

Intermediary Product Guidance

# My Sick Pay Income Protection Plan

# What does My Sick Pay do?

My Sick Pay allows Members to:

- Choose to replace some of their lost earnings each month if an illness or injury means they can't work in their normal job
- Choose how long they need to wait before My Sick Pay pays out
- Choose how long My Sick Pay pays out for when they're unable to work (either 1 year, 2 years or to the end date the Member chooses)
- Choose when My Sick Pay will end, between ages 50 and 70
- Choose to insure up to 65% of what they earn before tax, up to a maximum benefit of £65,000 per year – this means that they can cover earnings before tax of up to £100,000 per year
- Choose whether their cover goes up each year in line with the cost of living, as measured by the Retail Prices Index (or a suitable alternative measure of inflation)
- Choose whether the price they pay is a level-priced (the amount will stay the same from start to finish) or age-based (the amount they pay will increase with their age each year)
- Choose if the price they pay is reviewable. This means on or after the 5th anniversary of their My Sick Pay, it's possible we may change the price. Members may end up paying the same, more or less than we originally expected. We'll then review the price they pay each year after that

## Key additional features

- The Member won't have to pay anything during a claim
- We'll pay at least £1,000 or £1,500 a month (depending on their occupation), or the level of cover they chose if it was lower, as long as they were normally working at least 21 hours a week before they claimed. We call this our Drop in Earnings Guarantee
- We'll pay an additional payment of 6 months sick pay if they are diagnosed with a terminal illness plus immediately start their claim
- We'll pay for rehabilitation support to help them recover so they can return to their job

- We'll pay financial support for up to 1 year after they've returned to work in a new lower paid or part time role
- We'll pay towards the cost of an operation or treatment if we feel it could lead to a faster recovery

The product also offers Members the following additional features:

- Cover can be increased without any health questions if certain events happen, including marriage/civil partnership, birth or legal adoption of a child, salary increase or promotion, change of job including a salary increase, taking out a new mortgage or increasing an existing mortgage, increase in rent due to landlord or moving to a new rental property
- A break from paying for My Sick Pay of up to 6 months is available after the Member has paid for three years

## Who is My Sick Pay suitable for?

My Sick Pay is suitable for employed or self-employed people who want to make sure they can pay for regular outgoings if they can't work due to an illness or injury

## Who is eligible?

Clients can apply:

- If they work in an occupation that we'll quote for
- If they have resided and been registered with a UK GP for the last 3 years
- If they are aged between 18-59 (the maximum age may be less for some occupations)
- If they are normally working for at least 16 hours a week when they apply
- If they are employed, or if they're self-employed they have a trading history of at least 6 months
- If they have a UK bank account and pay income tax in the UK
- If they have no immediate intention to move abroad. (If they move abroad from the UK we may not be able to continue with their cover)

## Distribution

My Sick Pay is only available to buy through authorised intermediaries. This is because it's important that your clients receive advice or guidance and understand what they are buying and the options available to set it up in a way that's right for them, including:

- The right level of cover for their individual needs and circumstances
- Taking into account any existing sick pay arrangements, State benefits, and the cover they have selected, including choosing how long to wait before any claim is paid
- We don't accept Execution Only business or direct applications arising from advertising or mailshots where advice or guidance has not been given

## Who is the plan not suitable for?

My Sick Pay isn't suitable for anyone who:

- Is looking for cover in case they are made unemployed or redundant
- Is already unemployed
- Is already unable to work as a result of illness or injury
- Won't suffer a financial loss by being unable to work

## Risks of having My Sick Pay

The following risks need to be considered by both you and your client:

- The amount of sick pay applied for remains enough to meet your clients needs over time
- If your client normally works less than 16 hours a week, or stop working altogether, they won't be able to claim
- If your client doesn't give us the full and complete information we ask for when they apply or make a claim, we may not be able to pay their claim
- That your clients don't understand what is and isn't covered
- That your clients income drops over time, leaving them with too much insurance and meaning we can't pay their claim in full
- Where a reviewable price has been chosen, after the 5th anniversary of buying My Sick Pay, the amount they pay could increase
- That if your client moves abroad from the UK we may not be able to continue with their cover (we may be able to agree to continue cover in certain countries)

## Risks of stopping cover under My Sick Pay

Before cancelling their cover, Members should consider:

- What income would they have to live on if they could not work?
- Whether they have enough savings to cover any extended period of being unable to work?
- The impact on their life of any extended period of being unable to work?

## Further information

More information can be found in the following documents:

- Key Features Document
- Terms and Conditions

## Contact us.

We're here to help.

### Address

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### We're here

**Monday - Friday** 9.00am to 5.00pm