



Key Features of the
Mortgage Protection Plan
Life cover
Decreasing life 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. We are one of the UK's top 50 companies in the FTSE 100 Index. Over 5.75 million people rely on us for life assurance, pensions, investments and general insurance plans.

The Legal & General Group is responsible for investing over £237 billion worldwide (as at 31 December 2006) on behalf of investors, policyholders and institutions.

Legal & General is one of the biggest providers of index-tracking investments in the UK, managing £162 billion as at 31 December 2006.

Contents

| | Page |
|---------------------------------------------------------------|-------------|
| 1. Introduction | 3 |
| 2. Its aims | 3 |
| 3. Your commitment | 3 |
| 4. Risk factors | 4 |
| 5. What is Legal & General's Mortgage Protection Plan? | 4 |
| 6. How much does the plan cost? | 5 |
| 7. How much does the plan pay out? | 5 |
| 8. What if I already have mortgage protection? | 5 |
| 9. Who can the plan cover? | 5 |
| 10. When will the plan not pay out? | 5 |
| 11. What other options are available? | 6 |
| 12. When will my cover start? | 7 |
| 13. Will my payments ever go up? | 8 |
| 14. What happens if I move house? | 8 |
| 15. What happens if I move abroad? | 8 |
| 16. What are the charges? | 8 |
| 17. What if I am not sure if this product is suitable for me? | 8 |
| 18. Making a claim | 8 |
| 19. Further information | 9 |

Introduction

Legal & General's Mortgage Protection Plan is designed to help repay your mortgage if you die or are diagnosed as being eligible for terminal illness benefit.

With our Mortgage Protection Plan you can choose whether to benefit from the full range of cover available or simply choose cover to suit your individual needs. Your adviser can discuss all the options open to you.



Its aims

The plan aims to do the following:

- To provide the amount of cover you choose
- To provide cover for the period you choose
- To provide the type of cover you choose.

Your plan includes:

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

- If you choose decreasing cover the amount of cover will reduce during the term roughly in line with your outstanding mortgage amount.
- After the lump sum is paid, your policy ends and you pay no more premiums.
- There are some circumstances when the plan will not pay out, these are shown on page 5.

Your commitment

You must do the following:

For all types of cover

- Disclose all the relevant information we ask for when you take out your plan. If you do not do this, it could mean your plan will not pay out and your policy could be cancelled. You should not assume that we will write to your doctor – it is your responsibility to complete the application form accurately.
- At the time of a claim, the person or persons making the claim must truthfully provide all the information we ask for. If they do not do this, it could mean your plan will not pay out and your policy could be cancelled.

- Tell us about any of the following changes that happen between completing the application form and when your plan starts:
 - Medical disclosures
 - Family history
 - Occupation
 - Travel or residence (other than for holidays)
 - Pastimes
 - Alcohol consumption
 - Start smoking
 - Use of recreational drugs, for example, cocaine or heroin. (Note these examples are not intended to be a complete list.)
- If you have chosen decreasing cover, in some circumstances, the lump sum paid out at claim may not be enough to pay off your mortgage in full. For example, if your mortgage payments have not been adjusted to take into account interest rate changes, or if your mortgage interest rate averages over 10% during the term of the plan.

If you do not do this, it could mean your plan will not pay out and the policy could be cancelled.

- Pay the premium by direct debit every month or annually by direct debit or cheque during the period of cover.

Risk factors

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 do not truthfully provide all the information we ask for on the application form or at the time of a claim, we will not pay out under the plan.
- We will not pay out in the circumstances described under “When will the plan not pay out?” on page 5.
- The plan has no cash in value at any time.
- The present tax treatment may change.
- You should ensure that the term of the plan is long enough to cover the term of your mortgage otherwise you will not be fully protected.

What is Legal & General’s Mortgage Protection Plan?

The Mortgage Protection Plan is a long term insurance policy which can be tailored to meet your needs by allowing you to choose:

- The type of cover you need – your plan includes:
 - Life cover** – pays out a lump sum if you die. You can choose to take level or decreasing cover.
 - Terminal illness cover** – your plan will automatically include terminal illness cover. This means that if you are diagnosed as having less than 12 months to live during the term of the plan and are eligible to claim, we will pay the sum assured immediately, instead of upon your death. This cover does not apply during the last 18 months of the plan and is not available on plans with a term of less than two years.
- The level of cover you need – this is the amount of lump sum we pay out after a valid claim.
- How long the cover lasts – the table on the following page provides details of the minimum and maximum term as well as maximum ages.

