

# Flexible Group Income Protection Policy

## Supplementary Technical guide



# Introduction

This supplementary guide should be read together with the Group Income Protection technical guide, and your quote setting out the cost and other details specific to the cover you requested.

The quote will include any modifications to our standard terms and conditions and any additional requirements we may need. The full terms and conditions of the product are contained in your policy. It consists of our standard terms and conditions and the policy schedule, which shows details specific to your cover, including any modifications to the standard terms and conditions which are set out in the quote. The terms and conditions as modified will constitute the contract between us and override any supplementary documentation.

Where the terms of this summary conflict with the terms set out in the technical guide, these terms will take precedence. However, where the quote contains terms that differ, either from the technical guide or this summary, the quote terms will take precedence.

Our Flexible Group Income Protection cover should only be used by commercial customers who are taking out the policy in the ordinary course of their trade, business or profession and is designed to finance their benefit commitment in respect of cover elected by their employees.

We'll issue the policy when all the details of your cover have been finalised, requirements set out in the quote have been met and we've agreed to enter into a contract with you.

If you'd like to see a copy of the standard terms and conditions earlier, please ask.

The legal and tax information contained in this guide summarises Zurich's understanding of the law and of HM Revenue & Customs (HMRC) practice at the date of publication. The employees included will not have any rights under the Contracts (Rights of Third Parties) Act 1999.

You must pay for the whole cost of the Flexible Group Income Protection cover.

We'll not provide cover for benefits if they're paid for by the individual members themselves.

The optional lump sum option is not available as part of a flexible benefits arrangement.

# Flexible Group Income Protection Cover

## Supplementary Technical Guide

### Its aims

Flexible Group Income Protection aims:

- To provide insurance that helps you pay your employees a regular monthly income if illness or injury stops them working and earning.
- To allow policyholders to offer their employees a range of choices in relation to the cover in respect of both the level of income benefit and the benefit payment period (how long we pay the benefit for).
- To offer a range of options tailored to budget and employment philosophy.

### Your Commitment

- To provide a fair presentation of the risk.
- To give us the complete and accurate information we've asked for within the times we've specified.
- To calculate and pay all the premiums, when they're due, based on the rates that we've provided.
- To tell us if information that affects the premium changes (see '**What premiums are charged for the cover?**').
- To tell us about any claims as soon as possible.
- To verify that employee elections are permitted by the rules that we've agreed and are included in the quote.
- To tell us in advance of changes to participating companies including their activities, location and the relationship between them.
- To tell us as soon as possible of any 'discretionary entrants'. (These are people who don't meet the eligibility conditions for the policy but whom you want to be covered).
- To let us know if a member's benefit should end.
- To abide by the terms and conditions of the policy.
- To communicate where appropriate the details of this policy to your employees.

### Risk Factors

- Employees must be 'actively at work' for increases in benefit below the automatic acceptance limit to apply. Where they're unable to meet the 'actively at work' requirement on the date the election is made, the elected level of cover will not apply (see '**When can cover be increased?**').
- Where the employee's benefit is above the automatic acceptance limit or they've elected to increase the benefit payment period at the yearly revision date or following a permitted lifestyle event, cover will be subject to underwriting (see '**When can cover be increased?**').
- If the number of employees included in the scheme falls below 250 we reserve the right to cancel the policy.

