

# **Group Life Assurance**

**for death in service benefits under  
registered occupational pension schemes**

## **Technical Guide**

This Technical Guide is introduced from 11th September 2014.



## About us

### Canada Life in the UK

We have been in the Group Risk market for over 40 years and are the UK's largest provider of group insurance products for intermediaries and their corporate clients.

Our experience and expertise in our three core product sectors - Group Life Assurance, Group Income Protection and Group Critical Illness – is recognised in the market and we cover approximately 2.75 million employees through our group schemes.

### A Culture of Excellence

We are committed to providing the best customer experience in the industry. Through our culture of personal ownership and responsibility, our aim is to make working with us as easy as possible. Whether through the comprehensive portfolio management provided by our CLASS e-portal, or simply by ensuring you are able to reach the person you want to speak to on the telephone, we take this commitment very seriously. We are enormously proud of the accolades we receive that recognise our service excellence.

### Expertise

Business placed with Canada Life is in the safe hands of Group Risk specialists who understand your requirements in every way. Our dedicated Bristol office manages every aspect of group policies, from quotations and customer service support to underwriting and claims handling. We have an ongoing commitment to continuous improvement and the development of administration technology that will enhance the support of our customers.

More information can be found at [www.canadalife.co.uk](http://www.canadalife.co.uk)

## Additional services

### Bereavement Counselling

Group Life scheme members will have access to bereavement counselling and probate helpline services. Access to the services is available to member's families in the event of the death of a member. The member can also access the services if they themselves suffer a bereavement.

### Probate Helpline

The probate helpline gives close relatives and dependants of the deceased member, or the member themselves if they suffer a bereavement, access to specialist legal advice on all aspects of obtaining probate.

**These are ancillary services provided by Canada Life's services company CLFIS (UK) Limited (CLFIS), through its service provider Health Assured. These services are non-contractual benefits which are available if you have a Group Life Assurance policy with us. The provision of these services does not form part of your insurance contract with us and we provide access to these services as a value-added extra. These are complimentary services and can be altered or withdrawn at any time.**

To find out more about our additional services please visit [www.canadalife.co.uk/group/inform-employer-zone/services/](http://www.canadalife.co.uk/group/inform-employer-zone/services/)

## An excellent choice

Canada Life Limited aims to satisfy your specific requirements for Group Life and Group Death in Service Pensions and where the trustees of a scheme have set up a discretionary trust that is registered with HMRC as a registered occupational pension scheme.

You will directly benefit from the full support of a dedicated team of specialist underwriters, administrators and account managers.

Your quotation gives you an illustration of the first year costs which may be incurred and the technical guide outlines the main features of this product. You should be comfortable that you understand its features before we are asked to provide cover.

**This document should be read in conjunction with the quotation. This document does not override the Policy, which contains full details.**

Visit our website to download all our forms and materials.

Follow us on Twitter and receive our news as it happens.

Subscribe to our YouTube Channel to be notified of our latest webcasts.

Current **Policy** Conditions, claims guides and forms can be found in our iNSTANT Document Library section **click here**.

If you do not have a scheme set up, you can download specimen draft trust documentation from the Trusts section of the iNSIGHT Adviser zone **click here**.

You can also request copies of any items or contact us at the following address:

**Customer Services**  
**Canada Life Group Insurance**  
**3 Rivergate**  
**Temple Quay**  
**Bristol BS1 6ER**

Or e-mail: [groupcsc@canadalife.co.uk](mailto:groupcsc@canadalife.co.uk)  
or ring **0345 223 8000**.

Lines are open Monday to Friday, 9am to 5pm (Thursday 9.30am to 5pm).

You can also obtain more information about registered pension schemes using the HMRC Registered Pension Schemes Manual which is available on the HMRC website: [www.hmrc.gov.uk/manuals/rpsmmanual/index.htm](http://www.hmrc.gov.uk/manuals/rpsmmanual/index.htm)

Information on how to register a scheme with HMRC is available on our website from the INTOUCH What's new section **click here**.

This technical guide has been produced based on the 'best practice' format recommended by the Group Risk Development group (GRiD) and The Association of British Insurers (ABI).

## Terms and expressions we use

In this guide when we refer to 'we', 'us' or 'our' we mean Canada Life Limited. When we refer to 'you' or 'your', we mean the trustees of the scheme to which the quotation and this guide relate. Some terms have specific meanings. These are listed below in alphabetical order together with their meanings. If a particular term cannot be identified you may need to combine more than one of the definitions listed below.

**'Actively at work':**

means that a person:

- is present at their place of work; and
- has not received medical advice to refrain from work; and
- is mentally and physically capable of performing fully the normal regular duties associated with the job they are engaged to do; and
- is working their normal contracted number of hours, either at their normal place of work or at a place that the business requires.

**'Annual revision date':**

the date in each calendar year when the premiums are calculated.

**'Capitalisation factor':**

The factor, shown in your quotation, which is applied to each £1 per annum of a **member's** death in service pension.

