

IMPORTANT INFORMATION

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Key features of the Mortgage Protection Plan

Life cover

Life and critical illness cover

Critical illness cover

Mortgage Payment Insurance
and unemployment 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 £280 billion worldwide (as at 31 December 2008) 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 Mortgage 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 Mortgage Protection Plan to help protect you and your family financially if you die or are diagnosed with a terminal illness or a critical illness (if this cover is chosen). It can also help you with your monthly mortgage payments if you can't work due to incapacity caused by an illness or accident resulting in a loss of earnings.

You can choose various options to suit you, from specific benefits to full cover. Your adviser can explain all the options to you.

In this key features brochure we've 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 ***bold italics*** and given a full explanation in our glossary on page 19.

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 can include one or more of the following:

Life cover – pays out a lump sum if you die or are diagnosed with a terminal illness.

Critical illness cover or life and critical illness cover – pays out a lump sum if you die or are diagnosed with a terminal or critical illness. We only cover the critical illnesses we define in our policy. For more details on this type of cover, please see 'What is Legal & General's Mortgage Protection Plan?' on page 5.

For life cover, critical illness cover and life and critical illness cover – if you choose decreasing cover, your cover reduces approximately in line with the outstanding amount on a repayment mortgage.

Mortgage Payment Insurance – pays out a monthly benefit which can help to pay your mortgage if you can't work due to incapacity caused by illness or accident resulting in a loss of earnings. You can only take this policy out to help protect a new mortgage, remortgage or a further mortgage on your existing mortgage.

Unemployment cover – pays a monthly benefit for up to 365 days if you become unemployed through no fault of your own. You can only choose this option if you've chosen Mortgage Payment Insurance.

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.

Your commitment

For all types of cover

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. **Please note:** Unemployment cover is payable by monthly direct debit only.
- 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 as 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.

For Mortgage Payment Insurance

You must:

- Tell us about any claim within the time limits we set. You can find details of this in your policy document.
- Choose an appropriate level of cover for your needs and review it regularly to make sure you have enough for your needs, but not more than we will pay out.

Risks

The plan carries the following risks:

All types of cover

- 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 9.
- 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 mortgage 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.

For critical illness cover and life and critical illness cover

- If you have reviewable premiums, we'll review your plan every five years. At review, we may need to change your premium to maintain the initial level of cover. We'll tell you at least three months in advance if we are going to do this. See the 'Will my payments ever change?' section on page 14.

For Mortgage Payment Insurance/ unemployment cover

- If your mortgage payments to your lender don't move in line with our **stabilised interest rate**, the benefit might not be enough to cover your whole mortgage payment.
- If you don't review your cover regularly to keep it in line with your mortgage payments, it may be less than you need.
- In future, we'll review your premium payments. Please see the 'Will my payments ever change?' section on page 14. This may affect the level of cover.
- If your income doesn't support your chosen cover when you claim, we'll have to reduce your benefit. If this happens, we won't be able to give you back any of your premium payments.
- If you have Mortgage Payment Insurance and for example critical illness cover, you may be able to make a claim under both policies. In this instance you should consider how to use the benefit paid out carefully. This is because if you were to use the lump sum paid out under your critical illness cover to pay off any outstanding mortgage, you wouldn't then be able to claim a monthly benefit under your Mortgage Payment Insurance Plan.
- If you cancel your Mortgage Payment Insurance Plan, your unemployment cover will also be cancelled (if this option is chosen).
- If you choose unemployment cover, your premium isn't guaranteed. In future we may change the premium payments for people who've chosen this option because of factors such as claims costs. If this happens, we'll tell you at least 30 days before any premium change.
- The benefit we pay under the plan may affect your claim to some means tested State Benefits. However, it won't affect your entitlement to State Incapacity Benefit. (Please note these rules may change at any time.)
- If this cover isn't being used to help protect a new mortgage, remortgage or further mortgage on your existing mortgage, this will invalidate any claim made.

What is Legal & General's Mortgage Protection Plan?

Our Mortgage 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 can include one or more of the following:
 - **Life cover** – pays out a lump sum if you die. You can choose either level or decreasing cover.
 - **Terminal illness cover** – life cover automatically includes terminal illness cover. This means we'll pay the lump sum if you are diagnosed as being terminally ill and are eligible to claim, with a life expectancy of less than 12 months. Once we've accepted a claim for terminal illness cover your 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.
 - **Critical illness cover or life and critical illness cover** – pays a lump sum if you die or are diagnosed with a terminal or critical illness, and have a valid claim. We only cover the critical illnesses that meet our full policy definitions. You can choose either level or decreasing cover. The full list of critical illnesses we cover is shown on page 8.
 - **Mortgage Payment Insurance** – pays a monthly benefit to help pay your mortgage if, due to incapacity caused by illness or injury, you can't work resulting in a loss of earnings.

