

TECHNICAL GUIDE

Unum Sick Pay Insurance

Because everyone
needs a back-up plan



Technical Guide

Unum Sick Pay Insurance

Product overview

- The Unum Sick Pay Insurance (SPI) policy is classified as a long-term insurance contract (between Unum and the policyholder), which can only be cancelled by Unum in specific circumstances set out in the policy document. It operates and is classified in the same way as our Group Income Protection policy.
- Provides Sick Pay Insurance benefits for employees who are unable to work because of illness or injury.
- Allows an employer to choose when taking out the policy:
 - Who to cover
 - How soon the benefit is to be paid and for how long
 - The appropriate level of benefits

Technical Guide

- This Technical Guide is for “commercial customers” and their advisers. This product is only available from appropriately authorised intermediaries who have signed our Terms of Business Agreement.
- This document is a technical guide to our Unum Sick Pay Insurance product and should be read with the proposal which accompanies it. If anything stated in the proposal differs from this guide, the proposal overrides the guide.
- In the event of a discrepancy between the policy document, the proposal and the content of this guide, the policy document overrides both.
- Full details of the insurance cover are contained in the policy document. The policy is issued subject to the Laws of England and any dispute shall be subject to the exclusive jurisdiction of the English Courts.
- We have classed the customers for this product as “commercial” as set out by the Financial Conduct Authority’s (FCA) ICOBS Insurance Conduct of Business sourcebook.

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This document does not provide definitive tax advice including, but not limited to, any potential liability to corporation tax and income tax. Policyholders should take advice from their own professional advisers to ensure that they understand the impact of tax and legislation.

A. Terms explained

Actively At Work (AAW) 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 of employment, either at their normal business address or at a location they travel to for business.

An employee is considered as actively working if fully capable of doing so unless for either a short-term leave of absence previously authorised by his or her Employer or the requirement for actively working falls on a day they are not contracted to work.

An employee must be Actively At Work on the commencement date of the policy or subsequent date the cover starts and the date of any subsequent increase in cover.

Benefit is an amount intended to partially replace earnings lost through incapacity as a result of illness or injury and is paid to the employer.

Commencement date is the date from when we have agreed to provide the cover.

Evidence of Insurability (EOI) consists of a small number of health and lifestyle-related questions which will be used to determine if we can provide cover.

Guaranteed Issue amount (GI) is the amount of insured benefit we declare in your proposal, below which evidence of insurability is not required, although Actively At Work requirements will apply. See Section E 2.2 "Evidence of Insurability to be provided before employees are covered" which gives a full explanation of the terms and any conditions that apply.

A **late entrant** is an employee who wishes to join the policy more than 31 days after the date of their first opportunity to do so. Where eligibility is linked to membership of the employer's pension scheme; a late entrant is an employee who wishes to join the pension scheme more than 12 months after their first opportunity to do so.

Master Application is the form to be completed asking us to set up the policy.

The **policy review date** is the date when the premium rate and terms of the policy are reviewed and guaranteed for a further period (typically 2 years).

The policy **Terminal Age** is the age when cover under the policy will cease. This will be the last day of the month in which Terminal Age is reached. The employer can set the Terminal Age at either 65 or 70 and may vary it by eligibility class.

B. Your commitment as the policyholder

- You must provide us with all the information we ask for when you apply for a policy or when you make a claim. You must advise us if these details change. If you do not provide this information, we may not be able to pay claims.
- You must update membership information for leavers and joiners, and changes to earnings before finalising the monthly bill.
- You agree to pay premiums on time.
- You choose at the outset the conditions of eligibility that govern who can be covered by the policy.
- You agree to abide by the conditions of eligibility set out in the policy.
- You agree to notify us in writing if you wish to amend the eligibility criteria - eg. by closing the policy to new entrants.
- You agree to notify us in writing if you acquire another company and you wish to cover the employees of the new company under the policy.
- You agree to notify us in writing if you dispose of a company whose employees are covered under the policy and will no longer be covered.
- You agree to notify us within the stated time limit (see Section E 5.3 "When should you tell us about a potential claim?") of any claim you wish to make.
- You agree to notify us of any change in the employment status of any claimants.
- You agree to supply us with all the information we ask for at a policy review date.
- You must appoint a Plan Administrator to support the online administration of the policy using the Unum Select website. This will include such functions as review, amend and confirm monthly membership and billing statements.
- You agree that your information may be used for the purposes of insurance administration by Unum, its associated companies and agents, by reinsurers and your intermediary. It may be disclosed to regulatory bodies for the purposes of monitoring and/or enforcing Unum's compliance with any regulatory rules or codes.
- You agree that your information may be transferred to any country, including countries outside the European Economic Area for any of these purposes. Where this happens, we will ensure that anyone we pass your information to agrees to treat your information with the same level of protection as we provide.

