Life Insurance policy

User guide - including general terms

Life Insurance policy

User guide

This document:

- Explains the main features of our Life Insurance product
- Includes the general terms which contain the detail of the insurance contract between the policyholder and Unum. The general terms and the policy document including the policy coverage document should be read as if they were one document. If parts of the user guide are referred to in the general terms or the policy coverage document, those parts also become part of the policy. If there is any difference between them or any ambiguity, the terms in the policy coverage document will apply
- Is designed for use by commercial customers

The policy:

- Provides a lump sum payment for a member's dependants if the member dies.
- Can either:
  - Be used by a registered occupational pension scheme, or
  - Meet the rules for an excepted policy
- Is held by trustees, who will administer and maintain the trust, and distribute the proceeds to the member's dependants

Unless specified, any references to employees include the equity partners of a partnership or members of a limited liability partnership or barristers.

Any reference to employer is also intended to refer to the equity partners of a partnership, members of a limited liability partnership, or barristers.

Contents - user guide

Your commitment

By taking out a policy with us, you agree to:

- Pay premiums on time
- Give us accurate and complete information when we ask for it
- Identify any discretionary entrants
- Notify us if there are significant changes to your business
- Notify us of claims promptly

Risk factors

You should be aware of the following risks:

- The rates used to calculate the premiums and the terms of this policy are usually guaranteed for 2 years and are then reviewed. However, we can amend the terms if there is a significant change to your business. Please see section 8 for more information
- Cover will end if you do not comply with the policy terms or if premiums are not paid
- If you do not notify us of a claim promptly, benefit payments may be delayed or deferred
- The way that HMRC tax benefits may change in the future

How your policy works

1. Who can be covered?

We will agree this with you at the start of the policy:

- We can cover all your employees or a clearly defined group of employees
- You can choose different eligibility conditions for different groups of employees
- We can provide cover up to an employee's 75th birthday

You can choose:

- The categories of employee you want to be covered
- Minimum and maximum ages for joining the policy
- Whether cover starts immediately or after an employee has been employed for a certain amount of time

In practice

You can set up the policy to cover members of your pension scheme. If you want to do this, you will need to provide us with the eligibility conditions for the pension scheme.

You also decide when new members join the policy and increases in benefit take place. This is usually on a daily basis but there are monthly, quarterly, half-yearly or yearly options.

General terms

Membership

The eligibility conditions and the dates that employees can join the policy are shown in the policy coverage document.

An employee can include:

- Permanent and fixed-term employees, including directors, employed by you or another employer included in this policy
- An equity partner. A partner is defined as a person entitled to a share in the profits of the business
- A member of a Limited Liability Partnership who is working in the business
- A barrister who is a member of the set of chambers which arranges the policy

If your policy has been set up to provide cover for members of your pension scheme, an employee who joins the pension scheme:

- Within 12 months of their first opportunity, or
- Through auto enrolment

will be regarded as joining when they first became eligible.

Eligible employees will be covered from the policy start date or when they meet any actively at work requirement that applies, if later.

Employees who become eligible later will be covered from the joining date shown in the policy coverage document or when they meet any actively at work requirement that applies, if later.

You must:

- Include all employees in the policy when they first become eligible
- At the start of the policy and at each policy anniversary provide us with details of all employees who meet the eligibility conditions

If we do not receive the necessary information about an eligible employee, they will not become a member until the information is received and we have confirmed cover.

Actively at work

Employees may need to be actively at work on the day before their cover is due to start, as shown in the table below.

Actively at work requirements		
Number of members	**New schemes**	**Existing insured ('switch') scheme**
Up to 19	Applies – cover for an employee who is not actively at work will start once they have returned to work for 5 consecutive working days	
20 - 99	Applies – cover for an employee who is not actively at work will start once they return to work	Waived for existing members Applies to new members – cover for an employee who is not actively at work will start once they return to work
100 or more	Waived for all members	

In practice

At the start of the cover, we will regard an employee as being actively at work if they meet the requirement on the day it applies but they are:

- On a period of leave that was agreed in advance by you, or
- Not contracted to work

If the actively at work requirement is waived, members who are absent from work will be covered under the temporary absence provisions. Actively at work applies to increases in benefit following a change in benefit basis or a member moving between categories or policies, unless we agree otherwise.

General terms

Actively at work

Actively at work means that an employee:

- Is actively following their normal occupation, and
- Is working the normal number of hours required by their contract of employment, and
- Is working at their normal business or at another business location, and
- Has not received medical advice to reduce or stop their work activity

The actively at work terms described in the user guide on the opposite side of this page are incorporated into the policy terms.

Discretionary entrants

You must tell us if you want to include an employee who is a discretionary entrant under your policy.

You can ask us to include a discretionary entrant at any time. We will let you know:

- The information we need to assess if cover can be provided, and
- The date that cover will start

Cover during temporary absence

Absence due to illness or injury

You can choose whether members who are absent due to illness or injury are covered until the cover cease age or for up to 3 years.

Other absence or unpaid leave

We can provide cover for up to 3 years for those on unpaid leave - eg. reservists or those on sabbaticals.

Cover during statutory leave

Cover for a member can continue during any period of statutory leave as long as they remain employed by you. The terms of this policy will apply in exactly the same way as if the member was still actively following their occupation.

