

GROUP INCOME REPLACEMENT INSURANCE

Information for Employers

Fact Sheet G3 ~ How to Apply

This *Fact Sheet* lets you know what you need to do to apply for your *Plan* and what you should expect from us during the application process.

Employee Eligibility

You define the *Eligibility Criteria* that will qualify your *Employees* to join your *Plan*. You may choose to treat your whole work-force as a single category or you may further categorise it, for example by department or to enable you to apply differing criteria across sections. In all cases the *Cover* provided and the criteria applied to a category must be the same for each *Employee* within the category. If you have weekly paid *Employees* we are able to pay regular benefit on that basis, in such cases the minimum *Cover* per *Employee* is the equivalent of the *Free Cover Limit* and all *Employees* insured in this way must form a separate category.

The minimum number of *Employees* that can be insured under your *Plan* is 5 and the minimum in any category is 5. If the *Cover* provided in a category is to be based on a “Premier Plan” we will consider fewer members within that category. *Please refer to Fact Sheet G2 “What Plans are Available”*

The definition(s) you choose for your *Criteria of Eligibility* are entirely your decision and should be based on the needs of your business and *Employees*.

There are also mandatory conditions that will apply all *Employees*: ~

- they must be employed by you under a contract of employment or service contract;
- they must have attained age 16;
- from the date they become insured under your *Plan* there must be at least 13 months before they reach *Retirement Age*, except in the case of Plan 104 where this is extended to 25 months;
- they must be *Actively at Work* at the *Plan Commencement Date* or when their *Cover* is amended;
- they must be employed by a UK domiciled employer and be resident, working and paid in the United Kingdom. we will consider providing cover to *Employees* working abroad on a case by case basis.

Type of Cover

You will also need to decide which of the available plans and features are right for your business and those of your *Employees*, if you categorise you can select a different type of plan for each category. If you require different *Cover* or features than standard we will, at our sole discretion, try to provide a suitable alternative.

Please refer to Fact Sheet G2 “What Plans are Available”

Amount of Cover

You will also need to choose the amount of *Regular Benefit* you would like us to provide; this can be a fixed monetary amount for each *Employee* within a category. You may, as an alternative, select a fixed proportion of the *Regular Income* of the *Employees* within a category ~ you might find this of more use if the *Employees* within a category earn differing amounts.

You may have *Employees* who have variable earnings, for example sales people earning performance related commission and in such cases we can provide *Cover* on a “Retrospective Declaration Basis”, with the *Employees* concerned forming a separate category.

To achieve this you will need to specify the percentage of their *Regular Income* that you wish to insure. we will then base the *Cover* to be provided, during each year, on their average *Regular Income* during the preceding year or since the last *Plan Review*. In the event of a *Claim* the *Regular Benefit* to be paid will be based on their actual average *Regular Income* since the *Plan* commenced or since the last *Plan Review*.

At your *Plan Review* you will need to provide us with a declaration of each *Employee’s* actual *Regular Income* during the year being reviewed. We will then re-calculate the Contributions for that year based on their actual earnings and either refund any overpayment or ask you for a balancing payment. The actual income declared at that time will be used to set the *Employee’s* level of *Cover* for the coming year.

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An explanation of the terms in *italics* can be found in *Fact Sheet G10 “Glossary of Terms Used”*

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Maximum Amount of Cover

There is a ***Maximum Cover Limit*** which normally cannot be exceeded.

Your ***Plan*** cannot pay out levels of ***Regular Benefit*** that would exceed the ***Regular Income*** of any ***Employee*** or remove their financial incentive to return to work. We therefore place a ***Maximum Cover Limit*** on the amounts of ***Regular Income*** that can be insured. The limits are as follows: ~

- At the beginning of your ***Plan*** the normal maximum annual ***Regular Income*** that can be insured, for each ***Employee*** is £50,000 and the minimum £1,560. These amounts may be indexed annually at our discretion.
- The maximum amount of ***Regular Benefit*** that can be paid is the equivalent of 90% of ***Regular Income*** having first deducted a notional sum approximate to any state benefit that a ***Claimant*** may also receive. From October 2008 this deduction will be based on the Work Related Activity Component of the Employment and Support Allowance (*for more information please visit www.dwp.gov.uk*).
- Non-pay monetary benefits or allowances that an ***Employee*** would normally continue to receive during ***Incapacity*** can also be included in your total ***Cover***, as can your contributions to his or her occupational or personal pension plans. The maximum ***Cover*** for such benefits will be agreed on a plan by plan basis.
- You may also choose to insure Employers' N.I.C. due on payroll payments to ***Claimants***. The amount of ***Cover*** will depend on the amount of ***Regular Benefit*** payable and the rate of NIC applying at the ***Plan Commencement Date*** or at the date of the preceding ***Plan Review***.