If you become unable to work, there's an initial period when we don't pay benefit which we call the **deferred period**. You can choose the deferred period to last either 4, 8, 13, 26 or 52 weeks. (The 4 week deferred period is only available for people with certain occupations.) The longer the deferred period, the less your policy will cost. When you choose your deferred period, you should allow for any earnings which you expect to continue after you stop working, such as sick pay. You should also consider how long you're prepared to live on your savings.

During a claim, you don't have to pay any premiums. See the 'Waiver of premium benefit' section on page 10. After a claim your cover will continue as long as you start paying premiums again. There's no limit to the number of times you can claim. This cover is also available for **housepersons**.

- **Unemployment cover** – pays a monthly benefit for up to 365 days if you become unemployed through no fault of your own. It's only available if you choose Mortgage Payment Insurance.
- **The level of cover you need** – this is the amount of monthly benefit or the lump sum (depending on the product chosen) 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. For all plans, except Mortgage Payment Insurance and unemployment cover, after we've paid the lump sum, your policy ends and you pay no more premiums.

Mortgage 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
Level critical illness cover	5 years	40 years	65
Decreasing critical illness cover	5 years	40 years	65
Level life and critical illness cover with guaranteed premiums	2 years	40 years	65
Level life and critical illness cover with reviewable premiums	2 years	40 years	65
Decreasing life and critical illness cover with guaranteed premiums	5 years	40 years	65
Decreasing life and critical illness cover with reviewable premiums	5 years	40 years	65
Mortgage Payment Insurance	5 years	30 years or the first of the following events: When your mortgage ends/At your planned retirement date/When you reach your 69th birthday or you die	69
Unemployment cover	1 month	Unemployment cover is a monthly renewable contract and will continue until the first of the following events: The Mortgage Payment Insurance comes to an end/Your mortgage ends/You reach 65 or the normal retirement age at your place of work/You stop paying the required payments/You die	65

*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.

Please note: For unemployment cover you can only pay monthly by direct debit.

How much does the plan pay out?

For life cover, critical illness cover and life and critical illness cover

All plans pay out a lump sum. You decide how much this is when you take the plan out.

For Mortgage Payment Insurance (and unemployment cover if you've chosen it), you choose the amount of monthly benefit you'll need. Remember that tax and national insurance are deducted from your normal earnings, but not from the benefits we pay you. The benefit can't be more than:

- 140% of your monthly mortgage repayment;
- or
- over a certain percentage of your salary. This would be 50% of your **pre-incapacity earnings** up to £45,000 (and 20% of any earnings over £45,000).

The benefit moves in line with our **stabilised interest rate** to help cover any fluctuations in interest rates.

The maximum benefit we will pay for **housepersons** is £600 per month.

Your monthly benefit will start one month after the end of your **deferred period**.

Mortgage Payment Insurance is only available as a single life policy. If you're taking out two single policies to cover one joint mortgage you should think about how you split each person's share of the monthly benefit. This is because the maximum monthly benefit we'll pay across all policies, even if both of you are incapacitated at the same time, is 140% of the monthly payment.

Other than Mortgage Payment Insurance and unemployment cover benefit and critical illness payments for children (which don't affect your cover) your 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 mortgage protection?

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

Who can the plan cover?

For life cover, critical illness cover and life and critical illness cover

You can apply for the plan to cover:

- you alone;
- you and another person; or
- one or two people, neither of which are you.

If the plan covers two people it will only pay out once. For life cover it will pay out when the first of these two people dies or has a valid terminal illness claim. For critical illness cover and life and critical illness cover the plan will pay out when the first of these people dies or has a valid terminal or critical illness claim during the period of cover.

For Mortgage Payment Insurance

Mortgage Payment Insurance is only available as a single life policy. However, if you have a joint mortgage, you and your partner can each take out a policy to help protect your mortgage payments. This gives you the flexibility to choose separate levels of cover and how it's split between you.

Can children have critical illness cover?

If you choose critical illness, the children of each insured person are also covered as long as the policy remains in force. The cover for each child lasts while each child is aged more than 26 weeks and less than 18 years during the plan **term**. We'll only pay the benefit if the child survives for 28 days from diagnosis of one of the critical illnesses we define in our policy.