How long the cover lasts continued.

| Mortgage Protection Plan products | Minimum term | Maximum term | Maximum age (next birthday) the plan must end by |
|-----------------------------------|--------------|--------------|--------------------------------------------------|
| Level Life Cover | 1 year* | 40 years | 80 |
| Decreasing Life Cover | 5 years | 40 years | 80 |

*If a one year term is chosen then terminal illness cover does not apply

After the lump sum is paid, your policy ends and you pay no more premiums.

How much does the plan cost?

You pay a premium every month by direct debit or annually by direct debit or cheque to keep your cover in force. Your premium depends on the following:

- Your personal circumstances – for example, your age, health, sex, occupation and whether you smoke.
- The amount and type of cover you choose.
- How long you decide you want the cover to last.

If you stop paying your premiums, your cover will end 30 days after the first missed premium. The plan has no cash in value at any time.

How much does the plan pay out?

The plan pays out a lump sum. You decide how much you would like this to be when you take the plan out.

The plan only pays out the main benefit once and then all cover ends. The attached personal illustration shows the period of cover, the type and amount of cover you have chosen and your premium.

What if I already have mortgage protection?

Make sure you obtain financial advice before cancelling any existing policies. Your financial adviser can help you decide what best suits your needs.

Who can the plan cover?

You can apply for the plan to cover:

- you alone;
- you and another person; or
- one or two people not including you.

If the plan covers two people it will only pay out once if an insured person dies or has a valid terminal illness claim during the period of cover, whichever is first.

When will the plan not pay out?

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

- The policy has ceased due to non payment of premiums.
- You do not disclose all the relevant information that 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 accurately.
- A claim is made and the person or persons making the claim do not truthfully provide all the information we ask for.
- The insured person commits suicide in the first year of the policy.
- You do not tell us about any of the following changes that happen between completing the application form and when your plan starts:
 - Medical disclosures
 - Family history
 - Occupation
 - Travel or residence (other than for holidays)
 - Pastimes
 - Alcohol consumption

- Start smoking
- Use of recreational drugs, for example, cocaine or heroin. (Note these examples are not intended to be a complete list.)

Further details of what is covered, and any standard exclusions and restrictions to the cover are given in the Policy Conditions section of the policy document which is made up of the policy schedule and the OLA (Ordinary Life Assurance) wrap. We provide more information about cover and limits in the Mortgage Technical Guide. You can ask us for a copy of this.

What other options are available?

Some of the following benefits are optional. If required, they must be chosen at the start of the plan and there may be an additional cost. Full details of any extra benefits will be shown in the policy document. Your personal illustration shows any options or benefits included in your plan and, if so, the cost. For full details ask your financial adviser or Legal & General.

Waiver of payment benefit

This benefit pays your premiums if you are too ill to work for six months or more as a result of illness or injury. Although you will have to pay your premiums at first, after 26 weeks of incapacity we will waive your premiums. If you are not in gainful employment, you do not have to pay your premiums after 26 weeks, if you suffer an illness or accident which stops you performing three or more functional assessment tests.

We will continue to waive premiums until:

- you no longer qualify for waiver of payment benefit;
- you reach the end of your policy;
- your 60th birthday;
- you die;

whichever occurs first.

Full details can be found in the policy document.

Indexation

This helps your cover to keep up with inflation. The premiums and life cover increase in line with the Retail Price Index each year (up to 10% in any one year). This option is only available if your application is accepted at normal rates.

If you choose to include the indexation option, you must choose to take it at the start of your plan and we will offer you the opportunity to increase your cover regularly. If you decline the option at any time, we will not offer it again. This option is not available if you select the conversion option or decreasing cover.

Conversion option

This option gives you the flexibility to convert your life cover later on into a Whole of Life Plan without the need to provide any further medical evidence. There are a few restrictions. Your adviser can give you more information. This option is not available if you have selected indexation or decreasing cover.

Option to increase the amount of cover you have later on during the plan (guaranteed insurability option)

You may increase the amount of cover later on without the need for further medical evidence up to certain limits. This is your guaranteed insurability option. You can do this if:

- you get married or enter into a civil partnership*;
- you become a parent;
- you increase your mortgage because you are moving home or improving your home.

