

TECHNICAL SUMMARY

# Flexible Group Risk Benefits

Because everyone  
needs a back-up plan



# Flexible Group Risk Benefits

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## Technical Summary

- Only the key differences between our standard products and our Flexible Benefits product have been included within this Technical Summary. As such, this Technical Summary should be read in conjunction with the relevant product Technical Guides, namely:
  - UP841 – Group Income Protection
  - UP845 – Group Critical Illness
  - UP1008 – Spouse’s and Partner’s Group Life
  - UP1126 – Registered Group Life Policies
- If anything stated in the quotation differs from what is stated in this summary, then the content of the quotation prevails.
- In the event of a discrepancy between the policy document, the quotation and the content of this guide, the wording of the policy document will prevail.
- Full details of the insurance cover provided by Unum will be contained in the policy document.
- We have classed the customers for this product as “Commercial” within the context of the Financial Conduct Authority’s (FCA) Insurance: Conduct of Business sourcebook (ICOBS).

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**This document does not provide definitive tax advice that can be relied upon in the specific circumstances of a particular Policyholder or in respect of any member insured under the policy. This includes but is not limited to any potential liability to corporation tax, income tax, Lifetime Allowance Charge, Annual Allowance charge or the loss of Enhanced protection. Policyholders should take advice from their own professional advisers to ensure that they understand the impact of tax and related charges introduced by the Finance Act 2004 and subsequent related legislation or any other relevant legislation.**

## A. Terms explained

**Actively at Work** means that an employee:

- has not received medical advice to refrain from work and is actively following their normal occupation, and
- is working the normal number of hours required by their contract, either at their normal business or at a location to which they are required to travel for business.

**Acceptance of Terms Date** is the date on which Unum provides written confirmation that we will accept risk.

**Benefit Elections** are the member's choices of benefit levels. These can normally be made annually and within 2 months after a Lifestyle Event.

**Core Benefit** is the minimum level of benefit for each member.

**Default Benefit** is a level of benefit which will be provided for members in the absence of the employee making a Benefit Election.

**Flexible Benefits** are those employee benefits provided by an employer offering employees the opportunity to tailor their benefits to meet their own needs.

**Implementation Date (or Commencement Date)** is the date on which the Flexible Benefits scheme is to commence and on which Unum is to assume risk.

**Lifestyle Events** are agreed qualifying events upon which Benefit Elections may be made outside the normal annual election period.

**Top-up Benefit** is the benefit above the Core Benefit selected individually by the scheme member.

## B. Product types

Unum Flexible Benefits can include the following policies:

- Group Income Protection
- Group Life
- Group Dependants' Pension
- Spouse's/Partner's Group Life (lump sum only)
- Group Critical Illness (with or without spouse/partner cover option)

Details of each product can be found in the relevant Technical Guide which can be found on our website [www.unum.co.uk](http://www.unum.co.uk) in the Literature section, accessed via "Quick Links" drop down menu.

We may be able to include our Capital Option and Pay Direct income protection policies as Flexible Benefits - cases will be considered on an individual basis.

## C. Your commitment as the Policyholder

See product specific Technical Guides.

Flexible Benefits require the following additional commitments:

- Where a Third Party Administrator (TPA) is involved, the policyholder is responsible for ensuring that we are supplied with the correct information requested upon policy application, monthly statements at each policy accounting date and when you make a claim. We must be advised if these details change. If we are not provided with this information, we may not be able to pay claims.

## D. Risk factors

See product specific Technical Guides.

Flexible Benefits also carry the following risks:

- If employees choose benefits which do not subsequently meet their needs, or where an employee's circumstances change as a result of a Lifestyle Event (see section 7) and they do not adjust their benefit levels accordingly, they may find themselves inappropriately insured.
- For Group Life and Dependants' Pension policies, if in the time between receipt by Unum of written acceptance of terms and implementation of the Flexible Benefits scheme, there is a change of location to an area where insurance capacity is not available or risk is significantly increased, then we reserve the right to withdraw terms.
- If the number of scheme members drops below 50 at any time, we reserve the right to cancel the policy at any subsequent policy accounting date.

## E. Product Features

### 1. What factors should be considered when deciding what benefits to provide?

#### 1.1 Who can be covered?

We will provide quotations for schemes with a population of eligible employees of at least 250 lives.

#### 1.2 Actively at Work

Individuals must be Actively at Work for all step increases (including those due to Lifestyle Events) on the date the increase is effective.