- If an employee makes an election which does not meet their specific need, or fails to review their election following a lifestyle event they may find themselves without appropriate cover.
- If you don't meet your commitments, we may not pay your claims and may cancel the policy.
- If you fail to provide complete and accurate information or pay premiums this could lead to:
  - employees not being covered under the policy or not being covered for full benefits.
- If you delay giving us requested information or letting us know of changes to participating companies, this could lead to:
  - a premium increase
  - employees not being covered under the policy or not being covered for full benefits
  - delays in processing claims.
- We may revise the terms and conditions or rates where:
  - you fail to provide a fair presentation of the risk
  - the numbers of employees or total cover vary by more than 15% from quote to on risk
  - the taxation of benefits, premiums and ancillary services changes
  - you request we change the basis of this or a linked policy
  - you request we change the eligibility conditions, including admitting or removing groups of employees or adding participating employers
  - the number of employees included in the policy, or their total cover, vary by more than 50% since the beginning of the rate guarantee period
  - the rate guarantee period ends
  - you change your location or the nature of your business
  - the state changes the basis of calculation, terms and conditions for payment or taxation of state benefits
  - an employee resident overseas changes location.
- We may reduce the benefits we pay if an employee receives other income arising from their incapacity.
- Receiving benefits may disqualify employees from receiving some state benefits which are means tested and other state benefits payable as a result of incapacity that they might otherwise be entitled to.
- You should seek legal and tax advice to ensure you understand any potential discrimination and taxation issues for you and your employees, and any conflicts with your employees' contracts of employment.

## How the policy works

- We've designed Flexible Group Income Protection to finance your benefit commitment in respect of cover elected by your employees payable if illness or injury stops them working and earning.
- We require a minimum of 250 eligible employees to set up a policy.
- We agree between us the terms before cover starts, this includes:
  - the policy's eligibility conditions
  - the type and amount of benefits available including:
    - the 'core' cover, which is the minimum cover employees can elect
    - the 'default' cover which is the cover that applies to all employees who meet the 'eligibility' and 'actively at work' conditions and do not make an election
    - the levels of income benefit and benefit payment periods that employees can elect
    - the permitted lifestyle events.
- We'll provide a set of rates that will apply to the cover during the rate guarantee period.
- On each monthly review date you must calculate the premium due, you must provide us with the membership information (see '**How does scheme accounting work?**') and pay the premium due.
- This cover will apply provided you continue paying premiums when they're due, no matter how many times you claim. If the policy is cancelled we'll continue accepting claims where they arose before cover was discontinued. You must provide us with the information we need to assess a claim (see '**How do I make a claim?**').
- You may cancel the cover at any time provided you do so in writing. The policy will continue until you cancel it provided you comply with the terms and conditions. We can only cancel the policy for a material breach of the terms and conditions (such as a failure to provide essential information we've asked for to assess the risk or administer the policy or a failure to pay a premium within 30 days of the date when it's due). If we cancel the policy in these circumstances cover will end on the date the material breach occurred. We also reserve the right to cease cover under the policy if we cease to insure the benefits under any other policy that the policy is linked to.
- We won't backdate any cancellation and we'll charge premiums for the time the cover was provided.
- All cover will end when the policy is cancelled. However, we'll consider any valid claim that happened before the date cover was cancelled. We'll refund any overpaid premiums.
- We'll not pay claims or refund premiums where to do so would be in breach of laws or regulations or would violate, or may risk violating, any financial sanctions, laws or regulations.

## Your questions answered

### What factors should be considered in deciding what benefits to provide?

You'll need to consider the 'core' and 'default' cover and the levels of income benefit and benefit payment periods that employees can elect.

The levels of income benefit available will normally be expressed as a % of policy salary. The minimum income benefit that we'll provide in respect of an employee will normally be 25% of policy salary and the maximum is the lower of 80% of policy salary or the maximum detailed in your quote.

The benefit payment periods available are: 2, 3, 4 and 5 years or the policy terminating age.

You'll need to consider when employees can make elections and what lifestyle events apply.

Lifestyle events can include:

- Marriage or Civil Partnership
- Completion of 6 months cohabitation with a partner
- Birth or adoption of a child
- Moving permanent residence
- Divorce or separation
- Death of an employee's legal spouse, Civil Partner or Partner
- Commencement of and return from Maternity Leave, Adoption Leave, Voluntary Extended Leave Period or Sabbatical Leave
- Expatriation other than as a result of illness or disablement
- Repatriation other than as a result of illness or disablement

### Who can be covered?

As soon as an employee satisfies the 'eligibility' and 'actively at work' conditions, they must be included in the policy for the 'default' level of cover.

