



it's
your life
Direct Line Mortgage Life Cover



Life Insurance ...a policy summary of your cover

direct line

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About Direct Line Mortgage Life Cover

This is a brief guide to this policy, which you should read carefully.

What is a Mortgage Life Cover Plan?

A Mortgage Life Cover Plan is a long-term insurance policy which pays out a reducing tax-free lump sum if you die within the period of time you have chosen. It is designed to run alongside and protect a standard repayment mortgage.

Its purpose

- To pay a cash sum (sum insured) if the person on whom the life cover has been taken out (the life assured) dies within a period of time determined at the outset (the policy term). The amount of the sum insured reduces each year.
- To pay the sum insured earlier if the life insured is diagnosed with a Terminal Illness.
- The sum insured is payable only once on death or earlier Terminal Illness, then you stop paying your premiums and the policy ends.

There are some circumstances when the plan will not pay out. These are shown on page 9.

Your Questions Answered

How do you pay for your plan?

- You need to pay regular monthly premiums by direct debit for the policy term.

How does Mortgage Life Cover work?

- The amount of the initial sum insured, the policy term and the premiums are all determined at the start.
- You can decide how long you want the cover for and how much cover you would like (subject to our maximum and minimum levels). The period of cover can be for any period from 5 years up to a maximum expiry age of your 70th birthday. You pay a premium each month to keep your cover in force.
- Once the premium has been guaranteed it will remain the same throughout the term of the policy.
- At the start you will choose whether you have a single or joint life policy. Depending on the number of lives the sum insured will be paid out if:

For a single life policy

- (a) the life insured dies before the end of the policy term, or
- (b) the life insured is diagnosed with a Terminal Illness at least 18 months before the end of the policy term, as defined in the policy conditions.



For a joint life “first death” policy

- (a) either of the lives insured dies before the end of the policy term, or
 - (b) either of the lives insured is diagnosed with a Terminal Illness at least 18 months before the end of the policy term, as defined in the policy conditions.
- The sum insured reduces each year during the policy term. It is calculated to always be equal to the capital which would be outstanding under a standard repayment mortgage. This mortgage is assumed to be for a loan equal to the starting sum insured, policy term and the rate of interest on it is assumed to be a fixed 12% per annum.
 - As soon as the sum insured is paid out which is only once, the policy ends. We will make no further payments.
 - If your policy has been assigned to a lender, the assignment conditions may not automatically allow you to benefit personally if the sum insured is paid out because of Terminal Illness.
 - If your policy is written in trust, the trust conditions may not automatically allow you to benefit personally if the sum insured is paid out because of Terminal Illness.
 - If by the end of the policy term the sum insured has not become payable, the policy ends and nothing is paid out.
 - Once the policy is set up the sum insured cannot be increased, but can be reduced provided it does not go below the normal minimum.

Your Questions Answered (continued)

- If your policy is joint life "first death", a valid insurable interest must exist in the life of the other person when the plan covers two people. This means that you must have a common and valid interest in insuring each other's life up to the value of the cover that you are applying for. Such an interest is normally presumed where you are husband and wife or civil partners registered under the Civil Partnership Act 2004. When you sign the proposal form and you are not a spouse or registered civil partner, you are confirming that you believe an insurable interest exists.

What counts as a Terminal Illness?

- It is an advanced or rapidly progressing incurable illness where, in the opinion of an attending Consultant and our Chief Medical Officer, the life expectancy is no greater than 12 months.
- We must be told about it at least 18 months before the end of the policy term.
- The life insured must be resident in the UK or in certain other countries.

Full details of all the definitions and other conditions regarding Terminal Illness are set out in the policy conditions.

How much does a Mortgage Life Cover Plan cost?

- The amount of your premium depends on your personal circumstances – for example, your age, sex, occupation, lifestyle, personal and family medical history and whether or not you smoke.
- The premium payable also depends on the amount of cover you choose (the sum insured) and how long you decide you want the cover to last.

The plan has no cash-in value at any time.

- You pay a premium each month by direct debit to keep your cover in force.
- If you stop paying your monthly premiums, your cover will end 31 days after the due date of the last premium you paid.

How do I take out a Mortgage Life Cover Plan?

- You can only take out our Mortgage Life Cover Plan by contacting us on telephone number **0845 3000 233** or by visiting our website at **[directline.com](https://www.directline.com)**.
- You will be asked a number of questions. You must answer these correctly to the best of your knowledge and belief. If you do not do this, your plan will not pay out.
- You must tell us if you suffer any form of illness or accident, consult a doctor or change your occupation between signing the proposal form and the issue of your Insurance Schedule. If you do not do this your plan will not pay out.

Who can the plan cover?

You can apply for the plan to cover:

- You alone
- You and another person

If the plan covers two people it can still only pay out once when either an insured person dies or is diagnosed with a Terminal Illness.



Your Questions Answered (continued)

How much does the plan pay out?

- The plan will pay out an amount which reduces each year. Your policy schedule includes a table showing the exact amount that would be paid out each year. You decide at the outset the initial level of cover required and the subsequent annual reduction in the level of cover will be based on this figure. The higher the amount and the longer the period of cover you choose, the higher your monthly premium will be. Your personal illustration shows the period of cover, the type and initial amount of cover you have chosen and your monthly premium.
- You should remember that if this plan is being used to protect a standard repayment mortgage, then it is important that the initial sum insured and policy term are set at no less than the mortgage loan, otherwise there will be a shortfall.
- If the interest rate on your mortgage rises above 12% per annum or your mortgage is extended, the sum insured under the policy may not be enough to pay off all of the capital outstanding under your mortgage if the life insured dies or develops a Terminal Illness, even if the initial sum insured was large enough to cover the original amount of the mortgage.
- You should remember that the effects of inflation could reduce the purchasing power of the sum insured. You should review the cover that you have periodically to ensure it remains adequate.
- This plan only pays out once and then all cover ends.
- If it is a single life policy then the proceeds are paid to your estate to be administered under the terms of your will if you have made one; if not, then the Laws of Intestacy will apply. If it is written under trust then it will be paid to the trustees.

