

APPENDIX 1 – CHANGES TO MPPI AND ASU POLICY WORDINGS

Key: new wording

Section	Definition	Change to policy	Explanation of change
Policy Definitions	Ceased to trade	Added wording: <i>Your self employment has ended because your business has involuntarily ceased trading on a permanent basis.</i>	To clarify that we do not pay claims for temporary periods where self-employed customers have no work.
	Disability	Added wording to definition title: <i>Disabled, Disability, Disabilities</i>	Included to ensure clarity and consistency within the policy documentation where we already refer to disabilities.
	Existing Borrower	Added wording: <i>When you arrange this policy to start more than 14 days before or after completion of your mortgage, further advance or mortgage product switch.</i>	To clarify how we define an existing borrower. This ensures that quotations are given to customers on the correct basis.
	Impending unemployment	Added wording: <i>Unemployment which you have been notified of either verbally or in writing, or which you should have reasonably been aware of as a possible consequence of an announcement by your employer of a re-organisation or restructure or programme of redundancy on or before the start date or amendment date.</i>	To clarify that our rules about impending unemployment apply if the policy is amended after the start date.
	Jobseekers agreement	New definition: <i>A signed arrangement with a Jobcentre outlining the activity, which will help you to find employment.</i>	Jobseekers agreement is referred to within our policy but we have now defined the term to ensure that our customers understand what is required of them if they make a claim for unemployment.
	Monthly benefit	Reversion to definition: <i>The amount shown on your schedule. If you select to cover joint policyholders under this insurance, we'll show the monthly benefit for each person's chosen share on your schedule. The maximum monthly benefit is:</i>	We have reverted to insuring the mortgage plus an additional 40% to cover insurances, council tax and utility bills.

- The monthly **mortgage payment** to **your** lender and up to an additional 40% of the **mortgage payment** to cover mortgage related insurance premiums, Council Tax and utility bills such as gas, electricity, telephone and water. (Note: additional cover may affect **your** entitlement to Department of Work and Pensions benefits); or
- The **benefit** shown on **your schedule**, whichever is the less.

The maximum **benefit** payable under this insurance is 65% of the gross monthly income of the **policyholder**, or 65% of the gross monthly income of each joint **policyholder**, or the **benefit** shown against each insured in **your schedule**, whichever is the less.

		<ul style="list-style-type: none"> • The monthly mortgage payment to your lender and up to an additional 40% of the mortgage payment to cover mortgage related insurance premiums, Council Tax and utility bills such as gas, electricity, telephone and water. (Note: additional cover may affect your entitlement to Department of Work and Pensions benefits); or ▪ The benefit shown on your schedule, whichever is the less. <p>The maximum benefit payable under this insurance is 65% of the gross monthly income of the policyholder, or 65% of the gross monthly income of each joint policyholder, or the benefit shown against each insured in your schedule, whichever is the less.</p>	
	New Borrower	<p>Added wording:</p> <p>When you arrange this policy to start within 14 days of completion of your new mortgage, further advance or mortgage product switch.</p>	To clarify how we define a new borrower. This ensures that quotations are given to customers on the correct basis.
	Policyholder	<p>Added wording to definition title:</p> <p>Policyholder/Policyholders</p>	Included to ensure clarity and consistency within the policy documentation where we already refer to policyholders.
	Short time working hours	<p>New definition:</p> <p>Where your employer reduces your contractual working time, which results in a reduction in pay.</p>	Short time working hours are referred to within our policy but we have now the defined term to ensure clarity to the customer.

Section	Area	Change to policy	Explanation of change
One	Explaining the policy you have chosen	<p>A new section, 'Explaining the policy you have chosen', has been added to the front of the policy document. The section covers:</p> <ul style="list-style-type: none"> ▪ The type of policy this is ▪ When and how we can change a customer's premium and terms ▪ A customer's cancellation rights ▪ Our cancellation rights 	<p>This section forms the basis of addressing the FSA's concerns about unfair, and unclear, contract terms.</p> <p>The introduction of this section supersedes sections 8 and 9 of the current policy document and redefines our variation and cancellation clauses.</p>
Two	Explaining the policy options you have chosen	<p>The definition of monthly benefit has been changed – see above.</p>	<p>Previously, the maximum monthly benefit was defined as mortgage, plus related insurances, plus 40%. This proved difficult to calculate making the sales process complicated.</p> <p>Consequently, we have reverted to our previous calculation of mortgage payment, plus 40% to define the maximum benefit level.</p> <p>We no longer refer to a minimum monthly benefit level, as this should be based on a customer's ability to pay for this cover.</p>
Four	Accident and sickness cover	<p>New wording has been added in respect of back ache and stress:</p> <ul style="list-style-type: none"> ▪ <i>you must remain under the continuing care of a consultant or your treatment must be under the direction of a consultant.</i> 	<p>We have always required the customer to be under the continuing care of a consultant when making a claim for stress or back related conditions. In reality, the customer may not see their consultant each month, depending on the course of treatment prescribed, so we have acknowledged this by including the term 'direction' as well.</p>
Five	Unemployment cover	<p>Updated wording has been included specific to customers who are placed on short time working hours:</p> <p><i>What happens if your employer places you on short time working hours?</i></p> <p><i>You will be able to make a claim provided:</i></p> <ul style="list-style-type: none"> ▪ <i>You are able to provide written evidence from your employer that you are receiving either no pay or part pay, for the duration of your claim.</i> 	<p>We have refined our clarification of how customers can make a claim if they are placed on short time working hours.</p> <p>The amount of benefit they can claim hasn't changed.</p>