General terms

Discretionary entrants

A discretionary entrant is an employee you want us to cover:

- Who was not included for cover as soon as they met the eligibility conditions, or
- Who does not satisfy the eligibility conditions

We will provide a period of temporary cover while we assess if we can provide full cover. Please see section 6 for more information about temporary cover.

Cover during temporary absence

Cover continues during absence due to illness or injury to the cover cease age or for up to 3 years, as shown in the policy coverage document.

During a period of temporary absence due to illness or injury:

- Unless otherwise stated in your policy coverage document, salary related increases are covered in line with the employer's general pay increases
- The insured benefit cannot be increased due to a change in benefit basis or due to members moving between categories or policies

Cover for a member can continue during a period of agreed absence such as:

- A sabbatical or compassionate leave; or
- If they are serving as a regular or volunteer reservist.

Cover is provided as long as:

- The member remains employed by you
- The period of absence is determined at the start and is less than 3 years
- You have given written consent, including the date of return, within one month of the absence starting

During unpaid leave, the insured benefit cannot be increased.

Cover for a member on a fixed term contract of employment will end if their contract of employment expires during a period of temporary absence.

Can cover be provided for someone who is based outside the UK?

We can usually offer cover for an employee who is based overseas but you will need to provide some additional information.

In practice

You must tell us about an employee who is based outside the UK, including their nationality and countries they work in.

If a member is not paid in sterling we will convert their salary to sterling to calculate the premium.

Can cover be provided for someone who is on a zero-hours contract?

We can usually agree to do this. You must tell us if you want to include an employee on a zero-hours contract so that we can agree the terms on which we can provide cover.

In practice

We can usually provide cover if the definition of earnings takes account of the variation in earnings.

General terms

Overseas cover

An employee who is based overseas must have a contract of employment with a UK resident employer.

The following additional requirements apply if the employee is seconded abroad:

- The UK employer must retain control of where and for who the employee works
- The employee and their UK employer must have a written agreement that the employee will return to work with the UK employer when the secondment ends

For the purposes of this policy the UK means England, Northern Ireland, Scotland, Wales, the Channel Islands and the Isle of Man.

Zero-hours contracts

If the actively at work requirement applies, employees on zero-hours contracts will not be considered to be actively at work if their medical records show that on the day cover starts, they were suffering from a medical condition which would have prevented them working.

Cover for members who have been made redundant

We can provide cover for members who are made redundant.

Cover for early retirees

For an additional cost, cover can be provided for all members who retire early or those who retire through ill health.

Early retirement cover is not provided for equity partners, LLP members or barristers.

For both of the above options, cover is selected at the start of the policy and must be available to all members or a defined category of membership You must continue to pay premiums for members who are covered after redundancy or early retirement.

General terms

Cover after redundancy

- Cover is for a defined period, normally 3, 6, 12 or 24 months and will not exceed the cover cease age
- Cover ceases immediately on re-employment

The policy coverage document will show if you have selected this cover.

Cover in early retirement

- Cover may continue up to a maximum of age 65 even if the cover cease age is greater.
- Unless otherwise agreed, cover will not increase during early retirement

The policy coverage document will show if you have selected this cover.

2. When will cover for a member end?

Cover for a member will end in the circumstances shown in the general terms.

General terms

Cover for a member ending

Cover for a member will end when they:

- Reach the cover cease age
- No longer meet the eligibility conditions
- Are no longer employed by you or an employer covered by the policy
- Do not return to work following a period of temporary absence

Cover for a member will also end when the policy ends.

3. What types of cover are available?

When setting up the policy, you will be able to make a number of decisions about the type and level of cover to be provided.

The choices you make will affect the premiums we charge and there may be occasions when some options are not available.

Decision 1 - who to cover

When deciding the categories of employee to be covered under your policy, you can choose to provide:

- The same benefit basis for all members covered by the policy, or
- Different benefit levels for different categories

The benefit basis must be the same for all members within a category.

Decision 2 - how long to provide cover for

You can choose the age at which cover for a member will stop. We call this the cover cease age. This is usually the State Pension Age (SPA) but can be any age up to a member's 75th birthday.

If you want to change the cover cease age on an existing policy:

- An eligible employee who was over the previous cover cease age will be treated as a new joiner
- If a cover expiry age over 70 is chosen, we will need to re-approve cover above the non-medical limit
- For policies with under 20 members, actively at work will also apply
- We will treat the change as a change in benefit design and may review the premium rate

General terms

Coverage choices

The policy coverage document will contain the choices of cover you have made for each category including:

- The eligibility conditions
- The cover cease age
- The definition of insured salary
- The benefit
- Type of policy
- The duration of cover while absent due to illness or injury
- Whether cover continues after redundancy or early retirement

The details shown in the policy coverage document will apply to your policy.

Decision 3 - the salary to be used to calculate the benefit

The benefit is usually expressed as a multiple of salary. This means we will need to agree the definition of salary to be used when calculating benefits. We call this the insured salary.

Examples include:

- Basic annual salary
- Basic annual salary plus variable payments averaged over the last 12 months or 3 years
- Total earnings averaged over the last 12 months or 3 years
- P60 earnings

If you operate a salary sacrifice arrangement, we use the pre-sacrifice salary.

In practice

Where earnings are averaged over a period of time:

- Variable payments can be:
  - Averaged over 12 months, capped at 20% of basic salary, or
  - Averaged over 3 years
- If a member has been employed for less than that period of time, we will average earnings over the time they've been employed
- If a member has been on pre-arranged temporary absence during that period of time, we will average earnings over the time they were working

For partners and barristers, the normal definition is the average of the last 3 years' earnings after partnership/chambers expenses have been deducted.