The maximum amount we pay for a child who has what we define as a critical illness is up to £15,000 or 50% of the sum assured, whichever is the lowest. If you have children's critical illness cover under more than one policy, this is the maximum amount we'll pay under all policies, not the maximum we'll pay under each policy.

We'll only pay one claim for each child. Cover will continue for the insured person and their other children (if any). Once we've accepted two claims, children's critical illness cover will end.

What conditions are covered by critical illness cover?

The complete list of conditions we cover is set out below. These headings are only a guide to what is covered. The full definitions of the critical illnesses covered and the circumstances in which you can claim are given in our Guide to Critical Illness Cover and the policy document. These typically use medical terms to describe the critical illnesses but in some cases the cover may be limited. For example:

- Some types of cancer are not covered.
- To make a claim *for some critical illnesses*, you need to have permanent symptoms.

Critical illnesses covered:

- **Alzheimer's disease** – resulting in permanent symptoms
- **Aorta graft surgery** – requiring surgical replacement
- **Aplastic anaemia** – with permanent bone marrow failure
- **Bacterial meningitis** – resulting in permanent symptoms
- **Benign brain tumour** – resulting in permanent symptoms
- **Blindness** – permanent and irreversible
- **Cancer** – excluding less advanced cases
- **Cardiomyopathy** – of specified severity
- **Coma** – resulting in permanent symptoms
- **Coronary artery by-pass grafts** – with surgery to divide the breastbone

- **Creutzfeldt-Jakob disease (CJD)** – resulting in permanent symptoms
- **Deafness** – permanent and irreversible
- **Dementia** – resulting in permanent symptoms
- **Encephalitis** – resulting in permanent symptoms
- **Heart attack** – of specified severity
- **Heart valve replacement or repair** – with surgery to divide the breastbone
- **HIV infection** – caught from a blood transfusion, physical assault or accident at work
- **Kidney failure** – requiring dialysis
- **Liver failure** – of advanced stage
- **Loss of hands or feet** – permanent physical severance
- **Loss of speech** – permanent and irreversible
- **Major organ transplant**
- **Motor neurone disease** – resulting in permanent symptoms
- **Multiple sclerosis** – with persisting symptoms
- **Paralysis of limbs** – total and irreversible
- **Parkinson's disease** – resulting in permanent symptoms
- **Primary pulmonary hypertension** – of specified severity
- **Progressive supranuclear palsy** – resulting in permanent symptoms
- **Respiratory failure** – of advanced stage
- **Stroke** – resulting in permanent symptoms
- **Systemic lupus erythematosus** – with severe complications
- **Terminal illness**
- **Third degree burns** – covering 20% of the body's surface area
- **Total and permanent disability**
- **Traumatic head injury** – resulting in permanent symptoms

Children are also covered for the conditions listed except for total and permanent disability or any congenital (present at birth), hereditary and *pre-existing conditions*.

Important information for those choosing critical illness cover

We've designed our critical illness cover to tackle the critical illnesses which could severely affect your lifestyle.

However, medical and technological advances mean that traditional views of critical illness are constantly changing. What may once have been classed as a critical illness may no longer meet today's definition. However, the illnesses we cover are consistent with the current view of the medical profession and the Association of British Insurers' list of critical illnesses.

You can check our full definitions of critical illness in our Guide to Critical Illness Cover and your policy document. Our Guide to Critical Illness Cover is available on request.

You should always choose the type of cover that best suits your personal circumstances. As well as critical illness cover, we offer other types of products that may be a better choice for you. Ask your financial adviser for more details.

When won't the plan pay out?

For all types of cover 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, like cocaine or heroin. Please note that these examples are not intended as a complete list.

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

For all types of cover except Mortgage Payment Insurance:

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

For all plans that include critical illness cover:

- For critical illness claims, you have an illness that doesn't meet our definition of one of the critical illnesses we cover. For example, we don't cover some types of cancer.
- If *for some critical illnesses* the cause of your claim results from drug or alcohol abuse, self inflicted injury or war and civil commotion.

- For critical illness claims, if you live outside any of the following countries for more than 12 months: USA, Canada, Australia, New Zealand, Isle of Man, the Channel Islands or any of the countries that form part of the European Union we reserve the right to decline a claim.
- The claim is for children's critical illness cover and:
 - the condition is *pre-existing*, runs in the family or was present at birth;
 - the symptoms first arose before the child was covered; or
 - the child dies within 28 days of the diagnosis of a critical illness that meets our policy definition.