For your policy to include the guaranteed insurability option the policy must be accepted on standard terms and normal rates before your 45th birthday. This option must be exercised before your 50th birthday (older life for joint life policies).

We will not ask any more medical questions and the rates at the time of the increase will apply. The limits which apply are set out in your policy document. Your financial adviser can give you more details.

* The Civil Partnership Act (CPA) 2004 came into force on 5 December 2005. The CPA is designed to provide a system of registration for same sex relationships. Civil partners will be in a relationship akin to marriage in respect to the laws of survivorship and benefits.



Accidental death benefit

Accidental death benefit provides you with life cover while your application form is being processed. This cover is provided free of charge and without the need for any underwriting. It will 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 lower. The cover will start when we receive a completed application form, and will last for 90 days, or until we accept, postpone or decline your application or you notify us that you do not wish to proceed with your application – whichever occurs first. Terms and conditions apply. Please see the Mortgage Technical Guide (available on request) for more details.

Free cover between exchange and completion

For mortgage protection cover, we can offer free life cover between exchange of contracts and completion of your property purchase. (In Scotland free cover is provided from when you complete missives for your chosen property until the date of entry). The amount of free life cover will be your proposed sum assured, or the amount of your loan or £300,000 – whichever is the lowest.

The cover is provided for 90 days from when you exchange contracts (or in Scotland complete missives). However, to be eligible for this cover the following conditions must apply:

- You are under 55 when you take out the mortgage (for joint life policies this will apply to the older life)
- No other policies covering the same mortgage can be in force or applied for
- Your duty of disclosure continues until completion (or date of entry in Scotland).

SmoothMove

To provide SmoothMove, Legal & General have teamed up with Inter Partner Assistance, one of the largest international emergency assistance organisations. If you are taking out cover to protect a new mortgage and are moving house, your cover will include – at no extra cost – SmoothMove, a 24 hour rescue service to help with unexpected hitches on moving day. SmoothMove also covers you for up to three months for any emergency domestic repairs and legal advice after you have moved in. Inter Partner Assistance provides the SmoothMove Insurance Plan. For full details of SmoothMove, please see the Key Features and Policy Terms and Conditions of the SmoothMove Plan, which your adviser can provide.

Your personal illustration shows whether any of these options have been included in your plan.

When will my cover start?

You can choose the date on which your plan will start. If you are moving house or taking out a larger mortgage, your mortgage cover normally begins on the same day as your new mortgage.

Will my payments ever go up?

Your premium is guaranteed. This means that your monthly (or annual) payment will stay the same throughout the term of the plan.

Your premium will change however, if you:

- increase the amount of cover;
- choose the indexation option;
- exercise your guaranteed insurability option;
- exercise the conversion option.

What happens if I move house?

The plan can move too, and you can increase the cover for a larger mortgage, subject to certain limits.

What happens if I move abroad?

We can normally only offer cover to applicants currently residing in England, Scotland, Wales or Northern Ireland.

What are the charges?

The premium payments shown in your illustration include all the costs of administration, underwriting, claims, commission and selling expenses.

What if I am not sure if this product is suitable for me?

If you have any doubt about whether this product is suitable for your circumstances, please contact either Legal & General or your financial adviser. Legal & General only advises on its own life assurance and investment products.

Making a claim

If you or your representatives need to make a claim, please write to us at:

Legal & General Claims Department
City Park
The Droveaway
Hove
BN3 7PY

When we receive notification of a claim we will 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 as required.



Further information

Your cancellation rights

After we have accepted your application, we will 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:

Legal & General Assurance Society Limited
City Park
The Droveaway
Hove BN3 7PY

and we will then cancel the plan. If you do this, we will refund any premiums you have paid.

If you do not 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 any aspect of the service you have received from Legal & General, or you would like us to send you a copy of our internal complaint handling procedure, please contact our helpdesk on 0870 010 4080.

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

Alternatively you can write to us at:
Legal & General Assurance Society Limited
PO Box 1186
Hove
East Sussex BN3 1SD

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 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 cannot 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 mortgage protection products 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.

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.

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.

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.

We're here to help

If you have any queries, would like more information, or you would like this document in Braille, large print or audiotape, please contact the Legal & General helpdesk on 0870 010 4080. We may record and monitor calls. Call charges will vary.



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

W10983 10/07 Approval Number: H77852 Approval Date: 20/09/07

