



Group Income Protection Insurance Policy

GIPPOL(EMPLOYEE)/04/2008



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 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**.

POLICY CONDITIONS

1. INTERPRETATION
2. DEFINITIONS
3. PREMIUMS
 - 3.1. Calculation of **premium**
 - 3.2. Payment of **premium**
 - 3.3. Deposit **premium**
 - 3.4. Adjustment of **premium**
 - 3.5. **Premium rate** revision
 - 3.6. Ceasing to pay **premiums**
4. MEMBERSHIP
 - 4.1. Eligibility for membership
 - 4.2. Notification and evidence required
 - 4.3. **Free cover limit**
 - 4.4. Temporary cover pending underwriting
 - 4.5. Previously insured
 - 4.6. Underwriting and granting of **benefit** and **benefit** increases
 - 4.7. Termination of membership
 - 4.8. Temporary absence from work
 - 4.9. Overseas cover and secondment
 - 4.10. **Continuation option policy**
5. ELIGIBILITY FOR BENEFIT
 - 5.1. Entitlement for payment of **benefit**
 - 5.2. Definitions of **incapacity**
 - 5.3. **Proportionate benefit**
 - 5.4. **Linked benefit claims**
 - 5.5. Continuation of **benefit** during retraining or vocational rehabilitation
 - 5.6. **AIDS/HIV** exclusion
6. AMOUNT OF BENEFIT
 - 6.1. Annual rate of **basic benefit**
 - 6.2. **Additional benefit**
 - 6.3. **Benefit** limits
 - 6.4. Escalation of **benefit**
 - 6.5. Deduction from **basic benefit** of certain **income from other sources**
 - 6.6. Amount of **proportionate benefit**
7. CLAIMING BENEFIT
 - 7.1. Payment of **benefit**
 - 7.2. Notification and evidence required for a claim
 - 7.3. Rehabilitation and reasonable adjustment
 - 7.4. Notification of other employment or change in condition
 - 7.5. **Incapacitated member** overseas
 - 7.6. Declining a claim after failure to comply
 - 7.7. Appeal against a claim decision

8. AMENDMENT AND TERMINATION

- 8.1. Terms of **policy**
- 8.2. Amendment of the **policy**
- 8.3. Termination of the **policy**
- 8.4. Cessation of business of the **policyholder**
- 8.5. A participating **employer** ceasing business
- 8.6. Minimum membership under the **policy**
- 8.7. Amendment or termination of an **associated policy**
- 8.8. Reinstatement of the **policy**

9. MISCELLANEOUS

- 9.1. Ability to terminate a **member's** employment
- 9.2. Law
- 9.3. Special circumstances
- 9.4. Basis of the contract
- 9.5. Contract (Rights of Third Parties) Act 1999
- 9.6. Data Protection Act 1998
- 9.7. Complaints

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 This paragraph describes the relevance of the **effective date** of the **policy** for **members**.

Except for the circumstances in (a) and (b) below, where this **policy** contains alterations or amendments to an existing **policy** then this **policy** supersedes the previous one from the **effective date**.

(a) Once a **member** is **incapacitated** the terms and conditions of the **policy** at the date of his **incapacity** will continue to determine his **benefit**.

(b) 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**.

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 to or for the **policyholder** 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**.

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

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.

deferred 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 **employee** 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 **employee** 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 defined in the **schedule**.

eligibility category means the conditions an **employee** 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 the **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 an individual 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**.

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.

free cover limit means a level of **benefit** which will be granted in respect of a **member** regardless of their state of health 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**.

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 **index** 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.

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 **employee** 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.

Periods of **incapacity** arising from the same or related cause will be aggregated so that payment of **benefit** will cease when payments have been made for the maximum payment period.

After **benefit** has been paid for the maximum payment period, 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 a different and unrelated cause to any for which **benefit** has been paid for the maximum payment period.

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

limited index escalation rate capped at 2.5% (LPI 2.5%) means an **escalation rate** option which the **policyholder** can select and has the meaning defined in paragraph 6.4.

limited index escalation rate capped at 5% (LPI 5%) means an **escalation rate** option which the **policyholder** can select and has the meaning defined in paragraph 6.4.

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

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**.

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 an **employee** 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 **index** 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**.

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.

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**.