**'Catastrophic event':**

one originating cause, event or occurrence or a series of related originating causes, events or occurrences, resulting in the deaths of four or more **members**, irrespective of when or where the members die.

**'Catastrophic event limits':**

the maximum amount which we will pay in the event of a **catastrophic event**. These will be shown in your quotation.

**'Cease age':**

the age agreed between us as being the age at which cover for a **member** ceases, as set out in your quotation. The maximum age must not exceed a **member's** 75th birthday.

**'Civil partner':**

a person who is the **member's civil partner**, for the purposes of Section 1 of the Civil Partnership Act 2004, at the time of the **member's** death.

**'Claim benefit':**

the amount of **insured benefit** that we have agreed to pay following a **member's** death.

**'Commencement date':**

the date that the **Policy** starts.

**'Decision Letter':**

written confirmation issued by us following our assessment of medical and other evidence obtained for a **member**.

For the purpose of this definition this will include:

- acceptance of benefits,
- declinature of benefits,
- postponement of a decision,
- restriction of benefits.

## Terms and expressions we use

### **‘Discretionary benefit’:**

a benefit you want us to provide for a **member** that is larger or smaller than the **scheme benefit** for which the **member** would be eligible.

### **‘Discretionary entrant’:**

someone:

- who is not an **eligible employee** but who you wish to include in the **Policy**, or
- who is an **eligible employee** but who you want covered from a different date to their **normal inclusion date**, or
- who is a **late entrant**.

### **‘Eligible child’:**

a **member’s** natural or legally adopted child (or any other child who was, in your opinion, financially dependent on the **member**) who, when the **member** dies, is also:

- under age 23; or
- dependent on the **member** because of disability.

### **‘Eligible dependant’:**

a person who you tell us qualifies under the rules of the scheme for a pension when the **member** dies.

### **‘Eligible employee’:**

someone who meets the eligibility requirements for inclusion in the **Policy**.

### **‘Employer’:**

any company, partnership or organisation that we agree to include in the **Policy**.

### **‘Equivalent lump sum’:**

The annual amount of a **member’s** death in service pension benefit multiplied by the relevant **capitalisation factor**.

### **‘Evidence of insurability’:**

any documentary or medical evidence that we may reasonably require to include someone for benefits in the **Policy**.

### **‘Expected normal pension age’:**

means the age at which a **member** would normally be expected to leave the **employer’s** service and receive a pension from the **employer’s registered occupational pension scheme**. In any event, this age will never exceed a **member’s** 75th birthday.

### **‘Free cover limit’:**

the total amount of a **normal entrant’s** benefit that we will cover on standard terms without the need for **evidence of insurability**. This will be shown in your quotation.

### **‘HMRC’:**

HM Revenue & Customs.

### **‘Insured benefit’:**

the benefit for which the **member** has been accepted in the **Policy**.

### **‘Late entrant’:**

a person who joins an **employer’s** pension arrangement after the date on which they first became eligible to join that arrangement, where entry and/or the benefit entitlement under the **Policy** is dependent on membership of that arrangement.

## Terms and expressions we use

**‘Lifetime allowance’:**

has the meaning given to that expression in the Glossary to the **HMRC** Registered Pension Schemes Manual.

**‘Member’:**

an **eligible employee** included in the **Policy**.

**‘Membership Declaration’:**

the form which is used to provide us with details of the cover required for specific members, and which an **employer** completes when a **scheme** is set up.

**‘Normal entrant’:**

an **eligible employee** who you include in the **Policy**:

- on the first day they meet the normal entry conditions; and
- for their **scheme benefit**.

**‘Normal inclusion date’:**

the first day that an **eligible employee** qualifies for inclusion in the **Policy**.

**‘Normal place of business’:**

a location at which one or more of your employees carry out their duties on a regular basis.

**‘Periodic review date’:**

the date when your premium rates, **Policy** Conditions and **policy fee** are reviewed.

**‘Policy’:**

this is comprised of:

- the **Policy** Conditions and any subsequent updates and/or replacements,
- the information provided in the Proposal Form,
- your **Policy Particulars** and any subsequent updates and/or replacements,
- the information provided prior to the **commencement date**, or in relation to any alteration to the cover provided under the **Policy**,
- any questionnaire or written statement relating to a **member**, including but not limited to, a Health Declaration Form,
- any **decision letter** issued in writing by us in respect of any **member**, and
- any special terms, exclusions or limitations issued by us in writing.

**‘Policy fee’:**

an annual charge for each **Policy** towards our costs.

**‘Policy year’:**

any 12 month period from an **annual revision date** during which the **Policy** is in force.

## Terms and expressions we use

**‘Registered occupational pension scheme’:**

an occupational pension scheme, as defined in section 150 of the Finance Act 2004, set up under discretionary trust (including a standalone life assurance trust) that is registered with **HMRC** as a registered pension scheme in accordance with Part 4, Chapter 2 of the Finance Act 2004.

**‘Relevant date’:**

the **commencement date** or such other date specified by us.