C. Risk factors

The policy carries the following risks:

- You should take legal advice on the need to outline the benefits provided by the policy in employees' contracts of employment and that the benefits, as promised, are not discriminatory.
- You will not be covered if you fail to comply with the terms and conditions of the policy or if you stop paying premiums. Premiums are payable for claimants who are receiving benefit under the policy while it is insured with us. If you terminate the policy, we will continue to pay benefits for existing valid claims and start to pay benefit for new claims, if valid, that occur during the period of cover for which premiums have been paid.
- For all policies, the premium rate and policy terms and conditions will usually be guaranteed for 2 years. However, we reserve the right to amend these terms and rate within the guarantee period if, in our opinion, there is a significant change in the risk profile. The factors we take into account for this type of plan are:
 - A variance of 20% or greater in the number of employees or benefit insured
 - The inclusion of a new subsidiary
 - The disposal of a participating company or closure of a part of the employer's business
 - The inclusion of a new category class
 - A change in policy design such as an alteration of benefit level, Terminal Age or terms of eligibility
 - A change in the occupations of the employees or where they work
 - A change to the level or basis of the social security or income tax systems
- For new and existing policies, we reserve the right to review the terms offered if there is a 20% or more change to the data provided to produce the proposal.
- If the number of employees drops below 5 at any time, we reserve the right to cancel the policy at any subsequent policy anniversary date.
- Please familiarise yourself with Section E 6 "What is not covered?" for details of the features and individuals that cannot be insured under this policy type.

D. How does a Unum Sick Pay Insurance policy work?

- We require a minimum of 10 lives to issue a Unum Sick Pay Insurance policy.
- You decide who to insure.
- You decide the level of income benefit, how soon you want payments to start and for how long you want the income benefit to be paid.
- While premiums are being paid, we will provide cover no matter how many claims are made. If you cancel the policy, we will still consider claims arising during the period you were covered by us, provided that there are no premiums outstanding.
- You must pay all of the premiums in sterling.
- You must notify us within the stated time period (see Section E 5.3 "When should you tell us about a potential claim?") if an employee is unable to work for a prolonged length of time due to illness or injury.
- You must provide us with the information we require when you make a claim.
- We pay the benefit directly to you on a monthly basis from the end of the deferred period for the duration of the benefit payment period selected and for as long as the claim remains valid. You then pay the appropriate amount to the claimant through your payroll system after deducting Income Tax and National Insurance contributions.
- The premiums you pay are generally regarded as a business expense and can be offset against Corporation Tax and are not regarded as a benefit in kind for your employees.
- You can choose different levels of benefits for different classes of employee.
- The guarantee period advised in your proposal applies to both the premium rate and the terms and conditions applicable to the policy. When the guarantee expires at the policy review date, both the premium rate and the terms and conditions of the policy are subject to review.
- Switch terms (or no worse terms) are not available for employees insured under an existing Group Income Protection (GIP) policy who are transferring to a Unum Sick Pay Insurance policy.

When will cover commence?

An initial proposal (quotation) is issued for your consideration. If you wish to proceed, we will issue a Final Proposal confirming the basis of the cover requested, the appropriate premium rates and your selected policy effective date.

Cover will commence on the requested policy effective date when we receive the completed Master Application issued with the Final Proposal and a completed Direct Debit mandate, if you choose this payment option.

When will cover cease?