General terms

Insured salary

The benefit will be calculated based on the member's insured salary at their date of death.

Decision 4 - the level of benefit you want to provide

You can provide a multiple of between 1 and 12x each member's insured salary or a fixed amount of benefit for all members of a category.

There is an overall maximum benefit limit of £15 million for each member.

General terms

Benefit

The benefit will be shown in the policy coverage document.

The maximum benefit limit is 12x insured salary, subject to the following overall benefit limits:

- New members aged over 70 at the start of their cover - £5 million per member
- Other members - £15 million per member

The catastrophe limits apply and may limit the benefit we pay.

Decision 5 - how to manage your policy

Registered policies

A registered policy allows employers and trustees the taxation advantages of providing benefits within the **regulations established by HMRC for a registered occupational pension scheme**, which allows for tax-free benefits up to the member's Lifetime Allowance.

The definition of a registered occupational pension scheme includes arrangements set up to provide benefits only on death in service.

The legislation governing registered occupational pension schemes is contained in the **Finance Act 2004**

In practice

If you choose a registered policy to cover PAYE employees, you have the option to use the Unum Master trust.

Excepted policies

An **excepted policy provides** benefits that do not count towards a member's Lifetime Allowance.

All members of the policy must be covered for the same benefit.

We need a minimum of 3 members for the policy.

The definition of, and rules for, an excepted Group Life policy are contained in **section 480 of the Income Tax (Trading and Other Income) Act 2005.**

4. What special policy types are available?

Flex

Includes a core benefit funded by you, and gives your employees the option to increase their cover.

Spouse and Partner cover

Allows employees to buy life insurance which pays them a lump sum if their spouse or partner dies.

Simplicity life

A life insurance policy with simplified options and administration.

Dependants pensions

May be provided if you have had your policy for some time.

The following pages describe how each of the special policy types works.

General terms

Special policy types

The general terms for each of the policy types apply in addition to or, where stated, replace the general terms for our standard life insurance policy.

Flex

This Life Insurance policy can be included in a flexible benefit package.

When the policy is set up you can choose:

- The level of cover you wish to provide (we call this the core benefit)
- The options to be offered to your employees to increase their benefit (we call these flex steps)
- Whether there is a default benefit for new joiners

Minimum number of members	250
Minimum core benefit	2x salary
Maximum benefit (core+flex)	12x salary
Flex step options	1x salary

Flex selection options	Employees can:
	• Flex up (increase their benefit) one step at a time up to twice a year. The options to change the benefit selection are:
	  • Once on a set day each year (this is usually the policy anniversary)
	  • Once a year if their circumstances change - eg. if they marry, divorce or have children – we call these lifestyle events. We will agree the lifestyle events with you when the policy is set up. Any benefit changes must be made within 2 months of the lifestyle event
	• Flex down (decrease their benefit) by any number of steps at a time
	Employees cannot reduce their benefit below the core benefit.
	AAW applies to increases in benefit as a result of benefit selections either at a lifestyle event or annual enrolment window.

The choices you make will affect the premiums we charge and there may be occasions when some options are not available.

General terms

Lifestyle events

A member will be able to increase their benefit by one flex step in the event of one of the lifestyle events shown in your policy coverage document, chosen from the following:

- The birth of a child of the member
- The member or their spouse/civil partner becoming pregnant
- The member starting or returning to work after maternity, paternity or parental leave
- The adoption of a child by the member
- The member starting or returning to work after adoption leave
- The death of an adult or child dependant of the member
- The marriage of a member or the member entering a civil partnership, or the member being in a relationship with a partner for 6 months
- Divorce of a member, dissolution of the member's civil partnership or the member separating from a spouse, civil partner or partner of 6 months or more
- The member being seconded to work overseas or returning to work after the completion of an agreed secondment
- An increase in the member's contractual working hours of at least 20%
- A decrease in the member's salary of at least 5%, as long as the decrease is not due to illness or injury
- An increase in the member's salary of at least 5% or the member being promoted
- The member moving to a new permanent home
- The members spouse, civil partner or partner being made redundant

Increases in benefit resulting from a lifestyle event are restricted to one per policy year. The increase in benefit must take place within 2 months of the lifestyle event.

Flex steps will be shown in the policy coverage document.

In practice

For flex policies, our quote will be guaranteed for 3 months.

- The quote can be accepted at any time during the 3 month guarantee period
- We will then confirm that the flex step option rates are guaranteed for up to 3 more months until the start date

Please note that the flexible benefit option is not available for equity partners, LLP members or barristers.

General terms

Flex

You must give us:

- Membership data at the start of the policy and each month after that
- Premiums based on the membership and the rates we have provided to you

For flex policies, we will need medical evidence for employees when their total benefit (core plus flex) goes over the non-medical limit.

For flex policies, once and done and forward underwriting do not apply.

For flex policies our quote will show the rates offered, agreed flex steps and lifestyle events. We will quote a unit rate to calculate the premium for the core benefit and a table of age-related rates for the flex step options.

Spouse and partner cover

This policy provides a lump sum benefit to an employee if their spouse or partner dies while the employee is covered.

Spouses and partners cover is classed as a non-registered policy and represents a group of individual arrangements taken out on behalf of the members. It does not meet the rules for an excepted policy and cannot be registered as an occupational pension scheme.

