

Group Income Replacement Plans For Employers

Purpose of this Product Summary

This document is a summary of the key features of Wiltshire Friendly's **Group Income Replacement Plan**.

It seeks to present an appropriate level of initial information to the owners of businesses and/or their professional financial advisers about this product.

It provides greater detail than is available in a typical short marketing brochure.

This Product Summary should always be used with product's Technical Guide and the Terms and Conditions, to ensure that both the potential plan holder and their professional advisers understand the full product details.

What is this product?

It's an insurance plan taken out by employers to insure part of their employees pay so that the employees can continue to receive income if they are unable to work because of illness or injury.

Income replacement benefit is claimed by and paid to the employer. That benefit is then paid to employees through normal payroll.

To open a plan there must be at least 5 members at the start and throughout the plan. However, we will consider fewer members though with added terms.

What is insured by our plan?

You select the level of protection you want to provide to your employees, based on their earnings, if they are unable to work because of illness or injury.

Our plans have been designed so that you can choose from a range of features and cost-related options to fit within the needs of your business and those of your employees.

The total maximum benefit you can insure for each employee is the lower of £180,000 per annum, or 75% of their total earnings. If you also include National Insurance Contributions (NIC), this cannot exceed a maximum of £240,000 per annum.

The length of time for which a benefit claim can be payable is from 6 months up to State Pension age. Certain versions of the Group Income Replacement Plan have claim duration limits of either 6 months, 1, 2, 3 or 5 years. All claim periods are subject to certain other cessation criteria which, if applicable, may shorten either the period for which benefit is paid or the amount payable.

You can choose a waiting, or deferred, period defining the initial period for which no benefit is payable. There is a choice of 4, 8, 13, 26 or 52 weeks.

If an employee is able to return to work on a restricted basis but the incapacity continues to cause a reduction in income, for example on a part time basis or as part of rehabilitation, then benefit may still be payable on a proportionate basis.

It is also possible, at an additional cost, to choose an inflationary increase after payment of the first full year's benefit. This annual inflationary increase to the benefit will continue until the end of the claim.

Plans may be agreed and priced on an own occupation basis or, at a lower cost, on an alternative occupation basis.

You may also choose to insure your contributions to an employee's pension scheme, other employee benefits added to pay and your liability for employers' NIC on the amount of benefit paid to your employees.

What benefits are there for your employees?

Employees don't always prioritise their financial protection.

An employer providing replacement income at a level that can exceed Statutory Sick Pay, will help support employees in meeting their ongoing financial commitments so they can concentrate on returning to full health and work.

What other benefits are there for you, their employer?

Offering a range of employee benefits, including Group Income Replacement, can attract higher quality people and improve the retention of employees.

Absences can be more effectively managed. You will also not need to have as many potentially difficult conversations with absent employees. We will help support your absent employee's return to fitness and work allowing you to concentrate on running your business.

In most circumstances Group Income Replacement Plan premiums count as a business expense for tax purposes.

It can help you to meet your financial and legal obligations such as Statutory Sick Pay and your own sickness scheme costs.

What is not insured by our plan?

The Society does not apply standard general exclusions to its Group Income Replacement Plans.

The following are conditions for which exclusions might be applied individually to an employee's cover:-

- Any medical condition we told you and the employee we would not cover.
- Any medical condition the employee had before the cover started.
- Any incapacity arising from hazardous activities carried out by an employee that we say we cannot cover.

Only your employees are insured; cover does not apply to their spouses, partners or other family members.

The following are also not covered:-

- Pregnancy.
- Unemployment or redundancy.

Exclusions from cover are applied only to an individual employee following an assessment of their health, which may be required based on the insurance requirements and associated plan terms.

Are there restrictions which affect the cover?

You and your employees must let us know truthfully, accurately and fully all of the information we ask for. If you do not this might have the effect of reducing the amount of benefit you can claim, cause the rejection of a future claim or in extreme circumstances result in the cancellation of your plan as a whole or the cover provided for an employee of your business.