For Mortgage Payment Insurance we won't pay a claim or will limit a claim if:

- The cause of your claim results from criminal acts, alcohol or drug abuse, failure to follow medical advice, HIV/AIDS (except for named groups), self inflicted injury or war and civil commotion.
- Your incapacity is directly caused by infection with HIV, AIDS, or AIDS related complex or illness, in which case we will pay up to 12 months benefit.
- You live or travel outside of the European Union, USA, Canada, Australia, New Zealand, Isle of Man or Channel Islands, in which case your cover will continue for up to one year. However if you claim, benefits will be payable for no more than three months. See page 12 'Unemployment cover' for details of when we won't pay out an unemployment cover claim.

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. We provide more information about cover and limits in our Guide to Critical Illness Cover. You can ask us for a copy of this.

We may apply specific *exclusions* when we accept your policy, such as excluding certain critical illnesses, conditions and pre-existing medical conditions. If so, we'll show them in your policy schedule under 'Policy Condition 1'. For Mortgage Payment Insurance, these can be found under the section 'Special Provisions'. This section also provides details of any limits to your cover.

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.

Waiver of premium benefit

For all plans except Mortgage Payment Insurance.

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. If you're not in gainful employment, you don't have to pay your premiums after 26 weeks, if your illness or accident stops you performing three or more functional assessment tests. See the definitions of these tests on page 11.

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.

Mortgage Payment Insurance

We automatically include waiver so you don't have to pay premiums during a valid claim. After your claim ends you must start paying your premiums again. Premiums for unemployment cover must continue to be paid during a claim.

You can find full details in the policy document.

Total and permanent disability definition under critical illness cover

All plans that include critical illness cover, will pay out if you're totally and permanently disabled. There are two definitions of total and permanent disability – own occupation and functional assessment tests.

Own occupation definition

If your **occupation class** is 1 or 2* when you take out your plan, you can choose to take the 'own occupation' definition of total and permanent disability. This means that your plan will pay out if you can't follow your own occupation due to incapacity caused by illness or an accident, and that's likely to remain the case permanently in the opinion of our Chief Medical Officer.

You'll be assessed on the occupation you were following immediately before disability.

However, if you're not in paid employment at the time of a claim, then we'll assess your claim under the 'functional assessment tests' definition (described below). You can find full details in your policy document.

Joint life policies

For joint life policies where one applicant is **occupation class** 1 or 2* and the other applicant is classified as a **houseperson**, the definition applied when you take out the policy will be 'own occupation'.

If the person claiming is in paid employment, the 'own occupation' definition will apply. If the person claiming isn't employed, the functional assessment tests definition will apply.

For joint life policies where one applicant is **occupation class** 1 or 2* and the other applicant is class 3 or 4*, the definition applied when the policy is taken out, or when you claim, will be the functional assessment tests definition.

Functional assessment tests definition

This definition applies to anyone in **occupation classes** 1 or 2* who doesn't choose the 'own occupation' definition, or any other occupation classes, including **houseperson**.

Under this definition the plan will pay out if, due to illness or accident, you suffer an irreversible mental or physical disability which, in the opinion of our Chief Medical Officer, results in you being permanently unable to carry out at least three of the following functional assessment tests without help.

These tests are as follows:

- Walking – the ability to walk a distance of 200 metres on flat ground, with or without the aid of a walking stick and without stopping or experiencing discomfort.
- Bending – the ability to get into or out of a standard saloon car and the ability to bend or kneel to pick up an object from the floor and straighten up again.
- Communicating – the ability to answer a telephone and take a message.
- Reading – having the required eyesight (corrected if necessary) to read a daily newspaper.
- Writing – having the physical ability to write legibly using a pen or pencil without aid.
- Climbing – having the ability to climb up a flight of 12 stairs without stopping or suffering severe discomfort.

* To find out which **occupation class** and definition of total and permanent disability applies to you, ask us or your financial adviser.

You don't need to notify us if you change your occupation during the *term* of the plan.

Definition of incapacity for Mortgage Payment Insurance

If you make a claim we'll need to assess the level of your incapacity as well as your particular plan and occupation. There are three definitions of incapacity. The definition that applies to you will be shown in your *personal illustration* and your policy document. The three definitions that exist are:

For occupation classes 1 and 2 – if you're in gainful employment, and you're totally incapacitated because of an illness or accident and can't undertake your own occupation, and you're not following any other occupation.

For housepersons – if you are not in gainful employment and you're unable to carry out three or more out of the six functional assessment test (as described on the previous page). To claim benefits you must be under the care of a specialist appropriate to your condition and not be doing any other work.