Under normal circumstances

We cannot cancel the policy unless the number of employees insured under the policy is fewer than 5, premiums are overdue or you fail to provide all the information we ask for when applying for the policy, administering the policy or when claiming benefit for an employee.

You can cancel the policy at any time 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.

If the policy is cancelled, we will still consider claims for illness or injury arising up to the date of cancellation, and continue to pay current, valid claims, provided that there are no premiums outstanding.

Cover for any employee will cease on the earlier of the following:

- they retire early (no cover is provided after taking early retirement)
- they reach the Terminal Age
- they reach age 70
- they leave the employer's service (no cover is provided for employees who have left service, except as under Section E 5.2 "When will benefit cease?")
- they are absent for any reason other than those set out under Section E 1.1.4 "What if an employee is temporarily absent?"

E. Product details

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

The flexibility provided by Unum Sick Pay Insurance allows you to design cover that complements your employment contracts, culture, and your specified budget.

1.1 Who can be covered?

An employee can be insured if they satisfy the conditions of eligibility defined in the policy, meet the definition of being AAW and successfully complete EOI, if required.

1.1.1 Conditions of eligibility

You must select the following conditions covering entry to the policy:

- The minimum and maximum entry ages allowed for new entrants
- The class of employee to be covered, and what benefits you want each class to be entitled
- The waiting period before the employee is eligible for cover
- The minimum hours worked per week

If cover depends on membership of the employer's pension scheme, the current eligibility requirements of that scheme must also be provided.

Membership is compulsory for all employees within a defined eligibility class or classes. Eligibility conditions covering entry ages, entry dates and service qualification periods must be the same for each employee within a defined class.

Part-time employees and fixed-term employees may also be included in the policy if they satisfy the above conditions. Fixed-term employees can be covered for the duration of their contract under Unum Sick Pay Insurance.

All cover is subject to the employee being AAW on the commencement date of the policy or subsequent date on which cover starts and the date of any subsequent increase in cover.

1.1.2 Early and discretionary entrants

Cover is not provided for early or discretionary entrants.

1.1.3 Late entrants

EOI will be required for late entrants in all cases. Where eligibility is linked to pension scheme membership, employees joining within 12 months of first being eligible to join the pension scheme will not be regarded as late entrants.

1.1.4 What if an employee is temporarily absent?

The cover provided differs by cause of absence as follows:

Cause of temporary absence	SPI policy
Sabbatical or other agreed leave of absence	<p>Where the employer has agreed a leave of absence, cover will be provided through to the end of the month that immediately follows the month in which the temporary absence begins.</p> <p>Cover automatically ceases after this period and the employee would be treated as a new hire on returning to work.</p>
Statutory absence (includes maternity leave, paternity leave, adoption leave, parental leave or any other form of statutory leave. But excluding sickness leave)	<p>Cover continues automatically as long as the member remains employed.</p> <p>During leave, the member is considered to be Actively at Work.</p> <p>For an incapacity arising before a period of statutory absence, any benefits in payment will cease once a member is in receipt of Statutory Maternity Pay, Statutory Maternity Allowance, Statutory Adoption Pay, Statutory Paternity Pay or Enhanced Paternity Pay. Any benefit payable will start/restart on the later of either the end of the deferred period, or the date the member must return to work after statutory absence ends.</p> <p>For any incapacity arising during the period of statutory absence, any benefit payable will start on the later of either the end of the deferred period, or the date the member must return to work after statutory absence ends.</p>
Sickness/injury	<p>If the employee is not working due to injury or sickness, and they remain in service and premiums are paid, they will continue to be covered up to the Terminal Age.</p>
Notes	<p>I. Cover will be maintained only if the employee remains in service during the period of absence.</p> <p>II. The benefit payable is the benefit insured on the day before the start of the employee's absence.</p> <p>III. Increases in cover are not provided in periods of absence.</p>

1.2 Benefit options

The following table outlines the range of benefit options available.

The type of cover you select will determine how benefits are calculated. You can decide how much benefit you want to insure according to your budget. If you select a higher benefit level, the premiums will increase.

The benefit structure for Unum Sick Pay Insurance is based on gross pay.

