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Relevant Life Insurance

In focus



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What is Relevant Life Insurance?

Our Relevant Life Insurance policy is an individual death in service policy that can allow an employer to provide tax efficient life cover for employees.

Premiums are paid by the employer and may be treated as a business expense, but this must be agreed with HM Revenue & Customs. The cover does not form part of an employee's lifetime pension allowance.

It can provide a cost-effective solution to provide life cover for employees of organisations that are not eligible for - or do not provide - a group life scheme.

Our Relevant Life Insurance policy must be written under our Aviva Discretionary Trust for Relevant Life Insurance.

The trust can be written in paper form or online through the application process. Completing the trust online is signature free. Any director completing the trust online on behalf of a company needs to ensure all shareholders are in agreement.

Our Relevant Life Insurance policy will only pay the cover amount on:

- (a) death, or
- (b) meeting our definition of terminal illness, or
- (c) meeting our definition of employee significant illness (if selected).

Please note that (c) above requires the illness to result in the retirement or anticipated retirement of the life covered. Also, this means retirement from their employment with the policyholder, and not termination of the employment for any other reason.

Types of cover

Relevant Life Insurance provides level cover, which means that the cover amount and the premium stay the same throughout the policy term. Increasing cover is available as an option and can help protect against the future effects of inflation.

What's covered?

Life cover – When Relevant Life Insurance is used to provide life cover only, we'll pay one of the following benefits:

Death benefit – We'll pay the cover amount shown in the policy schedule if the life covered dies whilst employed during the policy term.

Terminal illness benefit – We'll pay the cover amount shown in the policy schedule if the life covered is diagnosed with a terminal illness whilst employed during the policy term and life expectancy is less than 12 months.

We only pay the cover amount once, so when we've accepted a claim for the death benefit or terminal illness benefit the plan will end.

Life and employee significant illness cover – When Relevant Life Insurance is used to provide life and employee significant illness cover, as well as the benefits already listed, the policy will also include the following:

Employee significant illness cover – We'll pay the cover amount shown in the policy schedule if the life covered meets the definition for one of our defined employee significant illness conditions during the policy term, survives for at least 10 days and the condition results in the retirement or anticipated retirement of the life covered.

We only pay the cover amount once, so when we've accepted a claim for the death benefit, terminal illness benefit or employee significant illness cover the plan will end.

For both Life and Life and employee significant illness cover, there is no cash in value at any time.

For a list of the significant illnesses we cover, please see the appendix at the end of this document.

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Additional benefits explained

Life change benefit

If the life covered's circumstances change, the policyholder may be able to take out more cover without us asking further health and lifestyle questions.

Life change benefit will only be included if:

- we accepted the policy on standard terms
- the policyholder didn't take out the policy under the life change benefit.

After they've had their policy for six months, the policyholder can use the life change benefit in the event of the following changes:

- Marriage or civil partnership
- Divorce, dissolution of civil partnership or separation
- having or adopting a child
- Increased mortgage due to house move or purchase, or carrying out home improvements
- At least a 20% increase in salary due to change of employer or promotion.

The policyholder can use the life change benefit as many times as they like on the original policy as long as:

- the life covered is in employment when the new policy is taken out
- they take out the new policy before the life covered turns 55
- they take out the new policy within 90 days of the life change happening

- they send us the evidence we need
- they haven't already made, nor are they eligible to make, a claim for any benefit
- the premium of the new policy meets the minimum premium limit that applies at the time.

The new policy can have employee significant illness cover if it was included on the original policy.

The new policy won't include:

- increasing cover
- life change benefit

The total cover amount for all the policies taken out using the life change benefit must not exceed the lower of:

- the original cover amount;
- £200,000; or
- the mortgage increase.

The new policy must end before the life covered turns 70.

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Business Protection Promise

The policies you write for relevant life will typically be of higher value than those for personal protection.

So we've increased the amount of free cover available under our Protection Promise for all Relevant Life Insurance policies.