- If it is a joint life policy then the proceeds are paid directly to the surviving policyholder.
- You should be aware that any proceeds paid out from the plan do not go directly to your mortgage provider but are paid out as described above, unless the plan is formally assigned to a lender, in which case the proceeds are paid directly to that lender.

When will the plan not pay out?

We will not pay a claim for life cover and all cover under the plan may be cancelled:

- If you do not disclose relevant information we ask for when you take out your plan. You should not assume that we will write to your doctor, it is your responsibility to complete the application form properly.
- If you do not tell us about any of the following changes that happen between completing the application form and when your plan starts:
 - Your health
 - Family history
 - Occupation
 - Travel or residence
 - Hazardous pastimes
 - Alcohol consumption
 - Start smoking
 - Use of drugs (for example, cocaine or heroin)



- We will not pay out on death as a result of an insured person committing suicide in the first year of the policy.
- We will not pay out if death occurs after the policy has expired.
- We will not pay out the Terminal Illness benefit if this is not diagnosed and notified to us at least 18 months before the end of the policy term.
- We will not pay out the Terminal Illness benefit if the life insured is not resident in the UK or other nominated countries as specified in the policy conditions.
- We may apply specific exclusions when we accept your policy.
These will be shown in your acceptance letter and insurance schedule.
- We will not pay out if you fail to divulge any material facts when applying for this policy.
- Full details of what is covered and any limits to the cover are given in the 'Exclusions' section of the policy conditions.

What other options are available?

- Once the policy has been set up the sum insured cannot be increased, but can be reduced provided it does not go below the normal minimum.

Further Information

Your cancellation rights

When we accept your application we will send you a notice explaining your right to cancel. If you wish to cancel the agreement you would return the notice or write confirming your decision to Direct Line Life Insurance Company Limited, 14-18 Cadogan Street, Glasgow G2 6QN. If you cancel during the 30 days cooling off period cover will cease and we will refund any premiums paid. If you cancel the policy after the cooling off period there is no refund of any premiums paid and any cover would cease in line with the policy conditions.

Making a claim

To make a claim you should contact our Claims Department at:

Direct Line Life Insurance Company Limited

14-18 Cadogan Street

Glasgow

G2 6QN

Telephone number: 0845 2468 123

Further information is in the policy conditions under the 'Claims' section.

Complaints

If you have any complaint about this plan or about any part of our service, contact our Head of Operations at:

Direct Line Life Insurance Company Limited

14-18 Cadogan Street

Glasgow

G2 6QN

Telephone number: 0845 2468 123

In accordance with the FSA Regulations a copy of our Complaints Procedures will be made available on request. If you are not satisfied with the way we deal with your complaint, you can contact the Financial Ombudsman Service at:

South Quay Plaza

183 Marsh Wall

London

E14 9SR

Telephone number: 020 7964 1000

Making a complaint will not affect your right to take legal action.

Law

The law of England applies to this plan.

The Financial Services Compensation Scheme (FSCS)

The plan is covered by the FSCS. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. You can get more details from us or from the Financial Services Authority.

Tax

The proceeds from this plan are free from UK income tax and capital gains tax. However, if we pay the proceeds after the death of an insured person, inheritance tax may be due on the benefit paid. You may be able to avoid inheritance tax by using an appropriate trust. You can contact us for further general information on putting a policy in trust.

The government may change the tax position described above.

Please Note:

This guide to our Mortgage Life Cover is only a summary and is based on our understanding of current laws and tax rules. Further details are given in the plan schedule and policy conditions. A copy of our Key Information booklet which includes the policy conditions is available from us. Direct Line Life does not give advice and you should get your own expert advice about the legal and tax information in this leaflet.



Car Insurance

0845 246 5246



Breakdown Cover

0845 246 8378



Life Insurance

0845 246 0335



Critical Illness

0845 246 8249



Loans

0845 305 6790



Home Insurance

0845 246 0104



Home Response 24

0845 246 9203



Pet Insurance

0845 246 8246



Travel Insurance

0845 246 8738



Mortgages

0845 309 1962

Or buy online at

directline.com

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

Calls may be recorded. Maximum call charge from a BT landline is 3p per minute. Calls from other networks may vary.

Direct Line Life Insurance Company Limited is registered in England number 2199286. Registered office: 3 Edridge Road, Croydon CR9 1AG. The Company is authorised and regulated by the Financial Services Authority and is entered on their Register under No. 170956 (www.fsa.gov.uk/register). Car, Home, Pet, Travel, Breakdown and Home Response 24 insurance are underwritten by Direct Line Insurance plc. Car and Home Response 24 insurance not available in Northern Ireland. Life and Critical Illness Insurance are provided by Direct Line Life Insurance Company Limited. Loans and Mortgages are provided by The Royal Bank of Scotland plc trading as Direct Line, 250 St. Vincent Street Glasgow G2 5SH; available in Scotland, England and Wales. Loans: over 22s only. Mortgages: over 18s only. Lines open 8am - 9pm Monday - Friday, 9am - 5pm Saturday and 11am - 5pm Sunday. Direct Line Life Insurance Company Limited lines open 8am - 8pm Monday - Friday and 9am - 5pm Saturday.



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