GROUP INCOME PROTECTION INSURANCE POLICY

This policy is issued by Unum Limited (called Unum in this policy) to the policyholder named in the schedule.

1. This policy consists of these paragraphs numbered 1. and 2., the policy conditions, the schedule, any proposal or supplementary proposal made to and accepted by Unum by or on behalf of the policyholder, and any special provisions or endorsements specified in writing by Unum and expressly stated to be incorporated into this policy.

2. In consideration of the policyholder paying the premiums to Unum as described in this policy, and complying with all of the other terms, conditions and provisions of this policy, Unum agrees to pay the benefits described in this policy, when they become payable under the terms of this policy.
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1. INTERPRETATION

The following clarifications should be read in conjunction with the policy:

1.1 In the event that the terms set out in the schedule to this policy differ from, or contradict, anything in this policy, then the terms in the schedule shall prevail.

1.2 Unless the context clearly requires otherwise any term in the singular may be read to include the plural, and vice versa, and any term of a masculine gender may be read to include the feminine gender.

1.3 Where this policy contains alterations or amendments to an existing policy then this policy supersedes the previous one from the effective date.

   However, a member immediately prior to the effective date shall remain a member even if he does not fulfil any age or service requirements as specified in the eligibility category, provided:

   1. he continues to meet all the other provisions of the eligibility conditions, and
   2. he does not exceed the terminal age.

1.4 Once a member is incapacitated the terms and conditions of the policy immediately prior to his incapacity will continue to determine his benefit.
2. **DEFINITIONS**

Certain terms used in this **policy** are expressly defined and the meanings of these terms are given in this section. To help identify these terms they are shown in bold print throughout this **policy**. Where definitions relate to a particular selection (for example, the **benefit**) the general definition of the term is given in this section and the specific element of the definition is given in the **schedule**.

**actively working** (or **actively at work**) means an individual:

- has not received medical advice to refrain from work and is actively following their **insured occupation**, and;

- is working the normal number of hours required by their contract, either at their normal place of employment, or at a location to which they are required to travel for business.

An individual will be regarded as meeting the **actively at work** requirements if fully capable of so doing were it not for either a leave of absence previously authorised by his **employer** or the **actively at work** requirement falls on a day the individual is not contracted to work.

**additional benefit** means an amount of **benefit** paid in addition to **basic benefit** for an **incapacitated member** towards, for example, the maintenance of contributions to the appropriate pension scheme of the **employer** and the amount of the **employer's** National Insurance contributions applicable to the **basic benefit**.

The type of **additional benefit** covered (if any) in respect of each **eligibility category** is specified in the **schedule**.

The **additional benefit** (if any) in respect of National Insurance contributions shall be insured at either the appropriate contracted-out rate or the not contracted-out rate, as applicable, based on the amount of **basic benefit** and the National Insurance contribution rates appropriate at the commencement of **benefit** payments. Any other **additional benefit** shall be insured at the rate of such amount as shall be agreed from time to time, in writing, between the **policyholder** and **Unum**.

**adjusted pre-incapacity earnings** means an amount based upon the **member's** pre-incapacity **insured earnings** increased as specifically described in paragraph 6.6. This adjustment is specifically used when calculating **proportionate benefit** for an **incapacitated member** and is designed to make an allowance for the effect of inflation upon the **member's** pre-incapacity **insured earnings** when calculating such **proportionate benefit**.

**associated policies** means any other policy or policies issued by **Unum** and designated as such in the **schedule** of this **policy**.

**basic benefit** means an amount of **benefit** intended to partially replace earnings lost through **incapacity** as a result of illness or injury. The rate of **basic benefit** applicable to each **eligibility category** is specified in the **schedule**.

**benefit** means in general any amounts paid in respect of a **member** under the terms of this **policy** by reason of the **incapacity** of a **member**. There may be special types of **benefit**, such as **basic benefit** and **additional benefit**.
candidate member means an employee of a company or an employee or an equity partner of a partnership or an employee or LLP member of a limited liability partnership, as appropriate, who may become a member on meeting the eligibility conditions.

commencement date means the date Unum first assumed risk for the policy and is specified in the schedule.

consumer prices index (CPI) means the United Kingdom Consumer Prices Index for the purposes of escalation (paragraph 6.4). Unum reserves the right to substitute another index should the Consumer Prices Index be discontinued, or in the opinion of Unum, be materially altered. The CPI figure used in calculations in this policy is the figure for the month which is 3 months prior to the relevant date for the calculation.

continuation option policy means an individual policy issued in accordance with the conditions of paragraph 4.10 of this policy. The schedule specifies whether the continuation option policy is applicable to each eligibility category.

current earnings is a term used specifically for the purposes of proportionate benefit and has the meaning defined in paragraph 6.6.

defered period means the period of time from the date that a member becomes incapacitated until the date that benefit becomes payable. The deferred period applicable to each eligibility category is specified in the schedule.

Paragraph 5.1 describes the circumstances where Unum will consider the deferred period to be served without the continuous absence of an incapacitated member.

discretionary entrant means an individual who is specified as a discretionary entrant or who does not satisfy all of the eligibility conditions but is included as a member (but excludes an early entrant and a late entrant), subject to the conditions of paragraph 4.1.3.

early entrant means an individual who is specified as an early entrant or who does not yet satisfy all of the eligibility conditions but is included as a member, subject to the conditions of paragraph 4.1.3.

earnings loss is specifically used when calculating proportionate benefit for an incapacitated member and has the meaning specifically defined in paragraph 5.3.2.

effective date means the date on which the terms and conditions of the policy commence. The effective date of this policy is specified in the schedule.

eligibility category means the conditions a candidate member must satisfy in order to become a member, and are specified in the schedule.

eligibility conditions means the conditions of the eligibility category specified in the schedule and the conditions of paragraph 4.1.1.

employee means an individual who is gainfully and permanently employed by an employer as evidenced by a contract of employment and except in the case of an incapacitated member is actively at work in his usual occupation.

employer means the policyholder and any other company, corporation, firm or organisation which is directly or indirectly controlled by, or associated with the policyholder, and which, with the written approval of the policyholder and Unum is participating in this policy.
Employment and Support Allowance means the social security Employment and Support Allowance benefits payable in the UK to people with a health condition or disability.

entry date means the date on which a candidate member may become a member after fulfilling the eligibility conditions in accordance with paragraph 4.1.2. The entry date applicable to each eligibility category is specified in the schedule.

equity partner means an equity partner for the time being of an employer as evidenced by a partnership agreement, and, except in the case of an incapacitated member, he is actively working in this capacity.

ESA basic means the annual rate of the basic allowance, payable after the assessment phase, of the Employment and Support Allowance - at the policy accounting date which coincides with or occurs immediately before the date on which the incapacity commenced (or at the introduction of Employment and Support Allowance if later).

ESA wrac means the annual rate of the work related activity component at the full level, payable after the assessment phase, of the Employment and Support Allowance - at the policy accounting date which coincides with or occurs immediately before the date on which the incapacity commenced (or at the introduction of Employment and Support Allowance if later).

ESA support means the annual rate of the support component, payable after the assessment phase, of the Employment and Support Allowance - at the policy accounting date which coincides with or occurs immediately before the date on which the incapacity commenced (or at the introduction of Employment and Support Allowance if later).

ESA benefits means in relation to an incapacitated member an amount equal to the gross annual rate (net annual rate, if the basic benefit in respect of the member is calculated as a percentage of net pay) of Employment and Support Allowance applicable during the Employment and Support Allowance assessment phase, as applicable when the incapacitated member completes the deferred period. The amount will be amended:

(a) after the Employment and Support Allowance assessment phase, to take account of the increase in Employment and Support Allowance applicable to the member, and

(b) at any date, to take account of any change to the amount of Employment and Support Allowance as a result of a review of the member’s Employment and Support Allowance claim.

Any such changes must be notified to Unum as soon as they occur.

Annual increases in Employment and Support Allowance are not regarded as changes.

For the purposes of calculating benefits, Unum shall be entitled to assume that the incapacitated member is receiving the maximum level of Employment and Support Allowance available to him, at any time, if Unum is not satisfied that he has used his best endeavours to obtain such Employment and Support Allowance.
In respect of an **incapacitated member** who is resident in the Channel Islands, **ESA benefits** shall be determined by reference to the social security long term incapacity benefits applicable in Jersey or Guernsey, as appropriate to the **member**.

For the purposes of calculating **benefits**, if the **incapacitated member** was not paying National Insurance contributions in the United Kingdom or Channel Islands immediately prior to **incapacity** then **Unum** shall be entitled to assume that he is receiving the maximum level of **Employment and Support Allowance**.

**escalation rate** means the rate of annual increase which applies to **benefits** in payment in accordance with paragraph 6.4. The **escalation rate** applicable to each **eligibility category** is specified in the **schedule**.

If an **escalation rate** has not been selected for an **eligibility category** then paragraph 6.4. shall not apply.

**extended cover member** means a **member** who is retained in **service** by the **employer** past the **terminal age** but is included as a **member** subject to the conditions of paragraph 4.1.3.

The **extended cover members** covered by this **policy** may be administered by **Unum** under a separate policy record which does not represent a separate contract.

**free cover limit** means a level of **benefit** which will be granted in respect of a **member** regardless of their insurability subject to the conditions of paragraph 4.3.

**full benefit** means, as regards each individual **member**, the maximum amount of **benefit** payable at a given time in the event of the **incapacity** of that **member**.

**incapacity** and **incapacitated** mean the state or condition described in whichever definition (or definitions) in paragraph 5.2 has been selected. The definition applicable to each **eligibility category** is specified in the **schedule**.

**incapacitated member** means a **member** who is **incapacitated** under the definition (contained in paragraph 5.2) which is applicable to him under the terms of this **policy**.

**insured earnings** means the nature of earnings on which **benefit** is calculated and changes to **insured earnings** are effective at the **insured earnings change date**. The **insured earnings** applicable to each **eligibility category** is defined in the **schedule**.

**insured earnings change date** means the date on which changes to **insured earnings** are applied to the calculation of **benefit**. The **insured earnings change date** applicable to each **eligibility category** is defined in the **schedule**.
**insured occupation** means the gainful occupation that the **member** was actively undertaking for the **employer** immediately prior to **incapacity**.

In the case where:

(a) a **member** has returned to work for the **employer** after a period of **incapacity**, and

(b) payment of **benefit** (including **proportionate benefit**) has ceased for a period of 52 weeks,

then from the end of that 52 week period **insured occupation** shall mean the gainful occupation that he was following for the **employer** immediately prior to any new period of **incapacity**.

**Unum** may refer to the **member's** job title and job description in their contract of employment (including their personnel file) to determine their **insured occupation**.

**late entrant** means an individual who is specified as a **late entrant** or who satisfies all of the **eligibility conditions** and who was not admitted to membership under the **policy** at their first opportunity but is included as a **member**, subject to the conditions of paragraph 4.1.3.

**limited benefit cover** means that payment of **benefit** in respect of an **incapacitated member** is limited to a maximum payment period.

If **limited benefit cover** is applicable to an **eligibility category** the **schedule** will specify the maximum payment period.