Benefit option	SPI policy
Benefit structure	35%, 50%, 60%, 66.67%, 75% or 80% of salary
Maximum benefit	£72,000 p.a.
Minimum benefit	35% of salary
Notes	<ol style="list-style-type: none"> Benefits are specified as a percentage of gross pre-incapacity earnings. Benefits will have no State benefit offset applied. Maximum benefit varies by case size. (See table under Section E2.2 "Setting up the policy" for further details.) Cover for pension fund and National Insurance contributions are not available. Flat benefits are not provided. A range of salary definitions are available. (See Section E1.6 "What are pre-incapacity earnings for a Unum Sick Pay Insurance policy?")

1.3 What plan design options are available?

For each of the design options below you can choose the available options that best suit you.

Design option	SPI policy
Terminal Age	<p>A Terminal Age must be selected for each eligibility class and may differ by class. The Terminal Age must be 65 or 70. Cover is not provided beyond the Terminal Age. When selecting a Terminal Age, you should consider the retirement age applicable to your workforce.</p> <p>You can choose how long you want benefit to be paid. Benefit payments for fixed-term workers will cease at the end of their current contract or the end of the benefit payment period, whichever comes first.</p> <p>We will not extend the payment period in the event that their contract is renewed.</p>
Limited benefit period	12, 22, 23, 24, 25, 26, 37, 38, 39, 40, 48, 49, 50, 51, 52 weeks
Definitions of Incapacity	Definition A – Insured occupation cover
Deferred period	1, 2, 3 or 4 weeks

The following table details the combination of deferred periods and benefit payment periods that are available for this product.

Deferred Period	Benefit payment (weeks)					
1 week	12	25	26	40	51	52
2 weeks		24	26	39	50	52
3 weeks		23	26	38	49	52
4 weeks		22	26	37	48	52

1.4 How is incapacity defined?

A claim will be paid if the ill or injured employee meets the following Definition of Incapacity.

Definitions of Incapacity

The Definition of Incapacity under the SPI policy is

Definition A: Insured occupation cover

A member is considered incapacitated if they are unable to perform the material and substantial duties of their insured occupation because of illness or injury.

Additional Information

1. Insured occupation means the trade, profession or general role the member was actively undertaking for, or at, the employer immediately before incapacity.
2. Material and substantial duties are those duties normally required for performing the insured occupation at their, or any other, employer and which cannot be reasonably omitted or modified.
3. These are simplified definitions. See your policy documents for the full policy wording.

1.5 Can income benefit be inflation protected?

No, inflation protection is not offered under a Unum Sick Pay Insurance policy.

1.6 What are pre-incapacity earnings for a Unum Sick Pay Insurance policy?

You will need to select an earnings definition to base the benefit on.

Earnings definitions can be either daily which means received from the employer's payroll prior to incapacity, or annual which means received from the employer's payroll at the policy anniversary date prior to incapacity. If no policy anniversary date has occurred during the period since becoming an employee, the earnings definition as at the date of becoming an employee shall be used instead.

You can select from the following options:

Basic annual salary

Basic annual salary received.

Basic annual salary and commissions

Basic annual salary, plus the total amount of commissions received in the previous 12 months.

Basic annual salary and bonuses

Basic annual salary, plus the total amount of bonuses received in the previous 12 months.

Basic annual salary, commissions and bonuses

Basic annual salary, plus the total amount of commissions and bonuses received in the previous 12 months.

Basic annual salary and overtime

Basic annual salary, plus the total amount of overtime received in the previous 12 months.

Basic annual salary, bonuses and overtime

Basic annual salary, plus the total amount of bonuses and overtime received in the previous 12 months.

2. Setting up the policy

2.1 Process for setting up the policy

We prepare a Final Proposal based upon the risk specification supplied by your intermediary together with the up-to-date membership data, the occupation and location profile of the employees to be covered under the policy.

Cover will commence on the requested policy effective date upon receipt of the completed Master Application issued with the Final Proposal and a completed Direct Debit mandate, if you select this payment option.

