For commercial customers and their advisers only

Online Group Income Protection

Technical Guide

Reference BGR/5575/OCT17

This document is a guide to the features of the Online Group Income Protection policy which is provided and underwritten by Aviva Life & Pensions UK Limited, part of the Aviva group.

Aviva Online Group Income Protection is suitable for schemes with between three and 100 members. This document should be read in conjunction with the quotation which accompanies it. Full details of the insurance are contained in the policy terms and conditions which is available on request.

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This technical guide has been produced based on the 'best practice' standard format recommended by the Group Risk Insurance Development Group (GRID) and the Association of British Insurers (ABI). **This technical guide is intended for use by "commercial customers" and their advisers.**

Introduction

- This technical guide describes the features of the Online Group Income Protection policy, which is available through the Aviva Group Protection Online Quotes facility.
- The Aviva Online Group Income Protection policy is provided and underwritten by Aviva Life & Pensions UK Limited, part of the Aviva group.
- Any references to we/us/our in this technical guide is to Aviva Life & Pensions UK Limited as the insurer, part of the Aviva group
- The Aviva Group Protection Online facility has been specifically designed to provide brokers with an efficient and easy to use quotes service for small to medium sized enterprises where the quotation requirements fall within certain parameters.
- We can still quote for schemes falling outside these parameters (ie where individual consideration is required, for example for the inclusion of discretionary entrants) through our normal quotes process.
- Features which are not initially available as part of the Aviva Group Protection Online facility are shown as being subject to individual consideration and are included in this technical guide as it may be possible to include them (an appropriate premium adjustment may be required) once the scheme has commenced.

Its aims

- To provide insurance to cover a proportion of the regular income due under a contract of employment in the event that an employee ('member') is unable to work due to illness or injury and satisfies the definition of incapacity. Additional expenses such as pension contributions and employer's national insurance contributions can also be covered.
- To provide a reduced replacement income in proportion to a member's loss of earnings if illness or injury causes a member to return to a part time or lower paid job.
- To offer you a choice when you take out the cover of how soon and for how long the benefit is paid.
- To provide cover for schemes with between three and 100 members.

Employers – your commitment

- To pay us premiums as they become due.
- To provide all the information we require when you apply for cover, at each annual revision date and premium review date or in support of a claim, and to notify us if these details change.
- To agree at outset the eligibility conditions that govern who can be covered by the policy.
- To adhere to the eligibility conditions agreed.
- To notify us in writing of any discretionary, early or late entrants. Their inclusion will be subject to individual consideration and prior agreement by us.
- To notify us of potential claims as soon as possible and in any event within six weeks of any illness or injury stopping a member from working in order to avoid any delay or deferral of payment. We reserve the right to refuse liability if we do not receive written notification of a claim within 90 days of the end of the deferred period and it was reasonably practical for you to provide such information.
- To notify us of any changes in the employment status of any incapacitated members.
- To support actions, where viable, designed to facilitate incapacitated members returning to work.
- To comply with the terms and conditions of the policy.
- To notify us of any changes in the companies participating in the scheme and the relationship between them.
- To pass on the basic salary benefit paid under this policy to the incapacitated member as appropriate.

Risk factors

- Cover will cease if you fail to comply with the policy terms and conditions or if premiums are not paid within 30 days of when they are due. However, premiums are not payable for an incapacitated member who is receiving benefits under the policy.
- Cover is designed for the protection of your costs during long term employee absence.
- This policy has no surrender value.
- Benefits under the policy may be reduced if the incapacitated member is receiving other regular income as a result of incapacity (see 5.5). Receipt of benefits may disqualify incapacitated members from entitlement to some State benefits.

- If you decide against the benefit increase option (see 1.7) a period of inflation will reduce over time the real value of any benefits that are being paid. Even with this option the real value of any benefits could be reduced by a period of high inflation.
- The rates used to calculate premiums are normally guaranteed for three years and are then reviewed. However, this guarantee will cease to apply in some specified circumstances and if the total salary roll or the benefits insured increases or decreases by 25 per cent or more (50 per cent of the total benefits insured for policies with up to 19 members) from the start of the premium guarantee period.
- A significant change in the eligibility conditions, your business, the benefit basis and a number of other factors may bring about an adjustment in premiums and terms at any time.
- Certain causes of claim are excluded (see 6 'What is not covered?').
- If you do not notify us of a claim within the specified time limits benefit payments may be delayed or deferred. We reserve the right to refuse liability if we do not receive written notification of a claim within 90 days of the end of the deferred period and it was reasonably practical for you to provide such information.
- We have the right to change the policy conditions at any time for benefits coming into force in the future and for all benefits at any time after the policy has been in force for five years.
- We strongly recommend that you obtain the appropriate legal and tax advice to ensure that the relationship between the terms of the scheme and contracts of employment operates as you would want it to.
- We reserve the right to cancel the policy if the number of members drops below three.
- Entitlement to state benefits may be reduced if we agree to continue paying basic salary benefit directly to an incapacitated member after their contract of employment has ended.
- Cover will only be provided for members shown on the data you provide. We will not pay claims in respect of any employee not shown on the data.