If, having returned to being **actively working** with the **employer**, the **member** suffers a further period of **incapacity** and has returned to being **actively working** for:

(a) less than 4 weeks, the **linked benefit claims** provisions apply and the resumed payment of **benefit** is regarded as continuing the previous **benefit** payments for the purposes of counting the **limited benefit cover** maximum payment period.

(b) between 4 weeks and 52 weeks, the **linked benefit claims** provisions apply and the resumed payment of **benefit** ignores the previous **benefit** payments for the purposes of counting the **limited benefit cover** maximum payment period.

(c) 52 weeks or more, the entitlement for payment of **benefit** ignores the previous **incapacity** and the **deferred period** must be served for payment of **benefit**.

**linked benefit claim** means a claim which is linked with a previous period of **incapacity** in accordance with the conditions of paragraph 5.4.

**LLP member** means a member, as defined by section 4 of the Limited Liability Partnerships Act 2000, for the time being of an **employer** which is a limited liability partnership (and is **actively working** in this capacity).
**material and substantial duties** means the duties that are normally required for the performance of the **member's insured occupation**, and which cannot reasonably be omitted or modified by the **member** or the **employer**. A direct journey to/from the **member's normal residence** to/from the **member's normal place of business** is not regarded as part of their **insured occupation**.

**Unum** may refer to the **member's job title and job description** in their contract of employment (including their personnel file) to determine the **material and substantial duties** of the **member**.

**medical practitioner** means a person who is currently registered as such by the General Medical Council or by an appropriate equivalent national body if resident outside the United Kingdom.

**member** means a **candidate member** of the **employer** who has been admitted to membership under the **policy**, and who remains for the time being a **member** in accordance with all the conditions set out in both the **eligibility category** in the **schedule** and section 4 of this **policy**.

**net pay** means the **insured earnings** of the **member**, less the following amounts:

(a) any contributions payable by the **member** toward any pension scheme or pension arrangement during the year immediately before the **member** became **incapacitated**.

(b) an amount representing PAYE income tax which would have been paid on the **member's insured earnings** (less the amount of any pension contribution under (i) above). This amount shall be calculated on the basis of the **member's insured earnings** on the date he became **incapacitated**, and will take into account the income tax personal allowance.

(c) National Insurance contributions payable by the **member** on his **insured earnings** at the appropriate rate (either the contracted-out rate or the not contracted-out rate).

**notional LtSIB** means the annual rate of state long term incapacity benefit payable in the UK to a single person, under the social security incapacity benefit provisions prior to the introduction of **Employment and Support Allowance**, at the **policy accounting date** which coincides with or occurs immediately before the date on which the **incapacity** commenced.

For the purposes of calculating **benefits**, the state long term incapacity benefit will be deemed to continue to apply and will be updated each April by **Unum** based on the previous year's value increased by the percentage increase in the **RPI** since the previous April (unless the Department for Work and Pensions issues communications updating the value of the state long term incapacity benefit in which case the figure contained in those communications will apply).

In respect of an **incapacitated member** who is resident in the Channel Islands, **notional LtSIB** shall mean the level of social security long term incapacity benefit payable to a single person in Jersey or Guernsey, as appropriate to the **member**.

**PAYE taxed member** means part of the **member's insured earnings** are chargeable to tax as employment income under Part 2 of the Income Tax (Earnings and Pensions) Act 2003 (or any re-enactment or modification).
**policy** means collectively the paragraphs numbers 1. and 2. on the first page of this document, these **policy conditions**, the **schedule**, any proposal or supplementary proposal made to and accepted by **Unum** by or on behalf of the **policyholder**, and any special provisions or endorsements expressly stated to be incorporated into this **policy**.

**policy accounting date** means the anniversary of the **policy** each year, or such other date as may be agreed from time to time, in writing, between **Unum** and the **policyholder**. The **policy accounting date** applicable at the **effective date** of this **policy** is specified in the **schedule**.

**policy accounting period** means whichever of the following periods is to apply:

- from the **effective date** of the **policy** up to the first **policy accounting date**.
- from one **policy accounting date** up to the next.
- from the **policy accounting date** prior to the date of termination of the **policy** up to and including the date of termination.

**policy conditions** means this document.

**policy number** is the number allocated to this **policy**. This is for reference purposes only and should be quoted on all correspondence. The **policy number** for this **policy** is specified in the **schedule**.

**policy review date** means the day on which **Unum** may revise the **premium rate** applied to this **policy** in accordance with paragraph 3.5 and vary the **policy** terms and conditions in accordance with paragraph 8.1. The **policy review date** applicable at the **effective date** of this **policy** is specified in the **schedule**. When the **premium rate** and/or the **policy** terms and conditions are revised a new **policy review date** will apply; this will be notified to the **policyholder** in writing.

**policyholder** means the person or organisation named as the policyholder. The **policyholder** is specified in the **schedule**. If the **policyholder** is a partnership then the **policyholder** is the partners for the time being or their successors in title.

**premium** means the sums paid to **Unum** by or for the **policyholder** in return for the insurance provided in this **policy**.

**premium rate** means the annual rate of **premium** for each £100 of **benefit** insured under this **policy** as **Unum** will notify, in writing, to the **policyholder**. Where **Unum** and the **policyholder** have agreed to calculate **premiums** based on salaries it shall mean the annual rate of **premium** for each £100 of the total **insured earnings** in respect of all **members** insured under the **policy**.

**proportionate benefit** means **benefit** which is paid for an **incapacitated member** in accordance with paragraphs 5.3 and 6.6.

**retail prices index (RPI or index)** means the United Kingdom General Index of Retail Prices for the purposes of escalation (paragraph 6.4) and calculating **adjusted pre-incapacity earnings** (paragraph 6.6.1). **Unum** reserves the right to substitute another index should the General Index of Retail Prices be discontinued, or in the opinion of **Unum**, be materially altered. The **RPI** figure used in calculations in this **policy** is the figure for the month which is 3 months prior to the relevant date for the calculation.
schedule means the schedule of the policy and comprises the General Terms, Overriding Provisions and Category Terms in respect of each eligibility category. The schedule sets out certain selections the policyholder has made concerning the options available for matters such as, for example, the level of benefit and the definition of incapacity.

Schedule D taxed member means the member’s insured earnings are taxable under Schedule D Cases I and II as set out in section 18 of the Income and Corporation Taxes Act 1988 (or any re-enactment or modification).

service means employment in the service of the employer. For the purposes of the policy, a transfer from one employer to another participating in the policy shall not be taken as termination of service.

social security benefit means in relation to a member at any date an amount equal to the gross (or net in the case of a member whose benefits are calculated as a percentage of net pay) annual rate of the total social security incapacity benefits applicable at the commencement of a claim. This will be amended to take account of:

(a) the increase in the social security incapacity benefit 52 weeks after the member first becomes an incapacitated member, and

(b) at any date any changes in the social security incapacity benefit resulting from family circumstances, or any alteration of the amount as a result of a review of the individual’s social security incapacity benefit claim. Any such changes must be notified to Unum as soon as they occur.

(c) annual increases in the social security incapacity benefit will be ignored for the purposes of calculating the social security incapacity benefit payable.

Unum shall be entitled to assume that a member is receiving the full social security incapacity benefit applicable to him at any time if Unum is not satisfied that an incapacitated member has used his best endeavours to obtain such social security incapacity benefits at the earliest opportunity.

Throughout the policy, in relation to an incapacitated member who could apply for Employment and Support Allowance benefits, references to social security benefit are replaced by references to ESA benefits.

In respect of a member who is resident in the Channel Islands, social security benefit shall be determined by reference to the state long term incapacity benefits applicable in Jersey or Guernsey, as appropriate to the member.

state long term incapacity benefit (applicable to a single person) means the annual rate of State long term incapacity benefit payable to a single person at the policy accounting date which coincides with or occurs immediately before the date on which the incapacity commenced.

For the purposes of calculating benefits, the state long term incapacity benefit will be deemed to continue to apply after the introduction of Employment and Support Allowance and will be updated each April by Unum based on the previous year’s value increased by the percentage increase in the RPI since the previous April (unless the Department for Work and Pensions issues communications updating the value of the state long term incapacity benefit in which case the figure contained in those communications will apply).
In respect of a member who is resident in the Channel Islands, **state long term incapacity benefit** shall mean the level of state long term incapacity benefit payable to a single person in Jersey or Guernsey, as appropriate to the member.

**subjective symptoms** means the symptoms of any physical or mental condition, as described to a medical practitioner, which is not verified during the maximum claim period of 2 years by testing that is both objective and recognised by a respected body of medical opinion.

A symptom is by definition a subjective indication of a disorder or disease; for example pain, fatigue, nausea or weakness. Diagnostic or assessment tools that rely on reported symptoms do not qualify as objective testing.

**terminal age** means for each member the age at which they will cease to be a member. The terminal age applicable for each eligibility category is specified in the schedule.

If a member is on a fixed-term contract, he will cease to be a member on the earlier of:

- attaining the terminal age, or
- at the conclusion of his fixed-term contract, or
- if temporarily absent, in accordance with paragraph 4.8, at the conclusion of his fixed-term contract current on the day before the temporary absence, or
- if absent due to incapacity, at the end of his fixed-term contract current on the day before incapacity.

If an extended cover member, he will cease to be an extended cover member on the earlier of:

- attaining age 70, or
- at the conclusion of his contract of employment, or
- if temporarily absent, in accordance with paragraph 4.8, at the conclusion of his contract of employment current on the day before the temporary absence.

**third party rights** means the option selected by the policyholder in relation to the Contracts (Rights of Third Parties) Act 1999 as specifically described in paragraph 9.5. The third party rights option applicable to this policy is specified in the schedule.

**unit rate** means a single premium rate which is applied to all benefits insured under the policy to calculate the premium due, except those in respect of extended cover members. If a unit rate is applied to this policy, then subject always to the provisions of paragraph 3.5, Unum guarantees that this unit rate will remain unchanged until the policy review date or such later date as Unum will notify, in writing, to the policyholder.

Unum means the company called Unum Limited, incorporated under the laws of England and Wales, with its registered and head office at Milton Court, Dorking, Surrey, RH4 3LZ.
3. **PREMIUMS**

This section explains about the calculation, adjustment and payment of **premium**.

3.1 **Calculation of premium**

3.1.1 Unum will calculate the **premium** due for each **policy accounting period**, taking into account all relevant factors, including:

(a) The sum of all the **benefits** of all **members** on the first day of the **policy accounting period** (or the sum of all the **insured earnings**, if appropriate), not including **members** in respect of whom **benefit** is then payable under the **policy**.

(b) Any non-standard **premium** loading.

(c) The **premium rate** or **premium rates** then in effect.

(d) The **minimum premium**.

Unum will notify the **policyholder** in writing of the **premium** calculated under this section.

**minimum premium** means the minimum amount of **premium** which will be charged for a **policy accounting period**. The **minimum premium** applicable to this **policy** shall be £750 per annum or such other amount as **Unum** shall decide and notify to the **policyholder** in writing.