2.2 Evidence of insurability to be provided before employees are covered

Group policies are designed to cover all employees who satisfy the eligibility conditions of cover (see Section E 1.1.1 “Conditions of eligibility”). We will declare a GI amount below which evidence of health is not usually required, although Actively At Work requirements will apply (see Section A “Terms explained”).

The employee must be added to the Unum Select website within 31 days of being eligible to join the policy. Employees who are updated outside of this window are covered from the date they are updated on the Unum Select website.

Benefits will automatically be provided up to the GI amount without the need to complete EOI. Any benefits over GI will be subject to EOI. For further details see table below.

Members	GI	EOI	£ Max. Ben
10	£20,000	£24,000	£44,000
11	£22,000	£24,000	£46,000
12	£24,000	£24,000	£48,000
13	£26,000	£24,000	£50,000
14	£28,000	£24,000	£52,000
15	£30,000	£24,000	£54,000
16	£32,000	£24,000	£56,000
17	£34,000	£24,000	£58,000
18	£36,000	£24,000	£60,000
19	£38,000	£24,000	£62,000
20	£40,000	£24,000	£64,000
21	£42,000	£24,000	£66,000
22	£44,000	£24,000	£68,000
23	£46,000	£24,000	£70,000
24	£48,000	£24,000	£72,000
25	£50,000	£22,000	£72,000
26	£52,000	£20,000	£72,000
27	£54,000	£18,000	£72,000
28	£56,000	£16,000	£72,000
29	£58,000	£14,000	£72,000
30	£60,000	£12,000	£72,000
31	£62,000	£10,000	£72,000
32	£64,000	£8,000	£72,000
33	£66,000	£6,000	£72,000
34	£68,000	£4,000	£72,000
35	£70,000	£2,000	£72,000
36+	£72,000	£0	£72,000

3. What premiums will be charged for cover?

3.1 How will premiums be calculated?

3.1.1 What factors determine the rate used to calculate premiums?

The premium rate charged will depend on a number of factors. These include the nature and level of the benefits to be provided and details of the employees you wish to insure, such as, but not limited to:

- Level of benefits
- Period of income benefit payment selected
- Terminal Age for cover
- Eligibility and entry conditions
- Deferred period
- Age and gender of the employees
- Occupation, industry and locations of these employees

Premium rates are usually guaranteed for 2 years and are then subject to review. New rates may apply at the end of these periods.

3.1.2 Types of rates

Premium calculations will be based on either age-specific rates or unit rates depending on the number of lives.

3.1.2.1 Age-specific

Age-specific rates will apply for all policies with less than 20 eligible lives. Rates will vary and individual rates for an employee are based on the following:

- Gender
- Individual’s age in 5-year age bands
- Monthly paid premiums

Premiums will be calculated for each employee according to our current premium rates. The premium rate applicable to an employee is based on their age at the day prior to the policy anniversary date. The cost of cover increases from the policy anniversary date after an employee moves into the next 5-year age band.

The underlying rate table is usually guaranteed for 2 years and is then subject to review. A new rate table may apply at the end of this period.

If the number of lives insured under an existing policy increases to 20 or more, we reserve the right to calculate the premium on the unit rated basis from the following policy anniversary date.

3.1.2.2 Unit rated

Unit rates apply to all policies with 20 or more eligible lives, as follows:

- Same rate for all employees
- Premium based on percentage of salary multiplied by Unit rate
- Monthly paid premiums

Unit rates are usually guaranteed for 2 years and are the subject to review. New rates may apply at the end of this period.

If the number of lives insured under an existing policy falls below 20, we reserve the right to calculate the premium on the age-specific rate basis from the following policy anniversary date.

3.2 Will there be any unexpected additional premiums?

There are no medical loadings to the premium for any employee.

EOI will be required in the following circumstances and may affect the level of cover an employee is eligible for:

- You have employees whose cover exceeds the GI and who have therefore been asked to provide EOI.

or

- Employees who are joining outside the normal eligibility conditions, such as late entrants.

Employees will either be accepted or rejected for their cover based on the answers to these questions. All accepted cover will be on standard terms.

3.3 Is there a discount for good claims experience?

Previous claims experience may be taken into account for Unum Sick Pay Insurance.

