

## Key Features you need to know and understand

**You may have arranged your plan through an Intermediary.  
If so, you should contact them to discuss your plan.**

## Key Features

### Its aims

- To provide protection against the financial effects of death, critical illness or disability – depending on the cover you choose. The plan pays out a guaranteed cash lump sum, for example to give financial support for you and your family, if you make a valid claim while the plan is in force
- To allow you to choose the protection benefits to suit your needs. Depending on the cover you choose, your plan can pay the cash lump sum on the earliest of:
  - critical illness, total permanent disability, terminal illness and death,
  - critical illness, total permanent disability and terminal illness; or
  - terminal illness and death
- To provide cover for as long as you want it to continue.

### Your commitment

- You must do the following:
  - Answer all the questions in the Application Form correctly to the best of your knowledge and belief. We will set up your plan based on the information you tell us in your Application Form and any other information you supply to us in relation to your application. It is important that you tell us everything that may affect the terms we offer you. If you are in any doubt about whether something is important, please put the information on the Application Form. If you do not do this, it could mean your plan will not pay out
  - Tell us if:
    - there is any change to your personal health, family history, occupation or residence
    - you take up any hazardous sports or pastimesbetween signing the Application Form and when your plan starts. If you do not do this, it could mean your plan will not pay out
- You agree to pay regular premiums throughout the period of the cover
- If you choose to have the Indexation Options, your premium will change each year to reflect this. **Details of these options are given in section 4.1 of the Technical Reference Guide and section 2.6 (Indexation Options) of the Standard Provisions.** You can ask us for copies of these
- When you take out your plan you will have selected an appropriate level of cover at that time. You should review, and update if necessary, the level of cover regularly to make sure you have enough for your needs.

### Risk factors

- If you do not accurately provide any information we ask for, we will not pay out under the plan
- We will not pay out in the circumstances described under the heading “**When will the plan not pay out?**” on pages 4 and 5 or for something that is not covered by your plan
- To maintain your level of cover, we may have to increase your premium when we review your plan. This will depend on the basis of your cover and, for example, our claims experience, expenses or lifestyle changes. There is no limit to the amount that your premium may increase, but any increase will be fair and reasonable. **You can find out more details of how we will review your plan and how we would apply any premium increase in section 3.8 of the Technical Reference Guide and section 2.7 (Policy Reviews) of the Standard Provisions.** You can ask us for copies of these
- The value of the units you buy in the investment funds can fall as well as rise and is not guaranteed
- As the plan is for protection rather than investment there may be little or no surrender value even after many years
- If you stop paying premiums your cover will only continue as long as the cost can be met from the value of units in your plan
- Our charges may have to rise by more than we anticipate in the future. This would reduce the value of the units in your plan
- Future changes in legislation or your personal financial circumstances could affect the amount payable or any further tax payable on that amount.

### What is the Pegasus Personal Assurance Plan?

- The Pegasus Personal Assurance Plan is a regular premium unit linked whole life protection plan
- It is designed to provide protection for you or your family.

## What benefits does the plan provide?

- The plan allows you to choose one of two types of cover packages:
  - Ultimate Cover:**
    - Critical Illness Cover
    - Total Permanent Disability Cover
    - Terminal Illness Cover
    - Life Cover (optional)
    - Child Cover
  - Safeguard Cover:**
    - Life Cover
    - Terminal Illness Cover
- Critical Illness Cover** pays out a cash sum if the life assured (either life assured for a joint life plan) is diagnosed with a critical illness that meets our policy definition and then survives for at least 14 days (the survival period). We only cover the critical illnesses we define in our policy and no others
- Total Permanent Disability Cover** pays out a cash sum if the life assured (either life assured for a joint life plan) becomes permanently disabled and then survives for at least 14 days (the survival period) after satisfying one of our permanent disability definitions
- Terminal Illness Cover** pays out a cash sum if the life assured (either life assured for a joint life plan) is diagnosed as being terminally ill and then survives for at least 14 days (the survival period) after satisfying our terminal illness definition
- Life Cover** pays out a cash sum on the death of the life assured (first death on a joint life plan)
- Child Cover** pays out a cash sum if your child becomes critically ill and then survives for at least 14 days (the survival period) after satisfying one of our critical illness/child cover definitions. The amount payable will be the lower of 50% of the sum assured and £20,000
- If you die within the 14 day survival period and do not have Life Cover no benefit will be paid.