3.1.2 The **policyholder** shall be required by **Unum** to provide information as at the **policy accounting date** and the day immediately preceding the **policy accounting date**.

The information provided as at the day immediately preceding the **policy accounting date** shall be applied in order to calculate the **premium** payable in respect of the **policy accounting period** ending on that date.

The information provided as at the **policy accounting date** shall be applied to calculate the **premium** payable in respect of the **policy accounting period** commencing on that date.

Failure to provide the requested information within 2 months of the **policy accounting date** shall give **Unum** the right to:

(a) vary the terms and provisions of this **policy**, or

(b) terminate the **policy**, or

(c) take such other action as **Unum** determines to be appropriate including varying the level of **benefits**, the definition of **incapacity**, altering the eligibility of an individual to be a **member**, or

(d) withhold payment of any new claim notified whilst the requested information remains outstanding.

by giving 30 days written notice to the **policyholder**.
3.2 **Payment of premium**

Premium is due at the commencement date and at each subsequent policy accounting date. **Unum** will provide the **policyholder** with an invoice detailing the premium due and the frequency of payment.

If payment of premium is not forthcoming **Unum** may commence debt collection proceedings against the **policyholder** in accordance with paragraph 3.6.

Premium will be paid in pounds sterling (or, if different, the lawful currency of the United Kingdom) to **Unum’s** head office, or at such other place as **Unum** may direct.

3.3 **Deposit premium**

Before calculating the premium under paragraph 3.1, **Unum** may calculate a deposit premium for any policy accounting period. The deposit premium will be based on such information as **Unum** may have, including **Unum’s** estimate of the total benefit in respect of all members and prospective members, the appropriate premium rate applicable to the policy, and any other relevant matters. Use of any estimate or assumption by **Unum** will not prevent **Unum** using a different figure or rate when it finally establishes the premium due.

After the calculation of the actual premium for this policy, then:

(a) if the deposit premium for any policy accounting period proves to have been more than the premium, **Unum** will refund the excess to the **policyholder**, or

(b) if the deposit premium for any policy accounting period proves to have been less than the premium, **Unum** will provide the **policyholder** with an invoice detailing the amount of the deficit and of the date or dates of payment.

Where a refund of premium is payable, **Unum** may apply the refund to set off premiums due under another policy of the **policyholder** with **Unum**. **Unum** will give the **policyholder** 14 days notice in writing of the intention to apply a refund to another policy.

3.4 **Adjustment of premium**

**Unum** may at any time during the policy accounting period (but normally at the next policy accounting date) calculate an adjustment to the premium to take account of any changes occurring during any previous policy accounting period. Such changes would include, for example, any change in the benefit in respect of any member, or the number of members.

The **policyholder** will notify **Unum** in writing as soon as reasonably practical of any such changes. **Unum** will notify the **policyholder** of any additional premium to be paid, or of any refund to be made to the **policyholder**.

No refund of premium will be due to the **policyholder** for the non-coverage of any member who has acted in breach of the policy provisions or not provided requested evidence of insurability.

Where a refund of premium is payable, **Unum** may apply the refund to set off premiums due under another policy of the **policyholder** with **Unum**. **Unum** will give the **policyholder** 14 days notice in writing of the intention to apply a refund to another policy.
3.5 **Premium rate revision**

The *premium rate* is guaranteed from the *effective date* until the *policy review date*, except as provided in paragraph 3.5.1. After this time, *Unum* may revise the *premium rate*. The *policy review date* is stated in the *schedule*.

In accordance with paragraph 8.1, *Unum* reserves the right to vary the terms and conditions of this *policy* at any time the *premium rate* is revised.

3.5.1 **Changes allowing early revision of the premium rate**

*Unum* reserves the right to revise the amount of the *premium rate* at any time if:

(a) the number of *members* or the total *benefit* in respect of all *members* is changed by more than 25% from that notified to *Unum* for the *effective date* or *policy accounting date* at which the *premium rate* was determined, or

(b) a new *employer* is approved by *Unum* and the *policyholder* or an existing *employer* ceases to be approved (see definition of *employer*), or

(c) in the opinion of *Unum* there has been a significant overall change in the occupations of the *members* or where they work, or

(d) in the opinion of *Unum* there has been a major change in the level or basis of the tax system, or a change in legislation.

If in the opinion of *Unum* there has been a material change in the inception data from the data that was provided for the quotation, then *Unum* reserves the right to change the *premium rate* at the *commencement date*.

*Unum* further reserves the right at the *policy accounting date* on which, or next following which, the number of *members* covered under the *policy* falls below 20, to:

1. cease calculating the *premium* using a *unit rate*, and

2. start calculating *basic benefit* as a percentage of *insured earnings* (with or without an offset in respect of the *Employment and Support Allowance*), where *basic benefit* is currently calculated as a percentage of *net pay* or where *basic benefit* offsets all *social security benefit/ESA benefits* received.
3.5.2 The revised premium rate

At the policy review date or the date that paragraph 3.5.1 is effected, the information provided in accordance with paragraph 3.1 shall be applied by Unum to determine the premium rate to apply from that date. The revised premium rate will be guaranteed for such period, if any, that Unum may decide.

If as a result of such determination the premium rate is revised, and a revised premium is payable, any further amount due from the policyholder shall be calculated having regard to any premium already paid.

Unum shall be entitled to the premium according to the revised premium rate retroactively from the policy review date or the date that paragraph 3.5.1 is effected. The policyholder may provide Unum with data as at a date no more than 3 months prior to the policy review date or the date that paragraph 3.5.1 is effected, for the purposes only of Unum determining the revised premium rate to apply from that date.

3.6 Non-payment of premiums

In the event of the policyholder not paying premiums or part of a premium, interest applicable or any sum which is payable, or in the event of the policyholder ceasing to be entitled to pay premiums under the policy, Unum shall have the right to terminate this policy. Unum will give the policyholder 14 days notice in writing of the intention to terminate.

The policyholder ceasing to pay premiums does not automatically terminate this policy. The policyholder is entitled to terminate this policy at any time by giving Unum notice in writing in advance, in accordance with paragraph 8.3.

Any outstanding premiums in respect of cover provided up to the date of termination of this policy will remain due.

Unum reserves the right to charge interest (of the Bank of England base rate plus 3%) and a reasonable administrative charge for late payment of any premium, or part premium, even if Unum has agreed not to deem the policy to have terminated.
4. **MEMBERSHIP**

This section explains about becoming a **member**, remaining a **member**, and the circumstances under which a **member** ceases to be a **member**.

4.1 **Eligibility for membership**

4.1.1 **New member**

A **candidate member** becomes a **member** on the **effective date** if all the following conditions are met, as well as those set out in the **eligibility category** within the **schedule**:

(a) He is **actively at work**.

(b) His normal place of employment is in the United Kingdom (except that certain employment overseas may be eligible for membership under the circumstances described in paragraph 4.9). Working in the Channel Islands, the Isle of Man or Ireland will be regarded as ordinarily employed in the United Kingdom, provided his **employer** is registered in the United Kingdom, the Channel Islands or the Isle of Man.

(c) The **policyholder** provides to **Unum's** satisfaction the information described in paragraph 4.2.

If the **eligibility category** requires membership of a pension arrangement of the **employer**; then the **candidate member** must have joined the pension arrangement within 12 months of first being eligible to do so, to satisfy that eligibility requirement.

Provisions relating to a new **member** are set out in paragraphs 4.6.1 and 4.6.2.

4.1.2 **Entry date**

Unless otherwise agreed in writing with **Unum** a **candidate member** who did not meet all the conditions set out in paragraph 4.1.1 on the **effective date** will become a **member** on the **entry date** coinciding with or immediately following the date on which he meets the **eligibility conditions**.

The **entry date** applicable to each **eligibility category** is defined within the **schedule**. The meaning of the **entry date** is set out in the following table.

<table>
<thead>
<tr>
<th>entry date</th>
<th>meaning</th>
</tr>
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<tbody>
<tr>
<td>daily</td>
<td>the day</td>
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<tr>
<td>monthly</td>
<td>the first day of a month</td>
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<tr>
<td>quarterly</td>
<td>the <strong>policy accounting date</strong></td>
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<td></td>
<td>or the first day of any subsequent 3 months period</td>
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<tr>
<td>half-yearly</td>
<td>the <strong>policy accounting date</strong></td>
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<tr>
<td></td>
<td>or the date 6 months thereafter</td>
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<tr>
<td>annual</td>
<td>the <strong>policy accounting date</strong></td>
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<tr>
<td>closed</td>
<td>no further individual shall become a <strong>member</strong> after</td>
</tr>
<tr>
<td></td>
<td>the date specified in the <strong>schedule</strong></td>
</tr>
</tbody>
</table>
4.1.3 **Discretionary entrant, early entrant, late entrant or extended cover member**

A discretionary entrant, early entrant, late entrant or extended cover member may be covered if each of the following conditions are met:

(a) The policyholder requests, and Unum has agreed in writing, that cover can be provided under the policy in respect of the individual; and

(b) The policyholder, employer and the individual, as appropriate, meet all of the special conditions, special terms, or underwriting requirements specified in writing by Unum.

The free cover limit will not apply to any part of the benefit in respect of such a member and evidence of the individual’s insurability shall be required before any cover is granted.

Provisions relating to a discretionary entrant, an early entrant, a late entrant or an extended cover member are set out in paragraph 4.6.6.

4.2 **Notification and evidence required**

4.2.1 **Evidence to be provided**

When a candidate member in all other respects becomes eligible to become a member, or when there is an increase in benefit or a different benefit applies in respect of a member, the policyholder shall provide to Unum any information that Unum requires. This information may include such things as:

(a) Proof of age.

(b) Evidence of the average number of hours per week that he works in his usual occupation.

(c) Details of his contract of employment or partnership agreement, as appropriate.

(d) Evidence of his state of health, where required under the policy.

(e) Any other evidence which Unum requires in order to determine whether there is an increased risk that he might become incapacitated at any time in the future.

The cost of any medical examination and any tests (including blood tests and saliva tests) required by Unum will be paid for by Unum at the rates charged in the United Kingdom. Unum shall not be liable for any costs incurred by the policyholder, candidate member or member in attending a medical examination and any tests or in supplying any other information.

Any information requested by Unum will be provided in the form requested and within the time specified by Unum.
4.2.2 Failure to provide information

If the policyholder does not provide Unum with all of the information required under paragraph 4.2.1 within 2 months of its request, then Unum may take any actions which Unum determines to be appropriate under the particular circumstances, which may include one or more of the following:

(a) Refuse to admit the candidate member as a member.

(b) Attach special conditions or terms to the benefit or increase in benefit sought in respect of the member.

(c) Refuse to cover benefit in respect of the member.

(d) Refuse to cover an increase in benefit claimed in respect of the member.

(e) Terminate, suspend or vary the benefit in respect of the member.

The benefit, if any, continues to be provided by this policy and no separate contract is entered into in respect of the member.