### 2. Setting up the policy

#### 2.1 When will cover commence?

Before cover can commence, the following steps will need to be followed. This is known as the 'on risk process':

##### Step 1

- You provide us with data (for details of what data we require, please see "Quotation" on page five of the Your Guide to Flexible Group Risk Benefits Brochure UP1188).

##### Step 2

- We will provide you with a quotation for the risk. The quotation will have the standard quote guarantee validity of 3 months.
- The quotation may contain risk relevant or price relevant caveats that we will require answers to before we can assume risk.
- We will send you a Initial Group Products Flex Application Form (UP1211) to fill in. The form will request information, such as any claims or long-term absences that have arisen since you supplied the initial data in step 1. This form also asks you to confirm that you have an administration system in place that can provide the monthly information that we require (see section 4 "How does the policy accounting work?" for further details). Should you wish to accept the quotation, we will require this form back before the 3 month guarantee period expires.

##### Step 3

- Following receipt of the completed Initial Group Products Flex Application Form (UP1211) and answers to any caveats on the original quotation, the flex SP rates along with the capitalisation factors will be guaranteed for 3 months\* to allow communication and implementation of the scheme. We will issue a letter confirming that the rates have been guaranteed for 3 months.

- We will send you a Quotation Acceptance Application Form (QAAF) to fill in.

\* We reserve the right to alter the core benefit rate originally quoted - this is only likely if there is a significant change in the risk profile of the scheme.

##### Step 4

- Within this three month period you must provide us with the completed QAAF and the individual election data.
- We will then commence cover (go 'on risk') from the Implementation Date.

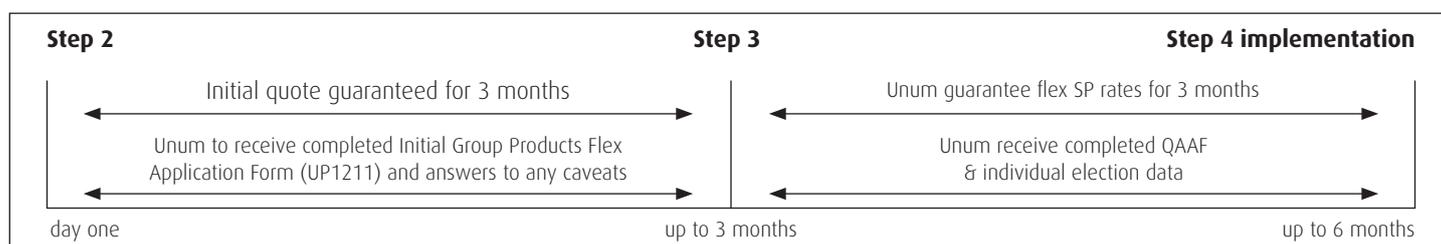
**Note:** Conditional Cover (30 days cover pending receipt of all the information we need to commence cover - as per our standard Technical Guides) will not be granted on Flexible Benefit policies.

#### 2.2 When will cover cease?

We cannot cancel a policy unless:

- the number of employees insured under the policy is fewer than 50,
- premiums have not been paid despite demands, or
- you fail to provide all the information we ask for when applying for the policy, administering the policy or when claiming for benefit in respect of a member.

You can cancel the policy at any time, provided you do so in writing. Cover will then cease and you will not be liable to make payments for any period after this date. Cancellation cannot be backdated.



### 3. What premiums will be charged for the cover?

#### 3.1 Core (Unit Rated) rates

The annual rate of premium applicable to all members is calculated at the start of the guarantee period and is referred to as the Core Rate.

The first year premium notified at the Commencement Date of the policy with Unum is a provisional premium. It is based on the total sum assured at the Commencement Date multiplied by the Unit Rate.

Unit Rates are usually guaranteed for two years and are subject to review thereafter. A new rate may apply at the end of this period.

#### 3.2 Top-up (single premium) rates

Premiums will be calculated for each member according to our current age - and gender-related premium rates. Premiums are recalculated at each policy accounting date and are dependent on the age of the member at that time. Premium rates increase with age.

The underlying rate table is usually guaranteed for two years and is subject to review thereafter. A new rate table may apply at the end of this period.

### 4. How does the policy accounting work?

Each month, we will require defined individual membership data in electronic format, namely:

- member's name, date of birth, gender, core and flex benefit and their corresponding premium calculations
- joiners and leavers
- benefit movements (up and down) identifying Lifestyle Event changes
- any lives to be medically underwritten.