## Which critical illnesses and disabilities are covered?

- The complete list of conditions we cover is set out below. 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 **Critical Illness Definitions Guide**. 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
- to make a claim for some illnesses, you need to have permanent symptoms.

Please let us know if you would like to see a copy of the **Critical Illness Definitions Guide**.

<b>Alzheimer's disease</b> – resulting in permanent symptoms	<b>HIV infection</b> – caught in the European Union, the Channel Islands or the Isle of Man from a blood transfusion, a physical assault or at work
<b>Aorta graft surgery</b>	<b>Kidney failure</b> – requiring dialysis
<b>Aplastic anaemia</b> – permanent	<b>Liver failure</b> – irreversible
<b>Bacterial meningitis</b> – resulting in permanent symptoms	<b>Loss of hands or feet</b> – permanent physical severance
<b>Benign brain tumour</b> – resulting in permanent symptoms	<b>Loss of speech</b> – permanent and irreversible
<b>Blindness</b> – permanent and irreversible	<b>Major organ transplant</b>
<b>Cancer</b> – excluding less advanced cases	<b>Motor neurone disease</b> – resulting in permanent symptoms
<b>Cardiomyopathy</b> – of specified severity	<b>Multiple sclerosis</b> – with persisting symptoms
<b>Chronic lung disease</b> – of specified severity	<b>Paralysis of limbs</b> – total and irreversible
<b>Coma</b> – resulting in permanent symptoms	<b>Parkinson's disease</b> – resulting in permanent symptoms
<b>Coronary artery by-pass grafts</b>	<b>Progressive supranuclear palsy</b> – resulting in permanent symptoms
<b>Creutzfeldt-Jakob disease</b> – resulting in permanent symptoms	<b>Stroke</b> – resulting in permanent symptoms
<b>Deafness</b> – permanent and irreversible	<b>Terminal illness</b>
<b>Dementia</b> – resulting in permanent symptoms	<b>Third degree burns</b> – covering 20% of the body's surface area
<b>Heart attack</b> – of specified severity	<b>Traumatic head injury</b> – resulting in permanent symptoms
<b>Heart valve replacement or repair</b>	

These critical illnesses comply with the Association of British Insurers (ABI) model definitions.

No ABI model definitions exist for these critical illnesses and disabilities

## Key Features

- **Total Permanent Disability Cover** is based on becoming permanently unable, as a result of illness or injury, to perform:
  - your own occupation,
  - Work tasks; or
  - Loss of independent existence – resulting in permanent symptoms

The basis is detailed in your Plan Schedule

- **Please remember that the heading of each critical illness is only a guide to what is covered.** Further details of how we will consider your claim, including the full definitions we will use and the evidence we will need, are given in the **Critical Illness Definitions Guide**. You can ask us for a copy of the **Critical Illness Definitions Guide**.

### What other options are available on the plan?

- **Premium Protection** provides protection for the payment of your premiums if through illness or injury you are unfit to work for more than six months
- **Cover Buyback Option** allows you before the age of 65 to take out further cover following a claim for a critical illness or total permanent disability. The new cover will include critical illness cover for Cancer, Heart Attack, Stroke and Child Cover. If your plan includes Life Cover, your new plan will also include Life Cover
- **Guaranteed Insurability Options** allow you before the age of 55 to increase your cover if certain events happen. And provided you are not undergoing medical attention or unwell at the time of using one of the options, you do not have to give us medical information. The events include: moving home, getting married or entering a civil partnership, having children and career progression. Your premium will increase to meet the cost of increased cover
- **Indexation Options** allow you to increase the cover on each anniversary in line with inflation. Your premium will increase each year to pay for the increase in cover
- **Annual Instalments Option** allows the cover, at the time of a claim, to be paid in equal annual instalments instead of one payment
- **Retirement Cover Option** allows you to replace Critical Illness Cover with a smaller number of conditions appropriate to retirement cover. The illnesses covered are: Alzheimer's Disease, Blindness, Deafness, Dementia, Loss of independent existence and Parkinson's Disease. The option can be taken up at any time after the later of the first plan review date or 65th birthday