4.2.3 Increased risk that a member might become incapacitated

The information described in paragraph 4.2.1 may demonstrate to Unum that there is an increased risk that a member might become incapacitated in the future, in this case Unum will notify the policyholder in writing whether the benefit in respect of the member (or that part of the benefit for which the information is required) is declined or is subject to specified terms, conditions or restrictions. The benefit, if any, continues to be provided by this policy and no separate contract is entered into in respect of the member.

4.2.4 All data from the policyholder

The policyholder shall notify Unum in writing, in such form and at such times as Unum requires, of all candidate members who meet the eligibility conditions and failure to do so shall give Unum the right to:

(a) vary the terms and provisions of this policy, or

(b) terminate the policy, or

(c) take such other action as Unum determines to be appropriate which may include reducing the free cover limit, varying the level of benefits, the definition of incapacity, altering the eligibility of individuals to be members, or

(d) refuse to pay any new claim notified whilst the requested information remains outstanding,

by giving 30 days written notice to the policyholder.
4.3 Free cover limit

Free cover limit means a level of benefit which will be provided in respect of a member regardless of their insurability provided they are otherwise eligible to become a member, except in the particular circumstances in this policy where it is said the free cover limit will not apply (here in paragraph 4.3 and in paragraphs 4.1.3, 4.5.2 and 4.6.6).

The level of the free cover limit will be determined by Unum from time to time and notified in writing to the policyholder. Unum may withdraw the free cover limit if the policyholder does not strictly adhere to the eligibility conditions of the policy.

If Unum determines that the free cover limit shall be reduced (including to nil), the level of benefit which applied to a member before the reduction becomes effective shall continue to apply on no worse terms. The free cover limit is reduced to nil automatically if there are fewer than the minimum number of members, as specified in paragraph 8.6, covered under the policy.

If Unum determines that the free cover limit shall be increased, the increased level will apply to all members actively at work on the date of the increase (or when a member not actively at work subsequently returns to work and is actively working) and any rating will be calculated on any benefits in excess of the new free cover limit. A member already subject to restricted terms will have their benefits increased to the new free cover limit, unless specifically stated otherwise.

When assessing whether the amount of benefit exceeds the free cover limit, benefit will be the total benefits in respect of the member under this policy and any associated policies.

The free cover limit does not apply to any member in an eligibility category with fewer than 5 members, except where there is only one eligibility category under the policy.

4.4 Temporary cover pending underwriting

Cover for benefits being underwritten will be provided in respect of incapacity which is not related to a pre-existing condition. The cover is provided for a period of 2 months (or earlier completion of underwriting) from the date he is eligible to become a member or is eligible for a benefit increase, as appropriate, subject to the following conditions:

(a) the free cover limit is greater than nil;
(b) the member is actively at work;
(c) the member is not a discretionary entrant, early entrant, late entrant or extended cover member;
(d) the member is not already subject to any special or restricted terms.

Pre-existing condition means any medical condition for which the member received treatment, care or services (including diagnostic measures), or took prescribed drugs or medicines during the 12 months prior to the date he is eligible to become a member or is eligible for a benefit increase, as appropriate.
4.5 Previously insured

4.5.1 Previously insured not on an identical basis

If immediately prior to the commencement date the members were insured under a group income protection policy but not on an identical basis to this policy, then they will be regarded as new members and covered in accordance with either paragraph 4.6.1 or 4.6.2, as appropriate.

(a) A free cover limit was applied to the member by the previous insurer.

The free cover limit will apply to a member where the previous insurer declined or restricted the benefit or postponed acceptance of benefit in their respect, unless specifically stated otherwise.

(b) A free cover limit was not applied to the member by the previous insurer. Member had benefit declined or restricted, or acceptance of benefit was postponed by the previous insurer.

Unum will accept the previously insured level of benefit on underwriting terms that are no worse than those provided by the previous insurer.

Any increase over the previously insured level of benefit will be underwritten, the free cover limit and temporary cover pending underwriting do not apply.

4.5.2 Previously insured on an identical basis

If immediately prior to the commencement date the members were insured under a group income protection policy on an identical basis to this policy, then Unum will accept the previously insured level of benefit in respect of a member, subject to the following provisions:

(a) Member accepted by the previous insurer at ordinary rates following underwriting or subject to a rating following underwriting or at ordinary rates where underwriting was not required.

Unum will accept benefits up to the free cover limit at ordinary rates. Any previously insured level of benefits in excess of the free cover limit will be accepted on underwriting terms that are no worse than those provided by the previous insurer.

Any increase over the previously insured level of benefit will be underwritten in accordance with paragraph 4.6.3, 4.6.4 or 4.6.5, as appropriate.

The actual monetary amount charged in respect of a rating may differ from that used by the previous insurer as underlying premium rates may differ from those used by the previous insurer.
(b) Member had benefit declined or restricted, or acceptance of benefit was postponed by the previous insurer. A free cover limit was applied to the member by the previous insurer.

Unum will accept benefits up to the free cover limit at ordinary rates. Any previously insured level of benefits in excess of the free cover limit will be accepted on underwriting terms that are no worse than those provided by the previous insurer.

Any increase over the previously insured level of benefit will be underwritten in accordance with paragraph 4.6.3, 4.6.4 or 4.6.5, as appropriate. Temporary cover pending underwriting does not apply under paragraph 4.6.4 or 4.6.5 in respect of the increase which exceeds the free cover limit.

(c) Member had benefit declined or restricted, or acceptance of benefit was postponed by the previous insurer. A free cover limit was not applied to the member by the previous insurer.

Unum will accept the previously insured level of benefit on underwriting terms that are no worse than those provided by the previous insurer.

Any increase over the previously insured level of benefit will be underwritten, the free cover limit and temporary cover pending underwriting do not apply.

4.6 Underwriting and granting of benefit and benefit increases

When an individual is eligible for membership under the policy or for a benefit increase, they may be required to provide evidence of insurability for Unum to consider whether to grant cover.

The evidence of insurability requirements may be affected if the member was previously insured as provided for in paragraph 4.5.

The different positions applying to benefit and to benefit increases, and depending on how they relate to the free cover limit, are set out in the following paragraphs:

4.6.1 New member - benefit does not exceed the free cover limit
4.6.2 New member - benefit exceeds the free cover limit
4.6.3 Benefit increase and the total benefit does not exceed the free cover limit
4.6.4 Benefit increase so it exceeds the free cover limit for the first time
4.6.5 Benefit increase and the existing benefit exceeds the free cover limit
4.6.6 Discretionary entrant, early entrant, late entrant or extended cover member
4.6.7 Not actively at work

4.6.1 New member - benefit does not exceed the free cover limit

(a) Evidence of insurability is not required.
(b) Benefits are covered provided the member is actively at work.
4.6.2 **New member - benefit exceeds the free cover limit**

(a) The portion of the **benefits** up to the **free cover limit** is covered provided the **member** is **actively at work**.

(b) Evidence of insurability is required in respect of the **benefits** which exceed the **free cover limit**, unless **Unum** determine otherwise.

(c) Temporary cover is provided in respect of the **benefits** which exceed the **free cover limit** for up to 2 months from the date of becoming a **member**, provided the **member** is **actively at work**. (The conditions of temporary cover pending underwriting are set out in paragraph 4.4.)

(d) Temporary cover ceases after 2 months if assessment of the **member’s** insurability is not completed.

(e) **Benefits** granted by **Unum** after assessment of the **member’s** insurability are fully covered, unless stated in the acceptance notification.

(f) No cover is provided in respect of the **benefits** which exceed the **free cover limit** immediately **Unum** decline to insure any **benefit**.

4.6.3 **Benefit increase and the total benefit does not exceed the free cover limit**

(a) Existing **benefits** remain covered.

(b) The increase in **benefits** is covered provided the **member** is **actively at work**.

4.6.4 **Benefit increase so it exceeds the free cover limit for the first time**

(a) Existing **benefits** remain covered.

(b) The portion of the increase in **benefits** which takes the **benefit** up to the **free cover limit** is covered, provided the **member** is **actively at work**.

(c) Evidence of insurability is required in respect of the **benefits** which exceed the **free cover limit**, unless **Unum** determine otherwise.

(d) Temporary cover is provided in respect of the **benefits** which exceed the **free cover limit** for up to 2 months from the effective date of the **benefit** increase, provided the **member** is **actively at work**. (The conditions of temporary cover pending underwriting are set out in paragraph 4.4.)

(e) Temporary cover ceases after 2 months if assessment of the **member’s** insurability is not completed.

(f) **Benefits** granted by **Unum** after assessment of the **member’s** insurability are fully covered, unless stated in the acceptance notification.

(g) No cover is provided for the **benefit** which exceeds the **free cover limit** if **Unum** decline to insure them.

4.6.5 **Benefit increase and the existing benefit exceeds the free cover limit**

(a) Existing **benefits** remain covered on the existing terms.

(b) Evidence of insurability is required for the increase in **benefit**, unless **Unum** determine otherwise.

(c) Temporary cover is provided in respect of the increase in **benefit** for up to 2 months from the effective date of the **benefit** increase, provided the **member** is **actively at work**. (The conditions of temporary cover pending underwriting are set out in paragraph 4.4.)

(d) Temporary cover ceases after 2 months if assessment of the **member’s** insurability is not completed.

(e) **Benefits** granted by **Unum** after assessment of the **member’s** insurability are fully covered, unless stated in the acceptance notification.

(f) No cover is provided in respect of the increase in **benefit** immediately **Unum** decline to insure the increase.
4.6.6 **Discretionary entrant, early entrant, late entrant or extended cover member**

A discretionary entrant, early entrant, late entrant or extended cover member may be, or remain, a member if the policyholder requests and Unum have agreed in writing.

(a) Evidence of insurability is required for the whole benefit.
(b) No temporary cover pending underwriting is provided.
(c) The policyholder, employer and the individual, as appropriate, must meet all of the special conditions or special terms specified in writing by Unum.
(d) Benefits granted by Unum are fully covered, unless stated in the acceptance notification.
(e) No cover is provided until Unum decide to insure any benefit.

An increase in benefit in respect of an extended cover member will be treated the same as in paragraph 4.6.5 (Benefit increase and the existing benefit exceeds the free cover limit) but the free cover limit is nil.

An increase in benefit in respect of a discretionary entrant, early entrant or late entrant will be treated either:

1. Where a member's benefit has been accepted by Unum subject to special or restricted terms, as in paragraph 4.6.5 (Benefit increase and the existing benefit exceeds the free cover limit) but the free cover limit is nil, or

2. Where a member's benefit has been accepted by Unum without any special or restricted terms, as in paragraph 4.6.3, 4.6.4 or 4.6.5 as appropriate to whether the increased benefit exceeds the free cover limit and if so whether for the first time.

4.6.7 **Not actively at work**

A candidate member or member who is not actively at work will be treated as meeting the actively at work requirement when he has returned to work and is actively working.
4.7 Termination of membership

4.7.1 A member ceases to be a member on the earliest of the following:

(a) The date he ceases to be an employee or an equity partner or an LLP member, as appropriate.

(b) The date he ceases to meet the eligibility conditions (other than any maximum entry age or service requirements). An employee or an equity partner or an LLP member, as appropriate, remains a member in another eligibility category if they satisfy its conditions on ceasing to meet the conditions of their existing eligibility category.