Your questions answered

How does the policy work?

- You decide the amount of benefit you require for your employees by selecting one of the options available (subject to the maximum limits outlined in 1.3), how soon and for how long it will be paid and whether the benefit is to increase each year while it is being paid.
- You must include all eligible employees in the scheme when they first become eligible.
- You pay all of the premiums due to keep the cover in force. The cost of income benefits is usually treated as a trading expense for tax purposes and is not a benefit in kind for employees.
- We provide cover whilst the policy is in force no matter how many claims are made, subject to any limited period benefits.
- You notify us as soon as possible and in any event within six weeks of an illness or injury stopping a member from working in order to avoid any delay or deferral of payment. We reserve the right to refuse liability if we do not receive written notification of a claim within 90 days of the end of the deferred period and it was reasonably practical for you to provide such information.
- You and the members concerned must provide us with all the information we need to assess and monitor the validity of claims.
- We pay benefits, monthly in arrears from the end of the chosen deferred period for as long as the claim remains valid.
- The monthly benefit is paid to you and the appropriate amount should be passed to the member after deduction of tax and national insurance contributions.
- We may agree to continue to pay basic salary benefit due under the terms and conditions of this policy directly to an incapacitated member after they have left service. In each case this would be subject to agreement between you, us and the member prior to the termination of the employment of the employee. Please note we cannot continue to pay benefit to you for an employee who is no longer employed by you.

1 What factors should be considered in deciding which benefits to provide?

- We offer a range of options which can help you to design cover to meet your organisation's objectives and budget.

1.1 Who can be covered?

(a) Eligibility

The eligibility criteria will be agreed prior to cover commencing and will include:

- the minimum and maximum entry ages for the employees
- the expiry age for the cover (selected from the options available)
- any service qualifications that may apply
- which categories of staff are eligible to be included (eg all office staff or all employees)
- when any new entrants will be able to join the scheme (eg immediately they satisfy the eligibility conditions or at the next annual revision date)
- whether there are any other conditions specified in order to join the scheme (eg pension scheme membership).

Please note that any eligibility criteria connected to age or service need to be considered in light of the Age Regulations.

Membership is compulsory for all employees who satisfy the eligibility conditions and meet the 'actively at work' requirements (see 1.1.(b)). Permanent full time and part time employees can be included in the scheme. Fixed term contract workers can be covered for the period of their fixed term contract but monthly income claim payments in respect of them will cease no later than the end date of the contract in force at the time the incapacity began.

If pension scheme membership is a condition of joining the income protection scheme we need to know the eligibility conditions for joining the pension scheme. If an employee does not join the pension scheme within 12 months of their first opportunity, evidence of good health will be required before we can provide cover under the income protection scheme.

(b) 'Actively at work'

This is the criterion that any member must meet, in addition to the other eligibility conditions, before they are covered under the scheme.

An employee is considered to be actively at work if they are present at their place of work and are mentally and physically capable of performing the normal duties for the normal hours required by the job for which they are employed.

If the actively at work date falls on a day the employee is not contracted to work, or they are on holiday, they will be regarded as being actively at work provided that they were capable of meeting the definition on the last day they were due to work before the start of the policy.

We will consider those who are on a pre-arranged absence (for example maternity or paternity leave etc) to be actively at work, providing they fulfil all other conditions for membership. This will not apply if their medical records show that on the day cover starts or the day increases apply under the policy, they had a medical condition which would have prevented them from working.

New schemes

If a scheme has not been previously insured employees will usually only be covered if they are actively at work on the day they first become eligible to join the scheme and have been actively at work for a period prior to commencement of cover. The period is scheme specific and will be shown on the quotation. If they are not actively at work on the relevant dates they will only be covered once they have been actively at work for the time specified in the quotation.

Schemes switching from another insurer

When cover is moved to us from another insurer a member must be actively at work on the day before we assume risk. If they are not they will only be covered once they have been actively at work for the time specified in the quotation.

1.2 When will cover cease?

1.2.1 Under normal circumstances

Cover ceases on the earlier of:

- a member reaching the scheme expiry age
- a member leaving service

- a member no longer satisfying the eligibility criteria
- the contract of employment ending
- the death of the member.