- **Replacement Cover Option** allows you, if we have paid a claim under a joint life plan, to start a new plan on the life not subject to the earlier claim without further evidence of health. The life assured must be under the age of 55 at the start of the new plan
- **More information on all of these options can be found in section 4 of the Technical Reference Guide and section 2 of the Standard Provisions.** You can ask us for copies of these
- The above options are subject to various rules and restrictions. For more information please see the **Critical Illness Definitions Guide**. You can ask us for a copy of this.

### When will the plan not pay out?

- Once you have started paying premiums there are no standard exclusions which will prevent your plan paying out on death if Life Cover is included. However, certain exclusions may apply for other claims:
  - If the claim arises from:
    - flying/aviation
    - criminal acts
    - drug abuse
    - hazardous sports and pastimes
    - HIV/AIDS
    - self-inflicted injury; or
    - if the claim arises while living abroad
  - If you do not make a claim within 12 months of the event, we may not pay a claim if there is unreasonable delay after the 12 months has passed
  - If the claim is for Child Cover and the condition is familial (characteristic or condition that runs in the family) or congenital (present at birth – this could be an inherited condition or one resulting from damage or infection at the time of birth) or was already present when the child's cover started
  - On death within 14 days of diagnosis of terminal illness or a critical illness unless Life Cover is included
  - If the claim is for Premium Protection, we will not pay a claim until you have been unfit to work for more than six months. You should continue to pay your premiums until we have reached a decision on your claim
- We may apply specific exclusions when we accept your plan which may result in you not being covered for some of the illnesses shown on page 3. These will be shown in your **Plan Schedule**

- We may not pay your claim if new information comes to light at the claims stage which was not provided by you when you applied (even if the new information is unconnected to the condition you are claiming for)
- **Full details of what is covered, and any exclusions or limitations on the cover, are given in the Critical Illness Definitions Guide and section 2 of the Standard Provisions.** You can ask us for copies of these.

### Who can own the plan?

- The owner of the plan is a person or a company who applies for the contract and normally pays the premiums
- If the owner is a person you must be:
  - aged 18 or over when you sign the Application Form; and
  - “habitually” resident in the UK, the Channel Islands or the Isle of Man (e.g. having a UK main home address and UK bank account)
- If the owner is a company that company must be registered in the UK.

### Can I own the plan jointly with someone else?

- Yes, you can own the plan jointly with someone else, normally a spouse or a partner
- If one of you dies the ownership of the plan will pass to the survivor.

### Who can be a life assured?

- A life assured is a person whose life is covered by the plan
- To be a life assured you must, at the start of the plan, be:
  - aged 16 or over; and
  - younger than age 60, if you choose Ultimate Cover; and
  - younger than age 85, if you choose Safeguard Cover
- If the life assured is not an owner there must be an insurable interest e.g. husband and wife or partners
- You can have either one life assured (single life plan) or two lives assured (joint life plan)
- For a joint life plan:
  - we will pay the appropriate amount of cover, once on the first valid claim for death or critical illness
  - if you have not chosen Life Cover and one of you dies, the cover will continue for the survivor.