For occupation classes 3 and 4 – a combination of the two above. For the first two years of a claim we'll pay your benefit if you're totally unable to perform your own occupation and you're not following any other. After which we'll assess the extent of your incapacity on whether you can carry out three or more of the six functional assessment tests.

Unemployment cover

You can include unemployment cover as an option with Mortgage Payment Insurance. If you choose this, we'll pay a monthly benefit to help maintain your mortgage payments if you become unemployed through no fault of your own. We'll pay the monthly benefit after a *deferred period* which you choose at the outset. You can choose from a 28, 56 or 90 days deferred period.

Unemployment cover starts after 60 days (for a new mortgage or remortgage) or 120 days (for an existing mortgage) from the start of the Mortgage Payment Insurance policy, until the first of the following events:

- your Mortgage Payment Insurance policy ends;
- your mortgage ends (unless within 60 days you take another mortgage and there's no gap in your monthly premium payments);
- you reach 65 or the normal retirement age at your place of work;
- you stop paying the required premiums; or
- you die.

If you need to make a claim under unemployment cover, we'll pay the benefit for a maximum of 365 days in any one claim period. Your unemployment cover will then continue, and you may be able to make further claims if needed.

We won't pay a claim for unemployment cover if:

- when you applied for cover, you knew of pending unemployment, or you became unemployed within the first 60 days (for a new mortgage or remortgage) or 120 days (for an existing mortgage) of cover;
- your unemployment is voluntary, due to misconduct, or as a result of participation in a labour dispute;
- you come to the end of a period of temporary/casual employment, or if unemployment is a regular feature of your work; or
- you live or work outside the United Kingdom, Channel Islands or the Isle of Man, or don't have the right to live permanently within this area.

If at any time you cancel your Mortgage Payment Insurance, any unemployment cover will also be cancelled.

This cover isn't available for *housepersons*.

LifeTrack Direct

If you choose unemployment cover you'll also have access to 'LifeTrack Direct'. This is an unemployment assistance service designed to help you search for a job and get back to work if you're claiming for unemployment.

Indexation (life cover only)

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 with critical illness cover, decreasing cover or Mortgage Payment Insurance.

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.

For life cover, critical illness cover and life and critical illness cover you can do this if:

- you get married or enter into a registered civil partnership;
- you become a parent; or
- you increase your mortgage because you're moving home or undertaking major home improvements.

Further mortgage option

For Mortgage Payment Insurance the option to increase the amount of cover after your policy starts is known as further mortgage option. You can use this option if your mortgage payments increase during the *term* of the plan due to moving or undertaking major home improvements.

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

If you do choose one of these options 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 you if you 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. This applies to all plans described in this key features document except Mortgage Payment Insurance and unemployment cover. 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.

Free cover between exchange and completion

We offer free life cover between exchange of contracts and completion of your property purchase. The amount of free life cover will be your proposed sum assured, the amount of your loan, or £300,000, whichever is the lowest.

In Scotland, we provide the free cover from when you complete missives for your chosen property until the date of entry.

We cover you for 90 days from when you exchange contracts (or, in Scotland, complete missives). To be eligible for this cover, the following conditions must apply:

- you're under 55 when you take out the mortgage (for joint life policies this will apply to the older life);
- you have been accepted on standard terms;
- the exchange of contracts has taken place;
- no other policies covering the same mortgage can be in force or applied for; and
- your duty of disclosure continues until completion (or date of entry in Scotland).

This applies to all plans described in this key features document except Mortgage Payment Insurance with unemployment cover.

SmoothMove

To provide SmoothMove, we've teamed up with Inter Partner Assistance, one of the largest international emergency assistance organisations. If you're taking out cover to protect a new mortgage and are moving house, your cover will include SmoothMove, a 24 hour rescue service. Included at no extra cost, SmoothMove helps with unexpected hitches on moving day. SmoothMove also covers you for up to three months for domestic emergency repairs and legal advice after you've moved in.

Inter Partner Assistance provides SmoothMove. For full details of SmoothMove, please see the key features and policy terms and conditions of SmoothMove, which you can get from your adviser.

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 critical illness cover, waiver of premium benefit or Mortgage Payment Insurance and you move abroad, you should check your policy conditions as your cover may be affected.

For Mortgage Payment Insurance, if you change your job, this could change your cover and your premium. If your job changes during the term of your plan please contact our helpdesk.

When will my cover start?