(c) The date he attains his terminal age.

(d) The date he dies.

(e) The date his normal place of employment ceases to be in the United Kingdom, (subject always to paragraph 4.9). Working in the Channel Islands, the Isle of Man or Ireland will be regarded as ordinarily employed in the United Kingdom, provided his employer is registered in the United Kingdom, the Channel Islands or the Isle of Man.

(f) The date the policy is terminated.

(g) In the case of an incapacitated member the date he undertakes any alternative work without the knowledge and consent of the policyholder.

(h) In the case of an incapacitated member the date on which benefit has been paid for the limited benefit cover maximum payment period.

4.7.2 No benefit is payable in respect of a member, who is an employee, who becomes incapacitated and who ceases to be an employee before the end of the deferred period.

4.7.3 Notwithstanding 4.7.1 (c) a member may become an extended cover member subject to the conditions of paragraph 4.6.6.

4.7.4 A member, who is an employee, who becomes incapacitated and who ceases to be an employee after the end of the deferred period ceases to be a member and therefore benefit is not payable.

However, provided that the policyholder notifies Unum in writing at least 14 days in advance of the cessation of employment and Unum considers the circumstances to be satisfactory, then Unum may agree to pay basic benefit directly to the former employee. If Unum does agree to pay basic benefit directly to the former employee then basic benefit will continue on such terms as Unum shall decide and notify to the policyholder in writing, which may include varying the definition of incapacity. For the avoidance of doubt, Unum are able to vary the terms of this policy and no contractual relationship will be created between Unum and the former employee and the former employee will be treated as a discretionary member of the policy. It is not part of the continuation option policy and the continuation option policy is not available to a former employee who has, or is, receiving payment of basic benefit directly from Unum.
Unum will deduct and account for any tax they are responsible for on the basic benefit payments made directly to a former employee.

4.7.5 If the policyholder has selected the continuation option policy, then a member who complies with the terms and conditions set out in paragraph 4.10 may choose to effect a continuation option policy with Unum. The schedule specifies whether the continuation option policy is applicable to each eligibility category.

4.8 Temporary absence from work

4.8.1 A member who is temporarily absent from work:

(a) on maternity leave, paternity leave, adoption leave or parental leave or any other form of statutory leave; will continue to be treated by Unum as a member for the purposes of this policy for the period of absence commencing from the first day of the absence but not exceeding their terminal age. The period of absence must be taken in accordance with the relevant legislation for the type of leave, effective during the period of leave.

(b) on unpaid leave, a sabbatical, compassionate leave or due to any reason other than in (a) above, may continue to be treated by Unum as a member for the purposes of this policy for a period of up to 3 years but not exceeding their terminal age. The employer must have given written consent to the member for the absence.

4.8.2 An extended cover member who is temporarily absent from work will continue to be treated by Unum as an extended cover member for the purposes of this policy for 1 year commencing from the first day of the absence, but not exceeding either the conclusion of their contract current on the day before the temporary absence or their attaining age 70, due to:

(a) maternity leave, paternity leave, adoption leave, parental leave or any other form of statutory leave. The period of absence must be taken in accordance with the relevant legislation for the type of leave, effective during the period of leave;

(b) on unpaid leave, a sabbatical, compassionate leave or due to any reason other than in (a) above. The employer must have given written consent to the member for the absence.

4.8.3 Incapacity during the period of absence will count towards the deferred period, but the deferred period will not be regarded as completed before the date the incapacitated member was due to return to work after the period of absence.
4.8.4 If benefit is based on insured earnings, the insured earnings on the day before the start of the member’s absence will apply. However, for absence as in paragraph 4.8.1 (a) above, the insured earnings will be increased during the absence in line with any general pay increases made by the employer up to a maximum of 5.0% per annum compound. The benefit will not be increased above the greater of the free cover limit and the member’s existing benefits accepted by Unum, applicable on the day before the start of the member’s absence.

If benefit is a flat amount, the benefit payable is the benefit on the day before the start of the member’s absence.

4.8.5 Cover will be maintained only if the member remains an employee or an equity partner or an LLP member, as appropriate, during the period of absence.

Cover will cease for a member who is not incapacitated and does not return to work after the period of absence applicable under paragraph 4.8.1.

Re-admission after an absence longer than the period of absence applicable under paragraph 4.8.1 shall be subject to the same rules and conditions applicable to a new member.

4.9 Overseas cover and secondment

4.9.1 A candidate member or member who meets all the conditions for becoming and remaining a member except that his normal place of employment is not in the United Kingdom, is still eligible for membership if he satisfies (a) or (b) below.

(a) He is an employee or an equity partner or an LLP member, as appropriate, of a United Kingdom resident employer and is not seconded to another employer.

(b) He is seconded from his United Kingdom resident employer, and

1. his employer retains control over where and for whom he will work, and

2. there is a definite expectation on the part of both the employer and the individual that at the end of the secondment he will resume employment with his employer or will be retiring (if the period of secondment is expected to extend to his retirement date).

4.9.2 A member who is overseas is treated for the purposes of this policy as being eligible for Employment and Support Allowance unless otherwise specifically provided for in the policy.

4.9.3 Benefit and premium in respect of a member who is overseas are payable in pounds sterling (or, if different, the lawful currency of the United Kingdom). Where a member’s insured earnings are not paid in pounds sterling, any benefit will be calculated using the pounds sterling equivalent of the member’s insured earnings at the preceding policy accounting date.

4.9.4 Re-admission after ceasing to meet any of the conditions under paragraph 4.9.1 shall be subject to the same rules and conditions applicable to a new member.
4.10 **Continuation option policy**

The schedule specifies whether the continuation option policy is applicable to each eligibility category.

In respect of a member who:

(a) ceases to be an employee or an equity partner or an LLP member, as appropriate, more than a year before he attains his terminal age and is under age 64, and

(b) is not employed on a fixed term contract, and

(c) does not have limited benefit cover, where benefit is payable for a maximum number of years, and

(d) is not incapacitated, and

(e) engages in new employment within 31 days of ceasing to be an employee or an equity partner or an LLP member, as appropriate,

then provided written notice is given to Unum within the 31 day period, the member's appropriately authorised intermediary may obtain from Unum a quotation for an individual income protection insurance policy for that member. Such a policy would be subject to these terms:

(a) It would provide benefit not greater than that provided under this policy in respect of the member, which means:

1. the terminal age must not exceed the member's terminal age;
2. the deferred period must not be shorter than the member's deferred period;
3. the amount of benefit must not exceed the member's basic benefit; and
4. the rate of benefit escalation must not be greater than the member's basic benefit escalation rate.

(b) It would require payment of a premium by the individual at the rate of premium in use at that time for similar individual policies issued by Unum.

(c) It would contain the standard terms and conditions including any maximum benefit formulae at that time in use by Unum for similar individual policies.

(d) Unum would not at the time of first issuing the individual policy require further medical evidence from the individual as a condition of issuing the policy.

(e) Unum is not required to include in the individual policy any special terms which may have been granted in respect of the individual under this policy.

(f) Unum will issue an individual policy under this paragraph if the individual's new occupation, place of residence and geographical location is considered by Unum to be satisfactory.

(g) Such an individual policy will only cover any benefit which has been accepted by Unum at ordinary terms and conditions.
5. **ELIGIBILITY FOR BENEFIT**

This section explains about who is eligible for payment of benefit, how much benefit is to be paid, how long benefit is paid for, and the circumstances under which proportionate benefit might be paid.

5.1 **Entitlement for payment of benefit**

Benefit is paid when a member is incapacitated, was actively working on the day immediately prior to the start of the incapacity, and evidence has been provided to Unum which satisfies Unum of the incapacity. Payment of benefit will begin on the first day after the end of the deferred period and will continue to be paid for the duration of the incapacity, as long as the individual in respect of whom benefit is paid remains a member under this policy.

5.1.1 **Following reasonable advice**

Unum in its absolute discretion may reduce or cancel any benefit in course of payment if the member fails to either attend a medical practitioner or adopt a reasonable approach (consistent with their behaviour and beliefs) to the treatment options, therapeutic measures and advice given to him by a medical advisor where Unum considers that his following that advice would have been beneficial to recovery from his incapacity, in total or in part. It is expected that all appropriate treatment options are thoroughly investigated and appropriately explained to the employee.

5.1.2 **Alternative working**

As long as the member is incapacitated throughout the deferred period, Unum will consider the deferred period to be served where the incapacitated member is working for his employer either:

(a) in another occupation, or

(b) in his insured occupation on a reduced or part time basis.

5.1.3 **Linked absences**

Although the deferred period is normally a period of continuous absence, Unum will link periods of absence of at least 2 weeks duration through incapacity arising from the same cause provided the deferred period is completed within twice the length of the deferred period.

If immediately prior to the commencement date the members were insured under a Group Income Protection policy on an identical basis to this policy, then Unum will link any periods of absence meeting the above conditions which arose during the previous insurance.

If the employer has terminated this policy and continued Group Income Protection cover with another insurer then this linking of absences provision will continue to apply. However, if the individual has satisfied the new insurer’s ‘actively at work’ requirements, benefit payments will cease when the individual has satisfied the new insurer’s deferred period (or the earlier date when he is no longer incapacitated or he attains his terminal age or he dies).
5.2 **Definitions of incapacity**

The schedule specifies which definition of *incapacity* is applicable to each *eligibility category*.

The definitions of *incapacity* which may apply are:

- **Definition A** (current occupation cover); alternative occupation cover applies for licence holders
- **Definition B** (combined cover – current occupation cover for 24 months; alternative occupation cover thereafter); alternative occupation cover applies for licence holders
- **Definition C** (alternative occupation cover)
- **Definition D** (objective cover – current occupation cover for 24 months followed by objective medical tests); alternative occupation cover applies for licence holders

**Definition A:**

(i) If a *member* is not required by his terms of employment or by his partnership agreement to hold a licence or certificate which is issued only when the *member* meets certain medical standards, and

(a) *Unum* is satisfied that the *member* is unable, by reason of his illness or injury, to perform the *material and substantial duties* of his *insured occupation*, and

(b) the *member* is not following any occupation, except as provided under paragraph 5.3,

then the *member* is *incapacitated*.

(ii) If a *member* is required by his terms of employment or by his partnership agreement to hold such a licence or certificate, and

(a) *Unum* is satisfied that the *member* is unable, by reason of his illness or injury to perform the *material and substantial duties* of his *insured occupation*, and

(b) the *member* is unable by reason of illness or injury to follow any occupation with any employer for which he is reasonably fitted by reason of training, education or experience,

then the *member* is *incapacitated*.

(Please note that for the purposes of this Definition A, the term “licence” does not include a licence to drive ordinary cars, vans or motorcycles).
Definition B:

(i) If a member is not required by his terms of employment or by his partnership agreement to hold a licence or certificate which is issued only when the member meets certain medical standards, and

(1) For the deferred period and the first 2 years following the completion of the deferred period, if

   (a) *Unum* is satisfied that the member is unable, by reason of his illness or injury, to perform the material and substantial duties of his insured occupation, and

   (b) the member is not following any occupation, except as provided under paragraph 5.3,

   then the member is incapacitated.

