

Consumer Loan Protection Insurance (LPI)

May 2023

Consumer Loan Protection Insurance is a form of Creditor Life Insurance which is designed to repay the balance of a consumer loan in the event the borrower dies before the loan is repaid.

Features

- Coverage for loan balances up to BMD100,000.
- Any remaining funds are disbursed to your beneficiary or beneficiaries.
- No health risk assessment required.
- Available for customers aged 18 to 65.
- Cancel within 30 days of the policy start date to receive a full refund
- After the 30 day period, cancel at any time.

Types of Coverage

- **Life Insurance:** Life Insurance pays the sum assured in the event the policy holder dies during the term of the loan. After the outstanding amount from the loan is repaid, your beneficiary/beneficiaries will receive the remaining amount.
- **Life Insurance with Accidental Death & Dismemberment (AD&D) Cover:** Life Insurance with AD&D provides added security for the policy holder and their beneficiary or beneficiaries. If the Insured dies by accidental means, the death benefit payable will be twice the sum insured. In the event that the Insured suffers a dismemberment loss, an additional benefit as outlined in the policy may be payable.

Insurance coverage will end on the earliest of the following dates:

- The date the loan is repaid
- The date the loan is refinanced
- The date of death of the borrower or the death of either life insured
- The date the borrower ceases to be a borrower on the loan.
- The date the Group Policy terminates
- The date insurance premiums (all or part) are 60 days overdue
- The 70th birthday of the oldest life insured

No benefit will be paid if my death is caused by, or contributed to by:

- A pre-existing medical condition for which the borrower was receiving treatment, or had been advised to receive treatment, from a health care professional, including taking medication, in the 12 months preceding the date of this Application, if my death occurs in the first 12 months following the effective date of my insurance coverage
- Activity while on duty as a member of any military organization
- Suicide, within 24 months of the effective date of insurance coverage
- Operating a motorized vehicle while legally intoxicated, as defined by the jurisdiction where the accident occurred
- Use of a controlled substance or drug, other than as prescribed by a physician
- Active participation in a riot or insurrection
- Committing or attempting to commit a criminal act
- Coronavirus disease (COVID-19), severe acute respira

FAQs

Who does LPI cover?

HSBC customers who are taking out a Consumer Loan who are between the ages of 18 and 65 are eligible for the LPI coverage.

How long does LPI coverage last?

LPI is effective for the duration of your loan. If the loan is paid off before the maturity date or refinanced the insurance is terminated.

Is LPI a mandatory condition of getting my loan or is it an optional coverage?

LPI is an optional product that you can purchase within 31 days of the date you first assumed liability for your Consumer Loan.

How often are premiums charged for LPI?

The premium is paid monthly from an HSBC account and is a level premium for the duration of the loan up to a maximum of 84 months.

Can I cancel this insurance at any time?

Yes, this policy can be cancelled at any time. Customers will have a 30 day cooling off period from the effective date of insurance in which to cancel your insurance coverage with full reimbursement.

Do I have to answer any medical questions?

No. Your application will be automatically accepted, provided you are an eligible HSBC Consumer Loan customer, subject to the terms and conditions as described in the Application form.

If I am involved in an accident and can no longer work can I claim from this insurance policy?

Customers that are maimed or become disabled may be eligible for benefits from this insurance policy if they have purchased the AD&D cover. Depending on the type of permanent disablement, a claim can be made for up to 100% of the sum assured.

Does LPI cover all loans held with HSBC?

No, this insurance policy applies only to the consumer loan listed on your application form.

What is the claims process?

Customers eligible for an LPI claim are to visit any HSBC Bermuda branch, which will act as the intermediary agent to BF&M. BF&M will contact the customer if the customer is eligible for any payable death benefit.