Cover is typically offered to members of your registered or excepted policy who have an eligible spouse or partner, but can be offered as a standalone arrangement. You decide who is an eligible spouse or partner.

In practice

Cover operates in the same way as a flex policy, described earlier in this user guide.

The benefit is provided as a lump sum in units - eg. multiples of £10,000 - to a maximum benefit of £250,000. You decide the unit value and overall maximum benefit for your policy.

At the start of cover we will need a list of all members showing:

- The employee's name, date of birth and gender
- Their spouse or partner's date of birth and gender
- The benefit required
- Total premium and premium breakdown by member based upon the rates we supply

Premiums are calculated in the same way as for policies with up to 19 members, as described in section 5.

In the event of a claim, we will make payments to you to pass on to your employee.

Spouse and partner cover is not available for equity partners, LLP members or barristers.

General terms

Spouse and partner cover

Membership of the policy is voluntary. Employees who join this policy pay their own premiums, which you collect and send to us.

The minimum number of members for the policy is 50.

Members can increase or decrease their cover at lifestyle events - the exception being that members cannot increase or decrease cover for 'marriage (or gaining a partner) ' or 'divorce (or losing a partner)', as these will either prompt becoming eligible for cover for the first time, or leaving cover.

We need all spouses and partners to complete a medical declaration when they first join the scheme and whenever their benefit increases to determine if we can provide cover. If we need further medical evidence, we will provide temporary cover for the amount being underwritten.

Cover for the employee's spouse or partner will end on the earliest of:

- The employee leaving service
- The employee's spouse or partner reaching the cover cease age
- The employee's spouse or partner is no longer their spouse or partner - eg. through divorce or separation

The information we need - described in the user guide on the opposite side of this page - is incorporated into the policy terms.

simpLicity

Life by Unum

We offer a life insurance policy with simplified options and administration for employers wishing to give a basic level of life cover to their employees for the first time. This policy provides:

Benefit	Flat benefit of between £10,000 and £100,000 per member
Cover cease age	State Pension Age (SPA)
Premiums	Payable monthly by direct debit
Eligibility	All pension scheme members or all employees
New members join	Daily

Simplified administration means:

- No medical underwriting needed
- A membership list is only needed once a year
- Occupational details are not needed
- You can choose to use the Unum master trust

Simplicity Life is not available for certain industry types or for equity partners, LLP members or barristers.

Dependants pensions

If you have had your policy for some time, it may also provide a pension for the member's dependants on the death of the member - paying a proportion of the member's salary or prospective pension.

A dependant can be:

- the member's legal spouse or civil partner, or
- the member's dependent partner, or
- any financial dependant

A pension can be provided to a dependent child in their own right and separate from any pension provided to an adult dependant.

Children's pensions are limited to a maximum of 20% of a member's salary.

Pensions in payment can stay at the same level or increase each year.

The increase options are:

- Nil
- A fixed rate of 3% or 5% per year
- In line with Retail Prices Index (LPI) Limited to a maximum of 2.5% or 5%
- In line with Consumer Prices Index (CPI) capped at 2.5% or 5%

In practice

When a dependants policy is linked to a lump sum policy:

- The policies will share a non-medical limit
- We calculate a capitalised value of the dependants pension to assess a member's total cover
- If a member's cover is restricted following medical underwriting, the pension element will be restricted before the lump sum
- The value of the restricted pension may change over time (for example as a result of salary or capitalisation factor changes)

General terms

Dependants pensions

A dependant's pension is capitalised for medical underwriting, maximum benefits and catastrophe limits using conversion factors which vary by the rate of escalation.

If the dependants pension policy is linked to a lump sum policy, the capitalised pension is added to the lump sum for the above limits.

If the adult dependant is more than 10 years younger than the member, the pension will be reduced by 2.5% for each year that the age difference is over 10 years.

Increases to pensions in payment

The policy coverage document will show:

- If you have chosen to insure an increase for pensions in payment, and
- The rate of increase applying

If you've chosen an index-linked rate, we will:

- Use the annual increase LPI rates applying 3 months before the September before the date the benefit is increased, or
- Use the annual increase in CPI rates applying 3 months before the date the benefit is increased
- Not reduce our benefit if LPI or CPI falls below 0% per annum

Pension payments

- The policy coverage document will show the definition of a dependant. Pension payments to a dependant who is not a dependent child will end on their death. If there are any surviving dependent children, payment will continue to be paid to the children
- A child of the member includes any unborn child, or a child who is legally adopted by or financially dependent upon the member
- Pension payments to a dependent child will end at age 18 - or 23 if they are in full time education - unless they were dependent upon the member because of a physical of mental impairment. In this case, payment will continue until their death

We will pay pension benefits monthly, net of tax, direct to the dependant's bank account, as instructed by the trustees.

5. Putting cover in place and policy servicing

So we know who you want us to cover under the policy, you must send us an up-to-date membership list:

- When we prepare a quote
- At the policy start date
- At the start and end of each policy year so we can prepare an account

For policies with fewer than 20 members, you should tell us about any new members joining the policy during the year.

You must also tell us as soon as:

- A member's cover goes over the non-medical limit during the policy year
- You want us to cover any discretionary entrants

In practice

The membership list should give the following information for each employee to be covered:

- Full name
- Date of birth
- Gender
- Membership category
- Date of joining or date of leaving if applicable
- Benefit/insured salary
- Occupation
- Work location postcode
- The cause and duration of absence for any eligible employees who have been absent from work for more than 3 months

General terms

Information to be provided

You must provide us with the information we need to calculate premiums, administer the policy and assess and pay claims.