Cover will also end when the scheme ends, or if a limited benefit option is chosen and the full amount of benefit is paid.

The scheme will end when:

- you fail to pay any premiums due
- the number of employees is reduced below the minimum number we agree
- you fail to comply with any reasonable request for information
- there is a material change in your business
- you or any employee covered fail in your duty of utmost good faith towards us
- you end the scheme.

We will continue to pay valid claims after the scheme ends if they arose during the period of cover for as long as they remain valid under the terms and conditions of the policy.

1.2.2 Cancelling the cover

You can end the scheme at any time by providing written notification that you wish to terminate the scheme. Termination cannot be backdated.

1.3 What cover is available?

(a) Basic salary benefit

You may select the amount of cover you wish to provide for your employees.

The maximum benefit you can select is 80% of an employee's normal salary.

The benefit is calculated as a percentage of the employee's normal gross salary and the maximum basis salary benefit we will insure is £425,000 per annum.

Fixed benefit offset option

You are able to select a fixed offset that will be deducted from the basic benefit.

(b) Optional additional protection for employees

(i) Pension benefit

You may insure an annual amount to cover the normal contributions to a pension scheme of any employee for whom we pay basic salary benefit.

The maximum amount of benefit we will pay for the total of this benefit is 40 per cent of the employee's normal salary subject to:

– An overall limit of £75,000.

– The total of the basic salary benefit plus the benefit in respect of employee pension contributions cannot exceed 80 per cent of the employee's normal salary.

– The benefit in respect of employer pension contributions cannot exceed 35 per cent of the employee's normal salary.

We will only cover employee contributions if the employer contributions are also covered.

Payment of pension benefit will cease if we agree to pay basic salary benefit directly to an incapacitated member who has left service.

National insurance benefit

You may insure the employer national insurance contributions payable in relation to the basic salary benefit.

Payment of national insurance benefit will cease if we agree to pay basic salary benefit directly to an incapacitated member who has left service.

1.4 How is incapacity defined?

The scheme will be set up on an 'own' occupation definition of incapacity basis.

'Own' occupation definition

The member is incapacitated when we are satisfied that due to illness or injury he or she is incapable of performing the material and substantial duties of his or her own occupation and is not following any other occupation.

However, if a member is required by his or her terms of employment to hold a licence or certificate which is only issued when the member meets certain medical standards, then the member is incapacitated when we are satisfied that due to illness or injury he or she is:

- incapable of performing the material and substantial duties of his or her own occupation; and
- incapable of performing the material and substantial duties of all other occupations for which he or she is reasonably suited by reason of training, education or experience; and
- is not following any other occupation.

Material and substantial means duties that are normally required for and/or form a significant and integral part of the performance of the member's own occupation and which cannot be reasonably omitted or modified by the member or the employer.

1.5 When will benefit payments start?

Benefit payments will start at the end of the 'deferred period' and are payable monthly in arrears at the end of each calendar month during continuous incapacity; the first is a proportionate payment as is the final payment at the end of the claim. The 'deferred period' is the period of time following the incapacitated member first being unable to work due to illness or injury when we do not pay benefit. If we are notified of a claim after the end of the deferred period then we reserve the right to commence the deferred period from the date we are notified of the incapacity. **Please note:** We reserve the right to refuse liability if we do not receive written notification of the claim within 90 days after the end of the deferred period and it was reasonably practical for you to provide such notification. The deferred periods available are 13, 26, 28 and 52 weeks.

The deferred period is normally a period of continuous absence. However, we will add together separate periods of short term absence due to a recurrence of incapacity arising from the same or related cause, provided the deferred period is completed within a time span of twice the deferred period.

1.6 For how long will benefits be paid?

In order for benefit to be paid the employee must be covered under the scheme and satisfy the definition of incapacity. When setting up the scheme you can choose how long you want benefit to be paid. The options are:

(a) Benefits paid to expiry age

In the event of a claim the benefit is paid up to the selected expiry age. Benefits will cease earlier in any of the circumstances outlined in 5.2.

(b) Limited benefit period

You can select a reduced period of benefit payment of two, three, four or five years. If you select this option any periods of incapacity arising from the same or related cause are added together and benefit ceases when benefit payments have been made for the maximum payment term.

Benefits will cease earlier if the member reaches the expiry age of the policy or in any of the other circumstances outlined in 5.2.

Please note that for all claims in respect of fixed term contract workers benefits will cease no later than the end date of the fixed term contract in force at the time the incapacity began.

