



# Technical Guide

Spouse's and Partner's Group Life Assurance

## Technical Guide

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- Technical Guide 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 guide to the features of our Spouse's and Partner's Group Life product and should be read in conjunction with the quotation that accompanies it. If anything stated in the quotation differs from what is in this guide, then what is stated in the quotation overrides the guide.
- In the event of a discrepancy between the policy document, the quotation and the content of this guide, the wording of the policy document will prevail.
- A Spouse's and Partner's Group Life product is only available when written in Association with a Registered Group Life and Dependants' Pension policy which is insured with Unum for the same employees.
- Full details of the insurance cover will be contained in the policy document.
- The policy is issued subject to the Laws of England and the exclusive jurisdiction of the UK courts.
- We have classed the customers for this product as "Commercial" within the context of the Financial Services Authority's (FSA) Insurance: Conduct of Business sourcebook (ICOBS).

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

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#### A. Terms explained

**Commencement date** is the date from which we have agreed to provide the quoted cover.

**Lifestyle event** is a pre-agreed event acceptable to Unum and specified in the policy, following which an employee can elect to either increase or decrease their insurance cover e.g. birth or adoption of a child, death of a dependant, moving house, redundancy of a spouse or partner.

**Partner** - You decide the definition for your policy but it needs to be acceptable to us. A typical definition is "a person who is over age 18 and not a relative of the employee, other than their legal spouse, and who is financially dependent upon them and sharing the same main residence with them and has been doing so for a specified period (minimum 6 months)".

The **policy accounting date** is the date with effect from which the premium due for the next policy accounting period is calculated.

The **policy accounting period** is defined as the period from commencement date of the policy up to the first policy accounting date and from one policy accounting date to the next policy accounting date.

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 at which cover under the policy ceases. The maximum Terminal Age is 70. Cover can cease at any pre-agreed point within the month during which the member reaches Terminal Age, such as the last day of the month. Unless otherwise stated cover will cease at 23:59 on the day prior to the member reaching Terminal Age.

**QAAF** is the acronym for our Quotation Acceptance and Application Form.

**Spouse** means the legal husband or wife or the civil partner of the member.

#### B. Product objectives

- A policy is taken out by the employer to provide a lump sum benefit to an employee should their spouse or partner die while insured.
- To offer employees a choice of the amount of insurance cover provided and the opportunity to change their level of cover annually and upon the happening of certain lifestyle events, within certain limits.
- Membership of the policy is entirely voluntary. Employees who join the policy are required to pay their own premiums and the employer is responsible for collecting the premiums and remitting them to Unum every month to maintain cover.

#### C. Your commitment as the Policyholder

- You agree to provide us with all the information we require when you first apply for a policy, every month when remitting your premium, at each policy accounting date and policy review date and when you make a claim.
- You agree to advise us when the membership details and benefit levels change, especially as a result of lifestyle event changes. If you do not supply this information, we may not be able to pay claims.
- You agree to ensure that all membership and benefit changes, including those resulting from lifestyle events, conform to the terms and conditions set out in the policy.
- You agree to pay monthly premiums on time and in sterling.
- You choose at the outset the conditions of eligibility that govern who can be covered by the policy and agree to abide by these conditions.
- You agree to notify us in writing if you wish to amend the eligibility criteria of the policy, for example; 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 spouses and partners of employees of the new company under the policy.
- You agree to notify us in writing if you dispose of a company whose employees' spouses and partners are currently covered but will no longer be covered under the policy.
- You accept responsibility for notifying us of and submitting claims on behalf of members.
- You must provide us with details of any member who is required to travel, as part of their job, by helicopter with details of the frequency, duration, destination and the exact benefit to be insured as special terms may be applied.

#### D. 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.

The Employment Equality (Age) Regulations 2006 make it unlawful for an employer to discriminate directly or indirectly against an employee on any aspect of their employment or benefits, based on their actual age or their apparent age. The Regulations do not directly apply to insurance policies.

- You will not be covered if you fail to comply with the terms and conditions of the policy or if you stop paying across to us the premiums that you have collected from your employees as their contribution for the cover being provided.
- If you terminate your policy or if an employee's cover is terminated (e.g. because they leave your employment) the only claims we will consider are those where the death occurred 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 if, in the opinion of Unum, there is a significant change in the risk profile, this could include but is not limited to:
  - A variance of 25 per cent or greater in the number of members or benefit insured
  - The inclusion of a new subsidiary
  - The disposal of a participating company or closure of a part of the employers business
  - The inclusion of a new member category
  - A change in policy design such as an alteration of benefit level, terminal age or terms of eligibility
  - A change to the level or basis of the social security or income tax systems

In the case of quotes for new or existing policies we reserve the right to review the terms offered if there is a 10 per cent or more change to the data provided

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to produce the quote.