- **We** pay a reduced **benefit** in proportion to **your** reduction in earnings whilst **you** are receiving part pay from **your** employer.
- The maximum payment does not exceed 365 **days benefit**.
- The **deferred period** shown in **your schedule** will apply to **your claim**

*Note: if being **on short time working hours** then results in **your unemployment**, the full **monthly benefit** will then be paid until:*

- **your unemployment ends;**
- **you've** received a total of 365 **days benefit** since submitting **your initial claim;**

New wording has been added specific to customers who have booked a holiday leaving them unable to claim jobseekers allowance for this period:

*If you are unable to meet the terms of a **Jobseekers Agreement** due to **you** being on holiday, we will maintain **your claim payments** provided:*

- **Your holiday was booked before **your claim** started and **you** can provide a copy of the holiday booking invoice to confirm this; and**
- **Your holiday period is for a maximum of 14 days.**

*Note – **We** will not make payments for any period in excess of 14 days and **we** will only apply this concession for one holiday period in any 12 calendar months.*

When will we not accept a claim?

Wording changes to section.

New reference to short time working hours has been made:

- **Your employer informed **you** on or before the **start date** or **amendment date**, either verbally or in writing, that **you** were going to be placed on **short time working hours**.**

Unemployment wait periods have been clarified:

A condition of making an unemployment claim states that the customer must continue to satisfy the terms of a jobseekers agreement. If the customer is on holiday then this may be difficult to comply with and we could reduce the customer benefit for the period that the agreement isn't satisfied.

To support customers at this time, we will continue to pay the usual monthly benefit whilst they are on holiday, providing that they satisfy the criteria outlined.

As with other cover elements, we do not pay claims if customers have prior knowledge of an impending event. This clarifies our position for customers who are aware that they may be placed on short time working hours before purchasing cover.

We have refined our unemployment wait periods for both new policies and amendments to ensure that all customers are clear.

- ***you're a new borrower and become unemployed or are told of your impending unemployment within 60 days of the start date;***
- ***you're an existing borrower and become unemployed or are told of your impending unemployment within 120 days of the start date;***
- ***you add unemployment to your policy within 120 days of the start date and become unemployed, or are told of your impending unemployment, within 120 days of the amendment date.***
- ***you add unemployment to your policy after 120 days of the start date and become unemployed, or are told of your impending unemployment, within 60 days of the amendment date.***

Six

Making a claim

When will benefit payments stop?

New wording has been added specific to when a contract workers claim finishes:

- ***we have paid to the end of the contract term or you return to work, whichever is first, if you were with the same employer for at least 6 months and your contract had been renewed at least twice (each for a minimum 6 months duration).***
- ***we have paid to the end of the contract term or you return to work, whichever is first, if you were on a yearly contract that had been renewed at least once prior to you being made unemployed.***
- ***we have paid up to 365 days benefit or you returned to work, whichever is first, if you were under contract to the same employer for a period of at least 24 consecutive months immediately prior to you being made unemployed***

We treat the maximum duration of claims for contract workers in different ways depending on the type of employment contract in place.

To avoid confusion, we now re-iterate when benefit payments will stop if the customer is a contract worker making a claim.

Seven	Getting back to work	<p>Change to Lifetrack contact address:</p> <p><i>Working Transitions Alexandra House, Queenswood Office Park, Newport Pagnell Road West, Northampton, NN4 7JJ.</i></p>	
Eight	Changing circumstances	<p>New wording has been added, as a customer must now inform us if their gross monthly income reduces.</p> <p>New wording as been added, <i>as any change to the monthly benefit, joint policyholder monthly benefit splits, deferred period or payment option will not apply if the customer's employer informed them on or before the amendment date, either verbally or in writing, that they were going to be placed on short time working hours.</i></p>	<p>As with other cover elements, we do not pay claims if customers have prior knowledge of an impending event. This clarifies our position for customers who are aware that they may be placed on short time working hours before they make a change to their policy cover.</p>
Twelve	How to complain to us FSCS	<p>The Financial Services Compensation Scheme has changed and wording has been updated to reflect these changes.</p>	