**‘Scheduled territories’:**

the United Kingdom and all other European Union (EU) countries, Andorra, Australia, Canada, the Channel Islands, Gibraltar, Hong Kong, Iceland, the Isle of Man, Liechtenstein, Monaco, New Zealand, Norway, San Marino, Switzerland, USA and the Vatican City.

**‘Scheme’:**

the **registered occupational pension scheme** in connection with which cover is required.

**‘Scheme benefit’:**

the benefit or benefits set out in your quotation.

**‘Secondment’:**

A period of time when an employee is sent to work somewhere other than their normal place of work by an **employer** on a temporary basis with an expectation of return to their original job, or to their original **employer** in their original location.

**‘Spouse’:**

the person that the **member** is legally married to when the **member** dies.

**‘State pension age’:**

the age at which the **member** is first entitled to receive the basic state pension or any benefit that may replace it.

**‘Statutory leave’:**

any statutory leave taken from active employment because of maternity, adoption or paternity.

**‘Total benefit’:**

the sum of a members lump sum benefit, and a **member’s equivalent lump sum**, and any benefits provided for the **member** under any other Group Life assurance Policies insured by our Group Insurance department.

**‘Underwriting’:**

the process whereby **evidence of insurability** is obtained and assessed.

## Contents

Its aims	10
Your commitment	10
Risk factors	11
How does the Policy work?	11
Your questions answered	12
1.0 What factors should be considered in deciding what benefits to provide?	12
1.1 Who can be covered?	12
1.1.1 Eligibility requirements	12
1.1.2 Actively at work requirements	13
1.2 When will cover cease?	14
1.2.1 Under normal circumstances	14
1.2.2 Cancelling the cover	15
1.2.2.1 When you can cancel the cover	15
1.2.2.2 When we can cancel the cover	15
1.3 What types of cover are available?	15
1.3.1 Lump sum benefit	15
1.3.2 Dependant's pensions	15
1.3.3 How is salary defined?	16
1.4 When are death in service pension benefit payments due?	16
1.5 For how long will dependant's death in service pension benefits be paid?	16
1.6 Can benefits be inflation protected?	16
1.7 Is any special cover possible under the scheme?	17
2.0 Setting up the scheme	18
2.1 Requirements to set up the scheme	18
2.2 Evidence of insurability to be provided before members are covered	18
2.3 What happens if a claim arises before an underwriting decision has been made?	19



3.0	What premiums will be charged for the cover?	20
3.1	How will premiums be calculated?	20
3.2	Will there be any unexpected extra premiums?	20
3.3	What commission is included within the premium?	20
3.4	Is there a discount for good claims experience?	20
4.0	How does the Policy accounting work?	21
4.1	What information is required for accounting purposes?	21
4.2	How are the accounts adjusted for members who join, leave or have benefit changes during the year?	21
4.2.1	Single premium schemes	21
4.2.2	Unit rated schemes	21
4.3	If the policy is discontinued mid-year will premiums paid in advance be lost?	21
5.0	Claiming benefit	22
5.1	How are claims made?	22
5.2	When do we need to know about a claim?	22
5.3	What happens when a member dies outside the UK?	22
5.4	What happens to pensions in payment if the Policy is discontinued?	22
6.0	What is not covered?	23
6.1	Claim limitations as a result of a catastrophic event	23
6.2	How we will assess death in service pensions?	23
7.0	Can cover be provided for someone who is outside the UK, Channel Islands or the Isle of Man?	24
8.0	Taxation of schemes	24
9.0	Further information	25
9.1	The Company	25
9.2	Queries and complaints	25
9.3	Compensation	25
9.4	Law	25

### The aim of the Policy

The aim of the Policy is to cover all or part of the liabilities for death in service benefits under your scheme.

### Your commitment

If you choose to insure benefits with us you must:

- give us accurate and complete information and data at all times and tell us immediately, whenever this changes,
- pay us all of the premiums we ask for, when they are due, in UK currency,
- establish a scheme by setting up a discretionary trust. This must be registered with HMRC,
- ensure that the scheme is a registered occupational pension scheme,
- set up a trustees' bank account in the name of the trustees of the scheme and separate from the employer's trading accounts, to accept and distribute benefit payments,
- submit any claims in line with the process and timescales described in Section 5 of this guide,
- abide by the terms and conditions of the Policy.

You must also tell us immediately, whenever:

- a member dies, or
- there is any change to the companies or groups of people included in the scheme, or
- there is any change to the structure or legal status of any of the employers, or
- you wish to change the cover or the way in which benefits are calculated, or
- you wish to include (or remove) any special cover, or
- there are changes to the work locations or business travel destinations of any members, or
- there are any changes in the nature of an employer's business which makes the occupations of the members more hazardous, or
- changes are made to an employer's pension scheme, to which the membership or levels of benefit insured under the Policy are linked, or
- a member's total benefit exceeds the free cover limit, or
- you want to include someone who is a discretionary entrant or a late entrant, or
- you want to include someone for a discretionary benefit, or
- you appoint, change or dismiss your intermediary, or
- you want to cancel cover completely.