- If the number of members drops below 5 at any time, we reserve the right to cancel the policy at any subsequent policy accounting date.

#### **Catastrophe cover limitation**

The catastrophe limitation for your policy is detailed in your quote, the current maximum catastrophe limit is £100 million. The travel limitation is £25m or, if higher, the total of the 4 largest benefits in respect of the members who died in a single travel event – again subject to the catastrophe limit.

See section F 6 “What is not covered?” for details of the catastrophe limit wording. The catastrophe limit is stated in your quotation.

## E. How does the policy work?

- A Spouse's and Partner's Group Life Assurance policy is classed as a Non-Registered Group Life policy as it does not meet the “Excepted” Group Life policy conditions set out in section 480 of the Income Tax (Trading and Other Income) Act 2005 which removes certain policies from chargeable event legislation.
- However, our policy is written as a cluster of individual arrangements under a single policy effected by the employer so, a cumulative tax charge will not be generated.

This information is based on our understanding of current tax legislation and Inland Revenue practice at the time of going to press. Employers should refer to their professional advisers for advice on the tax implications for themselves and their employees.

- Membership of the policy is entirely voluntary. Employees who join the policy are required to pay their own premiums and the employer is responsible for collecting the premiums and remitting them to Unum every month along with membership details to maintain cover.
- The lump sum benefit is provided in units (e.g. multiples of £10,000) to a maximum lump sum benefit of no more than £150,000. You decide the unit value and overall maximum benefit for your scheme.

- You also decide who should be eligible to join the policy and define the definition of partner, if cover is to be offered to employees' partners.
- On becoming a member for the first time, any multiple of benefit units can be chosen between the minimum and maximum levels. Thereafter, cover can be changed, up or down, at the policy accounting date or within two months of a lifestyle event.
- Increases in cover are limited to one benefit unit at a time and only one lifestyle event increase is permitted during a policy accounting period. There are no limits when reducing the number of benefit units.
- Should a member withdraw from the policy re-admittance would be as a new member.
- While you are paying premiums, we provide cover no matter how many claims you make, subject to an overall maximum of the catastrophe limit.
- You make claims on behalf of your employee. Benefit will be paid to you for you to settle with your employee.
- The guarantee period advised in your quotation applies to both the underlying premium rate table and the terms and conditions contained in the policy. When the guarantee expires at the policy review date, both the premium rate table and the terms and conditions of the policy are subject to review.

## F. Product details

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

#### 1.1 Who can become a member?

- An employee who satisfies the conditions of eligibility defined in the policy and is a member of the associated Registered Group Life and Dependants Pension policy being insured with Unum can become a member of this scheme.

#### 1.2 Benefit to be provided?

- You decide the level and structure of the benefits that you wish to make available to your employees.
- The benefit is provided as a lump sum in units (e.g. multiples of £10,000) to a maximum benefit of no more than £150,000. You decide the unit value and overall maximum benefit for your policy

## 2. Setting up the policy

### 2.1 Process for setting up a policy

We prepare a quotation based upon the risk specification supplied by your intermediary together with the proposed membership data, occupation and location profile of your employees. We require membership data to be as up to date as possible with details that relate to a date within the last 12 months of the quotation request.

### 2.2 When will cover commence?

We will provide cover on receipt of:

- written instructions from you or your intermediary to assume risk in line with our quotation from a specified date - **the commencement date.**
- satisfactory written answers to any Risk Relevant caveats and any Price Relevant caveats that were included in our quotation.

- fully completed application forms for all spouses and partners of employees wishing to join at the commencement date. This requirement may be waived where cover is switching from another insurer (see section F 2.3).

This is subject to receiving a fully completed QAAF signed by the employer.

We will accept risk immediately after midnight, so for example for a 1st January commencement date we will go on risk at 00.01am on the 1st January. We will not agree to backdate acceptance of risk.

### 2.3 Switch terms

Where cover is being transferred from another insurer to Unum and is on an identical policy basis, an individual will not normally be subject to stricter underwriting terms than those imposed by the previous insurer. This is referred to as providing No Worse Terms. Although we will endeavour to provide No Worse Terms for currently insured benefits, this cannot be guaranteed. We will require details of the employee's spouse or partner whose cover has been subject to special terms by the previous insurer showing for each their:

- name
- date of birth
- gender
- full underwriting decision (including the percentage loading and amount of benefit above which the loading/restriction applied)
- sum assured 'on risk' at termination.

Special terms refer to adverse medical underwriting decisions and include premium loadings, restrictions and declinatures.

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#### 2.4 Evidence of health to be provided before a spouse or partner can be covered?

- We will require a fully completed Application Form from all spouses and partners when first joining the scheme. Subsequent increases in benefit require a Declaration of Continued Good Health.
- Cover will only be granted if the information disclosed on the Application Form proves satisfactory. In certain circumstances, we may require additional medical evidence that could involve a medical examination and other tests before cover is granted.