You can choose the date when your plan starts. If you're moving house or taking out a larger mortgage, your mortgage cover usually begins on the same day as your new mortgage.

Will my payments ever change?

Life cover

If you choose life cover, we guarantee your premium. This means that your monthly or annual payment will stay the same throughout your plan's **term**.

Critical illness cover

If you choose critical illness cover with reviewable premiums your premium is guaranteed for the first five years of the policy. Reviews will then be carried out to determine whether the premium will be changed at the fifth anniversary and every five years thereafter. This is to establish whether the premium you're paying is enough to provide the level of cover selected.

At review we'll assess the underlying assumptions relating to the expected future number and timing of claims made for this type of policy.

We'll assess any premium change fairly. When we review your premium, the factors we look at are:

- number of claims we've had;
- number of claims we expect to have and when we expect them to be made;
- insurance industry claims experience; and
- expected impact of future medical advances.

Your state of health or individual circumstances won't be a factor at review

We'll write to you about the outcome of your premium review and tell you at least three months in advance about the options you have and what action you may have to take.

If, after a premium review we recalculate your premium to within 5% of what you're already paying, we won't make any changes. The amount your premium may increase or decrease by, following a review, is not limited.

Options at your premium review

Your premium reduces or stays the same

If your premium has reduced or stayed the same, you don't need to do anything as your direct debit will automatically be updated.

Your premium increases

If your premium has increased you can choose to:

- accept the increased premium. If you choose this option, your direct debit will automatically be updated; or
- keep your premium the same but reduce your level of cover. If this is the option you want to take you'll need to contact us within 30 days of receiving a premium review letter from us. This will ensure there is sufficient time for us to process your request prior to your review date.

It is important to ensure the level of cover still meets your needs, as the option you select can't be changed at a later date.

We have a wide range of protection products to suit your needs. If you're unsure whether reviewable premiums are right for you, you should discuss your options with your financial adviser.

Life and critical illness cover

For life and critical illness cover, you can choose between guaranteed or reviewable premiums.

For products with guaranteed premiums, the starting premium is currently more expensive than for similar products with reviewable premiums.

For life cover, critical illness cover and life and critical illness cover

Your premium will also change if you:

- increase the amount of cover by exercising your guaranteed insurability option; and additionally for life cover only:
- you choose the indexation option.

Mortgage Payment Insurance

If you choose Mortgage Payment Insurance your premium is reviewable and the premium is guaranteed for the first five years of the policy. Reviews will be carried out to determine whether the premium will be changed shortly before the fifth policy anniversary and every five years thereafter.

At review we'll assess the underlying assumptions, relating to the expected future number and timing of claims made for this type of policy.

We'll assess any payment charge fairly, to establish whether your future premium is likely to be enough to support the monthly benefit level set. When we review your premium, the factors we look at are:

- Expected future cost of claims as assessed by us, for example, your premium may change if we expect to receive more or less claims than originally expected.
- Expected future cost of interest rates as assessed by us.

Your state of health or individual circumstances won't be a factor at review

We'll write to you about the outcome of your premium review and tell you at least three months in advance about the options you have and what action you may have to take. Your premium may go up or down. The amount your premium may increase or decrease by, following a review, is not limited.

If your premium has stayed the same you do not need to take any action.

Unemployment cover

The premiums for unemployment cover (if chosen) aren't guaranteed. In future we may change premium payments because of factors such as claims costs. However, we'll tell you at least 30 days before this happens.

What happens if I move house?

Your plan can move too, and you can increase your cover for a larger mortgage, within certain limits.

What happens if I move 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 then move abroad later on during the *term* of your plan, your cover will continue as long as you carry on paying your premiums.

For waiver of premium

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

For plans that include critical illness or Mortgage Payment Insurance

If you live or travel outside any EU country, USA, Canada, Australia, New Zealand, Isle of Man or the Channel Islands for more than 12 months, we reserve the right to decline any claim and we may cancel your policy.

For Mortgage Payment Insurance, if you temporarily live or travel outside any of these countries, your cover can continue but if you need to make a claim, we'll only pay benefit for up to three months.

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

Or call freephone 0800 072 8316 for an unemployment claim or freephone 0800 027 9830 for a disability claim.

We may record and monitor calls.

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 critical illness claims, Mortgage Payment Insurance and/or waiver of premium claims, we may ask you to have a medical examination. To make a valid critical illness claim, all diagnosis and medical opinions must be from a medical specialist:

- who holds an appointment as a consultant at a UK hospital;
- whose specialism is appropriate to the cause of the claim; and
- who is accepted by our Chief Medical Officer.