All information must be provided in the form and timescales we specify. We are not responsible for any errors or omissions in any information provided to us.

The information we need and the time that it is needed are more fully described in the user guide. That information is part of the policy terms.

Quote

Your broker will ask us for a quote. The request should include:

- Your company details including industry and locations
- An up-to-date membership list
- Details of the cover required
- Scheme history for the last 6 years (if previously insured) – the total number of members, total insured salary, or total insured benefit and a list of the claims you have made

If your policy has fewer than 100 members, your broker will be able to get a quote for a range of cover options online.

Our quote will show the premium and total benefits. Quotes are usually guaranteed for 3 months.

The quote will also tell you if there is anything else we need to know. It includes any assumptions we have made and any special terms.

The premium shown in our quote includes the commission payable to your broker.

Starting the cover

Your broker will need to email us to confirm the quote you are accepting and the date you want cover to start. We cannot backdate cover.

We will provide cover for up to 30 days from the policy start date - called a conditional cover period - while the following information is provided:

- An up-to-date membership list
- Deposit premium or direct debit mandate
- Evidence that a customer verification has been completed.
- If you would like the policy to be part of the Unum master trust, a completed notice of participation

For online quotes, your broker will be able to start cover online.

General terms

Start of cover

The policy start date will be shown in the policy coverage document.

Cover will not begin until we receive confirmation of our quote from you or your broker, and will cease if the information and documents detailed in the user guide on the opposite side of this page are not provided on time.

Our quote will have been based on the information you provided at that time. You will need to let us know if there are any significant changes to that information between the time we quoted and the date you want the policy to start.

Premiums and policy accounting

We will calculate the premium for each policy accounting period based on:

- The total insured benefit
- The premium rates or unit rate applying
- Any underwriting loadings

Premiums are payable yearly or monthly in advance by Direct Debit. Please note, we add a loading for non-annual premiums.

We will send you an account detailing the premium due at the start of the policy and at each policy anniversary.

The way we calculate premiums depends on the number of members at the start of the policy year.

Policies with up to 19 members	Policies with 20 or more members
At the start of the policy year we calculate a premium	
We use a rate table to calculate the premium for each member and then add them together. The premium rate for a member will depend on their age at the start of the policy year.	We work out a rate that applies for all benefits – we call this a unit rate. The premium is calculated by multiplying the total insured benefit by the unit rate.
At the end of the policy year, we calculate an adjustment to allow for new members, leavers and changes in benefit during the year	
The adjustment takes account of the amount of benefit and period we have provided cover for each member.	The adjustment assumes that any changes took place halfway through the accounting period.

General terms

Premiums

Premiums must be paid from a UK bank account in pounds sterling on receipt of our invoice.

If you do not pay premiums when they are due, we may:

- Charge interest for late payment and/or
- Cancel the policy

We will give you at least 30 days' notice before we do this.

We have the right not to pay claims if the death occurred in a period for which premiums have not been paid.

Calculating premiums

At the start of the policy and at each policy anniversary, you must provide us with the information we need to calculate the premium.

If we do not have all the information we need to work out the premium, we will calculate:

- A deposit premium based on the details we have at that time
- The actual premium when we have full information. Any refund or outstanding premium will then become payable

If we do not receive the information we need to calculate the premium within 2 months of the policy anniversary, we can vary the terms of, or cancel, the policy. We will give you at least 30 days' notice before we do this.

At the end of a policy accounting period, we will work out an adjustment to allow for changes during the period including:

- New members
- Leavers
- Changes in benefit

Any refund or outstanding premium will then become payable.

Will there be any unexpected extra premium?

The premium will be affected if any members are medically underwritten and cannot be accepted on standard premium rates.

In practice

If a loading applies to a member, the extra premium will be:

- Charged from the date we write to let you know a loading applies
- Included in our next account

Premium rate tables, unit rates and the policy terms are usually guaranteed for 2 or 3 years from the start of the policy, or the last review of premium rates. We call this the review date.

They will then be reviewed and may change at that time.

We can also change the rates and terms if:

- You do not provide the information we request within 2 months
- There is a change in legislation or taxation which affects the cost of cover
- There is a significant change to your business as described in section 8

If you cancel the policy mid-year, will premiums paid in advance be lost?

No. We will produce a final account for the cover provided up to the date the policy is cancelled. We will either pay a refund or request any outstanding premiums.

General terms

Changing premium rates

We can change the terms and conditions of the policy and the rates or unit rate at any review date. Any change will apply with effect from the review date.

We can also change the rates and policy terms as described in the user guide on the opposite side of this page. These terms are incorporated into the policy.

We will give you at least 30 days' notice before any such change to the terms and conditions of the policy and the premium rates or unit rate comes into effect. The change in terms will have effect from the date of the change in legislation or taxation, or the change in your business.

6. Medical underwriting

The quote and the policy coverage document will show the maximum amount of benefit we can provide for a member without information about the member's health and lifestyle. We call this the non-medical limit. If you've had a policy for a while, you may have seen this referred to as a free cover limit.

If members are covered by more than one policy, the non-medical limit is shared across both policies.

The non-medical limit does not apply to discretionary entrants or to categories with fewer than 3 members.