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 **index** 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**.

For each **extended cover member** a date is agreed with **Unum** at which their cover will cease.

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**, the eligibility of an individual to be a **member**, or
- (d) refuse to pay 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 medical evidence.

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) any of the **benefit** formula or the **escalation rate** or the **deferred period** or the definition of **incapacity** or the **terminal age** is changed, or
- (c) the **eligibility conditions** are changed, or
- (d) a new **employer** is approved by **Unum** and the **policyholder** or an existing **employer** ceases to be approved (see definition of **employer**), or
- (e) in the opinion of **Unum** there has been a significant overall change in the occupations of the **members** or where they work, or
- (f) 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 Ceasing to pay premiums

In the event of the **policyholder** ceasing to pay **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 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 an **employee** ceases to be a **member**.

4.1 Eligibility for membership

4.1.1 New member

An **employee** becomes a **member** on the **effective date** upon which 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 **employees** working overseas may be eligible for membership under the circumstances described in paragraph 4.9). An **employee** 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 **employee** must have joined the pension arrangement within 6 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** an **employee** 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.

entry date	meaning
daily	the day
monthly	the first day of a month
quarterly	the policy accounting date or the first day of any subsequent 3 months period
half-yearly	the policy accounting date or the date 6 months thereafter
annual	the policy accounting date
closed	no further employee shall become a member after the date specified in the schedule

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 a **member** 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 **employee**, 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 **employee's** state of health 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 an **employee** 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 the **employee** is working in his usual occupation.
- (c) Details of an **employee's** contract of employment.
- (d) Evidence of the **employee's** 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 the **employee** 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** or **employee** 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 **employee** 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 **employees** 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**, 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 state of health 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** and any medical 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.

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.

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 medical underwriting or subject to a medical rating following medical underwriting or at ordinary rates where medical 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 medical underwriting terms that are no worse than those provided by the previous insurer.

Any increase over the previously insured level of **benefit** will be medically 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 medical 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 medical underwriting terms that are no worse than those provided by the previous insurer.

Any increase over the previously insured level of **benefit** will be medically 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 medical underwriting terms that are no worse than those provided by the previous insurer.

Any increase over the previously insured level of **benefit** will be medically 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 health for **Unum** to consider whether to grant cover.

The evidence of health 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 health 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 health 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** health is not completed.
 - (e) **Benefits** granted by **Unum** after assessment of the **member's** health 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 health 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** health is not completed.
- (f) **Benefits** granted by **Unum** after assessment of the **member's** health 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 health 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** health is not completed.
- (e) **Benefits** granted by **Unum** after assessment of the **member's** health 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 health is required for the whole **benefit**.
- (b) No cover is provided until **Unum** decide to insure any **benefit**.
- (c) The **policyholder, employer** and the **employee**, 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**

An individual 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 An **employee** ceases to be a **member** on the earliest of the following:

- (a) The date he ceases to be an **employee**.
- (b) The date he ceases to meet the **eligibility conditions** (other than any maximum entry age or **service** requirements).
- (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). An **employee** 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 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 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 one month. Cover may be maintained for a period of up to 3 years but not exceeding their **terminal age**, providing the **policyholder** obtains **Unum's** written consent in advance of the absence. Cover may be maintained for the period of absence subject to such terms and conditions as **Unum** may decide.

- 4.8.2 **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.

- 4.8.3 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.

- 4.8.4 Cover will be maintained only if the **member** remains an **employee** 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 An **employee** 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) or (c) below.

- (a) He is an **employee** of a United Kingdom resident **employer** and is not seconded to another employer.
- (b) He is seconded from his United Kingdom resident **employer** to work for an overseas employer, and
 - 1. his **employer** retains control over where and for whom he will work, and
 - 2. the expected period of secondment does not exceed 3 years, and
 - 3. 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).
- (c) He is seconded from his United Kingdom resident **employer** to work overseas with a subsidiary of the **employer**, or with a company which is controlled by the **employer** or is within the same group as the **employer**, and
 - 1. his **employer** retains control over where and for whom he will work, and
 - 2. the expected period of secondment does not exceed 10 years, and
 - 3. 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 An **employee** who is seconded from his United Kingdom resident **employer** to work for another United Kingdom resident employer, whether his normal place of employment is in the United Kingdom or overseas, is still eligible for membership if:

- (a) his **employer** retains control over where and for whom he will work, and
- (b) the expected period of secondment does not exceed 10 years, and
- (c) 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).

