

## GROUP INCOME REPLACEMENT INSURANCE

### Information for Employers

#### Fact Sheet G10 ~ Glossary of Terms Used

We have provided you with a number of documents to help you decide whether or not to apply for a Wiltshire Friendly Plan, and to guide you after you have decided to do so. These documents contain a number of technical terms the meaning of which we have summarised in this Fact Sheet.

### GLOSSARY of TERMS USED

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| <b>Actively at Work</b>   | This refers to <i>Employees</i> who are in good health and actively working in accordance with their contract of employment and normal working hours or, who would be capable of doing so if it was not for an authorised leave of absence not related to illness.                   |
| <b>Claim(s)</b>   | The process where you inform us of an <i>Employee's Illness</i> and request that <i>We</i> pay <i>Regular Benefit</i> , and (if your Claim is valid), <i>We</i> pay you until it ceases.   |
| <b>Claimant(s)</b>  | An Employee who is unable to work due to <i>Illness</i> and for whom you have submitted a valid <i>Claim</i> .   |
| <b>Contribution(s)</b>  | Regular payments to the <i>Society</i> to pay for the costs of the <i>Plan</i> (similar to insurance premiums).  |
| <b>Cover</b>  | The level and type of <i>Income Replacement Insurance</i> provided by your <i>Plan</i> .   |
| <b>Eligibility Criteria</b>   | The conditions that you define, which will permit <i>Employees</i> who meet those conditions to join your <i>Plan</i> .  |
| <b>Eligible Employee(s)</b>   | <i>Employees</i> who because they meet the <i>Eligibility Criteria</i> can join and be insured under your <i>Plan</i> .  |
| <b>Employee(s)</b>  | This refers to <i>Eligible Employees</i> who are members, or prospective members, of your <i>Plan</i> . All members of your <i>Plan</i> are also <i>Members</i> of the <i>Society</i> .  |
| <b>Employee Cover Enhancement Plan(s)</b>   | Personal plans available directly to <i>Employees</i> , at their cost, to allow them to take out further <i>Cover</i> that is not already being provided by your <i>Plan</i> .   |
| <b>Fact Sheet</b>   | A series of information sheets designed to give you more detailed knowledge about the <i>Plan</i> and how it will work. These form part of your initial information pack and will be available, on request, to guide you throughout the life of your <i>Plan</i> .                   |
| <b>Free Cover Limit</b>   | The threshold below which no medical evidence is required from <i>Employees</i> before <i>We</i> will provide them with insurance under your <i>Plan</i> . The <i>Society</i> applies a single threshold to all plans and may consider an enhanced threshold at <i>Plan Review</i> . |
| <b>Historic Medical Conditions</b>  | Medical conditions that are no longer active but which carry the risk that they may re-occur or, which may give rise to other conditions in the future.  |
| <b>Illness</b>  | A medical condition resulting from sickness or injury received in an accident which prevents an <i>Employee</i> from working.  |
| <b>Incapacitated for Work</b>   | An <i>Employee</i> will be considered <i>Incapacitated</i> and therefore eligible to become a <i>Claimant</i> if, because of their <i>Illness</i> , they are completely unable to perform the duties and activities required of them in their <i>Pre Incapacity Occupation</i> .     |
| <b>Income Replacement Insurance</b> (also generally referred to as Income Protection Insurance) | Insurance designed to replace with <i>Regular Benefit</i> part of an <i>Employee's Regular Income</i> when they are unable to work because of <i>Illness</i> .   |
| <b>Maximum Cover Limit</b>  | The upper monetary limits that <i>We</i> apply to an <i>Employee's Cover</i> . This is calculated by reference to; their <i>Regular Income</i> , their state benefit entitlement and any income they may continue to receive when <i>Incapacitated</i> .                             |
| <b>Medical Certificate</b>  | A certificate issued by a doctor or other formally qualified medical professional, confirming that an <i>Employee</i> is unable to work due to <i>Illness</i> and specifying a period during which they should not work.   |