You are responsible for establishing your needs and requirements and deciding if the Society's plans and the variant and features you select are suitable to meet those needs and requirements. Cover is restricted to the information you give us at the time the plan is set up, or an employee added to it.

If you fall behind in your premiums, payment of benefit may be delayed, the total amount paid may be reduced or you may lose your entitlement to make a claim. If your arrears persist your plan may be cancelled.

Benefit may be reduced if an employee also receives benefit from another income replacement plan, whether arranged personally or otherwise.

Benefit will not be paid at all if an employee is carrying out another occupation, whether remunerated or not (except for rehabilitation purposes with our prior agreement or if they are eligible to receive proportionate benefit).

If benefit levels are not reviewed and increased regularly inflation will reduce, in real terms, the value of amounts claimed in the future.

If we believe there is a significant change to the risk profile of your business during a plan year, of which you have not notified us, we reserve the right to refuse or to amend a claim or claims and to amend the terms of your plan accordingly.

Claims may be delayed or not allowed if you do not tell us of any potential claim within our time limits and will normally not be paid if it is submitted after an employee has returned to work.

You will be unable to claim benefit not justified by your employees' actual earnings. You must ensure that you only select and keep levels of cover justified by their average total earnings during the period before any claim.

What are your responsibilities?

- To give us all of the information we ask for when you apply for your plan and throughout its life and to tell us promptly, as required, of any changes to that information.
- To help in ensuring that your employees give us all of the information we ask them for when they become plan members and when they claim.
- To define and to follow the eligibility criteria where your employees can be enrolled as plan members and to tell us in writing if you wish to amend those criteria.
- To pay premiums when they become due.
- To pass on the benefit we pay you to the relevant plan members or, where applicable, to apply it to the credit of any other benefits insured.

- To tell us promptly, as soon as you become aware of them (or as prescribed by the agreed administrative requirements of your plan) of any change(s) in circumstances affecting your business or your employees.
- To tell us of any potential claim within the time limits specified.
- To abide by the Rules and the plan terms and conditions as notified to you in our offer. This includes the requirement to provide us with the home address for all plan members, to enable us to meet our obligation to keep a register of Society members in line with the Friendly Societies Act 1992.
- To regularly review your plan to make sure that it still is adequate for the needs of your business and that you are not over-insuring your employees.

How long does cover last?

We will agree with you at the start the terms and conditions of the plan and the premium to be paid. Your plan review will happen annually on the anniversary of your plan.

How and when are premiums paid?

The cost of your plan will depend on:-

- The age profile of your employees.
- The amount of benefit to be paid when you claim.
- The deferred period, the benefit escalation rate if any and the selected maximum claim payment duration.
- The working location of plan members.
- The duration of any premium or rate guarantee.
- Whether you choose to pay premiums annually or monthly.
- An employee's occupation and gender.
- Whether or not we require additional premiums following assessment of employee medical history or any health and lifestyle declarations made by the employee or if an employee's cover is restricted to the free cover limit due to non-provision of medical information.
- The correct rate of NIC if you have chosen to insure this.
- Our experience of providing your plan – we reserve the right to amend premium rates at the next plan review date or, if later, at the end of any period of premium or rate guarantee.

The premiums can be paid monthly or annually, and we will agree with you before the plan commences the amount and method of payment.

There are other more general factors that can influence the cost of our plans including:-

- Legislative, regulatory or taxation changes.
- Other economic and environmental factors.
- The Society's claims, general expenses and inflation.

Premiums are payable from commencement of the plan and subsequent plan review dates. Normally we will agree premiums to be paid during the subsequent plan year at each plan review date as follows:-

- Single Premium Rated Plans - Premiums are based on the number and age(s) of the current plan members at that date and the other factors set out above.

