

# Mortgage Protection

## Key Features

### "Why should I read this document?"

The Financial Conduct Authority is a financial services regulator. It requires us, the Metropolitan Police Friendly Society (MPFS), to give you this important information to help you decide if our Life Insurance 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.

We want you to be comfortable that you understand the 'Key Features' of this product before you decide to proceed. If you do not understand something in this document, please feel free to contact us.

# Key Features

These are the 'Key Features' of the Life Insurance Plans.

## Its aims

- To provide the amount of cover that **you** choose (the "sum insured").
- To provide that cover for the period you choose (the "term" of the plan).
- To pay the full benefit if you die during the term of the plan (reducing benefit applies to the Mortgage Protection Plan).
- If selected, to pay the full benefit if you are diagnosed with a defined critical illness (reducing benefit applies to the Mortgage Protection Plan).

## Your commitment

- You must give us all medical and other information we ask for when applying for your plan and advise us of any material changes that occur after you complete your application form but before cover starts.
- You must make all the regular premium payments during the term of the plan.

## Risks

- If you miss any mortgage repayments, or if mortgage interest rates rise above 10%, then there may be a shortfall in the benefit under the Mortgage Protection Plan compared to the outstanding loan on your property.
- Benefit is only paid once under a joint life plan, on the first death so the surviving partner will then have no cover.

# Questions and Answers

## What are Life Insurance Plans?

They are insurance policies designed to provide a lump sum (the death benefit or "sum insured") if an insured person dies during the term of the plan (payment is made on first death only for a joint life plan). Certain plans have the option of including critical illness cover (at a higher cost), in which case the benefit would be paid out on diagnosis of one of a set of defined critical illnesses (see 'What is a Critical Illness?'), or on earlier death. The benefit under the Mortgage Protection Plan ("Decreasing Term Insurance") reduces annually in line with the balance outstanding on a repayment mortgage; it is therefore cheaper than an equivalent "Level Term Insurance" with a constant (non-reducing) benefit.

## How do the plans work?

Life Insurance provides a lump sum on your death. The life cover (the 'sum assured') remains the same throughout.

Mortgage Protection provides cover which reduces in line with your outstanding mortgage balance.

Critical Illness or joint life cover is also available. See how competitive we are with an online quote.

- You can take out single life or joint life cover with your partner - a **Joint Life** plan pays out once only if either of you die. However, if the plan paid out, it would then cease, leaving the other person with no cover. For only £2 more in total per month, you can each have your own plan - and you can then ask to have critical illness cover added to them (at additional cost) if you wish.
- The benefit can be the same throughout the term (**Level Term Insurance**); or it can reduce in line with the capital outstanding under a repayment mortgage - (a **Mortgage Protection Plan** or **Decreasing Term Insurance**).
- You pay us regular monthly premiums during the term of the plan. The premiums do not vary during the term of the plan, no matter which plan you choose.
- There is no benefit if you survive to the end of the term.
- There is no surrender value - if you stop paying premiums the cover will simply cease.
- If critical illness cover is included in the plan, the benefit will be paid if an insured person is diagnosed with a defined critical illness (see 'What is a Critical Illness?'). There is then no further benefit on death. If critical illness cover is not included in the plan, then the full benefit will be paid if an insured person is diagnosed with a terminal illness (see 'What is a Critical Illness?'). Reducing benefit applies to the Mortgage Protection Plan.

## Who can take out a plan?

The insured person(s) must be under 70 years of age when the plan starts and at least one of them must work (including volunteers) or have worked in the police service - or be the partner or close relative of such a person. The plan can be for any term between 5 and 35 years and must expire before the insured person's 80th birthday.

If you wish to have critical illness cover included in your plan, then the plan must end before your 60th birthday and it must be on a single life basis only (i.e. only you are covered, or if you are a couple you must each take out your own plan) as we do not offer critical illness cover on joint life plans.