#### 2.5 What happens if death occurs before full cover has been granted?

Cover will not be granted until Unum has received a satisfactorily completed Application Form. However, where an employee's spouse or partners' benefit is subject to additional medical underwriting, we will provide Temporary Cover in respect of the amount being underwritten.

During this period, any benefit that requires medical underwriting or exceeds the member's spouse's benefit as insured immediately before the commencement of the policy will be subject to a pre-existing conditions exclusion. This means benefit will not be paid on death arising from any arising medical condition which the member's spouse has had during the 5 years immediately preceding their entry date (or date of increase in the case of an increase in benefits).

Temporary cover pending underwriting is not provided to anyone who has been subject to special or restricted terms imposed by us or by a previous insurer.

#### 2.6 When will cover cease?

We cannot cancel your policy unless:

- premiums are overdue, or you fail to disclose all the information we ask for when applying for the policy or when claiming for benefit on behalf of an employee, or
- you cancel the associated Registered policy in which case the Spouse's and Partner's Group Life policy will be cancelled at the same time as the Registered policy.

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

If your policy is cancelled, we will still consider and pay benefit in respect of claims that occurred during the period of cover, provided that there are no premiums outstanding.

Cover for the spouse or partner will cease on whichever is the earliest of:

- the date the employee leaves the company, retires, dies, reaches the Terminal Age, or
- the date the employee's spouse or partner attains the Terminal Age.
- the date the employee's spouse or partner ceases to be their spouse or partner (e.g. divorce or when a partner no longer satisfies the definition of 'partner').

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

### 3.1 What factors determine the rate used to calculate premiums?

The premium calculated depends on factors that include the nature and amount of the benefits to be provided and details of the individuals to be insured. The information used to calculate premiums includes:

- age and gender of the spouses and partners covered
- occupation, industry and locations of the employees.

### 3.2 How will premiums be calculated?

The cost of benefits for spouse and partners' cover will always be calculated using the Single Premium costing method.

### 3.3 Single Premium costing

To obtain the cost, we calculate the individual premium applicable to each spouse or partner's cover using age-related premium rates and then add up all the individual premiums. Premium rates increase with age. This method is known as Single Premium costing and means that the cost will be affected by any changes in the amount of benefit insured and the ages of the spouses and partners.

The underlying rate table is normally 5-year age banded and can be either gender specific or unisex rates. These rates are usually guaranteed for 2 years and are subject to review thereafter. A new rate table may apply at the end of this period.

In certain situations we may offer a full table of gender specific age next birthday rates.

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

We charge additional premiums due to a particular medical condition or some unusually hazardous pursuit the member's spouse or partner may undertake. If applicable, these additional premiums will become payable from the date the decision is made.

### 3.5. Is there a discount for good claims experience?

Past claims experience is a factor in assessing the premium rates applicable to an existing policy and therefore, for a large scheme, a good claims history will usually be reflected in the premium charged.

### 3.6. What commission is allowed for in the premium?

The commission paid to your intermediary is a percentage of the gross premium paid; the premium shown in our quotation includes the level of commission payable.

## 4 How does the policy accounting work?

The policy operates on the basis of a monthly declaration by the employer of the membership, their benefits and their relevant monthly premium.

Our quotation will provide a table of rates (normally 5-year age banded and either gender specific or unisex) applicable to your scheme. They will usually be guaranteed for 2 years and subject to review thereafter. A new table of rates may apply at the end of this period.

For existing schemes, we may also show the expected first year cost based on the following assumptions:

- the expected membership and benefits at the commencement date remaining constant throughout the year, and
- that all spouses and partners can be accepted for their full benefit at ordinary rates unless otherwise known.

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

At the commencement date a list of all members will be required showing:

- employees' name, date of birth and gender.
- spouse or partners' date of birth and gender.
- benefit required.
- total premium and premium breakdown by member based upon the rates supplied by Unum.

Monthly thereafter, we require in addition to the above information, details of any benefit changes and any leavers or joiners with appropriate dates.

At the end of each policy accounting period, Unum will produce a premium reconciliation for that accounting period.

## 5. Claiming benefits

This section deals with common questions that arise following the death of a member's spouse or partner.

### 5.1 How are claims made?

The evidence we require to process a claim includes the following:

- a completed claim form signed by the employer.
- the deceased's original death certificate.
- the deceased's original birth certificate.
- evidence of membership, eligibility and benefit entitlement for the deceased.

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

Please notify us of the death of a member's spouse or partner as promptly as possible by telephoning our Customer Care department on telephone number: 01306 873243.

We will issue you the appropriate Notification of Death forms.