In practice

We will underwrite a member for the first time:

- When their benefit goes over the non-medical limit, or
- At their date of joining if the non-medical limit does not apply to them

What information is required for employees who are being underwritten?

We will gather information about the member's health and lifestyle. This is most effectively done over the phone but there is an option to fill in a form and return it to us.

There may be cases where we need to ask for more medical evidence - eg. a GP report, medical examination or blood or other tests. This will be because of the information provided by the member or because their benefit has exceeded the non-medical limit by a certain amount.

We will pay for any medical information we request up to the rates charged in the UK. We will not pay any travel or other expenses incurred by the employee in connection with these reports.

We will assess the information and let you know the terms on which we can provide cover.

General terms

Medical underwriting

If the non-medical limit applies to a member, you must let us know as soon as their benefit exceeds that level. We will underwrite the benefit above the non-medical limit.

If an employee does not benefit from the non-medical limit, you must let us know as soon as you want the cover to start. We will underwrite the whole benefit.

You must take reasonable steps to ensure that we are provided with any information we request as part of the medical underwriting process.

We will provide temporary cover on the benefit being underwritten, subject to the terms described in the user guide.

Underwriting outcomes

We will let you know if the benefit being underwritten can be accepted on standard terms or special terms and/or restrictions apply. In some cases we will be unable to provide cover.

If within a reasonable period we do not receive all the information we request to medically underwrite an employee we can:

- Refuse to cover the employee (if the non-medical limit does not apply to them)
- Refuse to cover an increase in benefit for the member
- Attach conditions to the benefit

Full cover will not be in place until we have confirmed our terms in writing.

In practice

Once and done

If we have underwritten a member and cover is in place, future increases in benefit can be provided on the same terms and without medical underwriting as long as:

- The benefit for the member has not been restricted to the non-medical limit
- The policy has 20 or more members
- The benefit is below £5million
- The increase in benefit results solely from an increase in salary

Forward underwriting

In other circumstances where we have underwritten a member and cover is in place we will only underwrite again if:

- The increase in benefit for the member is more than 10% per annum - We call this the forward underwriting bar
- 5 years has passed since the member was last underwritten
- The benefit is more than £5 million

Changes to the non-medical limit

If the non-medical limit is reduced or withdrawn, we will continue to cover members for the benefit that applied to them on the day before the non-medical limit was changed.

An increase in the non-medical limit will apply to all members if:

- The previous non-medical limit applied to them, and
- If the actively at work requirement applies, they are actively at work on the day of the increase. If they are not actively at work on that day, the increased non-medical limit will apply from the day they are next actively at work

General terms

Once and done

The once and done and forward underwriting terms in the box opposite are incorporated into policy terms.

Changes to the non-medical limit

We will let you know:

- The non-medical limit at the start of the policy, and if
- The non-medical limit changes. This will usually only happen at a policy anniversary or review date

We can withdraw the non-medical limit if you do not follow the eligibility conditions or if the number of members falls below 3.

Temporary cover during underwriting

We will provide temporary cover while a member is being underwritten.

In practice

Temporary cover starts from the policy anniversary or the joining date for new members.

Our account will show the members who need to be underwritten because their benefit is over the non-medical limit.

If, within 90 days of the account being issued, the member makes an appointment for a telephone call to provide us with the health and lifestyle information we need (or returns a completed form to us), we will provide temporary cover until we have underwritten the member and written to you with our terms.

If, after 90 days of the account being issued, the member has not engaged in the underwriting process, we will stop temporary cover.

Policies switching to us from another insurer

If the policy is moved to us from another insurer we will need to know the non-medical limit offered by the previous insurer and the underwriting terms for each member whose benefit exceeds our non-medical limit.

In practice

A copy of the previous insurer's underwriting decision letter will provide us with the information we need about a member.

We will generally match the underwriting terms applied by the previous insurer on benefit exceeding our non-medical limit apart from in the circumstances described in the general terms on the opposite side of the page. Where a member has been underwritten and granted a forward underwriting bar by the previous insurer, and we have agreed to match the terms, our forward underwriting rules will apply from the date our cover starts.

The extra premium we charge may be different from that charged by the previous insurer because the underlying rates may be different.

General terms

Temporary cover

If temporary cover applies, we will provide cover for the amount of benefit that is being underwritten up to a maximum of £3 million.

However, we will not pay benefit for death arising from a medical condition for which the member:

- Received treatment, care or services (including diagnostic measures) or
- Took prescribed drugs or medicines

in the 5 years before temporary cover started.

The temporary cover terms in the box opposite are incorporated into the general policy terms.

Policies switching to us from another insurer

When the policy is moved to us, any benefit for a member:

- Which is above £5 million
- With a rating above 400% extra mortality
- Which is above the non-medical limit and the member lives outside of the European Union

will not be provided until we have specifically agreed to provide cover.

7. Making a claim

When to tell us about a claim

Please notify us of a member's death as promptly as possible.

In practice

You can get our claim forms by:

Website: Download the forms at **http://www.unum.co.uk/claims/group-life-insurance**

Phone: Call our Customer Care Department on **01306 873243**

Email: Contact us at **LifeBenefitClaims@unum.co.uk**

You can return completed claim forms to us by post or email.

Post: Claims Department, Unum, Milton Court, Dorking, Surrey, RH4 3LZ.