1.7 Can benefits in payment be inflation protected?

Yes. You choose when the scheme is set up if you would like benefits in payment to remain level or select the benefit increase option to increase benefits by 3 per cent or 5 per cent per annum. A further option is available to increase benefits in line with the Limited Price Index.

2 Setting up the scheme

2.1 Requirements to set up the scheme

In order for us to assume risk the policy must start within three months of the quotation.

Cover will only be effective once we have confirmed in writing (via email) that we will assume risk (cover cannot be backdated).

You will be asked to confirm the on risk date online. This will include confirming that:

- you have read and accepted the terms and conditions of the quote
- all the information supplied at the quote stage (including member details, policy history (including details of any underwriting decisions for members underwritten under the previous policy) and claims history for the last five years or such shorter time as the policy has been in force if previously insured) was correct and has not changed since that date.

In accordance with the requirements above we will assume risk on the basis of the information that was entered into the online quotes facility at the time of the quote. You will receive an email confirming that cover is in place and the following attachments:

- a copy of the quote that is being put on risk
- a partially pre-populated application for completion and signing
- a list of members (as entered at the quote stage) highlighting those who are over the free cover level and therefore subject to medical underwriting.

We will then require:

- within 30 days of the start of the policy, a deposit premium or completed direct debit, and

within 60 days of the start of the policy:

- return of the signed and fully completed application
- confirmation that the list of employees with benefits in excess of the free cover level is correct
- details of employees not actively at work at the commencement date.

Cover will cease immediately if the above requirements are not met. A premium will be charged for the time on risk.

2.2 Evidence of health to be provided before members are covered

Since a group scheme is designed to cover all the employees who satisfy the eligibility conditions, we normally only require medical information or pastime information for those employees whose benefit exceeds the free cover level. The free cover level is set as a level of benefit per annum and will be shown in our quotation. The free cover level only applies to those employees who join the scheme when they first become eligible and satisfy the actively at work requirement applicable to the scheme.

If an employee's cover exceeds the free cover level they will be asked to complete an employee health declaration. We may then need further medical evidence which could involve applying to their own doctor for a report or requesting a medical examination or other medical tests. The underwriting process may result in additional premiums or exclusions being applied to cover in excess of the free cover level for some members. In some cases we may be unable to provide cover in excess of the free cover level.

For employees who have been underwritten and accepted for cover we may be able to accept future increases in benefit without further medical underwriting.

If the free cover level is increased, we will not automatically increase the free cover level for member's who have submitted evidence of insurability or have had their cover restricted to the free cover level.

Please note that the free cover level will not apply to discretionary entrants, late entrants or early entrants.

- Discretionary entrants include employees joining the scheme who do not satisfy the normal eligibility conditions.
- Late entrants are those employees joining the scheme after the date of their first opportunity to do so.
- Early entrants are employees joining the scheme before they meet the normal eligibility conditions.

All cover for discretionary entrants, late entrants and early entrants will be subject to prior agreement by us. Evidence of good health will be needed before we can provide cover. Initially these employees will be asked to complete an employee health declaration but further medical evidence may be required depending on the information supplied.

2.3 What happens if a claim arises before a decision has been made?

Where a member's benefit is subject to underwriting because it exceeds the free cover level we provide a period of temporary cover of up to 90 days from the date they are first covered.

Temporary cover applies to the amount of benefit being underwritten and is subject to the member being actively at work.

During the period of temporary cover we will insure the employee for their full benefit (as long as the cover has not previously been declined by us or another insurer), but any benefit in excess of the free cover

level or previously insured benefit will be subject to a pre-existing conditions exclusion. Claims will be subject to any other underwriting restriction we may specify.

Temporary cover will end on the earlier of:

– the expiry of the 90 days

– the date that we issue the terms, if any, on which cover can be provided.

Temporary cover does not apply to discretionary, late or early entrants.

3 What premiums will be charged for the cover?

The premium calculated depends on factors which include the nature and amount of the benefits to be provided and details of the employees to be insured. The information used to calculate the premiums includes:

- level of benefits
- benefit payment period selected
- eligibility and entry conditions
- benefit increase option selected
- deferred period
- ages and genders of the employees
- occupation of the employees
- location of the workforce.

The minimum premium applicable to the policy will be shown on the quotation. Premiums payable more frequently than annually must be paid by direct debit. All premium payments are to be paid in sterling, or other such currency as may be agreed in writing by us.

3.1 How will premiums be calculated?

(a) Schemes covering up to 19 people:

Single premium costed schemes

Premiums will be calculated for each employee based on the premium rates current at the beginning of the premium guarantee period. The premium guarantee period is the three year period either from the commencement of a scheme or from the last review of premium rates. For this type of scheme the premium for each employee is recalculated each scheme year based on the applicable premium rate and the employee's age at the start of that year. Premium rates increase with age.