(2) Beginning immediately after the first 2 years following the completion of the deferred period, if

   (a) *Unum* is satisfied that the member is unable, by reason of his illness or injury to perform the material and substantial duties of his insured occupation, and

   (b) the member is unable by reason of illness or injury to follow any occupation with any employer for which he is reasonably fitted by reason of training, education or experience,

   then the member is incapacitated.

(ii) If a member is required by his terms of employment or by his partnership agreement to hold such a licence or certificate, and

   (a) *Unum* is satisfied that the member is unable, by reason of his illness or injury to perform the material and substantial duties of his insured occupation, and

   (b) the member is unable by reason of his illness or injury to follow any occupation with any employer for which he is reasonably fitted by reason of training, education or experience,

   then the member is incapacitated.

(Please note that for the purposes of this Definition B, the term “licence” does not include a licence to drive ordinary cars, vans or motorcycles).
Definition C:

A member is incapacitated if:

(a) Unum is satisfied that the member is unable, by reason of his illness or injury to perform the material and substantial duties of his insured occupation, and

(b) the member is unable by reason of his illness or injury to follow any occupation with any employer for which he is reasonably fitted by reason of training, education or experience.

Definition D:

(i) If a member is not required by his terms of employment or by his partnership agreement to hold a licence or certificate which is issued only when the member meets certain medical standards, and

(a) Unum is satisfied that the member is unable, by reason of his illness or injury, to perform the material and substantial duties of his insured occupation, and

(b) the member is not following any occupation, except as provided under paragraph 5.3,

then the member is incapacitated.

(ii) If a member is required by his terms of employment or by his partnership agreement to hold such a licence or certificate, and

(a) Unum is satisfied that the member is unable, by reason of his illness or injury to perform the material and substantial duties of his insured occupation, and

(b) the member is unable by reason of his illness or injury to follow any occupation with any employer for which he is reasonably fitted by reason of training, education or experience,

then the member is incapacitated.

(Please note that for the purposes of this Definition D, the term “licence” does not include a licence to drive ordinary cars, vans or motorcycles).

Within this Definition D, if a member is incapacitated but such incapacity arises as a result of subjective symptoms then benefit will be paid for a maximum period of 2 years.

Periods of incapacity arising from subjective symptoms will be aggregated so that payment of benefit will cease when payments have been made for a maximum period of 2 years.

After benefit has been paid for the maximum period of 2 years, the individual may be re-admitted into membership at a later date when actively at work and fulfilling the eligibility conditions. On resuming membership payment of benefit shall be restricted to periods of incapacity arising from causes other than subjective symptoms.
5.3 Proportionate benefit

This paragraph gives the circumstances under which benefit may be paid in respect of a member who, although incapacitated, is still able to work either on a reduced basis in his normal occupation for a reduced level of earnings, and does so, or adopts a different and less well paid occupation.

5.3.1 Proportionate benefit is payable in respect of a member, if the conditions set out in the following paragraphs, numbered (a) and (b), are met:

(a) Either:

1. The member is incapacitated, except that the member is performing his insured occupation, but only on a reduced basis, or

2. The member is incapacitated under the applicable definition of incapacity, but nonetheless performs some other employment, whether full-time or part-time

(b) and, the member has suffered an earnings loss.

5.3.2 As used in this paragraph 5.3 the term earnings loss means the difference between the member's current earnings and his adjusted pre-incapacity earnings. Earnings loss shall apply only when the current earnings are less than the adjusted pre-incapacity earnings and when such loss occurs during and by reason of incapacity.

Earnings loss does not include any loss of potential earning capacity.

5.3.3 The amount of proportionate benefit payable is calculated according to the formula given in paragraph 6.6.

5.3.4 Full benefit does not have to be paid prior to proportionate benefit becoming payable in respect of an incapacitated member.
5.4 **Linked benefit claims**

Having first returned to work with the **employer**, if a **member** suffers further periods of **incapacity** there is no **deferred period** applicable to such further periods of **incapacity**, if all the following conditions are met:

(a) **Benefit** was paid in respect of the **member** for the first period of **incapacity**, and

(b) The **member** is absent from work for any subsequent period of **incapacity** within 52 weeks from his return to work from the previous period of **incapacity**.

In such cases, **benefit** will be resumed from the date of commencement of the further **incapacity** at the same level previously paid.

If the **member's insured earnings** increased or the cover under the **policy** has been revised during the period the **member** was no longer **incapacitated** and they returned to **actively working**, any increase in **benefit** relevant to the **member's** circumstances at the start of their further **incapacity** will begin to be paid after the end of the **deferred period** applying to the **policy** at the start of the **member's** further **incapacity**.

This **linked benefit claims** provision only applies as long as the **policy** remains in force.

If the **employer** has continued Group Income Protection cover with another insurer then the **linked benefit claims** provisions will continue to apply. However, if the individual has satisfied the new insurer’s ‘actively at work’ requirements, **benefit** payments will cease when the individual has satisfied the new insurer’s deferred period (or the earlier date when he is no longer **incapacitated** or he attains his **terminal age** or he dies).

5.5 **Continuation of benefit during retraining or vocational rehabilitation**

For the avoidance of doubt where, with **Unum's** agreement, an **incapacitated member** undertakes retraining or vocational rehabilitation **full benefit** or **proportionate benefit** as appropriate will continue to be payable for such period as **Unum** considers reasonably appropriate provided and for so long as the **member** remains **incapacitated** and is suffering a loss of earnings.

5.6 **AIDS/HIV exclusion**

No **benefit** (or further **benefit** where **Unum** has already begun making **benefit** payments) will be paid for a **member** for any **incapacity** which directly or indirectly results from or is related to the **member** being infected with **HIV** or having developed **AIDS** or any related condition.

**AIDS** means Acquired Immunodeficiency Syndrome which the **member** is at any time found by medical history, examination or testing to have developed.

**HIV** means any human immunodeficiency virus with which the **member** is at any time found to be infected.

The **schedule** specifies whether **AIDS/HIV** cover has been selected for each **eligibility category**.
6. **AMOUNT OF BENEFIT**

This section explains about the amount of benefit to be paid in respect of a member who is incapacitated and has completed the deferred period.

6.1 **Annual rate of basic benefit**

The annual rate of basic benefit applicable to each eligibility category is specified in the schedule.

If the policyholder has selected an escalation rate provision for the basic benefit, then the amount of basic benefit payable under this paragraph shall be changed as provided in paragraph 6.4.

6.2 **Additional benefit**

During any period in which benefit is being paid in respect of a member, Unum will pay an additional benefit to the employer. If the member is an employee, payment of the additional benefit ceases on the date he ceases to be an employee. The annual rate of any additional benefit applicable to each eligibility category is specified in the schedule.

If the policyholder has selected an escalation rate provision for the additional benefit, then the amount of additional benefit payable under this paragraph shall be changed as provided in paragraph 6.4.

6.3 **Benefit limits**

(a) The total of the basic benefit and any additional benefit in respect of employee pension contributions in relation to a member is limited to £350,000 per annum.

(b) The total of any additional benefits in relation to a member, excluding those in respect of employee pension scheme contributions and employer's National Insurance contributions, is limited to 60% of insured earnings or, if less, to £120,000 per annum.

(c) The additional benefit in respect of employer's National Insurance contributions, in relation to a member, is calculated on the amount of basic benefit after the limit in sub-paragraph (a) above has been applied.

Unum may introduce new limits from time to time. A new limit will be notified to the policyholder in writing and will be applied to the policy from the policy accounting date first following the date on which Unum introduced the new limit.
6.4 **Escalation of benefit**

The schedule specifies whether an escalation rate is applicable to each eligibility category.

If the policyholder has selected an escalation rate, then the annual rate of any benefit being paid will be increased on each anniversary of the day when benefit became payable. The increased benefit is subject to the benefit limits under paragraph 6.3 (a) and (b).

In the event of a linked benefit claim being accepted under paragraph 5.4 the date that the escalation rate is applied shall be deferred by the length of time the member returned to work.

6.4.1 **Fixed escalation rate** - the annual rate of any benefit being paid will be increased by the fixed escalation rate, shown in the schedule.

6.4.2 **RPI maximum of 12%** - the annual rate of any benefit being paid will be increased by the percentage increase in the RPI since the previous anniversary of the day when benefit became payable. The maximum annual increase permitted under this escalation rate is 12%.

6.4.3 **RPI capped at 5%** - the annual rate of any benefit being paid will be increased by the percentage increase in the RPI since the previous anniversary of the day when benefit became payable. The maximum annual increase permitted under this escalation rate is 5%.

6.4.4 **RPI capped at 2.5%** - the annual rate of any benefit being paid will be increased by the percentage increase in the RPI since the previous anniversary of the day when benefit became payable. The maximum annual increase permitted under this escalation rate is 2.5%.

6.4.5 **CPI capped at 7.5%** - the annual rate of any benefit being paid will be increased by the percentage increase in the CPI since the previous anniversary of the day when benefit became payable. The maximum annual increase permitted under this escalation rate is 7.5%.

6.4.6 **CPI capped at 5%** - the annual rate of any benefit being paid will be increased by the percentage increase in the CPI since the previous anniversary of the day when benefit became payable. The maximum annual increase permitted under this escalation rate is 5%.

6.4.7 **CPI capped at 2.5%** - the annual rate of any benefit being paid will be increased by the percentage increase in the CPI since the previous anniversary of the day when benefit became payable. The maximum annual increase permitted under this escalation rate is 2.5%.

The percentage increase in the RPI or the CPI, as appropriate, used for these calculations is the increase between the figures for the months which are 3 months prior to the current and the previous anniversary of the day that benefit started to be paid.
6.5 **Deduction from basic benefit of certain income from other sources**

Payments of **basic benefit** are reduced by the amount of certain types of payments received by the **incapacitated member**. Examples of such payments would be some types of retirement pension, and payments from other income protection insurance policies.

This paragraph 6.5 ceases to apply from the date **Unum** considers that the **member** is totally and permanently unable by reason of illness or injury to follow his own or any other occupation.

6.5.1 The total of **basic benefit** (excluding any increases by reason of escalation of **benefit**) plus any **income from other sources** (as this phrase is specifically defined in this paragraph) shall not exceed:

(a) for a **Schedule D taxed member**, 50% of his gross earnings immediately prior to his **incapacity** (to the extent of the earnings which have ceased as a result of his **incapacity**).

(b) for a **PAYE taxed member**, 80% of his gross earnings immediately prior to his **incapacity** (to the extent of the earnings which have ceased as a result of his **incapacity**).

During the first 12 months of a **member's incapacity** any contractual sickness payments by the **employer** which they pay in addition to the **basic benefit** will be ignored for the purposes of this paragraph 6.5.1.

6.5.2 As used here in paragraph 6.5, the term **income from other sources** means the total of payments received by the **member** from the following sources:

(a) Benefits paid in respect of the **member's** own injury or illness from any other accident, sickness or income protection insurance policy where the maximum benefit period is greater than 2 years.