The 'eligibility' conditions which will need to be agreed between us before the cover starts and may include factors such as:

- The categories of employees to be covered.
- The minimum and maximum entry ages of the employee. Only people aged from 16 to 69 can be included as members.

### When does cover commence?

'Default' cover will commence on the entry date following an employee meeting the 'eligibility' and 'actively at work' conditions. Cover above the 'automatic acceptance limit' will be subject to underwriting.

## When can cover be increased?

### Increases in benefit

When meeting the 'eligibility' conditions for the first time employees may elect to increase their benefit by any number of available choices. Cover below the automatic acceptance limit will be subject to them being 'actively at work' on the date the election is made. Cover above the automatic acceptance limit will be subject to underwriting.

An eligible employee can at each yearly revision date or within 1 calendar month of a permitted lifestyle event occurring elect to increase their cover by one benefit step. Each increase in cover below the automatic acceptance limit is subject to them being 'actively at work' on the date the election is made. The increased level of cover will commence from the yearly or monthly review date following the election. Increases in cover above the 'automatic acceptance limit' will be subject to underwriting.

If an eligible employee is not 'actively at work' on the date the election is made no increase in benefits will be permitted.

### Increases in benefit payment period

When meeting the 'eligibility' conditions for the first time employees may elect to extend the benefit payment period to any of the available options. Cover will be subject to them being 'actively at work' on the date the election is made. Where an eligible employee is not 'actively at work' no increase in benefit payment period will be permitted.

An eligible employee can at each yearly revision date or within 1 calendar month of a permitted lifestyle event occurring, elect to increase the benefit payment period by 1 step. Each change is subject to underwriting.

## When can cover be decreased?

An eligible employee can, at each yearly revision date or within 1 calendar month of a permitted lifestyle event occurring, elect to decrease their income benefit or reduce the benefit payment period to any of the available choices subject to a minimum of the 'core' level of cover. The decreased level of cover will commence from the yearly or monthly review date following the election.

**Actively at work** means that an employee has not received medical advice to refrain from work, is not absent from work or restricted from working due to illness or injury and is actively following their normal occupation. This means working at their normal capacity for the normal number of hours required by their contract, either at their normal place of business or at a location at which the business requires them to work.

Where the requirement to be 'actively at work' refers to a particular day, which is not a working day, employees will be considered to be 'actively at work' unless their medical record shows that they were suffering from a medical condition which would reasonably have been expected to prevent them from working normally.

We'll consider those employees on pre-arranged absence, for example statutory leave (maternity or paternity leave etc.) or holiday to be 'actively at work'. This will not apply if their medical record shows that on the day when cover starts under the policy they were suffering from a medical condition which would reasonably have been expected to prevent them from working normally.

## When does cover stop?

Cover will normally stop when:

- The employee reaches the terminating age shown in the policy schedule.
- The employee no longer meets the 'eligibility' conditions shown in the policy schedule.
- The employee is no longer employed by any participating employer specified in your policy schedule.
- Premiums are not paid in respect of the employee's cover.
- The employee ceases to be included in the monthly data.
- The Policy is cancelled.

## Cancelling the cover

You can cancel the cover at any time, provided you give us advance notice in writing.

We can cancel the cover or benefits or change the terms of the policy, cover or benefits where:

- you don't provide the information we ask for to enable us to administer the policies
- you don't pay a premium within 30 days of the date it's due
- the number of eligible employees falls below 250
- any associated policy is terminated or ceases to be insured by us
- the principal employer ceases to carry on business, or an order is made or a resolution is passed for them to be wound up.

We'll not pay claims or refund premiums where to do so would be in breach of law or regulation or would violate, or may risk violating, any financial sanctions, laws or regulations.

If the policy is cancelled we'll continue accepting claims where they arose before cover was discontinued.