### How much does the cover cost?

- The cost of the cover will depend on whether you choose Ultimate or Safeguard Cover and other factors such as age, sex, smoking status, occupation, health status and level and basis of cover you choose
- You can choose one of five bases of cover:
  - **Standard Basis** is designed to provide the same level of cover throughout life
  - **Career Basis** is designed to provide the same level of cover up to any age you choose between 30 and 85
  - **Maximum Cover Basis** is designed to provide the highest level of cover for the lowest initial premium up to the review date
  - **Specified Basis** provides a level of cover between Standard and Maximum
  - **Retirement Cover Basis** is designed to provide a specified level of cover throughout life assuming the Retirement Cover Option is taken up
- We will guarantee to provide the level of cover you choose for the premium you pay until we review the plan after ten years. Depending on the result of our review you may have to:
  - increase the premium to maintain the same level of cover; or
  - reduce the level of cover to pay the same level of premium
- There will be more reviews at regular intervals (normally every five years) thereafter. At each review we will:
  - review the current status of the plan
  - use certain assumptions as to the future claims experience, growth, expenses and other factors to estimate whether the premium you are paying will maintain the level of cover until the next review date
  - tell you and your Intermediary of the outcome of the review
- If changes are needed to allow us to guarantee the benefits until the next review date, we will give you the option to increase the premium to maintain the same level of cover, or reduce the level of cover to pay the same level of premium. If no instructions are received, we will increase your premium to maintain the level of cover
- Please note we will not review the plan if you have stopped paying premiums i.e. it is paid up. Once the plan runs out of units, all cover will stop and the plan will end
- The cost of the cover and any other options you choose will be included in the premium shown in **Your Personalised Key Features.**

## Key Features

### What happens to my premiums?

- Your premiums will buy units in Scottish Mutual funds. You can choose from a range of funds. If you do not choose specific funds, we will invest your premiums in the Growth Fund. We will deduct units to pay for the cost of the benefits and our charges
- **You can find details of all the funds and charges in sections 3 and 5 of the Technical Reference Guide and sections 2 and 3 of the Standard Provisions.** You can ask us for copies of these
- **Your Personalised Key Features** will show the effect and, where appropriate, the current level of any charges we may apply.

### What happens if I stop paying premiums?

- If there is a fund value you can:
  - keep the cover going until the fund value runs out through the deduction of normal charges; or
  - take the fund value and surrender the plan
- If there is no fund value we will terminate your plan and cover will stop. There will be no cash in value
- If you want to surrender the plan, you should contact your Intermediary or us at our registered address
- Details of the effect of stopping your premium are available on request.

### Further information

#### Cancellation rights

- When we accept your plan, we will send you a notice explaining your right to cancel your plan. You will then have 30 days in which you can cancel the plan by returning the notice, signed by you, to:

Scottish Mutual Assurance Limited  
301 St Vincent Street  
Glasgow G2 5HN

- If you do this we will refund any premiums you have paid. If you do not cancel, your plan will start and end as set out in our acceptance terms and we will collect premiums as agreed.

#### Premiums

- Regular monthly premiums are paid by direct debit. Yearly premiums may be paid by cheque or direct debit. You will pay premiums until you have made a valid claim for any of the events you have chosen to cover yourself for. If you are covered for Premium Protection, your premium will stop if we accept your claim, but will re-start when you are no longer suffering from a disability.

#### Change of job

- You do not need to tell us if you change your job after your plan is in force. If, when you make a claim, your job has changed from the one on your Application Form, you will need to tell us so that we can assess your claim.

#### Tax

- Payment of critical illness claims are currently free of income tax and capital gains tax
- Higher rate tax payers may be liable to pay income tax if the surrender value, when a payment is made on death or surrender, is greater than the premiums paid
- The cash sum payable on death should be free of inheritance tax, provided that the plan is written under a suitable trust
- Tax benefits depend on your individual circumstances and can be changed or withdrawn at any time by changes in legislation
- We pay taxes on the funds. The unit prices reflect the taxes we pay. You may not reclaim this tax.

### Law

- The law of Scotland governs the relationship we have with you prior to the conclusion of the contract
- The plan is governed by the law of Scotland unless otherwise agreed. If you reside in the Channel Islands or the Isle of Man your plan will be governed by the law of England and be held under Seal unless otherwise agreed.