(b) Any retirement pension received by the **member**, but excluding:

   1. any standard increases in such pension,
   2. any pension which was already in payment at the date he became an **incapacitated member** and any subsequent standard increases in such pension, and
   3. any pension paid because the **incapacitated member** has attained the age at which the pension automatically starts, and any subsequent standard increases in such pension.

(c) Any uninsured sickness payments or benefits received by the **member** from the **employer**, ignoring any contractual sickness payments made during the first 12 months of the **member's incapacity**.

(d) Any form of income which is included in **insured earnings** and which continues to be received by the **member**.

Any payment which the **incapacitated member** can choose to take as cash or as income, in part or as a whole, shall be included in **income from other sources** at the highest level of income which could be chosen.
**Unum** assumes for a **Schedule D taxed member** that any **income from other sources** is not assessable to income tax. Where such income is assessable to income tax **Unum** will reduce the gross amount of such income by one-third for the purpose of determining the limit in paragraph 6.5.1.

**Unum** assumes for a **PAYE taxed member** that any **income from other sources** is assessable to income tax. Where such income is not assessable to income tax **Unum** will gross up such income by 50% for the purpose of determining the limit in paragraph 6.5.1.

### 6.6 Amount of proportionate benefit

This paragraph sets out the method of calculating the amount of **proportionate benefit**. All the conditions contained in paragraph 5.3 must be satisfied before this paragraph is applied.

#### 6.6.1 Calculation of proportionate benefit

The **proportionate benefit** is equal to the amount of **benefit** which would otherwise be paid (or, in the case of **benefits** calculated as a percentage of **net pay**, the aggregate of the amount of **benefit** which would otherwise be paid and the **social security benefit** being received by the **member**) multiplied by the **member's percentage income loss**.

The **percentage income loss** means the percentage income loss calculated by using the following formula:

\[
\text{Percentage Loss} = \frac{\text{adjusted pre-incapacity earnings} - \text{current earnings}}{\text{adjusted pre-incapacity earnings}}
\]

For example, if an **incapacitated member** has **adjusted pre-incapacity earnings** of £20,000 annually and now earns £6,000 annually, the **percentage income loss** calculation would be:

\[
\frac{£20,000 - £6,000}{£20,000} = .70 = 70\%
\]

In this example the amount of **proportionate benefit** in respect of the **member** would be 70% of the amount of **benefit** which would otherwise be paid.

**Proportionate benefit** is calculated again after a year or when the **member's current earnings** change if sooner.
adjusted pre-incapacity earnings means:

(a) on the first occasion proportionate benefit becomes payable the amount of the member's insured earnings increased by the percentage increase in the RPI between the figures for the months which are 3 months prior to the month in which the member became incapacitated and the month in which proportionate benefit becomes payable, and

(b) on each further occasion proportionate benefit is calculated, the adjusted pre-incapacity earnings calculated in (a) above may be adjusted by the lesser of either the variation in the RPI and the variation to the current earnings in percentage terms to that previously used for the purposes of calculating proportionate benefit.

current earnings means the member's level of annualised earnings at the effective date of the proportionate benefit calculation (or re-calculation). The term current earnings also means the amount Unum considers to be the market rate of pay for any work which the member performs either without being paid, or for below the market rate of pay.

6.6.2 Other provisions relating to proportionate benefit

(a) Proportionate benefit cannot exceed the amount of full basic benefit which would be payable in respect of the member under the policy.

(b) When a deduction in respect of the state long term incapacity benefit, social security benefit, notional LtSIB or the Employment and Support Allowance is made when calculating the basic benefit such deduction shall be ignored when calculating the proportionate benefit.
7. **CLAIMING BENEFIT**

This section contains provisions relating to claiming benefit.

7.1 **Payment of benefit**

7.1.1 **Benefit** becomes payable in respect of an **incapacitated member** at the end of the deferred period. **Benefit** is paid in equal calendar monthly instalments, in arrears. A proportionate payment will be made for any period of less than a month.

**Benefit** payments will continue in respect of the member until benefit is no longer payable under this policy. Any adjustments to the amount of the benefit payments under this policy will be made immediately, unless some other time is given in this policy.

7.1.2 The **benefit** payable under this policy shall be paid:

(a) in respect of a member who is an employee, to the policyholder,

(b) in respect of a member who is an equity partner, to the equity partner, and

(c) in respect of a member who is an LLP member, to the LLP member,

unless otherwise specifically provided in this policy.

If the policyholder is not the employer of the member at the time a payment is made, the policyholder shall hold the payment on trust for the employer.

The receipt by the recipient or by any person, persons or corporation authorised by the recipient, with the approval of Unum, of any moneys paid by Unum under this policy shall be a good and sufficient discharge to Unum. Unum has no duty or obligation to see the application of any moneys so paid.

7.1.3 **Benefit** is payable in pounds sterling or, if different, the lawful currency of the United Kingdom. Payment is made by direct credit to an account of the recipient (which must be in the United Kingdom, the Channel Islands or the Isle of Man) as designated by the recipient in writing.

7.1.4 If the policyholder fails to pay the premium due under the policy in any policy accounting period, then Unum shall pay no benefit under this policy with respect to a member who became incapacitated during such policy accounting period.

7.2 **Notification and evidence required for a claim**

7.2.1 **Notification of absence**

The policyholder is required to notify Unum in writing of the prolonged absence of a member, due to illness or injury, immediately the member has been absent for half their deferred period. However, if the deferred period is 28 weeks or more, notification is required immediately after 14 weeks of absence.
No benefit shall be payable for any period of time before written notice of the absence and Unum’s fully completed claim form documentation is received. If written notice of the member’s absence and Unum’s fully completed claim form documentation is not received within 90 days from the end of the deferred period, Unum shall have no liability to pay benefit in respect of the member. However, if fully completed claim form documentation is received after the 90 days, Unum shall under its sole discretion, determine whether to consider the claim received.

Contact the Customer Care department for the appropriate forms on telephone number 01306 873243.

7.2.2 Evidence to be provided

The policyholder is required to provide to Unum all information requested by Unum to investigate the claim properly and subsequently to review the claim from time to time. This information may include such things as:

(a) Proof of membership.

(b) Evidence of the member’s job title and job description in their contract of employment (including their personnel file) to determine their insured occupation and their material and substantial duties.

(c) Proof of the member’s insured earnings.

(d) The member’s original birth certificate.

If the date of birth previously notified to Unum proves incorrect, Unum may make whatever adjustment to the benefit or premium it considers appropriate to the circumstances.

(e) Medical evidence to substantiate incapacity and continuing incapacity including:

1. evidence of the presence of an impairment of sufficient severity and duration to satisfy the definition of incapacity;

2. continuing attendance by the member of a medical practitioner or practitioners whose training and speciality are appropriate to such an impairment and as frequently as such a practitioner would reasonably recommend;

3. evidence which demonstrates the member has adopted a reasonable approach (consistent with their behaviour and beliefs) to the therapeutic measures, treatment options and advice given to them by a medical advisor; and

4. medical reports by one or more medical practitioners or consultants selected by Unum. The member may be required to undergo a medical examination by such medical practitioners or consultants at such times and places as Unum or the practitioners or consultants may require. The member will provide appropriate samples for any tests, including blood tests and saliva tests.

(f) The member’s employee/personnel file, medical records and occupational health records held by the employer.
(g) Any other information, evidence, test, evaluation or report that may be requested at any time by Unum or by the medical practitioners or consultants.

The cost of any medical examination and any tests (including blood tests and saliva tests) required by Unum will be paid for by Unum at the rates charged in the United Kingdom. Unum shall not be liable for any costs incurred by the policyholder or member in attending a medical examination and any tests or in supplying any other information, except where reasonable costs have been agreed in advance by Unum with consideration to the incapacitated member’s circumstances.

The policyholder must ensure that the member attends any examination when notified to do so, and will provide any other information requested under this paragraph within 28 days of the date of the request by Unum. If a member fails to attend an examination, or the policyholder fails to provide requested information in the time provided, the claim may be declined for that member by Unum, and, where any benefit has been paid, any further benefit may be discontinued.

Unum is not responsible for any errors or omissions from any information or evidence provided to it from any source.

7.3 Rehabilitation and reasonable adjustment

In respect of a member, Unum will require evidence that the employer has:

(a) investigated and implemented any reasonable adjustments to the working conditions, the physical features and any other arrangements relating to the member’s occupation which would enable the member to continue working for the employer, and

(b) investigated and, where appropriate, made reasonable efforts to implement any rehabilitation and reintegration programmes designed to enable the member to return to work with the employer.

7.4 Notification of other employment or change in condition

The policyholder must notify Unum immediately of any change in the incapacitated member’s condition or circumstances which would or might affect payment of benefit. By way of example only, changes that must be notified to Unum would include:

(a) The member undertaking any work or employment, even if the work is unpaid.

(b) Any change in the member's health, medical condition or prognosis.

(c) Any change in the member’s address or residence.
7.5 **Incapacitated member overseas**

As is the case for a member residing in the United Kingdom, benefit may be paid only upon the policyholder giving Unum any information concerning the eligibility for payment of benefit and of the member’s health, as provided under this policy or as requested by Unum. Any information provided must be in a form satisfactory to Unum.

The policyholder will be liable for the cost of any medical examination and any tests (including blood tests and saliva tests) required by Unum which is carried out outside the United Kingdom. Unum will contribute towards the costs at the rates reasonably expected to be paid in the United Kingdom. Unum shall not be liable for any costs incurred by the policyholder or member in attending a medical examination and any tests or in supplying any other information.

Any information provided must be in English and in a form satisfactory to Unum.

7.6 **Declining a claim after failure to comply**

Failure to comply with the provisions of this section 7 entitles Unum to decline or cease a claim or take such other steps as are appropriate in the circumstances, which may include an adjustment of benefit.

7.7 **Complaint against a claim decision**

In the event of the claim decision not being to the policyholder’s satisfaction, the policyholder may refer the matter to the Customer Feedback Department. This is a separate Department, independent of the Claims Department that will review the claim decision afresh and in line with Unum’s complaint handling process. The Customer Feedback Department will issue Unum’s final decision on the claim. If the policyholder remains dissatisfied the Financial Ombudsman Service provides an independent dispute resolution service for eligible disputes. Where the policyholder remains dissatisfied with the outcome of their complaint, they can contact the Financial Ombudsman Service at the address below within 6 months of Unum’s final decision being made. The policyholder’s legal rights and those of the member are not affected if this organisation is contacted.

Financial Ombudsman Service,
South Quay Plaza,
183 Marsh Wall,
London, E14 9SR
telephone 0845 080 1800
www.financial-ombudsman.org
8. **AMENDMENT AND TERMINATION**

This section contains provisions relating to the amendment or termination of the policy.

8.1 **Terms of policy**

Unum reserves the right to vary the terms and conditions of this policy at any time the premium rate is revised in accordance with paragraph 3.5 or from the policy review date.

Unum will give the policyholder 1 month's notice in writing in advance of the revised terms and conditions, unless this is not practicable in which case Unum will give as much notice as is possible in the circumstances.