If the number of employees increases to 20 or more we may administer the scheme and calculate the premiums by the unit rate method, as set out below, from the annual revision date following the increase.

(b) Schemes covering 20 or more people:

Unit rate schemes

For these schemes a premium rate is calculated and expressed as a rate per £100 of benefit. The rate is calculated using the individual data provided.

If the number of employees decreases below 20 we may administer the scheme and calculate the premiums by the single premium method, as set out above, from the annual revision date following the decrease.

3.2 Will there be any unexpected extra premiums?

The unit rate and the rates used in calculating the single premium costed schemes are usually set for three years. New rates may be applied at the end of the three year period. The rates and conditions may be varied at any time in the following circumstances:

- if the number of employees covered is reduced below the agreed minimum
- if the total salary roll or the benefits insured increases or decreases by 25 per cent or more (50 per cent of the total benefits insured for policies with up to 19 members) from the start of the premium guarantee period
- if you fail to provide any information reasonably required within 60 days
- if there is a material change in your business
- if there is any change in legislation or taxation which affects the cost of cover.

Additional premiums may be applied to employees whose benefits exceed the free cover level, discretionary entrants, late entrants or early entrants, if they are suffering from certain medical conditions or partake in hazardous pastimes. You will be notified of any increase in the premiums and the date from when they will be payable.

3.3 What commission is included within the premium?

The rate of commission will be shown on the quotation.

4 How does the scheme accounting work?

The policy normally operates on a one year accounting period. Premiums are payable on account on an annual, quarterly or monthly basis, as selected.

At each annual revision date and premium review date we must be provided promptly with all the information necessary to prepare the account. Until we have the most accurate data we will charge approximate premiums.

4.1 What information is required for accounting purposes?

We will advise you before each annual revision date what information we require.

(a) Single premium costed schemes:

A list of all employees in the scheme will be required at the annual revision date. The list must show the name, occupation, location of work, gender, date of birth, salary and, if applicable, the date of joining and the date of leaving for each employee.

It is also necessary to advise us immediately of:

– employees whose cover exceeds the free cover level during the scheme year,

– discretionary entrants, late entrants and early entrants.

Additional information will be required when the rates used to calculate the premiums are reviewed.

(b) Unit rate schemes:

A list of all employees in the scheme will be required at the annual revision date. The list must show the name, occupation, location of work, gender, date of birth, salary and if applicable, the date of joining and the date of leaving for each employee.

It is also necessary to advise us immediately of:

– employees whose cover exceeds the free cover level during the scheme year,

– discretionary entrants, late entrants and early entrants.

Additional information will be required when the rates used to calculate the premiums are reviewed.

4.2 How are accounts adjusted for members who join, leave or have benefit increases during the year?

(a) Single premium costed schemes:

A premium adjustment will be calculated reflecting the amount and duration of the cover actually provided.

Any premium adjustment for employees who join, leave or have benefit increases becomes payable at the end of the scheme year.

(b) Unit rate schemes:

A premium adjustment will be calculated based on the average total benefit for all employees covered during the previous scheme year. Effectively this means salary and staff changes are treated as if they occurred at mid-year.

4.3 If the policy is discontinued mid-year will premiums paid in advance be lost?

No. A final account will be produced based on the cover provided up to the date when you cancelled the policy. Either a refund will be paid or any outstanding premiums will be requested.

5 Claiming benefit

This section deals with common questions which arise when members become incapacitated.

5.1 When can claims be made?

Under what circumstances?

The monthly income benefit becomes payable when an employee satisfies the definition of incapacity for the scheme and when their incapacity lasts beyond the end of the deferred period.

How incapacitated must the member be?

Illness or injury must be sufficiently severe that the member satisfies the definition of incapacity.

How will this be assessed?

When assessing claims for income benefit, we will make an objective assessment of the nature of the employee's incapacity and, allowing for adaptations which would assist the employee to work, will seek to determine whether or not the employee would be able to undertake the tasks involved to satisfy the definition of incapacity.

When assessing a claim we will look for evidence of the employee's medical condition, its severity, how long it has existed and how it affects them. We will need evidence that the member attends an appropriate health professional and that they are continuing to receive medical advice when appropriate and that all treatment options and interventions have been explored.