### Risk factors

- It is important that you fulfil your commitments under the Policy. A breach of certain commitments within the Policy will result in us rejecting your claim, or withdrawing cover.
- We will only continue your cover if you keep your premium payments up to date and give us the information and data we need.
- Any delay in paying your premiums or giving us the information or data we need, may result in unexpected premium arrears or someone not being fully covered.
- In order for us to pay any insured benefit, or any additional amounts of insured benefit, you must provide us with a completed claim form, in respect of the benefit being claimed, within two years of a member's death.
- We may alter the premium rates, Policy Conditions and policy fee at the periodic review date or at any other time if a change that affects any of these occurs.
- There may be changes to legislation, regulation, the state pension age, HMRC practice or tax rules affecting the treatment of registered occupational pension schemes or the Policy.

### How does the Policy work?

You decide the basis of the eligibility conditions and the benefits you would like us to cover.

You must agree what you want with us before the Policy starts.

If we agree the basis you want, you should contact us before you want cover to start.

We will confirm when your cover will start and tell you whether any special conditions will apply.

If you want to make any changes to the eligibility conditions or benefit after the Policy has started, you can, but you must agree any changes with us before they can take effect.

If you provide us with all the information we require and pay the premiums we ask for, we will provide cover on the basis we have agreed with you.

If a member dies and we can settle your claim, we will pay the benefit to the trustees. Benefits must be paid in accordance with the scheme rules. You will need a trustees' bank account in the name of the trustees of the scheme and separate from the employer's trading accounts, to accept and distribute benefit payments

This product does not acquire a surrender value.

## Your questions answered

### Section 1.0

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

You will need to consider:

- what benefit promises you have made.
- the importance of group life benefits as part of your overall benefits package.
- what salary basis you wish to use for benefit purposes, for example basic salary only, fixed at a specified date.
- whether you wish to limit the member's salary or benefits, for example by applying a notional earnings cap or limiting to the amount of Lifetime Allowance.
- whether you want to give the same level of benefit to all members. You should be aware that if benefits are required for groups of less than 5 members cover may be subject to submission of evidence of insurability.
- any legislation relating to sex discrimination, age regulations or discrimination against part time, fixed term and disabled employees.

#### 1.1 Who can be covered?

We can cover all employees or defined groups of employees. It is also possible to provide cover for other individuals, if the scheme rules allow for this.

Everyone who satisfies the agreed eligibility and actively at work requirements must be automatically included in the Policy.

These requirements will also apply to increases in the basis of cover for existing members. We can cover different categories of membership for different levels of benefit.

#### 1.1.1 Eligibility requirements

The eligibility conditions will normally include:

- the minimum and maximum entry ages and any service qualifications,
- the age at which cover ceases. This can be a fixed age, up to a maximum of age 75, or linked to state pension age.
- the eligible categories, normally by occupation or job title that you want us to cover,
- when new entrants will be included in the Policy, and
- when members may have increases in their benefits,

there must be at least 5 members when your Policy starts.

Inclusion in the Policy must be available to all individuals who meet the eligibility conditions and not solely at your invitation.

If either the eligibility conditions or the benefit categories depend on inclusion in a scheme for pension retirement benefits, you must tell us what the eligibility conditions are for those benefits. We will also require details of the percentage of eligible employees who have chosen to join the pension scheme.

If someone does not join the scheme when they are first eligible, we will have further requirements.

### **1.1.2 Actively at work requirements**

There are no actively at work requirements for eligible employees who, after the commencement date, join the scheme for the normal agreed benefits basis when they first satisfy the agreed eligibility conditions.

However, there are other circumstances where we will apply our actively at work requirements.

#### **Scheme is insured for the first time, including when benefits have been previously self-insured**

Our actively at work requirement will be applied to all employees who are to be insured on the commencement date.

#### **Scheme is already insured but you wish to switch the cover to Canada Life**

- where there are less than 50 members involved in the switch our actively at work requirement will be applied to all members at the commencement date.
- where there are more than 50 lives involved in the switch we may agree to waive our actively at work requirement, provided you have given sufficient information about anyone who does not satisfy those requirements on the commencement date.

#### **Changes to the eligibility conditions or increases in benefits on the date the cover switches to Canada Life**

In addition to any requirement detailed above our actively at work requirement will also be applied to all members who are affected by, or whose benefits increase as a result of, the switch on the commencement date.

#### **Changes to the eligibility conditions or increases in benefits after the commencement date**

Our actively at work requirement will be applied to all members who are affected by the change or whose benefits increase on the date we agree to make the changes to the Policy.

#### **Inclusion of a new group of people including a company, partnership or organisation (including new categories, new companies or transfers to new contracts of employment)**

Our actively at work requirement will be applied to all members who are included as a result of the new group being added on the date we agree to make the changes to the Policy.