## How much do the plans cost?

Your monthly premium depends on the amount of cover you choose, how long the plan is to run for (its "term"), and whether critical illness cover is included. It also depends on your personal circumstances - your age, health, and whether or not you smoke.

## Example Illustrations

The tables below show example monthly premiums for plans with either reducing benefits (the Mortgage Protection Plan) or with constant benefits (the Level Term Plan). The premiums are based on a sum assured of £100,000 over 25 years and assume you are in good health at the time of commencement and are accepted at standard rates.

### Death Benefit only - no Critical Illness Cover

Age Next Birthday	Level Term Insurance	
	Non-Smoker	Smoker
20	£5.90	£7.63
25	£6.83	£9.44
30	£8.41	£12.85
35	£10.85	£18.51
40	£14.76	£27.92
45	£21.40	£43.68
50	£33.22	£69.81

## Death Benefit PLUS Critical Illness Cover

Age Next Birthday	Level Term Insurance	
	Non-Smoker	Smoker
20	£14.13	£16.74
25	£19.32	£24.45
30	£27.38	£37.09
35	£40.04	£57.95

### What are the charges?

The premium includes all costs for administration, underwriting and claims.

### What is a Critical Illness?

**The complete list of conditions we cover is set out below.**

<b>Cancer</b>	excluding less advanced cases
<b>Coronary artery by-pass grafts</b>	with surgery to divide the breastbone
<b>Heart attack</b>	of specified severity
<b>HIV infection</b>	caught from a blood transfusion, a physical assault or in the execution of your duty
<b>Kidney failure</b>	requiring dialysis
<b>Major organ transplant</b>	
<b>Stroke</b>	resulting in permanent symptoms
<b>Terminal illness</b>	with death expected within 12 months
<b>Third degree burns</b>	covering 20% of the body's surface area

These headings are only a guide to what is covered. The full definitions of the illnesses covered and the circumstances in which you can claim are given in the policy document available online. These typically use medical terms to describe the illnesses but in some cases the cover may be limited. For example some types of cancer are not covered, and to make a claim for some illnesses, you need to have permanent symptoms.

### How do I pay for it?

If you are a member of the Metropolitan or City of London Police Services the premiums are paid by salary deduction, otherwise payments are made by direct debit.

### What about Tax?

Critical illness benefit would be paid to you, and if this remains in your possession at your death, it will form part of your estate and be subject to Inheritance Tax. If you give any of this benefit away as a gift, and do not survive for at least seven years after making the gift, then on your death your estate may be charged some level of Inheritance Tax on those gifts, although there are some reliefs which may apply.

Any death benefit would be paid into your estate, and therefore may be subject to inheritance tax. However, on joint life policies the death benefit is paid to the survivor and does not form part of the estate of the deceased. Assets left to your legal partner (or to charity) are not normally subject to Inheritance Tax.

If the plan is placed in Trust or assigned (to a lender or another individual), it may not form part of your estate. Please see our Basic Guide to Trusts on our website for details of the Trust Deed we have available for our life insurance plans. Taxation treatment may be subject to future changes in legislation.

## When WILL the plans pay out?

- If only one person is covered by the plan: on death during the term of the plan.
- If two people are covered by the plan: on the death of the first to die if this occurs during the term of the plan.
- If critical illness cover is included in the plan: on diagnosis of a critical illness.
- If critical illness cover is not included in the plan: on diagnosis of a terminal illness (with less than 12 months to live), but not in the final 24 months of the term of the plan.
- After any payment the plan immediately expires and cover ceases.

## When will the plans NOT pay out?

- If you do not disclose relevant information on your application form.
- If you do not tell us of any of the following changes that occur after completing your application form but before cover starts:
  - Your health
  - Starting smoking
  - Use of drugs or alcohol
  - Hazardous pastimes
- If death occurs due to suicide during the first year of the plan.
- If you cancel the plan or if any premiums are more than 30 days overdue (60 days for payroll deductions).