### Making a claim

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

Scottish Mutual Assurance Limited  
301 St Vincent Street  
Glasgow G2 5HN  
Phone: 0845 271 0007

- When you notify us of a claim, you will need to tell us your policy number and give us details about your claim.

### Complaints

- If you have any complaints about this plan, or about any part of our service, please contact our Customer Relations Team at:

Scottish Mutual Assurance Limited  
301 St Vincent Street  
Glasgow G2 5HN  
Phone: 0141 275 8338

### Next steps

- We always hope that we are able to sort out your issue. However, if we:

- haven't been able to satisfy your complaint; or
- haven't sent you a final response after eight weeks

you can write to the Financial Ombudsman. The Financial Ombudsman would usually only investigate the complaint once our internal complaints process had been completed. Contact details are:

Financial Ombudsman Service  
South Quay Plaza  
183 Marsh Wall  
London E14 9SR  
Phone: 0845 080 1800  
Fax: 0207 964 1001

- If you make a complaint to the Ombudsman, it will not affect your right to take legal action. We have made our complaints procedure simple to follow, so that you should not have to use a solicitor or seek professional help. If you do this, you will be responsible for the costs
- You can ask us for details of any compensation arrangements.

### 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. Most contracts for long term insurance such as this are covered for 100% of the first £2000 and 90% of the remainder of the claim, without any upper limit. You can get more details from us or directly from the Financial Services Compensation Scheme online at [www.fscs.org.uk](http://www.fscs.org.uk) or by contacting them at **Financial Services Compensation Scheme, 7th Floor, Lloyds Chambers, Portsofen Street, London, E1 8BN** or by calling them on **0207 892 7300**.

### How to find out more

- This leaflet tells you about the Key Features of our Pegasus Personal Assurance Plan and complies with the ABI Statement of Best Practice for Critical Illness Cover (April 2006). Further information is given in the **Critical Illness Definitions Guide**, the **Technical Reference Guide** and in the terms and conditions in the **Standard Provisions**. You can ask us for copies of these
- **Your Personalised Key Features** shows the amount and type of cover you have chosen to include in your plan and the initial monthly or annual premium
- Your plan may be provided through an Intermediary. If so, the Intermediary acts on your behalf and will give you details of the service they provide and how to contact them.

### A guide to Critical Illness Cover

- The Association of British Insurers (ABI) gives general information about critical illness cover in their booklet "**A guide to Critical Illness Cover**". You can ask us for a copy or you can get a copy at [www.abi.org.uk](http://www.abi.org.uk) or by writing to:

The Association of British Insurers  
51 Gresham Street  
London  
EC2V 7HQ

## About Scottish Provident

- Scottish Provident was founded in 1837. It is the brand name for Scottish Mutual Assurance Limited's protection and healthcare products. Scottish Mutual Assurance Limited is a Resolution company. It provides life, pensions and healthcare products and is authorised and regulated by the Financial Services Authority (FSA). Scottish Mutual Assurance Limited's FSA Registration Number is 110457 and they have their registered office at 301 St Vincent Street, Glasgow G2 5HN, United Kingdom
- Scottish Mutual Assurance Limited is entered on the Financial Services Authority's register. You can check Scottish Mutual Assurance Limited's authorisation with the Financial Services Authority at [www.fsa.gov.uk/register](http://www.fsa.gov.uk/register) or by calling them on 0845 606 1234.

## Notes

- The information contained in this Key Features document and our understanding of UK law and HM Revenue & Customs practice are those current at the time of publication. These details are not intended as a substitute for professional, legal or tax advice and you should seek professional advice on these matters. We cannot accept any responsibility for any changes in UK law. If we are affected by changes to UK law or other circumstances beyond our control, we may change the **Standard Provisions** and the **Critical Illness Definitions Guide** as we think appropriate
- All documentation and communications about your plan will be in English. We are also able to provide documentation in alternative formats: Large Print (as recommended by RNIB), Braille, Audio Tape and PC Disk. If you would like to register to receive correspondence in an alternative format please contact us at our registered office address.

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Calls may be monitored and recorded.

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