### What we need if our actively at work requirement is not met

Any person who is not actively at work due to ill health or disablement on their last contractual working day before the relevant date, will not be covered for any benefit or increase in benefit, until they either:

- complete 7 consecutive days actively at work with the employer, or
- provide evidence of insurability to us and we issue our decision letters.

If a person's benefit is insured under another group life assurance policy immediately prior to the relevant date, and the actively at work condition has not been applied, any member not actively at work on the relevant date will continue to be covered until the earlier of:

- the end of a period of temporary leave of absence, as shown in Section 1.2.1 of this guide, or
- the date on which cover under that other policy ceases.

Please note that there will be circumstance where we will require other forms of evidence of insurability in order to provide cover. These are as follows:

- benefits that have not been accepted by a previous insurer, or
- new categories of less than 5 members, or
- benefits that are above the free cover limit, or
- benefits that were subject to special terms or were declined by a previous insurer, or
- changes to the eligibility conditions or increases in benefits which affect less than 5 members.

## 1.2 When will cover cease?

### 1.2.1 Under normal circumstances

Cover will cease for a member on whichever of the following events is the first to occur:

- on reaching the cease age agreed with us, or
- on ceasing to satisfy the agreed eligibility conditions for inclusion in the Policy, or
- on ceasing to be actively employed by the employer for any reason other than during a period of temporary leave of absence, or
- on reaching the end of a period allowed under the Policy for a temporary leave of absence and having not returned to active employment, or
- on ceasing to reside or work in a country we have agreed with you, or
- on reaching the end of their contract of employment.

Where the cease age is linked to state pension age, and the state pension age changes, the cease age will be based on the member's new state pension age.

Cover may continue for a member during a period of temporary leave of absence from active employment. If you continue to pay premiums, we will continue to cover a member:

- during any period of illness, disablement or statutory leave, or
- for up to 3 years for any other reason.

Section 1.7 of this guide gives further details of the options available if you wish to continue cover in certain other circumstances, together with the conditions that will apply.

Any benefit increases during a period of temporary leave of absence will be restricted as shown in Section 1 of our Policy Conditions – Who is covered?

## 1.2.2 Cancelling the cover

### 1.2.2.1 When you can cancel the cover

You must tell us in writing before the date you want to cancel the Policy and confirm the request in writing. The Policy will continue until we receive your instructions.

We will not backdate cancellation of cover and will charge for the time we have been providing cover.

### 1.2.2.2 When we can cancel the cover

We reserve the right to cancel cover if:

- you cancel any other policy which is insured with us which may be linked to the Policy, or
- you do not pay the premiums requested within 30 days of the date they were due, or
- new legislation or regulations are introduced, or changes are made to existing legislation which affect registered occupational pension schemes or the Policy.

## 1.3 What types of cover are available?

The following types of benefit are available:

### 1.3.1 Lump sum benefit

This is payable when a member dies. It can be for either a fixed amount, for example £250,000 per member, or a multiple of the member's salary, for example four times salary.

Where the lump sum benefit is based on the member's salary, you may also choose to apply a total benefit cap, for example the lifetime allowance.

### 1.3.2 Dependant's pensions

You can provide for a pension benefit to be payable when a member dies. The pension can be either a spouse's pension or a dependant's pension. A spouse's pension is payable to a spouse or civil partner only, whereas a dependant's pension could be payable to a financial dependant of the member, that you choose, when the member dies.

The pension can either be a proportion of the member's salary, for example 1/3rd of salary, or prospective pension, for example 50% of prospective pension.

You can specify that if the spouse, civil partner or adult dependant dies, the pension can continue to any surviving eligible child. This is called an orphan's pension.

You can also provide for a separate children's pension to be payable from the date that the member dies, irrespective of whether a spouse's or dependant's pension is payable. This is not available on single premium basis schemes (see Section 3.1 of this guide).

If the pension is payable to someone who is not a child of the member - for example, a spouse, civil partner or adult dependant, the pension will be reduced by 2.5% for each complete year that the dependant is more than 10 years younger than the member.

For example, if the dependant is 12 years younger than the member, we will reduce the pension by 5%.

### **1.3.3 How is salary defined?**

So that we both know what is covered, we need to agree how to define salary. You must also agree with us when salary changes become effective, and therefore alter a member's benefit. Some examples of acceptable salary bases are:

- basic salary only.
- basic salary plus agreed other variable earnings from the employer (for example overtime, bonus, commission or directors' fees),
- total earned income from the employer during a given 12 month period,
- P60 earnings in the preceding tax year.

Salary cannot include dividends from the employer.

If the benefit is based on a multiple of salary, you may apply a notional salary cap.

If a salary sacrifice arrangement is being operated which will reduce a member's contractual basic salary and you want to base the benefits on the pre-sacrificed salary level, you must agree the basis with us.

You must give us data that is consistent with the salary basis you have agreed with us. We will use the agreed salary basis to determine the amount payable for any claims you make, not the data provided.