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.

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.

For Mortgage Payment Insurance, present UK tax law and HM Revenue & Customs practice means that:

- you don't get tax relief on premiums;
- you don't pay tax or national insurance contributions on your benefits; and
- premiums for unemployment cover include insurance premium tax.

This may change in the future, please ask your financial adviser or us for more details.

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 0845 606 1234 or write to them at: 25 The North Colonnade, Canary Wharf, London E14 5HS.

The mortgage lender

If you have assigned the policy to your mortgage lender and you fall behind with (or stop paying) premiums we may have to keep the lender informed.

The ABI's Guide to Critical Illness Cover

The Association of British Insurers (ABI) gives general information about critical illness cover in their booklet 'A Guide to Critical Illness Cover'. You can ask us for a copy or you can get a copy by writing to: The Association of British Insurers, 51 Gresham Street, London EC2V 7HQ.

Please note

This leaflet complies with the ABI Statement of Best Practice for Critical Illness Cover. It's a guide to our Mortgage 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.

Deferred period – this is your selected amount of time between the start of any illness or injury, incapacity or period of unemployment and when we begin paying the benefits.

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.

For some critical illnesses – this exclusion applies to blindness, paralysis of limbs, loss of hands or feet, total and permanent disability, third degree burns, coma and deafness.

Houseperson – the occupation class applied when you’re not in paid employment.

Occupation class – the category we apply to your job for underwriting purposes.

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.

Pre-existing conditions – a pre-existing condition is any medical condition, disorder or handicap from which a child is already suffering, from either:

- the date the policy is issued;
 - the 26th week after the child’s birth; or
 - for legally adopted children, the date of adoption,
- whichever event is later.

Pre-incapacity earnings – the amount you earn prior to making a claim on your Mortgage Payment Insurance policy.

Retail Prices Index – a way of measuring the impact of inflation on family budgets 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.

Stabilised interest rate – the rate at which your Mortgage Payment Insurance plan changes. This is a variable rate, which will never be more than 15% or less than 1% different from the Woolwich plc standard variable rate applicable for new mortgage advances. If this rate is unavailable then we’ll use an appropriate rate from another UK lender.

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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Important information about our Mortgage Payment Insurance plan

Authorised and regulated by the Financial Services Authority

Legal & General Assurance Society Limited
Registered in England No 166055
Registered office: One Coleman Street, London EC2R 5AA
A member of the Association of British Insurers.

www.legalandgeneral.com

W12321 08/09 Approval number: H96004 Approval date: 03/08/09



Important information about our Mortgage Payment Insurance plan

If you were to fall seriously ill or had an accident that prevented you from working would you be able to continue to meet your mortgage repayments? Having a Mortgage Payment Insurance (MPI) plan in place could help you to pay your mortgage repayments if you become incapacitated due to illness or accident and are unable to work. Keeping up your mortgage payments will prevent your home being repossessed.

This leaflet provides some important information about the plan that you should read to help you make a decision.

How does MPI work?

Our Mortgage Payment Insurance plan is designed to pay out a monthly benefit to help cover the cost of your mortgage repayments if, as a result of illness or accident, you become incapacitated and are unable to work resulting in a loss of income.

This cover aims to provide you with peace of mind so you and your dependents are better protected in the future.

It's important that you understand how to set the right level of benefit for you and what to base it on. Please see below for further details.

MPI is a reviewable product, which means the premium can change when we carry out a review. Please see 'How we reach a decision at a premium review?' overleaf.

Important factors to consider when choosing your benefit level

When choosing the amount of cover you require, the benefit amount should be based on the standard variable rate of your mortgage lender NOT an introductory interest rate such as a discounted or fixed rate. If it is based on the discounted rate, in the event of a claim the benefit paid out may not be enough to cover your mortgage repayments.

If there are two Mortgage Payment Insurance plans covering one mortgage the most we will pay out under the two plans will be 140% of the mortgage payments, not 140% under each plan. If there are two plans covering one mortgage it is important to consider how the benefit levels should be split between the two plans.

Benefit paid out at claim

When you make a claim we'll use a stabilised interest rate to calculate any change in your benefit level. We use the Woolwich standard variable rate* for this purpose. This means that there is a better chance of your benefit being relevant to the mortgage payments you are making at the time of a claim.

Before payment of a valid claim there is a length of time when you are first unable to work and the date you receive the benefit. This is known as the deferred period. The benefit will be paid one month after the deferred period.