### 5.3 Claims processing

Upon receipt of all the necessary documentation, we will process your claim.

Lump sum payments will be made by cheque to the employer.

Unum will only settle claims direct with your employee upon receipt of your written authority. In doing so, Unum will be acting as your agent in this respect.

#### 5.4 How to appeal a claim decision

An appeal process is provided. In the case of an appeal, Unum will consider any additional evidence submitted in support of that appeal. Any appeal should be made in writing within 3 months of notification from Unum that a claim has been declined.

The Financial Ombudsman Service provides an independent dispute resolution service for eligible disputes. Where you remain dissatisfied with the outcome of your appeal, you can contact the Financial Ombudsman Service at the address below. Your legal rights and those of the member are not affected if this organisation is contacted.

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

Tel: 0845 080 1800

#### 6. What is not covered?

There are no exclusions in the policy. All causes of death including suicide are covered.

However, there are limitations to the overall cover of the policy due to accumulation of risk considerations in the event of a catastrophe.

##### 6.1 Our maximum liability in the event of a catastrophe

The maximum liability of Unum for a Policyholder group in respect of more than one death (irrespective of the date and place of death) attributable directly or indirectly to a catastrophe shall be £100 million (total of lump sum and capitalised dependants' death in service pension benefits) or such lower amount as advised in your quotation.

Where the catastrophe is a result of a group of members travelling together on business, the benefits will be limited to the lower of:

- the maximum liability limit, or
- £25 million or, if higher, the total of the 4 largest benefits in respect of the members who died in the catastrophe.

Policyholder group is defined as the companies, entities, Partnerships or Pension Fund Trustees which are all part of the same group of companies, entities, Partnerships or Pension Fund Trustees as the Policyholder during the period of the policy which includes but is not limited to the Policyholder and its associated subsidiary or affiliated companies, entities or Partnerships and any Pension Fund Trustees associated with the Policyholder that may exist from time to time.

##### 6.2 What is a catastrophe?

A catastrophe shall be defined as one originating cause, event or occurrence or a series of related originating causes, events or occurrences, which results in more than one death, irrespective of the period of time or area over which such originating causes, events or occurrences take place. Unum shall be the sole judge as to what constitutes a catastrophe.

##### 6.3 How will we deal with notification of multiple deaths?

Allocation of benefits under the Policyholder group resulting from more than one death, attributable directly or indirectly to a catastrophe and thus subject to the maximum liability limit, shall be in the chronological order of the dates upon which written notification of each death claim is received by Unum. Insofar as more than one such written notification is received by Unum on the same day and in total, the amount would cause the maximum liability limit to be exceeded, Unum shall be entitled in its sole discretion to pay such claims on a reduced pro-rata basis according to the remaining balance of the maximum liability limit such that Unum's total liability for such claims shall not exceed the maximum liability limit.

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#### 7. Can cover be provided for an employee's spouse or partner when the employee is not based in the UK?

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

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

Cover is subject to full details being provided of where each employee and their spouse or partner will be residing and for how long. We will then assess individual cases.

Benefits will be paid to the UK employer in sterling.

#### 8. Taxation

The employee paid premiums do not qualify for tax relief.

The lump sum benefit can be paid to the employee free of tax following the death of their spouse or partner.

**This information is based on our understanding of current UK tax legislation and Inland Revenue practice at the time of going to press. Employers should refer to their professional advisers for advice on the tax implications for themselves and their employees.**

#### 9. Continuation Option

This option is not available.

#### 10. Third Party Rights

Third Party Rights under the Contracts (Rights of Third Parties) Act 1999 are excluded.

#### 11. Surrender value

The policy does not acquire a surrender value.

#### 12. Complaints handling

We want you to be entirely satisfied with your Group spouses and partners policy. If you do have a complaint, then in the first instance please contact the intermediary 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:

Head of Customer Feedback  
Unum  
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. 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

## 13. Compensation

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

## 14. Further Information

### About Unum

Unum is one of the UK's leading providers of financial protection, with almost 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 2009, Unum protected more than 1.6 million lives in the UK and paid claims of £268 million, providing security and peace of mind to employees and their families.

In the UK, Unum has a financial strength rating of A- (Strong) from Standard and Poor's and A- (Excellent) by AM Best.

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 2009, with reported revenues for the group totalling \$10.1 billion. Total assets were \$54.5 billion at 31 December 2009.

For more information please visit [www.unum.co.uk](http://www.unum.co.uk) or [www.unum4advisers.co.uk](http://www.unum4advisers.co.uk)

[www.unum.co.uk](http://www.unum.co.uk)

**Unum Limited is authorised and regulated by the Financial Services Authority.**  
Registered in England 983768.

We monitor telephone conversations and e-mail communications from time to time for the purposes of training and in the interests of continually improving the quality of service we provide.

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