We may be able to consider variations to this for higher paid ***Employees***. This will be at our discretion and will be subject to additional terms to be agreed on a case by case basis. Our decision will also depend on other factors, such as the total number of ***Employee's*** insured under your Plan and the type of Cover and features to be provided.

Important Note You should take legal advice in respect of your contractual obligations to ***Employees*** and make sure that the benefits promised to them are not discriminatory and meet relevant legislation.

Replacing Existing Plans

If you already have an existing plan from another insurer, you have the option to provide us with full details and evidence of the cover provided and claims history and we will consider providing a ***Society Plan*** on similar terms but within our standard limits.

Quotation

When you have decided how you would like your ***Plan*** to be configured you will need to let us know your requirements and we will provide you with an "Initial Quotation". You will need to provide us with a list of ***Employees*** and some basic details about them. The detail of what we need is outlined on the application form but you may provide it before making an application and in any format you choose, we would prefer this to be in electronic spreadsheet format. You will find our contact details in the "***Useful Information***" section of the "***Guide to Income Replacement Plans for Employers***" we have provided.

Our quotation will tell you how much your monthly ***Contributions*** might be and the type of individual declaration (if any) we will need from each ***Employee*** before we can confirm their ***Cover*** at the type and level that you have requested. It will also outline the standard terms that will be included in your ***Plan Terms and Conditions*** and indicate the amount of commission we will pay to your adviser.

The Application Form

You will need to complete an application form which will formally record the basic details of your business and details of how you wish us to provide cover ~ all as outlined above. Your Adviser will help you with this. When we have considered your application we will confirm our Initial Quotation or advise you of any specific terms we need to add to your ***Plan Terms and Conditions***. Your ***Plan*** will then commence by you paying the first monthly ***Contribution***.

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To ensure that your *Employees* can be insured as soon as possible *We* can provide you with *Temporary Cover* in respect of *Employees* who need to complete declarations.

Temporary Cover

To enable us to set up your *Plan* quickly and allow *Employees* time to complete and return their declarations we can commence your *Plan* immediately. To achieve this you will need to; complete your application, tell us that you would like us to provide cover on the basis of our “Initial Quotation”, pay your first monthly *Contribution* and provide us with a direct debit mandate for future contributions.

During the first 60 days after *Plan Commencement* we will provide *Temporary Cover* in respect of all *Employees* from whom we require an individual declaration (please see below). We will assess individual declarations as we receive them and confirm the *Cover* and any terms to be applied for each *Employee* on a rolling basis.

At the end of the *Temporary Cover Period* we will provide you with your confirmed *Plan Terms and Conditions*, you will be deemed to have accepted these terms if you continue to make monthly *Contributions*. You may cancel your *Plan* at this point, but we will not refund *Contributions* paid for the *Temporary Cover Period*.

For *Employees* that do not return their individual declaration form within the *Temporary Cover Period*, the maximum insurance we will be able to confirm for them, at the end of that period, is the *Free Cover Limit*. This can be changed if *We* receive a declaration at a later date. *We* will also need to impose a similar restriction if we are unable to complete our assessment of a declaration for reasons outside our control.

During the *Temporary Cover Period* we will provide the following:-

- for *Employees* for whom we do not require an individual declaration ~ the *Cover* that you have requested, this will automatically continue without change at the end of the *Temporary Cover Period*.
- for all others ~ *Cover* at the *Free Cover Limit* or, if below, the rate requested;
- for *Employees* for whom we require an individual declaration ~ additional *Cover* that will equate their total *Cover* to that you have requested but subject to the following terms:-
 - you agree to us providing the *Cover*,
 - *Contributions* are payable in full for the period;
 - there is no other relevant *Income Replacement Insurance* in force;
 - *Employees* are *Actively at Work* on the *Plan Commencement Date*;
 - the amount of temporary cover is at or below the *Maximum Cover Limit*;
 - *Employees* do not have any other personal plan(s) that would cause the Maximum Cover Limit to be exceeded
 - *Claims* submitted for *Employees*, for whom *We* require a declaration and made before the expiry of the *Temporary Cover Period*, will not be accepted if they are related to any *Pre-Existing* or *Historic Medical Condition(s)* unless *We* agree otherwise in writing. However, all such *Claims* will be eligible to receive *Regular Benefit* in amounts up to the *Free Cover Limit*.