## How do I apply?

1. **Illustration Request** - You should begin by obtaining a personal illustration detailing the cover you require and estimated cost. You can request an online illustration or telephone us and we will send you written illustrations showing all the options available to you. Once you are happy that the cover and term are satisfactory and have chosen which options you require, you should complete an online application form.
2. **Application Form** - When completing the application form ensure that you identify clearly who is to be covered and for what amounts, and return it to us. Please ensure all questions are fully answered to the best of your knowledge and belief. You should not assume that we will write to your doctor - it is your responsibility to fill in the application form correctly. We may require further medical evidence (**at our expense**) - we will let you know if this is the case. Once we have fully considered your application, we will contact you with confirmation of the premium required and any special terms, and ask you when you want the plan to start.

## Can I change my mind?

Yes - once the plan has started we will send you a cancellation notice with your policy document. If you change your mind you can return the notice within 30 days for a full refund. After that period, you can cancel the plan at any time - although you will not get anything back as the plan has no value on cancellation.

## What if I stop paying premiums?

If you stop paying premiums for any reason, then the plan will be cancelled and cover will cease 30 days after the due date of the first missed premium (60 days if we collect through payroll deduction).

## What if I die?

Someone will need to make a claim to us for payment of the death benefit, so make sure they are aware of the existence of the plan, its number and our contact details. If the plan is written in Trust using our standard trust wording, one of the other Trustees will make the claim and the Trustees will pay the benefit to the beneficiaries you or they have chosen.

## What if I am diagnosed with a critical illness?

You will need to make a claim to us for payment of the benefit; our contact details are here. If the plan is written in Trust using our standard trust wording, you or one of the other Trustees can make the claim and the Trustees will pay the benefit to you.

## Is there any other information available that can help me decide which Life Insurance Policy to buy?

The policy document gives full details of the cover provided and includes all the definitions, exclusions, terms and conditions. Specimen copies are available by clicking the appropriate button on the right of this page should you wish to see this before making your decision. Additionally, the Money Advice Service™ provides useful financial information on its website [www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk). However, if you are still unsure as to the suitability of this plan, and wish to obtain personal advice, you should contact an independent financial adviser.

To find out more about our financial strength you can read our Solvency and Financial Condition Report (SFCR) available on our website at [www.mpfs.org.uk/sfcr](http://www.mpfs.org.uk/sfcr).

## How do I contact you?

**MPFS, Central Court, Knoll Rise, Orpington, Kent BR6 0JA**

**Phone:** 01689 891454

**Fax:** 01689 891455

**Email:** [info@mpfs.org.uk](mailto:info@mpfs.org.uk)

**Web:** [www.mpfs.org.uk](http://www.mpfs.org.uk)

## How to complain

- If you have a complaint about any aspect of the service you have received, in the first instance please contact us. A summary of our complaints handling procedure is available from us.
- If you feel your complaint is not dealt with to your satisfaction, you can then contact the Financial Ombudsman Service, Exchange Tower, London, E14 9SR or visit their website [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk). This will not affect your right to take legal proceedings.
- In the event of any complaint, we would treat you as a normal retail customer and not make any assumptions of specialist investment knowledge on your part.

## Remuneration

- If our overall business targets are met, which could include the sale of our products, and if our events are well managed, we may pay some of our employees a bonus.
- The total reward of an employee is the sum of an employee's salary, bonus, benefits and any other component
- Employees do not receive any commission, fee or charge, in relation to any insurance distribution activities.

## Compensation

- Information on compensation arrangements is available from us.
- We are a member of the Financial Services Compensation Scheme.
- **MPFS** is an insurance provider.

## Law

- In legal disputes the law of England and Wales will apply.
- Full details of the plan are contained in the Society's Tables and Rules - which evidence the legally binding contract between you and **MPFS**.
- On taking out this plan, you will be issued with a certificate showing your benefits. As you are then a member of the Society you are subject to our Rules, which are available on the website or on request from us.