If we can't make a decision on an application straight away, they will now be covered for the amount applied for up to £1,000,000 of free life cover whilst we look into their case.

The free cover lasts until the earliest of:

- 10 days after we make our acceptance offer; or
- The policy start date; or
- The date we decide to defer or decline your application; or
- The date you withdraw your application; or
- 90 days from our confirmation that the free cover has started.

The Protection Promise will pay out if a life covered dies unless:

- we haven't received complete and accurate information as part of the application
- death is the result of suicide or intentional self-inflicted injury
- death is the result of a pre-existing medical condition present at the time of the application, which the life covered knew about or was having symptoms of.

In the case of multiple applications, we will only pay out once under the business protection promise – regardless of the number of policies applied for.

Continuation benefit

If the life covered leaves their employment then the policy will be suspended and they won't be covered. This means that whilst the policy is suspended, we won't pay any claims under the policy. However, by using the continuation benefit, the policy can be transferred to the life covered's new employer. If transferred in this way, it will keep its relevant life status and the new employer will take over paying the premiums. Cover will restart once the transfer to the new employer has been completed.

Alternatively, the policy can be cancelled and the life covered can take out a new policy free of underwriting (which will not have a relevant life status). The new policy will be a life only policy. Premiums will be based on the rates, cover details, the personal circumstances of the life covered and the terms that apply at that time.

The continuation benefit needs to be used within 90 days of the life covered leaving their employment otherwise the policy will end.

Optional benefits explained

Total permanent disability

Total permanent disability is an optional benefit which is available at an extra cost. It pays the cover amount on confirmation that the life covered has had to retire because they are totally and permanently disabled as defined in the policy conditions. It's only available at outset and if life and employee significant illness cover is selected. It is subject to our acceptance following underwriting,

There are two definitions of total permanent disability: 'Own occupation' and 'activities of daily work'. The policy schedule will confirm which definition applies to the life covered.

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Own occupation

- Loss of the physical or mental ability through an illness or injury before age 71 to carry out the material and substantial duties of their own occupation ever again.
- The material and substantial duties are those that are normally required for, and/or form a significant and integral part of, the performance of the life covered's own occupation that cannot reasonably be omitted or modified.
- The relevant specialists must reasonably expect that the disability will last throughout life with no prospect of improvement, irrespective of when the policy ends or the life covered expects to retire.
- Disabilities for which the relevant specialists can't give a clear prognosis are not covered.
- Own occupation means the trade, profession or type of work the life covered does for profit or pay. It is not a specific job with any particular employer and is irrespective of location and availability.

Activities of daily work

- Loss of the physical ability through an illness or injury before age 71 to do at least three of six work tasks ever again. For details of the work tasks please read the policy conditions.
- The relevant specialists must reasonably expect that the disability will last throughout life with no prospect of improvement, irrespective of when the policy ends or the life covered expects to retire.
- The life covered must need the help or supervision of another person and be unable to perform the task on their own, even with the use of special equipment routinely available to help and having taken any appropriate prescribed medication.

When we've paid out for total permanent disability, the policy will end.

Increasing cover option

The increasing cover option lets the policyholder automatically increase the cover amount each year without answering any health and lifestyle questions.

We'll write to the policy holder at least eight weeks before the policy anniversary date to tell them how much their cover amount and premiums will increase by.

The policyholder can choose not to increase their cover amount if they don't want to pay the higher premium. If they do this, the cover amount and premiums will stay the same. They must tell us as soon as possible before the anniversary date if they want us to cancel the increase.

We'll reinstate the increasing cover option the following year. However, if the policyholder decides against the increase three times in a row, we'll remove increasing cover from their policy.

The policyholder can choose how the cover amount will increase:

- an increase based on the percentage increase in the Retail Prices Index (RPI) over the 12 month period ending 12 weeks before the start of the month of the policy's anniversary date.
 - the maximum increase in the cover amount will be 10% each year
 - the maximum premium increase won't be more than 15%
 - if the RPI is 0% or below, the cover amount and premium will stay the same
- an increase by 3% or 5% on each anniversary date of the policy.