*This sheet continues overleaf*

# WILTSHIRE FRIENDLY SOCIETY LIMITED

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| GLOSSARY of TERMS USED cont'd.   |  |
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| <b>Member(s)</b>   | Individuals who have had their application for insurance accepted by the <b>Society</b> .  |
| <b>the/your Plan</b>   | The arrangement between the <b>Society</b> and you, under which the Society provides you with <b>Income Replacement Insurance</b> .  |
| <b>Plan Commencement Date</b>  | The date on which <b>We</b> start to provide you with insurance or when the first <b>Contribution</b> is paid, whichever is the later.   |
| <b>Plan Review</b>   | The annual process to review the details of the <b>Plan</b> , reconcile transactions during the year and agree any variable factors for the coming year. <b>Contributions</b> are also reviewed at the time and may be agreed for a further period of two years.   |
| <b>Plan Terms and Conditions</b>   | The written terms that clarify, adapt or amend the <b>Rules</b> to ensure your <b>Plan</b> meets the needs of your business and <b>Employees</b> .   |
| <b>Pre Existing Medical Conditions</b>                                       | Medical conditions that you or your <b>Employee</b> know to be active at the time of, or during the 12 months prior to, the application for your <b>Plan</b> or an application to amend <b>Cover</b> under an existing plan.   |
| <b>Pre Incapacity Occupation</b>   | Essential duties and activities for which the <b>Employee</b> was employed immediately prior to <b>Illness</b> which took up a significant proportion of his or her working time.  |
| <b>Regular Benefit</b>   | A payment by the <b>Society</b> to an employer to replace part of <b>Regular Income</b> that would be lost to an <b>Employee</b> because he or she is unable to work due to <b>Illness</b> .   |
| <b>Regular Income/Gross Pay</b>  | The amount of an <b>Employee's</b> income (earnings) before deductions such as income tax, national insurance, pension contributions and other non-taxable amounts. This includes all normal basic pay, overtime, commissions, bonuses and other allowances that are added to an <b>Employee's</b> pay.          |
| <b>Retirement Age</b>  | The national default retirement age set by law ~ currently 65 ~ which is the maximum age for any member of your <b>Plan</b> . The <b>Society</b> will consider extending this up to the age of 70 years, subject to terms and on a case by case basis.   |
| <b>Rules</b>   | The publicly registered terms and conditions stating how the Society is to be managed & run and how it will provide <b>Income Replacement Insurance</b> . All <b>Members</b> and employers must abide by the Rules.  |
| <b>Rulebook</b>  | A book in which the Society's <b>Rules</b> are published. Copies are provided to all <b>Members</b> and employers when joining or on request.  |
| <b>Society</b>   | Wiltshire Friendly Society Limited ~ an insurance firm which operates as a mutual society, this means that it is entirely owned by its Members and exists only for their benefit.  |
| <b>State Incapacity Benefit</b>  | A state benefit which is payable when an individual is ill and unable to work. For the employed entitlement normally starts after 28 Weeks ~ when Statutory Sick Pay ceases. This was superseded by the Employment and Support Allowance (ESA), which came into force on 27 October 2008 for all new claimants.. |
| <b>Work Related Activity Component (WRAC)</b>                                | The component of the ESA payable to individuals who are identified as capable of taking part in some work related activity. For more information go to <a href="http://www.dwp.gov.uk">www.dwp.gov.uk</a> .  |
| <b>Temporary Cover Period</b>  | The 60 day period, immediately following payment of your first monthly <b>Contribution</b> , during which <b>We</b> temporarily provide the full <b>Cover</b> you requested, subject to terms, whilst <b>We</b> assess each <b>Employee</b> and agree with you the final <b>Plan Terms and Conditions</b> .      |
| <b>Underwriting</b>  | The procedure used to assess the medical and relevant lifestyle facts, about an <b>Employee</b> , so that we can consider if we need to apply any special terms to the insurance we will provide for that individual.  |
| <b>Waiting Period</b><br>(also generally referred to as the deferred period) | The period at the beginning of an <b>Illness</b> , during which no <b>Regular Benefit</b> is payable.  |
| <b>We/(the) Society</b>  | <b>Wiltshire Friendly</b> .  |
| <b>Wiltshire Friendly</b>  | The trading title of Wiltshire Friendly Society Limited.   |