Our preferred monthly payment method is BACS, although we will also accept payment by cheque or standing order. A 3% loading will be added to all non-annual payments.

### 5. Evidence of Insurability Requirements

#### Group Income Protection and Group Life and Dependants

For these policies a Free Cover Limit will be set. If the member's total benefit (Core plus any Top-up benefit) exceeds the Free Cover Limit then some evidence of insurability will be required. Forward Underwriting does not apply to benefit elections. For details see UP980 Routine Medical Underwriting Requirements and Forward Underwriting.

#### Group Critical Illness

For this policy an Automatic Entry Level (AEL) is normally offered below which no evidence of insurability is required for eligible members to be covered. If employees are provided with cover that is greater than the AEL, the benefit will be subject to medical underwriting.

#### Spouse's/Partner's Group Life

A satisfactorily completed application form is required upon entry and for increases.

## 6. Benefit Parameters

	Group Income Protection	Group Life	Group Dependants' Pension	Spouse's/Partner's Group Life	Group Critical Illness
<b>Minimum lives for a new scheme</b>	250	250	250	50 (must have UP associated GL policy insuring same employees)	250 (50 active members if no Core benefit)
<b>Minimum Core benefit</b>	35% of salary or 40% of salary where a deduction based upon state benefits is requested and the average salary exceeds £35,000	2 x salary	20% of salary	No minimum	No minimum
<b>Maximum benefit level</b>	80% of salary (including any insured employee pension fund contributions)	12 x salary where lump sum only exists. Where DIS also exists (see below) <sup>3</sup> . All lump sums capped at Lifetime Allowance	50% of salary	Lower of £150,000 of benefit or associated employee's benefit	5 x salary to a maximum of £500,000 or £150,000 with no salary based limitations
<b>Free Cover Limit (FCL)/ Automatic Entry Limit (AEL)<sup>1</sup></b>	Applies to total benefit (core and flex) <sup>2</sup>	Applies to total benefit (core and flex) <sup>2</sup>	Applies to total benefit (core and flex) <sup>2</sup>	No FCL. Application form required on entry and increases	AEL <sup>1</sup> applies up to a total benefit of £500,000
<b>Flex step size</b>	> than 5% or < than or equal to 20% of salary	1 x salary	5% or 1/9th of salary	Fixed amounts, e.g. £10,000	1 x salary or fixed lump sums e.g. £10,000

1. Automatic Entry Limit = a level of benefit which will normally be granted to an individual regardless of their state of health provided they are otherwise eligible to become a member subject to the pre-existing conditions exclusion

2. Example: Core benefit is £30K, member's total benefit is £45K, FCL £40K. Medical underwriting required on £5K.

3. **DIS pension payable      Maximum lump sum that can be insured**

10 - 20% salary	10 x salary
21 - 30% salary	8 x salary
31 - 40% salary	6 x salary
41 - 50% salary	5 x salary

## 7. Benefit Elections and Lifestyle Events

Employees have a total of two benefit increases per year to use as follows:

- one at the policy accounting date
- one following an approved Lifestyle Event

Employees can:

- flex up (increase their benefits) one step at a time
- flex down (decrease their benefits) by any number of steps
- cannot decrease their benefit below the core level.

Benefit elections must be made prior to the effective date of cover, and for Lifestyle Event increases within 2 months after the Lifestyle Event.

In the case of benefit increases due to Lifestyle Events, the individual must be Actively at Work on the day of the requested increase.

Below is a table of Lifestyle Events. Please note, these are broad headings for information only. Unum must approve the definitions and precise wording before accepting risk. Some Lifestyle Events will incur a loading to the rate.

## 7.1 Flex Lifestyle Events Matrix

Lifestyle Event	Group Life (also applies to Dependants and Spouse's/ Partner's)	Group IP	Group CI
Birth of dependant child / adoption OR getting pregnant OR starting / returning from maternity leave	Yes	Yes	Yes
Death of dependant (adult or child)	Yes	Yes	Yes
Marriage/Civil Partnership, start of a Partner relationship	Yes	Yes	Yes
Divorce or Separation <sup>1</sup>	Yes	Yes	Yes
Secondment overseas	Yes	Yes	Yes
Return from Secondment <sup>2</sup>	Yes	Yes	Yes
Increase in working hours <sup>3</sup>	Yes	Yes	Yes
Decrease in working hours <sup>4</sup>	Yes	No	No
Moving home	Yes	Yes	Yes
Reduction in basic salary <sup>5</sup>	Yes	Yes	Yes
Increase in salary by >5%	Yes	Yes	Yes
Promotion <sup>6</sup>	Yes	Yes	Yes
Returning from absence	No	No	No
Commencing absence	No	No	No
Redundancy of partner	Yes	Yes	Yes