If the cover amount increases, the premiums will also increase each year.

We'll calculate the increase in premium by multiplying the percentage increase in the cover amount by 1.5. We'll then multiply that amount by the current premium to work out what the increase in premium will be.

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Making changes to a policy

Unless otherwise stated:

- The policyholder can make changes to the policy six months from the start date.
- We'll make the changes without any further health and lifestyle questions, unless the policyholder wants to increase the policy term.
- We'll use the original premium rates based on the personal circumstances of the life covered.

Any changes will apply from the date the next premium is due.

Amending the policy

If the policyholder makes any of the following changes, we'll amend the policy:

- Reducing the cover amount.
- Reducing the policy term.
- Increasing the policy term – we'll use the premium rates available when we make the change, based on the personal circumstances of the life covered. We may need to ask some further medical questions. Depending on the answer, we may not be able to carry out the increase. The policy term can't be increased if the policy includes the increasing cover option.
- Changing from monthly to yearly premiums, or the other way round.
- Changing from life and employee significant illness cover to life cover only – this will remove total permanent disability from the policy if it's included.
- Removing total permanent disability.
- Removing the increasing cover option.

Issuing a new policy

If the policyholder increases the cover amount, we'll issue a new policy, subject to the same trust, to go with the original policy, which will remain in force.

We may need to ask some further health and lifestyle questions. Depending on the answers, we may not be able to carry out the change.

If we can carry out the change, the Relevant Life Insurance policy conditions in force at the time will apply to the new policy.

After any of the above changes, the premium can't be lower than the minimum premium limit which applies at the time we agree to the request.

Any references to tax treatment are based on Aviva's understanding of legislation and HM Revenue & Customs practice at the time of publication. An individual's tax treatment depends on their personal circumstances. Any of this can change in the future, and a liability to tax may arise under an existing arrangement. Every care has been taken as to accuracy, but it must be appreciated that neither Aviva nor its representatives can accept responsibility for loss, however caused, suffered by any person who has acted or refrained from acting as a result of material published.

Appendix - Main benefits under employee significant illness cover

Below is a list of each of the illnesses and conditions we cover under employee significant illness benefit. We have set out the definition we'll use when we're assessing a claim which, to be valid, must result in the retirement or the anticipated retirement, of the life covered.

Advanced cancer – of specified severity

A definite diagnosis of cancer which meets one of the following criteria:

- a malignant tumour that has progressed to at least group stage III of the TNM classification of malignant tumours
- chronic lymphocytic leukaemia which has progressed to Binet Stage C
- Hodgkin's or non-Hodgkin's lymphoma, where staging has progressed to at least stage II on the Ann-Arbor system.

The following is not covered:

- any cancer that has not progressed to the severity levels outlined above.

Aplastic anaemia – with bone marrow failure

A definite diagnosis of aplastic anaemia by a consultant haematologist. There must be permanent bone marrow failure with anaemia, neutropenia and thrombocytopenia.

Bacterial meningitis – resulting in permanent symptoms

Bacterial meningitis causing inflammation of the membranes of the brain or spinal cord resulting in permanent neurological deficit with persisting clinical symptoms. The diagnosis must be confirmed by a consultant neurologist.

The following is not covered:

- all other forms of meningitis including viral meningitis.

Benign brain tumour – resulting in permanent symptoms

A non-malignant tumour or cyst originating in the brain, cranial nerves or meninges within the skull, resulting in permanent neurological deficit with persisting clinical symptoms.

The following are not covered:

- tumours in the pituitary gland
- angiomas.

Benign spinal cord tumour – resulting in permanent symptoms

A non-malignant tumour in the spinal canal, involving the meninges or the spinal cord. This tumour must be interfering with the function of the spinal cord which results in permanent neurological deficit with persisting clinical symptoms.

