assurance) wrap.

What other options are available?

Some of the following benefits are optional. If required, you must choose them at the start of the plan, and there may be an additional cost. We'll show full details of any extra benefits in your policy document. Your **personal illustration** shows any options or benefits included in your plan and their cost. For full details, either ask your financial adviser or contact us.

Capital instalment option

If this option is selected at outset and a valid claim is made, the instalments can be paid over two, three or five years or commuted to a lump sum based on an interest rate set by us at the time.

This option isn't available if decreasing cover is chosen.

Waiver of premium benefit

This benefit pays your premiums if you're in gainful employment and you're too ill to undertake your normal occupation for six months or more due to incapacity caused by illness or injury. Although you'll have to pay your premiums at first, after 26 weeks of incapacity when you can't work, we'll waive your premiums.

We'll continue to waive premiums until the first of the following events:

- you're fit to return to work;
- you reach the end of your policy;
- your 60th birthday; or
- you die.

Indexation

This helps your cover keep up with inflation. The premiums and life cover increase in line with the [Retail Prices Index](#) each year, up to 10% in any one year. This option is only available if we accept your application at normal rates.

If you choose to include the indexation option, you must select it at the start of your plan. Then, each year, we'll give you the opportunity to increase your cover regularly. If you decline the option at any time, we won't offer it again. This option isn't available if you choose decreasing cover.

Option to increase the amount of cover you have later on during the plan (guaranteed insurability option)

You can increase the amount of cover later on without further medical evidence up to certain limits. This is your guaranteed insurability option.

You can do this if:

- you increase the business loan;
- the value of the key person to the business increases; or
- a working partners' or [directors'](#) interest in the business increases in value.

For your policy to include the guaranteed insurability option, the policy must be accepted on [standard terms and normal rates](#) before the insured persons 45th birthday. You must choose to use this option before the insured persons 50th birthday (older life for joint life policies).

If you do choose this option we won't ask any more medical questions, and the rates at the time of the increase will apply. We set out the limits which apply in your policy document. Your financial adviser can give you more details.

Accidental death benefit

Accidental death benefit provides you with life cover while we're processing your application. We provide this cover free of charge and without the need for any underwriting. It'll cover the insured person if they die following an accident. The amount of cover will be the amount of life cover you have applied for or £300,000, whichever is the lowest. The cover will start when we receive a completed

application form. It will last for 90 days or until we accept, postpone or decline your application or you notify us that you don't wish to proceed with your application, whichever occurs first. In the event of a claim, the benefit will only be paid out once. This will be either under the accidental death benefit or the protection policy itself. No further benefit will be payable. Terms and conditions apply.

Your [personal illustration](#) shows whether any of these options have been included in your plan.

After the plan starts is there anything I need to do?

If your plan includes waiver of premium benefit and you move abroad, you should check your policy conditions as your cover may be affected.

When will my cover start?

You can choose when you want your plan to start and the amount of benefit you require.

Will my payments ever change?

We guarantee your premium. This means that your monthly or annual payment will stay the same throughout your plan's [term](#).

Your premium will change if you:

- increase the amount of cover by exercising your guaranteed insurability option; or
- choose the indexation option.

What happens if the insured person moves abroad?

We can usually only offer cover to applicants who live in England, Scotland, Wales or Northern Ireland when the policy starts, provided they have no plans to move outside these areas.

For life cover

If you take out a life policy with us and the insured person moves abroad later on during the term of the plan, the cover will continue as long as you carry on paying your premiums.

For waiver of premium

If they live outside any EU country for more than three months we reserve the right to decline any claim and we may cancel the policy.

What are the charges?

The premium payments shown in your illustration include all the costs of administration, underwriting, claims, commission and selling.

What if I'm not sure if this product is suitable for me?

If you have any doubt about whether this product is suitable for you, please contact us or your financial adviser. We can only advise on our own life assurance and investment products.

Making a claim

If you or your representatives need to make a claim, please write to us at:

Claims Department

Legal & General Assurance Society Limited

City Park

The Droveaway

Hove

East Sussex

BN3 7PY

When we receive notification of a claim, we'll send you or your representatives a claim form to complete and return to us. We may ask you to provide us with certificates or other evidence that we need.

For waiver of premium claims we may ask you to have a medical examination.

To make a valid terminal illness claim your life expectancy, both in the opinion of an attending consultant and our Chief Medical Officer, is less than 12 months.