### **1.4 When are death in service pension benefit payments due?**

We will pay pension benefits monthly in advance and backdated to the date of the member's death.

### **1.5 For how long will dependant's death in service pension benefits be paid?**

We will pay death in service pension benefits for a spouse, civil partner or other adult dependant until they die.

We will stop paying death in service pension benefits for an eligible child when the youngest eligible child is 23 years old. If an eligible child is dependent because of disability, the benefit will continue for their lifetime.

### **1.6 Can benefits be inflation protected?**

Death in service pension benefits in payment can be increased. The increase can apply either to the whole or to part of the death in service pension benefit. The increase can be a fixed percentage to a maximum of 5%. Alternatively this can be an annual rate not exceeding 5% and limited to the increase in the Retail Prices Index, published by the Office for National Statistics, if less. Increases will be on the anniversary of the date of the member's death.



### **1.7 Is any special cover possible under the Policy?**

For additional cost, we may be able to provide cover for members who leave active service before their expected normal pension age or who have been made redundant. Any additional cover will only be provided with our prior agreement.

The full details of our standard terms that apply to these benefits can be found in Section 3 of our Policy Conditions – Optional additional cover.

#### **1.7.1 Cover for members who leave service in receipt of an incapacity pension**

Cover for lump sum benefits may be provided for a member who leaves active service before their expected normal pension age and at that time is granted a pension, in accordance with the rules of the employer's registered occupational pension scheme, due to incapacity.

#### **1.7.2 Cover for members who have been made redundant**

Lump sum cover can continue, for up to two years, for someone who leaves employment due to redundancy.

### **1.8 Flexible benefits**

We can provide a quotation for flexible benefit options if there are at least 250 members in the scheme.

Additional terms and conditions apply and are set out on your quotation.

## Section 2.0

### 2.0 Setting up the scheme

#### 2.1 Requirements to set up the scheme

You must contact us to agree terms before the date that you want cover to start and before the quotation expires (usually three months). We will not backdate cover.

You must establish a scheme and register it with HMRC before the Policy can start. We will require a fully completed Risk Details form together with any specific requirements set out by us in the quotation before we can provide cover.

Once the Policy starts and in order for cover to continue, you must also provide the following within 30 days of the date your cover starts:

- a fully completed proposal form,
- a deposit premium or a completed Direct Debit mandate,
- completed actively at work and/ or continuation of cover declarations as appropriate,
- any specific requirements set out in the letter confirming risk, and
- membership data at the start date, including postcodes of the normal work locations for each member. For unit rated Policies (see Section 3.1 of this guide), a completed Membership Declaration can be provided.

Failure to provide these items promptly will jeopardise your cover, and affect the processing of any claims you may have.

We reserve the right to review the terms of the Policy if the:

- membership at the start of the Policy differs by 15% or more, or
- basis of risk differs from the quotation.

This may result in a change in cost and/or our requirements or cancellation of cover.

#### 2.2 Evidence of insurability to be provided before members are covered

If you include members in the Policy as soon as they satisfy the agreed eligibility conditions and on the agreed benefit basis, we can usually allow a free cover limit. The amount is shown on your quotation and may change at any annual revision date

If a member is included in more than one Group Life Assurance Policy insured by our Group Insurance department, the member's total benefit will be used to assess whether the free cover limit is exceeded.

However, the free cover limit will not apply to any additional benefits granted to categories of less than five members when risk is first assumed for that category. Evidence of insurability will be required for these additional benefits.

Benefits in excess of the free cover limit, discretionary benefits and benefits for discretionary entrants and late entrants will also normally require evidence of insurability.

We may impose additional premiums, special terms, postpone or decline cover where cover is subject to evidence of insurability to reflect a member's medical condition, hazardous occupation, or any hazardous pursuits undertaken (see Section 3.2 of this guide).

You must tell us immediately if you require cover for anyone in the above situations so that we can tell you what evidence of insurability we will need before we can provide you with cover.

If a member's benefits above the free cover limit have been declined, the member will not be entitled to any future increase in the free cover limit.

### **2.3 What happens if a claim arises before an underwriting decision has been made?**

If evidence of insurability is needed by us before we can accept a member's total benefit we will provide temporary cover.

This will apply for up to 120 days, from the date:

- the person is first included in the Policy, or
- when an increase in a member's total benefit applies, or
- when we are notified of any discretionary entrant or late entrant, or
- we are notified of any discretionary benefits

and will cease when we tell you what our decision is, if earlier.

However, temporary cover will not apply:

- if the person has previously had some or all of their total benefit declined or postponed, or
- if any additional premiums chargeable following the issue of our decision letter have not been accepted, or
- if a decision letter has not been issued where evidence of insurability has previously been requested, or
- to any part of the person's total benefit that exceeds £5,000,000, or
- if the person dies before a decision has been made and death was directly or indirectly linked to a medical condition suffered within a 5 year period prior to the date temporary cover commenced.