Lifestyle Event – Decrease in cover

Some schemes specify certain events following which a reduction of cover is permitted. We normally will not impose any restrictions on these except that any subsequent increase must follow normal increase rules i.e. 1 step at a time.

**Please also refer to accompanying notes below.**

## 7.2 Flex Lifestyle Events Matrix - notes

1. Except Partner's/Spouse's cover.
2. This will not be allowed if due to ill health, and the time period of overseas secondment must have been fully completed.
3. Only allowed if changing contract of employment from part time to full time.
4. Only allowed if changing contract of employment from full time to part time and not as a result of childbirth (which would be covered under birth of child event).
5. This will relate to basic salary only (i.e. cannot include any other remuneration). It will not be allowed if the reduction in salary is going from full time to part time (which will be covered by another event). It will also not be allowed if the salary reduction is due to ill health.
6. There could be an overlap with salary increase with this Lifestyle Event. In the event of both being Lifestyle Events only one increase in total will be allowed.

## 8. Claiming Benefits

Our standard claims procedure will apply with the exception that as part of the claims process, we will check that any benefit increases have been in line with the policy terms and we may require evidence of relevant Lifestyle Events.

## 9. What is not covered?

We do not cover Equity Partners or Barristers under our Flexible Benefits product.

## 10. Profit sharing

Profit sharing is not available under our Flexible Benefits policy.

## 11. Shared liability

Shared liability is not available under our Flexible Benefits policy.

## 12. Complaints handling

We want you to be entirely satisfied with your policy. If you have a query or complaint, then in the first instance please contact the intermediary who arranged the policy for you. If there was no intermediary, or if this does not resolve the matter, please contact Unum directly, writing to:

Regulatory Complaints and Relationship Manager  
Unum  
Milton Court  
Dorking  
Surrey  
RH4 3LZ

Tel: 01306 887766

If the matter remains unresolved, you can, subject to eligibility, contact the Financial Ombudsman Service at the address below within 6 months of Unum's final decision being made. Your legal rights are not affected if you contact this organisation.

Financial Ombudsman Service  
South Quay Plaza  
183 Marsh Wall  
London  
E14 9SR

Tel: 0845 080 1800

## 13. Compensation

If we cannot meet our liabilities you may, subject to eligibility, be entitled to compensation under the UK Financial Services and Markets Act 2000. Information about this is available on request from us.

## Further information

### About Unum

Unum is one of the UK's leading providers of financial protection, with more than 40 years' experience.

Unum helps employers protect their workers by providing access to financial protection, safeguarding employees from the consequences of serious illness, injury or death.

At the end of 2010, Unum protected more than 1.8 million people in the UK and paid claims of £286 million - representing in excess of £5 million a week in benefits to our customers - providing security and peace of mind to individuals and their families.

In the UK, Unum has a financial strength rating of A- (Strong) from Standard and Poor's with a positive outlook.

Its US parent company, Unum Group, traces its history back to 1848 and is one of the leading providers of employee benefits products and services, and the largest provider of group and individual disability insurance in the United States. Premium income for Unum Group and its subsidiaries totalled \$7.4 billion in the year ended 31 December 2010, with reported revenues for the group totalling \$10.2 billion. Total assets were \$57.3 billion at 31 December 2010.

For more information please visit [www.unum.co.uk](http://www.unum.co.uk).

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## Financial Protection

Unum specialises in forward-thinking, imaginative financial protection benefits (Income Protection, Life cover and Critical Illness cover). We work with advisers and their clients to deliver solutions that make these invaluable benefits accessible to all UK employees.

Financial protection benefits are essential when you need them and provide peace of mind when you don't. They provide crucial financial support to employees and their families in the unfortunate event that they can't work or earn an income. And companies that offer them can create a more motivated and engaged workforce, achieving a sustainable competitive edge in today's challenging business environment.



Because everyone  
needs a back-up plan

**Income Protection** :: **Critical Illness** :: **Life Cover**

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