* This is a variable rate, which will never be more than 15% or less than 1% different from the Woolwich plc standard variable rate applicable for new mortgage advances. If this rate is unavailable then we'll use an appropriate rate from another UK lender.

Product features and options

Our Mortgage Payment Insurance plan has the following standard features. Please see your key features document for more details.

- **Monthly benefit** - You can have up to 140% of your monthly mortgage repayments to take account of extra expenses you may have, for example:
 - Additional private medical treatment or nursing care.
 - A convalescence holiday.
 - Adaptations to your home.
 - Additional personal expenses.
 - **Further mortgage option** - This entitles you to increase the level of cover without the need to provide further medical evidence.
 - **Proportionate benefit** - If due to incapacity you are only able to work (in either the same occupation or a different one) in a less well paid position, the benefit amount will be reduced in proportion to the reduction in your income.
 - **Rehabilitation benefit** - On returning to work, if eligible, you will receive benefit for a maximum of three months during a period of rehabilitation.
 - **Linked claims** - After a claim has ended, if incapacity occurs again within three months of returning to work from the same or related cause, any deferred period is waived.
 - **Waiver of premium benefit** - We will waive your premiums when we pay you the monthly benefit.
 - **Choice of deferred periods** - The deferred period can be either, 4, 8, 13, 26 or 52 weeks.
- All of the above benefits are subject to terms and conditions.

How we reach a decision at a premium review?

The premium is guaranteed for the first five years of the policy. Reviews will be carried out to determine whether the premium will be changed shortly before the fifth policy anniversary and every five years thereafter.

At review we'll assess the underlying assumptions, relating to the expected future number and timing of claims made for this type of policy.

We'll assess any payment change fairly, to establish whether your future premium is likely to be enough to support the monthly benefit level set. When we review your premium, the factors we look at are:

- Expected future cost of claims as assessed by us, for example your premium may change if we expect to receive more or less claims than originally expected.
- Expected future cost of interest rates as assessed by us.

Your state of health or individual circumstances won't be a factor at review.

We'll write to you about the outcome of your premium review and tell you at least three months in advance about the options you have and what action you may have to take. Your premium may go up or down. The amount your premium may increase or decrease by, following a review, is not limited.

If your premium has stayed the same you do not need to take any action.

PLEASE REMEMBER: If you stop paying your premiums your cover will end 30 days after the first missed premium.

Non disclosure – No claim

When you apply for your Mortgage Payment Insurance plan we will ask you to tell us of any 'material facts' about yourself. By this we mean any information that you should knowingly know about your health, hobbies or job.

The reason we ask for all this information is because we use these facts to help set your level of cover, your premiums, and we'll often refer back to them if a claim is made.

One of the biggest reasons for us not paying out on a claim is through non disclosure of such material facts. It is important to remember to accurately disclose information on all things but especially on:

- Back pain.
- Stress, anxiety and depression.
- Height and weight.
- Joint problems and arthritis.
- Medical tests and investigations.
- Smoking habits.
- Alcohol consumption.
- Raised blood pressure and cholesterol.

All of this will help us ensure that all valid claims are paid, and that we apply the right pricing to your policy.

How you can help us pay more claims

You can help us pay out on more claims by:

- Completing your application form truthfully and accurately.
- Answering all follow up questions to any disclosure made.
- Clarifying any vague answers.
- Telling us if there is any change in your health or circumstances, between applying and when the policy starts.

If you feel uncomfortable disclosing information on the application form you can submit your answers in a sealed envelope and send it to our Chief Medical Officer. Details can be found in the declaration at the back of our application forms.

If you do need to make a claim you should contact us at:

**Claims Department
Legal & General Assurance Society Limited
City Park
The Droveaway, Hove
East Sussex BN3 7PY**

Or call freephone 0800 072 8315.

We may record and monitor calls.

What if I have another policy that could pay off my mortgage?

PLEASE REMEMBER: Your MPI plan only covers mortgage repayments. If you have no mortgage then no benefit is payable, or, if your mortgage has reduced then so will the benefit. For example, if you have a critical illness cover plan that pays out a lump sum and you use this to pay off your mortgage, your MPI will not pay out.

Is there anything else I need to know?

Any change in your mortgage provider's interest rate won't affect your benefit level. It is therefore important to remember to check that you have sufficient cover at all times, especially if your mortgage increases or your interest rate rises above the level of the stabilised interest rate.

I still have some questions

If you have any further questions please call us on 0370 0104 080. Or, if you feel more comfortable talking face to face please get in touch with your financial adviser.

We may record and monitor calls. Call charges will vary.