## Section 3.0

### 3.0 What premiums will be charged for the cover

The premiums we calculate depend on various factors including the:

- type and amount of benefits,
- eligibility and entry conditions,
- cease age,
- rate at which the death in service pension benefits increase in payment,
- scheme profile such as age, gender, occupation, and locations of the workforce,
- claims history, and
- amount of the policy fee.

There is a minimum total annual premium of £1,000.

#### 3.1 How will premiums be calculated?

For schemes with up to and including 19 members, we will use our single premium basis. Where there are 20 or more members, we will use our unit rate basis.

Full details of our standard terms that apply to each premium basis are set out in our Policy Conditions, See Section 6 – Premiums, and the circumstances when we may alter the rates to apply are set out in Section 7 – Alterations to the Policy cover.

#### 3.2 Will there be any unexpected extra premiums?

If the information we need to calculate the premium is delayed or inaccurate, your premiums could change.

The premium rates, Policy Conditions and policy fee may change at the periodic review date. They may also change at any time that you make any changes that affect the factors we have used to calculate your premiums as shown in our Policy Conditions, see Section 7 – Alterations to the Policy cover.

We may charge additional premiums for members' benefits that have special terms applied following the issue of our decision letter. Any additional premiums will only be charged for the amount of insured benefit to which those special terms apply and will reflect a member's medical condition, hazardous occupation or participation in any hazardous pursuits.

#### 3.3 What commission is included within the premium?

The rate of commission payable to financial advisers is shown in the quotation. The premium quoted includes the amount of commission payable.

#### 3.4 Is there a discount for good claims experience?

Claims history, whether good or bad, will usually be reflected in the premium charged.

## Section 4.0

### 4.0 How does the Policy accounting work?

The Policy operates on one year accounting periods. You will normally pay your premiums annually in advance. If you choose to pay monthly by Direct Debit premiums increase by 2%.

While we are awaiting complete accurate information we will charge a deposit premium. A statement of account showing the accurate premiums due will be provided once the information has been received. The account will show any arrears which are due from you, or we will make a refund to you, if you have paid too much.

### 4.1 What information is required for accounting purposes?

We will normally advise you before each annual revision date what information we require. Full details of the information we need to calculate your premiums are set out in the Policy Conditions, see Section 6 – Premiums.

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

#### 4.2.1 Single premium schemes

At each annual revision date, we will calculate a premium adjustment for the amount and duration of the cover actually provided since the commencement date (or the last annual revision date, if later).

#### 4.2.2 Unit rated schemes

At each annual revision date, we will calculate a premium adjustment to allow for any increases or decreases in insured benefits or changes in membership since the commencement date, or the last annual revision date if later. We assume that all changes occur half way through the policy year.

If there has been any change during the policy year to the following:

- basis of cover,
- eligibility,
- employers or groups of people included,
- legislation, or
- unit rate

we will calculate adjustments for the periods before and after that change took effect.

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

A final statement of account will be produced based on the cover actually provided and premiums paid up to the date when cover ceased. We will either send you a refund or request the balance of premiums you owe us.

## Section 5.0

### 5.0 Claiming benefit

Claims will be paid by us in UK currency.

Our claims guide will help you through the process and answers some of the questions we are frequently asked.

You can download our claims guides and claims forms from our website: <http://www.canadalife.co.uk/group/instant.asp> or request them from Customer Services, Group Insurance using the contact details given at the beginning of this guide.

#### 5.1 How are claims made?

You must submit an original, current and fully completed claim form as promptly as possible after a member's death.

You must provide us with any documents and information that we may need to process your claim, which will include (but will not be limited to) an original copy (not a photocopy) of Registrar's or Coroner's Certificate of Death of the member and evidence of membership and earnings.

If your claim is for a death in service pension benefit, we will also require original copies the marriage certificate and birth certificate for the member's spouse and (where applicable) for any other dependant to whom pension benefits are to be paid.

#### 5.2 When do we need to know about a claim?

Claims will only be paid if the completed claim form has been received by us within 2 years of the member's death.

#### 5.3 What happens when a member dies outside the UK?

We will require the original locally issued death certificate (or equivalent) together with an English translation that is acceptable to us.

You should send completed forms and documentation to:

**Life Claims Team,  
Canada Life Limited Group Insurance,  
3 Rivergate  
Temple Quay,  
Bristol,  
BS1 6ER**

**Fax:01707 671180**

E-mail: [grouplifeclaims@canadalife.co.uk](mailto:grouplifeclaims@canadalife.co.uk)

#### 5.4 What happens to pensions in payment if the Policy is discontinued?

Once a death in service pension is in payment, it will continue to be paid until the dependant dies or is no longer eligible to receive the benefit, irrespective of whether the scheme is still insured with us.

## Section 6.0

### 6.0 What is not covered?

#### 6.1 Claim limitations as a result of a catastrophic event.

We apply a catastrophic event limit on the total aggregate amount of claims arising as a result of a catastrophic event.

Where possible we will allow a catastrophic event limit which exceeds the amount of cover being provided at each postal address where your members are located by 25%.