The following are not covered:

- cysts
- granulomas
- malformations in the arteries or veins of the spinal cord
- haematomas
- abscesses
- disc protrusions
- osteophytes.

Brain injury due to anoxia or hypoxia – resulting in permanent symptoms

Death of brain tissue due to reduced oxygen supply (anoxia or hypoxia) resulting in permanent neurological deficit with persisting clinical symptoms.

Creutzfeldt - Jakob disease

A definite diagnosis of Creutzfeldt-Jakob disease by a consultant neurologist.

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Dementia – resulting in permanent symptoms

A definite diagnosis of dementia, including Alzheimer's disease, by a consultant neurologist, psychiatrist or geriatrician. There must be permanent clinical loss of the ability to do all of the following:

- remember; and
- reason; and
- perceive, understand, express and give effect to ideas.

Encephalitis – resulting in permanent symptoms

A definite diagnosis of encephalitis by a consultant neurologist resulting in permanent neurological deficit with persisting clinical symptoms.

Intensive care – resulting in permanent symptoms

Any sickness or injury resulting in the life covered requiring continuous mechanical ventilation by means of tracheal intubation for 10 consecutive days (24 hours per day) or more in an intensive care unit in a UK hospital resulting in associated permanent neurological deficit with persisting clinical symptoms.

Kidney failure – requiring permanent dialysis

Chronic and end stage failure of both kidneys to function as a result of which regular dialysis is permanently required.

Liver failure

Chronic liver disease, being end stage liver failure due to cirrhosis and resulting in all of the following:

- permanent jaundice
- ascites
- encephalopathy.

Major organ transplant – from another donor where applicable

The undergoing as a recipient a transplant of:

- bone marrow; or
- haematopoietic stem cells preceded by total bone marrow ablation; or
- a complete heart, kidney, liver, lung, or pancreas from another donor; or
- a whole lobe of the lung or liver from another donor; or
- inclusion on an official UK waiting list for such a procedure.

The following is not covered:

- transplant of any other organs, parts of organs, tissues or cells.

Motor neurone disease – resulting in permanent symptoms

A definite diagnosis of one of the following motor neurone diseases by a consultant neurologist:

- amyotrophic lateral sclerosis (ALS)
- primary lateral sclerosis (PLS)
- progressive bulbar palsy (PBP)
- progressive muscular atrophy (PMA)
- spinal muscular atrophy (SMA).

There must also be permanent clinical impairment of motor function.

Multiple sclerosis – with persisting symptoms

A definite diagnosis of multiple sclerosis by a consultant neurologist. There must be current clinical impairment of motor or sensory function, which must have persisted for a continuous period of at least 6 months.

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Neuromyelitis optica – with persisting symptoms

A definite diagnosis of neuromyelitis optica by a consultant neurologist. There must be current clinical impairment of motor or sensory function, which must have persisted for a continuous period of at least 6 months

Parkinson's disease – resulting in permanent symptoms

A definite diagnosis of Parkinson's disease by a consultant neurologist. There must be permanent clinical impairment of motor function with associated tremor or muscle rigidity.

The following are not covered:

- Parkinsonian syndromes
- Parkinsonism.

Parkinson's plus syndromes – resulting in permanent symptoms

A definite diagnosis of one of the following Parkinson's plus syndromes by a consultant neurologist:

- multiple system atrophy
- progressive supranuclear palsy
- Parkinsonism-dementia-ALS complex
- diffuse lewy body disease
- corticobasal degeneration.

There must also be permanent clinical impairment of at least one of the following:

- motor function; or
- eye movement disorder; or
- postural instability; or
- dementia.

The following are not covered:

- other Parkinsonian syndromes
- Parkinsonism.

Pneumonectomy

The undergoing of surgery on the advice of a consultant medical specialist to remove an entire lung due to disease or traumatic injury.