### **How does an employer establish a scheme and put a policy on risk?**

You must contact us to agree terms before the cover starts. For previously insured arrangements, this will include agreeing the terms that will apply to the currently insured benefits. We'll need a completed proposal form including any information requested in your quote.

You'll need to allow time before the policy start date to communicate the benefit options to employees and for them to make their elections before the policy start date.

Within 30 days from the date the cover starts, we'll require:

- a completed proposal form
- you to calculate and pay the premium due using the rate tables provided
- the membership information as at the cover start date, including details of the eligible employees including their gender, date of birth and their level of cover.

If the risk differs from the quote, we'll let you know what else we require and whether we need to change the premium. We allow a 15% variation in the number of members or their total insured benefits between quote and on risk data but the quote basis will be applied to the up to date information you provide.

If we don't receive any one of the requirements we ask for when due, we may cancel the policy.

### **What premiums are charged for the cover?**

We'll provide a table of premium rates which are based on a number of factors including:

- the amount of benefits
- the eligibility and entry conditions
- the age when cover ends
- ages
- genders
- locations
- claims history.

Each month you'll need to calculate and provide us with a schedule of the premium due in respect of each employee covered by the policy, by reference to the table of premium rates, the employee's age at the last yearly review date and the current level of cover.

### **Will there be any unexpected premiums?**

We usually guarantee the rate tables for two years. We'll review them when the rate guarantee expires and we set a new guarantee expiry date. The review will consider any changes in the details of insured people and other factors mentioned earlier in the section '**What premiums are charged for the cover?**' It will also reflect any change in the claims we expect from policies of this type, interest rates, and the cost of administering and distributing such policies.

We'll remove the guarantee and recalculate the rate tables if the number of members under the policy or total benefit provided under the policy, or both, change by 50% or more.

We also reserve the right to revise the premium rate or rates at any other time if a change is made to any policy to which this policy is linked.

### **How does scheme accounting work?**

The policy operates on one-year accounting periods for an indefinite term. Premiums are payable monthly. Each monthly premium will be the sum total of the monthly premium you've calculated in respect of each employee covered under the policy.

You must provide us with a schedule each month (in an electronic format agreed by us) including details of the eligible employees, their genders, dates of birth, levels of cover (including the 'core' and elected cover), their dates of inclusion and any other information as is agreed between us in advance.

The schedule should highlight the changes from the previous month's data including leavers, joiners, benefit changes, and the effective dates of these changes.

You must pay all premiums in UK currency.

### **How do I make a claim?**

We'll consider a claim when we're notified of a member's incapacity.

### **How ill or injured must the member be?**

The member's illness or injury must satisfy the definition of incapacity shown in the policy schedule.

### **How will this be assessed?**

Experience shows that the longer someone is absent from work the less likely it's that they'll return successfully to their job. There is a much greater chance that we'll be able to help someone to return to a full and active life, including resumed employment, if we can work with you and the member to establish at an early stage the nature of the problem they face and what is preventing them from working. We ask that you notify us directly or via your financial adviser if it becomes clear that the employee is incapacitated and unable to work. It will allow us the opportunity to identify the likelihood of long-term absence and advise you accordingly.

Please notify us by telephone on 0800 181 4004.

When you notify us of a claim, the claims team will ask you for such details as the employee's name, date of birth, cause of incapacity, date of event and policy number. The more information you can provide the quicker we can assess the claim.

When we receive a claim, the case will be allocated to a case manager who will be your main point of contact throughout the process. The case manager dealing with your claim will decide on the next steps having reviewed the initial notification details. Our usual claims process involves no lengthy form filling. We initially assess and record all claims over the telephone.



We'll inform you of the documentation we require to assess the claim. This may include:

- certificates from the employee's general practitioner
- such medical evidence and reports about the employee's medical condition and history (including the employee's age) as we may require
- evidence of membership and an audit trail (including supporting evidence) detailing the lifestyle events and elections made by the employee
- evidence that the employee satisfied the requirements for any previous elections
- any other information, evidence, test or evaluation that may be requested by us, the medical practitioners or consultants involved.