The evidence required to assess a claim will include but not be limited to:

- evidence of the employee being covered and their earnings
- the employee's job description
- the employee's original birth certificate
- a fully completed employee assessment form signed by the employee. The signed form will authorise us to obtain further information from the employee's doctor as required under the Access to Medical Reports Act
- a completed employer's notification form
- details of any pension or other income which are to be taken into account for the purpose of ascertaining the maximum scheme benefit in respect of any incapacitated member
- information from the member's GP, consultant or any other health professional, relevant person, institution or company and any other material or documentation (including human resource and/or occupational health records), report, test or evaluation or evidence that is requested by us.

We may require that an employee attends a medical examination, functional capacity examination, psychological testing, or any other examination by a relevant professional chosen by us. In such cases we will contact you to let the employee know. We may also need to visit you and the employee for an occupational health or other assessment and will advise in advance of this.

Employer's and employee's notification forms can be obtained by writing to

Aviva Group Protection Claims Management Team, PO Box 3620, Norwich, NR7 7XS.

Call us on **0345 607 0035**
Calls may be recorded and may be monitored.

If a claim is accepted we will periodically review the continued incapacity of the member. At the time we review we may request some additional evidence. The frequency of reviews will be dependent on the nature of the incapacity or injury.

Can rehabilitation help?

The costs of incapacity can be minimised and the value incapacitated employees bring to an organisation can be maximised by ensuring effective rehabilitation and reintegration methods are used. Working conditions, physical features and other arrangements can often be adjusted so that an ill or injured employee can continue to work.

It is a requirement of the Equality Act 2010 that employers make such adjustments where it is reasonable to do so. For the purposes of this cover we assume that these requirements are met.

We may also stop paying benefit if either you or the incapacitated member fail without good reason to support measures designed to facilitate the members' return to work.

5.2 For how long will the benefit be paid?

The benefit will be paid until the earliest of the following:

- the employee reaches the expiry age agreed
- the death of the employee
- the employee ceases to satisfy the definition of incapacity or to be unable to work
- if the limited benefit option is chosen and the claim period exceeds the limited benefit option chosen
- the employee is not suffering a loss of earnings
- the expiry of the contract of employment that was in force at the date incapacity began.

We also have the right to stop payment of the benefit if the employee leaves your service.

We reserve the right to stop paying benefit if any evidence we require to consider whether any claim remains valid is not provided.

In the event that your business is liquidated we will continue to pay basic salary benefit direct to the incapacitated member for as long as the claim remains valid. This is subject to:

- the claim being admitted prior to the date your business is liquidated; and
- agreement between you, us and the member.

We also have the right to stop payment of the benefit if the employee leaves your service. However, we may agree to a request by you to continue paying basic salary benefit directly to an incapacitated member after they have left service due to long term sickness. In these circumstances the following conditions will apply:

- the employee must remain in employment during the deferred period
- once a claim has been admitted the benefit due under the scheme will be paid to you
- after benefit payments commence we will consider any request by you to pay basic salary benefit directly to an incapacitated member who has left your employment
- the request to continue benefit payments must be made before the incapacitated member leaves service
- once we agree to the request we will need you to complete a form before we can commence making benefit payments directly to the incapacitated member. The form will provide:
  - confirmation of your request
  - the bank account details for the employee who is leaving service. Please note that benefits can only be paid in sterling to a UK bank account in the name of the incapacitated member
  - consent to the incapacitated member being granted the right to enforce aspects of the policy which relate to the claim (ie third party rights). No other contractual rights will be given to the incapacitated member
- the agreement to continue payments to an employee who has left service will be between us and you, as the policyholder
- the incapacitated member will become responsible for providing all the information we require to assess the continuing validity of the claim. We reserve the right to stop benefit payments if any requested information is not provided
- once we agree to the request and the contract of employment is ended, future payments for basic salary benefit will be made directly to the incapacitated member. Payment of pension benefit and national insurance benefit will cease at the point we begin making payments to the former employee
- we will deduct basic rate income tax from the basic salary benefit payment and the incapacitated member will be responsible for accounting for any higher rate tax
- we will not pay any benefits to you for an employee who has left your service
- 52 weeks after we agree to pay benefit direct to the former employee the definition of incapacity will change to:

  Due to illness or injury he or she is:

  - incapable of performing the material and substantial duties of his or her own occupation; and
  - incapable of performing the material and substantial duties of all other occupations for which he or she is reasonably suited by reason of training, education or experience; and
  - is not following any other occupation.

  Material and substantial means duties that are normally required for and/or form a significant and integral part of the performance of the occupation and which cannot be reasonably omitted or modified by the member or the employer.
- cover will cease at the same time that entitlement to benefit ceases and no new claims will be considered for the former employee. However, the linked claim provision will continue to apply which means that, if the incapacitated member suffers a relapse from the same or a related illness and again meets the definition of incapacity within 52 weeks of the claim ending then benefit payments will commence immediately.