3.4 What commission is allowed for in the premium?

Any commission paid to your intermediary is a percentage of the gross premium paid. The rate of commission payable is shown in our proposal.

Commission is available on a fixed rate (same level payable throughout the lifetime of the policy) and variable rate where the first year commission level only applies during the first 12 months of the policy, regardless of any changes to the policy in the second or subsequent years - eg. does not apply to increases in cover after the initial 12-month period).

4. How does the policy accounting work?

Payment of premium is required monthly via the Unum Select website. Payment must be made by either Direct Debit or Direct Credit and is due at the end of the respective month. Payment must be received 31 days after the due date or the policy will be cancelled.

A file is provided each month listing the individual employees who require cover.

4.1 What information is required for policy accounting purposes?

For all policies, individual details of insured employees and their benefits are maintained and updated on the Unum Select website and will be used to calculate the required monthly premium.

Providing information on joiners and leavers and any changes to salaries in a timely manner is essential to ensure that levels of benefit are accurately reflected.

4.2 How are accounts adjusted for employees who join, leave or have benefit increases during the year?

	SPI policy
Cover effective date for joiners	<p>The employee must be updated on the Unum Select website within 31 days of the earliest date they are eligible to join the policy. In this case, the cover effective date will be the date they are first eligible. Otherwise, the cover effective date will be the date they are updated on the Unum Select website.</p> <p>For benefit up to the GI amount, cover will begin on the cover effective date.</p> <p>For benefit over the GI amount, cover will begin on either the requested effective date or the date the EOI is accepted, whichever is later.</p> <p>All cover is subject to the AAW requirements. If not AAW, cover will begin on the date the employee returns to active employment.</p>
Premium effective date for joiners	<p>Billing will commence from the first day of the month after the Unum Select website has been updated.</p>
Cover effective date for salary-related changes in benefit	<p>The employee's new salary details must be updated on the Unum Select website within 31 days of the date the salary change is effective.</p> <p>In this case, cover up to the GI amount is provided from the effective date of the salary increase.</p> <p>Otherwise, cover up to the GI amount is provided from the date the salary increase is updated on the Unum Select website.</p> <p>For an employee's first increase in benefit over the GI amount, EOI is required and if accepted, cover will begin on the requested effective date of cover or the actual date EOI is accepted. If accepted, further increases in benefit due to salary increases are not subject to EOI.</p> <p>A salary decrease applies on the effective date of the new salary even if the Unum Select website is not updated.</p> <p>An increase in cover is subject to the AAW requirements. If not AAW, cover will begin on the date the employee returns to active employment.</p>
Premium effective date for changes in benefit	<p>Billing will commence from the first day of the month after the Unum Select website has been updated.</p>
Leavers	<p>Cover ceases immediately when the employee leaves the company or ceases to be eligible. If the Unum Select website is updated in the month an employee leaves before that month's bill has been approved, premium will automatically be pro-rated.</p>

5. Claiming Benefit

5.1 When can claims be made?

This section answers common questions that arise when an employee is absent due to illness or injury, which is likely to last beyond the end of the deferred period.

Making a claim

Please notify us of an employee's absence promptly online via the Unum Select website or by telephoning our Unum Select Customer Services team on **0800 011 3000**.

We will send you the appropriate claim forms.

5.1.1 Under what circumstances will income benefit be paid?

An income benefit payment will be made when a claimant satisfies the Definition of Incapacity for the policy and when their absence due to illness or injury lasts beyond the end of the deferred period.

Premiums for the policy must continue to be paid in full for the deferred period for which the claim applies.

5.1.2 How is the deferred period completed?

The deferred period must be completed in one period of continuous absence.

5.1.3 How ill or injured must the employee be?

The claimant must satisfy the Definition of Incapacity for the policy.

5.1.4 How will incapacity be assessed?

When assessing a claim, we look for evidence of the claimant's medical condition, its severity, how long it has existed and whether the Definition of Incapacity has been satisfied. We will need evidence that they are continuing to receive medical advice when appropriate, and that treatment options have been investigated and explained to them.