- Unit Rated Plans - The initial premium (expressed as a percentage of basic gross salary or as a percentage of the benefit insured) is based upon the salary roll and employee details at the start date of your plan.

How can I cancel the plan?

There are no cancellation rights applying to your plan.

Your plan or a plan member's cover will cease automatically when:-

For your plan as a whole

- One clear month has elapsed after we receive written notice by you to cancel it if that notice is given during a plan year and before the next plan review date.
- Your business ceases to trade or if you assign the plan without our consent.
- The total number of employees falls below 5 unless we agree otherwise.
- Your premiums are in arrears more than 60 days.

For a plan member

- Your employee reaches the earlier of the plan member retirement age, their SPA or, in any case, the age of 68.
- Your employee no longer meets your eligibility criteria, or you cease their plan membership for any other reason.
- Your employee's contract is terminated for any reason.

We may also terminate your plan or a particular employee's cover if either you or they do not disclose, when requested or required to do so, information which would have caused us to decline to offer cover in the first place.

Once terms have been offered by the Society and accepted by you, we are unable in normal circumstances to cancel your plan.

Other important eligibility conditions

There are also mandatory conditions that will apply to all employees:-

- They must be employed by an employer trading in the United Kingdom ("UK") and, unless otherwise agreed by us, they must be working and paid in the UK.
- They must be employed under an employee contract.
- Unless we agree otherwise, they must have reached the minimum age of 18.
- Subject to the selected plan member retirement age the maximum age for an employee to be added to your plan is 66 but there must be a minimum of 12 months plus the deferred period remaining before they reach the plan member retirement age.
- They must be actively at work when they first become a plan member and also at the time of any future increase in their cover is effected.

We may agree to provide cover for employees working abroad, outside the UK. If we do, our agreement must be given in writing and we may apply special terms and conditions.

Now some of the legal points

The plan is provided by Wiltshire Friendly Society Limited, Holloway House, Epsom Square, White Horse Business Park, Trowbridge, Wiltshire BA14 0XG.

The plan and associated arrangements between an employee, an employer and the Society shall be governed by and construed in accordance with the Laws of England, and any dispute shall be subject to the exclusive jurisdiction of the English Courts.

You may not assign your plan without our consent.

Your plan will not acquire a surrender or maturity value at any time.

We are covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and if certain eligibility criteria are met.

If you wish to complain about any aspect of your membership or the service you have received from us, please let us know by any of the means shown on the next page. If you choose to do so by letter, please address it to the Society's Governance & Compliance Manager.

When we receive your complaint, we will acknowledge its receipt and provide you with a copy of our Complaints Procedure.

We will then investigate your complaint and try to resolve it with you. If, when we have completed our procedures and issued you with our final response, you are not satisfied with the outcome, or if after 8 weeks we have failed to issue you with a final response, you may be able to refer your complaint to the Financial Ombudsman Service (FOS) if you are:

- A micro-enterprise which employs fewer than 10 persons and has a turnover that does not exceed €2million.
- A small business which:
 - Is not a micro-enterprise;
 - Has an annual turnover of less than £6.5 million; and
 - Has a balance sheet total of less than £5 million, or employs fewer than 50 people.

The FOS contact details are:

Telephone: 0800 0 234 567

Website: www.financial-ombudsman.org.uk

Email: complaint.info@financialombudsman.org.uk

For commercial clients who are not eligible to refer complaints to FOS; the Society has a panel of arbitrators, appointed in accordance with the Friendly Societies Act 1992, to consider disputes. Such appointments are renewed each year at the Society's Annual General Meeting. Please contact us by any of the means shown on the next page.

You may contact us as follows

Telephone: 01225 752120
Email: info@wiltshirefriendly.com
Write to us: Wiltshire Friendly Society Limited, Holloway House, Epsom Square
White Horse Business Park, Trowbridge, Wiltshire BA14 0XG
Website: www.wiltshirefriendly.com