Email: **LifeBenefitClaims@unum.co.uk**

How to tell us about a claim

You will need to send us:

- A claim form completed by the trustees or other authorised signatories

If your policy is part of Unum's master trust, we will need information to help the trustees investigate the deceased member's circumstances and identify their dependants.

Where the death has been registered in the UK, there is usually no need to send us a death certificate except if:

- The death was sudden and there is an inquest - please send us the coroner's interim certificate
- The claim is being made within 10 days of the death being registered
- The amount of the claim is more than £750,000
- A dependant's pension is also being claimed

If a dependant's pension is being claimed, we will also need evidence of the dependant's age, identity and of their relationship with the deceased member.

Where the amount claimed matches our membership data, we won't ask for proof of earnings.

If the member died outside the UK, we will need an original death certificate. we will also need details of their travel, cause of death and, if buried overseas, details of their burial. Foreign earnings will be converted to sterling using the exchange rate we used when we calculated the premium.

General terms

Claims assessment

The policy terms in force at a member's date of death will apply to the claim.

You must provide the evidence, information and access to information we need to assess the claim.

We can decline a claim or adjust the benefit payable for a member if we do not receive the information that is described or listed in the user guide.

Benefit payments

Lump sum benefit

We will pay the benefit to the trustees to distribute to the deceased member's dependants as they see fit.

Dependants pension

We will pay pension benefits monthly, net of tax, direct to the beneficiary's bank account, as instructed by the trustees.

Spouse and partner cover

We will pay the lump sum benefit to you to pass on to your employee.

General terms

Benefit payments

We will pay benefits in sterling by direct credit.

Lump sum benefits

- The trustees have absolute discretion to who the lump sum benefits are paid. They must consider, but are not bound by, the deceased member's wishes as stated in any expression of wish form

Dependants pension

- Pension payments to a dependant who is not a dependent child will end on their death. If there are any surviving dependent children, payment will continue to be paid to the children
- Pension payments to a dependent child will end at age 18 - or 23 if they are in full time education - unless they were dependent upon the member because of a physical or mental impairment. In this case, payment will continue until their death

Spouse and partner cover

We will pay the lump sum benefit to you to pass on to your employee

Catastrophes

Where more than one death is caused by a catastrophe, our maximum liability for all related claims under this and any associated policies is £100 million.

Where the catastrophe is a result of a group of members travelling together on business, the benefits will be limited to £25 million or, if higher, the total of the 4 largest benefits in respect of the members who died in the catastrophe.

In practice

We will pay benefits in the order we receive the related claims.

The trustees are responsible for managing the benefit payments and distributing the available benefits to the beneficiaries.

What happens to claims if the policy is cancelled?

We will pay any claims for members who died during the period of cover.

We will continue to pay pension benefits that are already in payment.

General terms

Catastrophes

Our maximum liability for this policy and all other insurance policies for the policyholder group, for a death or a series of deaths directly or indirectly linked to a catastrophe is limited to the maximum liability limit shown in your policy coverage document.

Where the catastrophe is a travel incident our maximum liability is limited to the lower of:

- the maximum liability limit, or
- £25,000,000 or, if higher, the total of the 4 largest benefits payable in respect of those who died in the travel incident

We will calculate the capital value of any pension benefits using conversion factors which vary by the rate of escalation.

By policyholder group we mean the companies, partnerships or pension fund trustees which are all part of the same business group as the policyholder during the period of this policy.

A catastrophe means one or a series of originating causes or events which results in more than one death, irrespective of the period of time or area over which they take place.

A travel incident means a catastrophe where members of the policyholder group are travelling on business together in a single vehicle.

Travelling on business means a journey, either related to the member's work for the employer or paid for by the employer, including any journey related to incidental holiday taken with the trip. Refreshment/convenience breaks are part of the same journey when continuing in the same vehicle.

A direct journey to/from the member's normal residence to/from the member's normal place of business is not travelling on business.

Your business ceases trading

If your business ceases trading this policy will end immediately.

8. Amendment and cancellation

General terms

Amendment and cancellation by us

We can withhold or restrict cover for an employee who is not included in the data or the information is inaccurate or incomplete.

We can amend the policy terms:

- At any time the premium rate is reviewed
- If there is any change in the legislation (including the introduction of new legislation) which affects the premium rate or the payment of benefit under this policy
- If there is any change in the taxation system which affects this policy
- If there is a significant change to your business

You must tell us immediately if there is a significant change to your business including:

- A merger or acquisition
- The sale of part of your business
- A change to your normal business locations or overseas travel patterns
- Changes to the occupations of the members

We have the right to change the terms or premium rate to reflect any additional risk.

We will give you at least 30 days' notice before we make any changes to the policy terms.

We can cancel the policy or amend the policy terms if:

- You do not provide us with the information we request
- You do not pay the premiums when they are due
- Your business stops trading
- The number of members falls below 3

We will give you at least 30 days' notice before we cancel the policy. We will charge a premium for the cover we have provided up to the cancellation date.

Amendment or cancellation by you

You can ask us to consider a change to the policy at any time. Changes cannot be backdated. The following changes will have an impact on the terms of the policy and/or the premiums payable:

- A change to the benefit basis, cover cease age or eligibility conditions
- If you wish to remove an existing employer from cover under the policy or add a new employer for cover under the policy

You can cancel the policy at any time by letting us know in writing. Cancellation cannot be backdated and we will charge a premium for the cover we have provided up to the cancellation date.