The evidence required to assess a claim will include:

- Evidence of membership and earnings
- Details of the job requirements for which the claimant is insured
- Claim forms signed by you and the claimant. The employees claim form and Claims Processing Consent form gives us the authority to obtain further information from the claimant's doctors, as required under the Access to Medical Reports Act. When we receive the form, we will ask for details of their medical history and treatments for their illness or injury

We may require the claimant to attend an independent medical examination with one or more medical practitioners or consultants at our expense and selected by Unum, in which case we would ask you to let them know. We might also need to visit the claimant and/or you. If necessary, we will advise you and your employee in advance.

Failure to comply will jeopardise payment of benefit.

5.1.5 Can Vocational Rehabilitation help?

Our Medical Service staff, Vocational Rehabilitation Specialists and Vocational Rehabilitation Service Team work with employers' and claimants' medical advisers to ensure that appropriate claimants receive rehabilitation to enable them to return to work. We can also provide support and assistance to employers when considering their obligations to comply with the requirements of the Equality Act.

Vocational rehabilitation has two major advantages. First, it helps minimise the cost of illness or injury to your company, such as the money spent on recruiting and training replacement staff. Second, it allows valuable skills and knowledge to be retained within a company and maximises the value that disabled people can bring to an organisation.

The first step towards achieving these goals is to ensure that vocational rehabilitation and reintegration programmes are investigated and implemented wherever appropriate.

Working conditions, physical features and other arrangements can often be adjusted relatively easily so that an ill or injured employee can continue to work.

It is a requirement of the Equality Act 2010 that employers make reasonable efforts to implement such adjustments. For the purposes of the policy, we assume that these requirements are met.

5.2 When will benefit cease?

5.2.1 This section shows the events which trigger the income benefit ceasing

The benefit will be paid until the earliest of the following:

- the claimant no longer satisfies the Definition of Incapacity
- the claimant recovers sufficiently for them to be able to return to full time work
- the claimant returns to work for 40% or more of their pre-incapacity working hours
- the claimant reaches the Terminal Age specified in the policy
- the claimant dies
- the income benefit payment period ends
- the claimant undertakes any form of employment or receives any income without notifying us and obtaining our consent or
- the claimant ceases to be eligible for benefit payments for any other reason

We reserve the right to stop paying benefit if the claimant is dismissed, leaves service or refuses to supply evidence of continued illness or injury.

The terms of the policy are not affected by the number of claims.

Benefits will cease on completion of a continuous period of illness or injury, equal to the selected benefit payment period (up to 52 weeks).

If a claimant is dismissed, we may be prepared to deal directly with them if you ask us to. The following protocol will normally be followed.

If the employee has left service but benefit payments have commenced and are continuing, we may make the payment direct to the claimant at your request and at our sole discretion.

In the above cases, the claimant's entitlement to State benefits relating to incapacity may be affected.

We will only consider paying claims direct where incapacity is expected to last at least 6 months.

5.2.2 What happens if the claimant's illness or injury means that they can work on a part-time basis or in a reduced capacity?

Benefit is payable when a member is incapacitated to the extent that they are unable to work in their insured occupation and are not carrying out another occupation

If, following acceptance of their claim, a claimant returns to any work on a part-time basis, we will continue to pay full benefit while they remain incapacitated from their insured occupation, until they are working for 40% or more of their pre-incapacity hours. Benefit entitlement will then cease.

5.3 When should you tell us about a potential claim?

As early as possible so we can begin to assess the employee's incapacity and employ our vocational rehabilitation services as appropriate. If it appears that the employee's illness or injury will extend beyond the deferred period, you should notify us within 2 weeks of the date they were first absent.

We will not consider claims if we received notification more than 90 days after the end of the deferred period.

5.4 Who pays for medical evidence?

We will pay when we ask for medical evidence to be provided by UK doctors or specialists.

5.5 After an incapacitated claimant returns to work, can another claim be made in respect of that employee?

5.5.1 If incapacity is from a different cause?

Yes. The deferred period will have to be completed again.