The revision of the terms and conditions of this policy does not constitute a new contract but takes effect as a continuation of this policy, subject to the revised terms and conditions.

8.2 **Amendment of the policy**

The policyholder can request this policy be amended at any time. Unum may in its discretion consider amending the policy subject to the policyholder providing all information required by Unum to give the request consideration.

If Unum agrees to amend the policy then Unum will advise the policyholder in writing of the revised terms and conditions. The policyholder must confirm acceptance to Unum in writing of the revised terms and conditions as advised by Unum, though payment of the required premiums by the policyholder will be treated by Unum as acceptance of the revised terms and conditions as advised by Unum.

Amendment of the policy for any reason cannot pre-date the date of the policyholder's written acceptance of the revised terms and conditions advised by Unum, except at the sole discretion of Unum.

Unum can amend the policy in accordance with paragraph 3.1.2 or 4.2.4.

If the policy is amended the entitlement to benefit in respect of a member who was incapacitated prior to the amendment will be paid in accordance with the policy conditions applicable at the date the member became incapacitated.
8.3 Termination of the policy

The policyholder will be entitled to terminate this policy at any time by giving Unum notice in writing in advance.

Termination of the policy for any reason cannot pre-date the date of the policyholder’s written notification of the termination of the policy, except at the sole discretion of Unum.

Unum is entitled to terminate the policy in accordance with paragraphs 3.1.2, 3.6, 4.2.4, 8.4, 8.6 and 8.7.

The policyholder shall be required by Unum to provide information as at the date of termination in order to determine the premium payable in connection with the termination. If this information is not provided within 1 month of its being requested, Unum shall determine what premium is payable having regard to the information then available, and any sum or sums which had been payable to Unum shall remain payable.

If the policy is terminated the entitlement to benefit in respect of a member who was incapacitated prior to the termination will be paid in accordance with the policy conditions applicable at the date the member became incapacitated.

If the policy is terminated, no further candidate member shall become a member after the date of termination.

8.4 Cessation of business of the policyholder

8.4.1 In the event that the policyholder ceases to carry on business, or if an order is made or a resolution passed for the winding up of the policyholder then the insurance under this policy shall terminate and the provisions of paragraph 8.3 will apply.

No additional benefits will be payable after such termination and any basic benefit payable will be paid directly to the incapacitated member.

8.4.2 If the business of the policyholder is assigned to or succeeded to by another person, and the new person undertakes all the duties and responsibilities of the policyholder, then provided Unum receives written notification and evidence of the assignment or succession which Unum confirms in writing as being satisfactory, the new person may continue the payment of premium under this policy. In this case, the new person or organisation shall take the place of and be treated for all the purposes of this policy as the policyholder, from the date that the assignment or succession takes place.

8.5 A participating employer ceasing business

In the event that an employer other than the policyholder ceases to carry on business or the business is assigned or succeeded to as described in paragraph 8.4, the provisions of that paragraph will apply to all members and incapacitated members of that employer immediately prior to that event.
8.6 **Minimum membership under the policy**

This policy is issued on the basis that the minimum number of members under the policy is 5 (or such other number of members as notified in writing by Unum to the policyholder). The policyholder undertakes to notify Unum in writing as soon as reasonably practicable after becoming aware that the number of members is to fall or has fallen below the minimum number of members.

Unum may in its discretion terminate the policy from the policy accounting date immediately following the number of members falling below the prevailing minimum number of members.

8.7 **Termination or amendment of an associated policy**

Unum has the right to terminate this policy or vary the terms, conditions and premium rate of this policy if any of the associated policies are terminated or amended, or if the policyholder of an associated policy fails to pay premiums under the associated policy.

8.8 **Reinstatement of the policy**

If the policy has been terminated it may be reinstated by Unum, provided that:

(a) in relation to a member to whom cover under the policy in excess of the free cover limit applies, reinstatement of the policy shall be subject to the acceptance of such evidence of insurability as may be required by Unum;

(b) reinstatement of a member shall be subject to him being actively at work on the date of reinstatement;

(c) the premium rate may be revised with effect from the date of reinstatement;

(d) Unum shall not be liable for any claims whatsoever arising during the period from the date of termination to the date of reinstatement; and

(e) payment has been made to Unum of such premium and any other charges which remain unpaid, including interest, from the date on which the policy is deemed to have been reinstated.

If Unum agrees to reinstate the policy then Unum will advise the policyholder in writing of the revised terms and conditions. The policyholder must confirm acceptance to Unum in writing of the terms and conditions, as advised by Unum.

Unum reserves the right to refuse to reinstate the policy.
9. **MISCELLANEOUS**

This section contains miscellaneous provisions relating to the policy.

9.1 **Ability to terminate a member’s employment**

Payments in respect of the *incapacity* of a *member* are made without thereby admitting any legal liability in respect of such *incapacity* on the part of the *policyholder* and *employer* and nothing in this policy shall be taken to prejudice any right of an *employer* to terminate a *member’s* employment or to create any obligation between the *employer* and *member* to keep the *member* in employment.

9.2 **Law**

The policy is to be construed and governed in accordance with English Law and any dispute shall be subject to the exclusive jurisdiction of the English Courts.

9.3 **Special circumstances**

Should there be any change in the law affecting the policy, or any other changes in circumstances which, in the opinion of Unum renders it impractical or impossible to give full effect to the provisions of the policy, those provisions and benefits confirmed may be varied by Unum, in writing, in such a manner as is considered appropriate to enable the provisions to take effect as early as possible.

9.4 **Basis of the contract**

The policy is issued on the basis of the information provided in the quotation request or specification and the application form completed by the *policyholder*, in addition to any questionnaire completed by a *member*.

The policy contains all the terms of the contract and Unum accepts liability solely in accordance with these terms.

No provision or condition of the policy may be waived or modified except by an endorsement issued by Unum and signed by an authorised official of Unum.

The policy has been classed by Unum as a ‘group policy’. The *employer* is treated as a ‘commercial customer’ and those *employees* or former *employees* to whom any benefit is payable are classed as ‘policyholders’. The terms in apostrophes are the definitions under the Financial Services Authority’s (FSA’s) handbook.

The policy is a non-investment insurance contract, does not acquire a surrender value and does not participate in the profits of Unum.

If Unum cannot meet its liabilities the *policyholder* may be entitled to compensation under the UK Financial Services and Markets Act 2000.

9.5 **Contracts (Rights of Third Parties) Act 1999**

The schedule specifies which third party rights option is applicable to the policy. The third party rights options which may apply are:

- third party rights are excluded
- standard third party rights apply
- additional third party rights are included
Third Party Rights under the Contracts (Rights of Third Parties) Act 1999 do not apply to a member who is an equity partner or an LLP member.

(a) If third party rights are excluded, then:

It is the express intention of the policyholder and Unum that no term or provision of this policy may be enforced in any circumstances by any third party. The policy may be amended or terminated without the consent of or reference to any third party.

(b) If standard third party rights apply, then the following is applicable for a member who is an employee:

1. Except for the right expressly granted to a member under sub-paragraph 2. below, it is the intention of the policyholder and Unum that no term or provision of this policy may be enforced in any circumstances by any third party. The policy may be amended or terminated without the consent of or reference to any third party.

2. In the event that the policyholder has submitted a claim in respect of the member and:

   (i) the policyholder has pursued that claim through Unum’s internal claim process and complaint handling process; and

   (ii) a final decision letter has been issued by Unum; and

   (iii) the policyholder has either complained or supported the member’s complaint to the Financial Ombudsman Service regarding the dispute; and

   (iv) the Financial Ombudsman Service has issued a decision on the dispute which has been communicated to Unum and agreed by both Unum and the policyholder;

the member may only then enforce those terms of the policy relating to the policyholder’s claim for benefit in respect of him. The scope of this right is limited to those remedies that remain available to the policyholder and Unum’s Customer Feedback Department will not consider a further complaint in relation to the claim.

(c) If additional third party rights are included, then the following is applicable for a member who is an employee:

The standard third party rights apply, as in (b) above, and in addition the policy expressly provides that the policyholder in its discretion may consult the members, in such manner and to such extent as it sees fit, prior to any amendment or termination of the policy which requires the policyholder’s consent. In such circumstances, Unum may regard the written consent of the policyholder as being valid.
9.6 **Data Protection Act 1998**

(a) For the purposes of the Data Protection Act 1998 **Unum** is a Joint Data Controller with the **policyholder**. Personal data and sensitive personal data are provided by the **policyholder** in order that **Unum** may decide the manner in which this data will be processed, to provide and administer a Group Income Protection insurance policy.

(b) **Unum** has the right to request such data as is required to quote for and administer the **policy**. **Unum** will record such information accurately and keep it confidential and secure and will use it solely for the purpose of quoting for, providing and administering the **policy** and for marketing other **Unum** products to the **policyholder**.

(c) The **policyholder** will ensure that the data is correct at the time it is provided to **Unum** and that alterations are notified to **Unum** in reasonable time.

9.7 **Trade sanction controls**

**Unum** is entitled to terminate the **policy** and cease payment of **benefits** by giving the **policyholder** notice in writing if at any time:

(a) the **policyholder** becomes a **restricted person**;

(b) a change of **policyholder** (through acquisition or merger) results in the **policyholder** being a **restricted person**;

(c) 25% or more of the beneficial ownership (eg directorships or shareholders) becomes vested in or controlled by a **restricted person**;

**Unum** is entitled to cease payment of **benefits** in respect of an **incapacitated member** who receives payment of **basic benefits** direct from **Unum** if at any time the **incapacitated member** becomes a **restricted person**, by giving the **policyholder** and **incapacitated member** notice in writing.

**restricted person** means a person or entity subject to national, regional or multilateral trade or financial sanctions under applicable laws and regulations, including but not limited to persons designated as a Politically Exposed Person or high risk individual or entity or persons designated on the United States Department of the Treasury, Office of Foreign Assets Control (OFAC) List of Specifically Designated Nationals and Other Blocked Persons (including terrorists), United States State Department Non-proliferation Sanctions Lists, United States Department of Commerce Denied Parties List, Entity List or Unverified List, United Nations Financial Sanctions Lists, or the European Union or United Kingdom Bank of England Consolidated Lists of Financial Sanctions Targets, in force from time to time.

Subsequently ceasing to be a **restricted person** does not require **Unum** to reinstate the **policy** or any payments ceased or declined whilst a **restricted person**.
9.8 Complaints

Complaints in connection with this policy should be referred initially to the Intermediary who arranged it.

If the matter is not resolved satisfactorily, the complaint should be referred to:

Customer Feedback Manager,
Unum Limited,
Milton Court,
Dorking,
Surrey, RH4 3LZ
telephone 01306 887766

Your complaint will be managed by the Customer Feedback Department who will independently review the matter in line with Unum’s complaint process and issue a final decision. If the policyholder remains dissatisfied, the matter may be escalated to the Financial Ombudsman Service (if eligible) at the address below. The policyholder’s legal rights are not affected by contacting this organisation.

Financial Ombudsman Service,
South Quay Plaza,
183 Marsh Wall,
London, E14 9SR
telephone 0845 080 1800
www.financial-ombudsman.org