Further information

Your cancellation rights

After we have accepted your application, we'll send you a notice of your right to cancel. By law we must send you this notice. We then give you 30 days to change your mind about starting the plan. If you do change your mind, you need to send the notice back to us at:

Life Premium Collections - Cancellations
Legal & General Assurance Society Limited
City Park
The Droveaway
Hove
East Sussex
BN3 7PY

and we'll then cancel the plan. If you do this, we'll refund any premiums you have paid.

If you don't take this opportunity to cancel and you want to do so at a later stage, you may not get any money back. If you want to cancel at a later stage, please write to the address above.

Complaints

If you wish to complain about the service you've received from us or you'd like us to send you a copy of our internal complaint handling procedure, please contact our helpdesk on 0370 010 4080. We may record and monitor calls. Call charges will vary.

Alternatively you can write to us at:

Complaints Department
Legal & General Assurance Society Limited
Knox Court
10 Fitzalan Place
Cardiff
CF24 0TL

If you remain dissatisfied, you can complain to:

The Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London
E14 9SR

Telephone: 0845 080 1800

Email:

complaint.info@financial-ombudsman.org.uk

Website: www.financial-ombudsman.org.uk

Making a complaint will not affect your legal rights.

Client categorisation

If you buy this Legal & General product, we will treat you as a 'retail client'. There are various categories of client set out in the financial regulations. Being a retail client gives you the greatest level of protection under the regulations and ensures you get full information about any products you buy.

If, under the regulations, you are a professional client or eligible counterparty we will still treat you as a retail client, although this would not necessarily mean that you would be eligible to refer any complaints to the Financial Ombudsman Service or to make a claim under the Financial Services Compensation Scheme.

Conflicts of interest

During the term of your policy conflicts of interest may arise between you and us, our employees, our associated companies or our representatives. A conflict of interest is where our duties to you as a customer may conflict with what is best for ourselves.

To ensure we treat customers consistently and fairly, we have a policy on how to identify and manage these conflicts. A copy of the policy is available from our website at www.legalandgeneral.com/legal-security.

Law

This contract is governed by English law.

Language

We will communicate in English throughout the **term** of this contract. The terms and conditions and all communications will only be available in English. All communications from us will normally be by letter or telephone.

The Financial Services Compensation Scheme (FSCS)

The Financial Services Compensation Scheme covers the policies issued by us. You may be entitled to compensation from the scheme if we can't meet our obligations. This depends on the type of business and the circumstances of the claim.

The Financial Services Compensation Scheme may arrange to transfer your policy to another insurer, provide a new policy or if these actions are not possible, provide compensation. For all products in this key features brochure the first £2,000 of any claim is protected in full. Above this amount, the scheme covers payment to 90% of the value of the policy. However, from 1 January 2010, this limit is changing to cover 90% of the whole claim.

You can get more information from the Financial Services Compensation Scheme at:
7th Floor
Lloyds Chambers
1 Portsoken Street
London E1 8BN
Telephone: 020 7892 7300
Email: enquiries@fscs.org.uk
Website: www.fscs.org.uk

Tax

The proceeds from this plan are free from UK income tax and capital gains tax.

However, for life insurance, as we pay the proceeds after the death of an insured person, inheritance tax may be due on the benefits paid. You may be able to avoid inheritance tax by using an appropriate trust. Ask your financial adviser for more details. The Government may change the tax position described above.

Our regulator

We are authorised and regulated by the Financial Services Authority. We are entered on their register under number 117659. You can check this at www.fsa.gov.uk/register/ or telephone them on 0300 500 5000 or write to them at: 25 The North Colonnade, Canary Wharf, London E14 5HS.

Please note

This is a guide to our Business Protection Plan and is based on our understanding of current laws and tax rules. Further details are given in the plan schedule and the policy document. You should get expert advice about the legal and tax information in this leaflet.

Glossary

Cash in value – certain plans have a ‘cash in value’ which means that you receive some money back if you cancel your plan.

Director – a shareholding director in a registered company.

Exclusions – if we apply an exclusion to your policy, this means we won’t cover you for a particular condition. If you’re disabled or incapacitated due to this condition you won’t be able to make a claim.

Personal illustration – this is the document provided before you take out your plan that details the exact plan, your premium and the options you’ve chosen.

Retail Prices Index – a way of measuring the impact of inflation which is set by the Government. We use this rate to calculate any increases in your premiums and sum assured if you’ve selected the indexation option.

Standard terms and normal rates – where no individual exclusions or premium increases are applied to your plan.

Term – how long your plan lasts.

Underwrite – the process your application goes through to allow us to assess any risks and to decide how much your premiums will be.

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This is also our head office in the United Kingdom
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