5.5.2 If incapacity is from the same cause?

If an employee who has previously received income benefit returns to work and then subsequently fulfils the Definition of Incapacity, the following will apply:

- If within 2 weeks, the same claim will continue for the balance of the payment period
- If more than 2 weeks has elapsed, the previous claim will continue as above after a new deferred period is completed
- If 52 weeks has passed since they returned to work, it will be treated as a new claim

5.6 What happens if cover is switched (transferred) to another insurer?

We will continue to pay the existing valid claims until they cease. When cover is switched, any future claims will be the responsibility of the new insurer.

5.7 What happens to claims if the cover is discontinued?

All benefits remain payable provided all premiums due have been paid when the employee suffers a long-term illness or injury. Benefit will be paid in the usual way unless this is not possible - eg, if the employer has ceased to trade, in which case we would deal directly with the claimant.

5.8 What happens to claims in respect of overseas-based employees?

If we require a claimant located overseas to undergo a medical or provide other medical evidence, you will be liable for the cost. We will make a contribution up to the equivalent of the cost of getting the information in the UK. Medical information must be provided to us in the language in which it was originally written and we will arrange translation into English. You will be liable for the cost.

6. What is not covered?

Benefit and payment will not increase to allow for inflation or any other factor.

The following policy features are not available under a Unum Sick Pay Insurance Policy:

- A Continuation option
- Profit sharing
- Waiver of Premium
- A surrender value

The following individuals cannot be covered:

- An employee's spouse or partner
- Individuals subject to Schedule D taxation
- Employees who are required to hold a licence or certificate only issued when they meet certain medical standards

7. Can cover be provided for employees outside the UK?

We are prepared to cover employees travelling or working overseas or seconded to other organisations, provided that:

- they meet the eligibility conditions of cover for the policy, and
- they have a contract of employment with a UK-registered company (which is covered by the policy), and
- they continue to be declared in the membership data and premium continues to be paid in respect of them, and
- the premiums are paid in sterling by the employer

For lives based overseas, the nationality and countries worked in need to be declared for each employee at policy commencement and review.

Benefits will be paid to a UK account in sterling for claimants living abroad provided that we can obtain satisfactory medical evidence.

8. Taxation

Benefit

Benefit is payable to the employer who passes it on to a claimant as a salary continuance. For tax purposes, employer contributions are treated as a business expense. Income benefit received is a trading receipt and payments passed on as salary are a trading expense, giving a neutral tax situation.

Benefit received by the employee as salary is taxed as PAYE.

While the employee remains employed and receives benefit as salary, only the employer may deduct tax. If employment ceases and we pay benefit directly to the employee, we are required to deduct basic rate tax. This is the only situation where we deduct tax.

Premiums

Premiums paid by the employer are not treated as a P11D benefit for employees.

The Inland Revenue does not normally grant tax relief on premiums paid for any employees with a proprietorial interest in the company. However, they may sometimes grant tax relief provided that a substantial number of other employees are entitled to similar benefits.

You should get clarification of the tax position in specific cases from your local Inspector of Taxes. Alternatively, you may wish to refer to your intermediary for advice on the tax implications for you and your employees.

This information is based on our understanding of current UK tax legislation.

9. Complaints handling

We want you to be entirely satisfied with your Unum Sick Pay Insurance. If you do have a query or complaint, please contact the adviser who arranged the policy for you. If there was no intermediary, please contact Unum directly.

If this does not resolve the matter, then please write to:

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

Tel: **01306 887766**

If the matter remains unresolved, you may be eligible to contact the Financial Ombudsman Service at the address below within 6 months of our final decision. Your legal rights are not affected if you contact this organisation.

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

Tel: **0845 080 1800**

10. Compensation

If we cannot meet our liabilities, you may be entitled to compensation under the UK Financial Services Compensation Scheme. Information about this is available on request from us.

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 2011, Unum protected more than 1.9 million people in the UK and paid claims of £288 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 stable 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 \$7.5 billion in the year ended 31 December 2011, with reported revenues for the group totalling \$10.3 billion. Total assets were \$60.2 billion at 31 December 2011.

For more information visit unum.co.uk

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.

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



Because everyone
needs a back-up plan

Registered office:
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Surrey RH4 3LZ

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