However:

- the maximum overall catastrophic event limit at any one location will not exceed £100 million.
- there may be locations where we can only provide lower limits
- If we do not receive the information needed to assess the catastrophic event limit at each location we will apply a limit of £10 million (£5 million in EC or E14 London postcodes).

Your quotation will provide details of the locations and limits where the catastrophic event limit will apply.

If more than one location is affected by a catastrophic event the overall maximum we will pay is £100 million, subject to the catastrophic event limit at each location affected.

If the catastrophic event affects members travelling, the maximum amount payable will be £20 million both during travel and at the destination, if this is not a normal place of work.

Claims will be settled in the order we receive completed claim forms until the relevant catastrophic event limit has been reached.

Where we are covering employees of an employer under separate policies we will treat the policies as if they were one single Policy.

#### 6.2 How we will assess death in service pensions?

For the purposes of determining the total benefit for catastrophic event purposes, we will convert the death in service pension benefit amount payable to an equivalent lump sum amount, using the capitalisation factor(s) shown in your quotation. The total benefit will be the total of all lump sums payable.

## Section 7.0

### 7.0 Can cover be provided for someone who is outside the UK, Channel Islands or the Isle of Man?

Cover will be maintained for members whilst they are outside the UK on holiday or travelling in connection with their business, other than on secondment.

We may agree to cover members who are working outside the UK on secondment to a country within the scheduled territories subject to further information.

You can request cover for individuals who are working outside the UK on a permanent basis, or working on secondment in a country outside the scheduled territories but we will need full details of these members before we can agree cover. There may be locations and circumstances where we will not provide cover.

For members working outside the UK, premiums must be paid in UK currency, and all claim benefits will be paid in UK currency.

The salary for a member not paid in UK currency will be converted to UK currency based on the exchange rate at the previous annual revision date.

If we require medical evidence for evidence of insurability or in support of a claim and it is obtained outside the UK, then any medical evidence must be provided in English.

If we agree to contribute an amount towards the cost, this will be equivalent to obtaining similar evidence in the UK, unless otherwise agreed.

## Section 8.0

### 8.0 Taxation of schemes

Claim benefits will be paid to the trustees to enable them to be paid in accordance with the scheme rules.

Our understanding of the legislation and HMRC practice on 1st September 2014, is that the following applies:

- Lump sum benefits may be paid tax-free by you, but you must treat death in service pensions as earned income for tax purposes.
- Premiums paid by the employer are not treated as a P11D benefit for employees.
- Premiums paid by the employer are normally treated as a business expense. However, tax relief on premiums paid by the employer in respect of any employees who have a proprietorial interest in the company will not normally be available. HMRC may, nevertheless, agree to allow such relief if similar benefits are provided for a substantial number of other employees. Clarification of the tax position in such cases should be sought from the employer's local Inspector of Taxes.



## Section 9.0

### 9.0 Further information

#### 9.1 The Company

This Group Insurance is issued by Canada Life Limited, an incorporated company limited by shares, whose head office is in the United Kingdom. Its address is:

**Canada Life Limited  
Canada Life Place  
Potters Bar  
Hertfordshire EN6 5BA**

#### 9.2 Queries and complaints

For further information, or if you wish to complain about any aspect of the service you have received, please contact us using the following address:

**Customer Services  
Canada Life Group Insurance  
3 Rivergate  
Temple Quay  
Bristol BS1 6ER**

Complaints which we cannot settle can be referred to the Financial Ombudsman Service:

**Financial Ombudsman Service  
Exchange Tower  
London E14 9SR**

Telephone: **0800 0234 567** or, for mobile phone users: **0300 123 9123**

E-mail: **complaint.info@financial-ombudsman.org.uk**

Website: **www.financial-ombudsman.org.uk**

Making a complaint will not prejudice your right to take legal proceedings.

### 9.3 Compensation

If we are unable to meet our liabilities, you may be able to claim compensation from the Financial Services Compensation Scheme.

Further information is available from the Financial Conduct Authority and the Financial Services Compensation Scheme.

### 9.4 Law

The construction, validity and performance of the Policy will be governed by English law. If there is any dispute between the parties about anything to do with the Policy, the English Courts are the only courts which may make a judgement about the dispute.

Members do not have any rights under the Contracts (Rights of Third Parties) Act 1999 under the Policy.

## Group Life Assurance Technical Guide

Our forms are available to download from our website: [www.canadalife.co.uk/group](http://www.canadalife.co.uk/group)

Canada Life Limited, registered in England no. 973271. Registered Office: Canada Life Place, Potters Bar, Hertfordshire EN6 5BA.

CLFIS (UK) Limited, registered in England no. 04356028 is an associate company of Canada Life Limited. Registered Office: Canada Life Place, Potters Bar, Hertfordshire EN6 5BA.

Canada Life Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

TGGLAREG0914



**Canada Life**  
Group Insurance

Canada Life Limited  
3 Rivergate, Temple Quay, Bristol BS1 6ER  
Telephone 0345 223 8000