Please note: Entitlement to state benefits may be reduced if we agree to continue paying basic salary benefit directly to an incapacitated member after their contract of employment has ended.

What happens if the employee's illness or injury means that they can work on a part time basis or in a reduced capacity?

Proportionate benefit may be paid to a member who is incapacitated from performing his or her own occupation for the usual number of hours but nevertheless:

- adopts a different and less well paid occupation with the same employer; or
- returns to his or her former employment working fewer hours or working the usual number of hours but where the objectives, tasks, or requirements of the occupation are lessened and there is a reduction in earnings.

Proportionate benefit is payable at a rate which has been reduced by the ratio that his or her new earnings bear to his or her pre-incapacity earnings.

The formula is:

$$\frac{A - B}{A} \times C$$

A = normal salary immediately prior to incapacity increased by the average percentage increase of normal salaries for all members during the period of incapacity.

B = the new salary on return to work.

C = scheme benefit immediately prior to return to work.

It is not necessary for a full benefit to be paid before a proportionate benefit may be considered.

When calculating proportionate benefits, allowance will be made for the impact of inflation and for the loss of State Benefits, where applicable.

Proportionate income benefits will cease on the same basis as full benefit payments.

5.3 When do we need to know about an employee for whom you may make a claim?

The earlier the better. If it appears that the employee's illness or injury will extend beyond the deferred period then please notify us within six weeks of the date of incapacity. If we are notified of a claim after the end of the deferred period then we reserve the right to commence the deferred period from the date we are notified of the incapacity. We reserve the right to refuse liability if we do not receive written notification of the claim within 90 days after the end of the deferred period and it was reasonably practical for you to provide such notification.

5.4 Who pays for medical evidence?

We will pay for any medical evidence we require. We will pay for any independent medical examination but will not pay for any expenses an incapacitated member has in attending.

5.5 Does other income the member receives affect the benefit from this insurance?

Any other income which is paid as a result of their incapacity is likely to affect the amount of benefit payable. The scheme is designed to ensure that incapacitated members receive a lower income than they received when working and therefore have an incentive to return to work.

Examples of other sources of income which may affect the benefit include occupational sick pay, early retirement pensions and payments from other long term insurance policies. We will offset income from these sources against the benefit in respect of the member if the member's total income exceeds the maximum basic salary benefit (see 1.3 (a)). Untaxed income will be increased to make it comparable to taxed income.

We will ignore other income if we consider the incapacitated member to be totally and permanently disabled.

Payment of the benefits may affect an employee's entitlement to means tested State benefits. However, claims paid through an employer's payroll system will not be offset against the State Employment and Support Allowance.

5.6 After an incapacitated member returns to work, can another claim be made for that person?

If the incapacity is from a different cause?

Yes, following the completion of the deferred period.

If the incapacity is from the same cause?

If the benefit has been paid and incapacity occurs again from the same cause within 52 weeks of the incapacitated member returning to work, the deferred period will not apply and benefit payments will recommence immediately. This is known as a "linked claim". The number of claims does not affect the terms of the policy.

If the policy has a limitation on the time for which a claim will be paid then periods of incapacity from the same or related cause will be added together to calculate the duration of the payment.

5.7 What happens if a scheme is switched (transferred) to another insurer?

If a member we are paying benefits for returns to work after the scheme is switched to another insurer and fulfils the actively at work condition of the new insurer we will stop benefit payments for that member. Any claims in the future will need to be considered by the new insurer except in the following circumstances:

If the member meets the new insurer's actively at work condition but suffers a recurrence of the condition which caused us to pay a claim relating to them we will pay a benefit where our linked claims criteria are met for a period up to the deferred period on our scheme.

If the member fails to meet the actively at work condition of the new insurer, we will remain liable for any future payment of benefit up to the time the actively at work condition is satisfied (subject to the other terms of the scheme).

5.8 What happens to claims if the scheme is discontinued?

If a scheme ceases to be insured with us, all claims arising for incapacity before cessation will continue to be paid, even if the scheme ceases during the deferred period. Payment of the claim remains subject to the scheme terms and payment of premiums to the termination date.

6 What is not covered?

There are no general exclusions under the policy.

Exclusions for claims arising from certain specified medical conditions or for specified circumstances may be imposed on benefits that are subject to underwriting.

Normal pregnancy is not regarded as an illness. We will provide cover for employees on maternity leave.