Trade sanctions

We can also cancel the policy immediately if:

- You or an employer or the beneficial owner of either becomes a restricted person
- We believe that you may expose us to the risk of being or becoming subject to any sanction, prohibition or adverse action by the government of the United Kingdom, the United States of America, the United Nations, European Commission or Council of the European Union

We can deny or permanently stop payment of benefit in respect of a member or to a beneficiary who is a restricted person.

9. Taxation

This section is based on our understanding of UK tax rules applying to life insurance policies and is not intended to give definitive advice. For companies registered outside of the UK - eg. in the Channel Islands or Isle of Man, local tax rules apply. You should take advice from an independent financial adviser to ensure you understand the impact of tax on your policy and the benefits it provides.

Premiums

For tax purposes, premiums paid by you to cover your employees are treated as a business expense and are not treated as a P11D expense for employees.

Premiums paid to insure death in service benefits for equity partners and other Schedule D taxed individuals are unlikely to be treated as a trading expense and so are not offset against corporation tax.

An equity partner may be able to receive tax relief on the premiums they pay direct for their own cover through 'deduction at source'.

Employee-paid premiums for spouse and partner cover do not qualify for tax relief.

Lump sum benefits

Lump sum benefits we pay to the trustees are separate from the member's estate and are normally free of inheritance tax.

For lump sum benefits paid under a registered policy, the personal representatives of the member are responsible for ascertaining whether there is a chargeable amount. Beneficiaries of lump sum benefits are liable for any lifetime allowance charge.

For lump sum benefits paid under an excepted policy, the trustees are responsible for any exit or periodic charges to the trust.

Lump sum benefits paid to the employee following the death of their spouse or partner are tax-free.

Monthly pension benefit

Monthly pension benefits are paid directly to the beneficiary, net of tax.

10. Further information

Complaints

If you are not completely happy with our service or a claims decision, you can make a complaint to our Customer Resolution team.

Phone: 01306 644761

Email: CustomerResolution@unum.co.uk

Letter: Customer Resolution Team
Unum
Milton Court, Dorking, Surrey
RH4 3LZ

Fax: 01306 873635

Please include your preferred contact details.

We will do our best to resolve your complaint, but if your complaint has not been resolved within 8 weeks, we will explain why it remains unresolved and inform you of your right to refer the matter to the Financial Ombudsman Service (FOS). Once we have finished investigating your complaint we will issue a Final Response Letter. If you remain dissatisfied you will have the right to refer the matter to the FOS. You must refer any complaint to the FOS within 6 months of the date of the Final Response letter. Please note that some cases may not be eligible for referral to the FOS.

The Financial Ombudsman Service
Exchange Tower
London
E14 9SR

Consumer helpline: 0800 023 4567

For mobiles: 0300 123 9 123

Email: complaint.info@financial-ombudsman.org.uk

Web: www.financial-ombudsman.org.uk

Law

The policy is subject to English Law, and by taking out the policy, you accept that any dispute shall be subject to the exclusive jurisdiction of the English Courts.

The policy is not assignable.

Employees do not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms of this policy. This means that there is no requirement to involve employees in day-to-day decisions on the administration and insurance of the policy.

Data Protection

For the purposes of the Data Protection Act 1998 Unum is a data controller.

As the employer, you are also a data controller as defined by the Data Protection Act, which means that you will need to notify and obtain the necessary consents from members before providing us with any personal data or sensitive personal data which we need to set up and administer the policy.

We have the right to request such data as is required to quote for and administer the policy. We will record such information accurately and keep it confidential and secure and will use it solely for the purpose of quoting for, providing and administering the policy and for marketing other Unum products to you.

You must ensure that the data is correct at the time it is provided to us and that alterations are notified to us in reasonable time.

We will only process, transfer or permit access to any personal data outside of the European Economic Area in compliance with applicable data protection legislation.

Financial Services Compensation Scheme

If we cannot meet our liabilities, you may be entitled to compensation under the Financial Services Compensation Scheme (FSCS)*.

* Please note that the FSCS does not cover firms based in the Channel Islands or the Isle of Man.

About Unum

Unum is a leading employee benefits provider offering financial protection including Income Protection, Life insurance and Critical Illness, and corporate dental cover through the workplace.

Our Income Protection customers have access to medical and vocational rehabilitation expertise designed to help people stay in work and return to work following illness and injury. Unum LifeWorks, our Employee Assistance Programme, provides help and advice on a range of work/life issues.

Our Critical Illness customers can also access our Cancer Support Service, providing personalised support for employees with a cancer diagnosis.

We are committed to workplace wellbeing for both employees and employers, and have a wide range of tools designed to help businesses create or enhance their employee wellbeing strategy.

At the end of 2016, Unum protected over 1.4 million people in the UK and paid claims of £293 million - representing in excess of £5.5 million a week in benefits to our customers - providing security and peace of mind to individuals and their families. Unum Dental paid claims of over £11 million, ensuring more than 160,000 people had healthy teeth and gums.

Unum Limited has a financial strength rating of A- (Strong) from Standard & Poor's with a stable outlook.

Our parent company, Unum Group, is a provider of employee benefits products and services in the United States, including group and individual disability insurance. Premium income for Unum Group and its subsidiaries totalled $8.4bn in the year ended 31 December 2016, with reported revenues for the group totalling $11bn and total assets of $61.9bn. For more information please visit **www.unum.co.uk**.

Unum Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Unum Dental is a trading name of Unum Limited. Registered in England 983768.