The following are not covered:

- other forms of surgery to the lungs including removal of a lobe of the lungs (lobectomy) or lung resection.

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Psychosis and bipolar affective disorder – of specified severity

A definite diagnosis by a consultant psychiatrist of any of the following:

- bipolar affective disorder; or
- paranoid (delusional) psychosis; or
- schizo-affective disorder; or
- schizophrenia,

which has resulted in at least three of the following occurring within one year:

- being under the care of a psychiatrist, psychiatric nurse, community mental health team or approved social worker
- chronic symptoms lasting at least a year or requiring continuous therapy or medication to control them
- in patient admission to a psychiatric ward for at least 14 consecutive nights
- a court order being made by the Court of Protection under the Mental Capacity Act.

For the above definition, the following are not covered:

- delirium where there is no underlying psychiatric disorder
- conditions caused by or exacerbated by alcohol or drug misuse.

Pulmonary arterial hypertension – of specified cause and severity

A definite diagnosis of one of the following by a consultant cardiologist or consultant respiratory physician:

- idiopathic pulmonary arterial hypertension
- chronic thrombo-embolic pulmonary hypertension.

There must be all of the following:

- a systolic pulmonary arterial pressure (PAP) of greater than 50mmHg (mm of mercury) for more than a year
- permanent and irreversible right ventricular dilatation and hypertrophy on echocardiogram and electrocardiogram (ECG).

Respiratory failure – of specified severity

Confirmation by a consultant physician of severe lung disease with permanent impairment of lung function resulting in all of the following:

- the need for daily oxygen therapy for a minimum of 15 hours per day for at least six months
- forced expiratory volume at 1 second (FEV1) below 50% of normal
- forced vital capacity (FVC) below 50% of normal.

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Severe heart condition – of specified severity

A definite diagnosis by a consultant cardiologist of failure of the heart to function as a pump, evidenced by either of the following:

- clinical impairment of heart function resulting in permanent loss of ability to perform physical activities to at least class 3 of the New York Heart Association (NYHA) classification of functional capacity (i.e. heart disease resulting in marked limitation of physical activities where less than ordinary activity causes fatigue, palpitations, breathlessness or chest pain); or
- ejection fraction measurements showing a permanent reduction in the heart's efficiency to a level of 40% or less. Measurements of ejection fraction should be demonstrated through either MRI scans or echocardiograms, but not a mixture of the two.

The following are not covered:

- all other forms of heart disease.

Spinal stroke – resulting in permanent symptoms

Death of spinal cord tissue due to inadequate blood supply or haemorrhage within the spinal column resulting in permanent neurological deficit with persisting clinical symptoms.

Stroke – resulting in permanent symptoms

Death of brain tissue due to inadequate blood supply or haemorrhage within the skull resulting in permanent neurological deficit with persisting clinical symptoms.

The following are not covered:

- transient ischaemic attacks (TIA)
- traumatic injury to brain tissue or blood vessels
- death of tissue of the optic nerve or retina/eye stroke.

Systemic lupus erythematosus – of specified severity

A definite diagnosis of systemic lupus erythematosus by a consultant rheumatologist resulting in the following:

- permanent neurological deficit with persisting clinical symptoms; and
- permanent impairment of kidney function with glomerular filtration rate (GFR) below 30 ml/min.

Third degree burns – of specified severity

Burns that involve damage or destruction of the skin to its full depth through to the underlying tissue and covering at least 20% of the body's surface area or covering at least 20% of the surface area of the face or head.

Traumatic brain injury – resulting in permanent symptoms

Death of brain tissue due to traumatic injury resulting in permanent neurological deficit with persisting clinical symptoms.

Find out more

For more information on Relevant Life Insurance, please read:

- [Introducing Relevant Life Insurance](#)
- [Relevant Life Insurance At a glance](#)
- [Relevant Life Insurance A guide to the Relevant Life Trust](#)
- [Understanding Relevant Life Insurance and employee significant illness](#)

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