4.9.3 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**.

4.9.4 **Benefit** and **premium** in respect of a **member** who is overseas are payable in pounds sterling. 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**.

4.9.5 Re-admission after ceasing to meet any of the conditions under paragraph 4.9.1 or 4.9.2 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** 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**,

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**.

Unum in its absolute discretion may reduce or cancel any **benefit** in course of payment if the **member** fails to follow any reasonable 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.

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**.

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.

5.2 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 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 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 to hold such a licence or certificate, and
 - (a) **Unum** is satisfied that the **member** is unable, by reason of 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 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 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 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 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 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 to hold such a licence or certificate, and
 - (a) **Unum** is satisfied that the **member** is unable, by reason of 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 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 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 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 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 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 to hold such a licence or certificate, and
 - (a) **Unum** is satisfied that the **member** is unable, by reason of 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 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**, and,
- (c) **Unum** is satisfied that both periods of **incapacity** are due to the same or a related cause.

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

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** 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** and the **member** remains an **employee** of the **employer**, **Unum** will pay an additional benefit to the **employer** towards, for example, the maintenance of contributions to the appropriate pension scheme of the **employer**. 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 £300,000 per annum.
- (b) The total of any **additional benefits** in relation to a **member**, excluding those in respect of **employee** pension scheme contributions, is limited to £50,000 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 **Index escalation rate** - the annual rate of any **benefit** being paid will be increased by the percentage increase in the **index** 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 **Limited index escalation rate capped at 5% (LPI 5%)** - the annual rate of any **benefit** being paid will be increased by the percentage increase in the **index** 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 **Limited index escalation rate capped at 2.5% (LPI 2.5%)** - the annual rate of any **benefit** being paid will be increased by the percentage increase in the **index** 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 **index** 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.

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 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**).

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 become 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.

However, if at the date a pension starts to be received **Unum** considers that the **member** is totally and permanently unable by reason of illness or injury to follow his own or any other occupation, then that pension will be ignored for the purposes of this paragraph.

- (c) Any uninsured sickness payments or benefits received by the **member** from the **employer**.
- (d) Any form of income which is included in **insured earnings** and which continues to be received by the **member**.

Any **income from other sources** shall be the amount receivable by the **incapacitated member** before the exercise of any option to commute part or all of it to a cash payment.

Unum assumes 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:

$$\text{Percentage Income Loss} = \frac{\text{adjusted pre-incapacity earnings} - \text{current earnings}}{\text{adjusted pre-incapacity earnings}}$$

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:

$$\frac{\pounds 20,000 - \pounds 6,000}{\pounds 20,000} = .70 = 70\%$$

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.

adjusted pre-incapacity earnings means

- (a) on the first occasion **proportionate benefit** becomes payable the amount of a **member's insured earnings** increased by the percentage increase in the **index** 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) thereafter from time to time shall be further adjusted by the lesser of the variation in the **index** 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 annual earnings for the year for which **proportionate benefit** is being calculated under paragraph 6.6. 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** or **social security benefit** 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 in respect of a **member** under this **policy** shall be paid to the **policyholder**, 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 **policyholder** or by any person, persons or corporation authorised by the **policyholder**, 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) to an address or to an account in the United Kingdom designated by the **policyholder**.
- 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 is received by **Unum**. If written notice of the **member's** absence 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**.

A claim shall be submitted in the form requested by **Unum**.

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 to the satisfaction of reasonable medical opinion that all appropriate treatment options have been thoroughly investigated and appropriately explained to the **member**;
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 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 will be paid for by **Unum** 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.

7.6 Declining a claim after failure to comply

Failure to comply with the provisions of this section 7 may entitle **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, details of the Financial Ombudsman Service are provided, to whom the **policyholder** may escalate the matter (if eligible) within 6 months of the final decision being made.

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 paragraphs 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, 4.2.2, 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.

If the **policy** is terminated, no further **employee** 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 **incapacitated members** and **employees** 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 medical evidence 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 appropriate to 'commercial' customers within the context of the Financial Services Authority's Insurance Conduct of Business rules.

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

(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 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

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