7 Can cover be provided for an employee who is not in the UK?

Cover is usually provided for employees who are ordinarily resident in the UK. However, subject to individual consideration we may be able to provide cover for employees who are seconded or working abroad. Cover is subject to prior agreement by us. Any information requested by us must be provided in the form and timescales specified.

Cover for employees travelling and working overseas or seconded to other organisations will be subject to any such employees:

- meeting the eligibility conditions of the scheme; and
- having a contract of employment with a UK registered company covered under the policy; and
- being declared in the membership data and premiums being paid in respect of their cover; and
- all premiums are paid in sterling by the employer.

The nationality and countries worked in must be declared for each such employee at the commencement of cover and each rate review. We will require full details of the type of work to be undertaken and period of time of employment outside the UK.

In all cases we will require satisfactory medical evidence (in English) to support a claim and any members seconded overseas (covered with our agreement) may be required to return to the UK in order for us to obtain this.

If we need a member to attend a medical examination in a foreign country we will contribute an amount towards the cost that is equivalent to the amount we would expect to pay for a similar examination in the UK.

In the event of a claim, benefit payments for those who are seconded or working abroad will be made in sterling and must be to a UK bank account of the UK employer.

8 Taxation of schemes

Normally schemes are financed by an employer with no contribution from employees. Benefits are payable as a continuance of salary. In this situation the cost to the employer is allowed as a trading expense and benefits are taxed and subject to national insurance contributions under the PAYE system prior to payment to the incapacitated member.

If we agree to continue paying basic salary benefit directly to an incapacitated member after their contract of employment has ended we will usually deduct basic rate income tax from the benefit payment and the incapacitated member will be responsible for accounting for any higher rate tax.

The premiums are not normally a benefit in kind for employees. HM Revenue and Customs does not normally grant tax relief on premiums paid for any employees with a proprietorial interest in the company. However, they may sometimes grant tax relief provided that a substantial number of other employees are entitled to similar benefits. Clarification of the tax position in such cases should be sought from your local Inspector of Taxes.

9 Continuation option

A continuation option allowing cover to continue for employees leaving service is not available.

Further information

- Aviva Online Group Income Protection is provided under a group income protection insurance scheme by Aviva Life & Pensions UK Limited, part of the Aviva group.

Questions and complaints

- We want you to be entirely satisfied with your group income protection scheme. If you have a query or complaint, then in the first instance please contact the financial adviser who arranged the scheme. If there was no adviser, please contact us directly.
- If this does not resolve the matter then please contact:

  Head of Group Protection
  Aviva Group Protection
  PO Box 3620, Norwich, NR7 7XS.

  Call us on **0345 266 8698**
  Calls may be recorded and may be monitored.

  If you are complaining about the decision we have made on a claim or disagree with our response, or if we have not replied within eight weeks, you or the member may be able to take your case to the Financial Ombudsman Service for them to investigate. Their contact details are:

  The Financial Ombudsman Service (FOS)
  Exchange Tower
  London
  E14 9SR
  Telephone: **0800 023 4567** or **0300 123 9123**
  Email: **complaint.info@financial-ombudsman.org.uk**
  Website: **www.financial-ombudsman.org.uk**

  Please note that the Financial Ombudsman Service will only consider your complaint if you have given us the opportunity to resolve the matter first. Making a complaint to the Ombudsman will not affect your legal rights.

Financial Services Compensation Scheme

- In the unlikely event that we cannot meet our financial obligations, you may be entitled to compensation from the Financial Services Compensation Scheme (FSCS). This will depend on the type of business and the circumstances of your claim. The FSCS may arrange to transfer the policy to another insurer, provide a new policy or where appropriate, provide compensation.
- Further information about compensation scheme arrangements is available from FSCS on **020 7741 4100** or at its website **http://www.fscs.org.uk/**

Law

- The policy is issued subject to the law of England.
- Our standard policy provides that employees do not have any rights under the Contracts (Right of Third Parties) Act 1999. This means that there is no requirement to involve employees in day to day decisions on the administration and insurance of the scheme. However, under the standard policy the claims appeal procedure provides that following a decision by us concerning a claim, the employee may engage directly with us in order to ensure that the terms of the policy are met with regard to the claim.
- This promises vital protection and accounts for the majority of disputes in this type of insurance.

Legislative changes

- HM Revenue and Customs rules regarding taxation of benefit may change in the future. Eligibility rules and the amount of benefit available from the Department of Work and Pensions may also change. If State benefits mentioned in this guide are withdrawn we will, if reasonable, treat the replacement benefits in the ways we have described here.

Aviva Life & Pensions UK Limited.

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Calls to Aviva may be recorded. **www.aviva.co.uk**

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