If we don't have all the information we need, we may not pay a claim.

Once we have all the evidence we need, we'll tell you whether we've accepted the claim and the benefit we'll pay.

The employee's illness or injury must satisfy the incapacity definition in the policy schedule. The employee must be under the regular supervision and treatment of a medical practitioner and must be taking reasonable steps to manage their condition or help their recovery.

#### **For how long will the benefit be paid?**

We'll pay the benefit monthly in arrears from the end of the deferred period, until the earliest of:

- the employee returning to work or no longer satisfying the terms and conditions
- the employee no longer satisfying the definition of incapacity
- the benefit payment period ending
- the employee reaching the terminating age specified in the policy
- the employee fails to follow medical advice
- you, or the employee fail to provide the evidence or consent to obtain the evidence required to assess and manage the claim
- you, or their employer fail to facilitate or the employee does not engage with a reasonable return to work plan
- the employee retiring
- the employee leaving service except where we agree to pay the benefit direct to a member
- the employee undertaking any form of employment without our agreement
- the employee dying.

## Further information

### The Company

Zurich Assurance Ltd, an insurance company whose head office is in the United Kingdom. Its address is:

Zurich Assurance Ltd  
Unity Place  
1 Carfax Close  
Swindon  
SN1 1AP  
UK

Zurich has not made a personal recommendation in respect of the suitability of this product for the customer.

### Surrender value

This group insurance doesn't acquire a surrender value.

### Queries and complaints

For further information, or if you ever need to complain, contact us at:

Zurich Corporate Risk  
PO Box 3512  
Swindon  
SN3 9AH  
UK

Telephone: 0800 141 2002

Monday to Friday 9.00am – 5.00pm.

We may record or monitor calls to improve our service.

Email: [zcrservicing@uk.zurich.com](mailto:zcrservicing@uk.zurich.com)

Website: [zurich.co.uk/corporate-risk](http://zurich.co.uk/corporate-risk)

You can get details of our complaints handling process on request.

If you're not satisfied with our response, you can complain to:

The Financial Ombudsman Service  
Exchange Tower  
Harbour Exchange Square  
London  
E14 9SR

Telephone: 0800 023 4567

Email: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

Website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

This service is free and using it won't affect your legal rights.

### Financial Strength

If you'd like to know more about our financial strength, including our Solvency and Financial Condition Report (SFCR) when available, please visit our website at [www.zurich.co.uk/SFCR](http://www.zurich.co.uk/SFCR).

### Compensation

If we are unable to meet our financial obligations in full you may be entitled to help from the Financial Services Compensation Scheme (FSCS). The compensation you'll receive will be based on their rules.

If you need more information you can contact the FSCS helpline on 0800 678 1100, write to the address below or visit the website [www.fscs.org.uk](http://www.fscs.org.uk).

Financial Services Compensation Scheme,  
10th Floor Beaufort House  
15 St Botolph Street  
London  
EC3A 7QU

### Law

The policy is issued subject to the law of England.

You may enforce the benefits and rights granted to you under the policy. Nothing in the policy shall confer or is intended to confer rights on any third party or parties including the members.

Please read this document with the quote. This document doesn't override the Terms and Conditions, which contain full details of the policy.

### Conflicts of interest

We make every effort to identify conflicts of interest. A conflict of interest is where the interests of our business conflict with those of a customer, or if there is a conflict between customers of the business. Once identified, we aim to either prevent the conflict or put steps in place to manage it so that it's no longer potentially detrimental to our customers.

We have processes in place to ensure we conduct our business lawfully, with integrity, and in line with current legislation. We operate in line with our conflicts of interest policy, available on request or on our website, which details the types of conflicts of interest that affect our business and how we aim to prevent or manage these. Where we cannot prevent or manage a conflict which may be detrimental to you, we'll fully disclose it to you in line with our policy.



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in large print, braille or audio.