Income Protection Plan – essential cover
Terms and Conditions
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Terms and conditions –
your contract with us

These terms and conditions and your plan schedule set out the terms and conditions of the Income Protection Plan – essential cover.

Changes or additions to the terms and conditions can only be made by us and we will confirm them in writing from our head office.

We do not authorise your adviser to agree any changes or additions to these terms and conditions.

The plan is provided by Zurich Assurance Ltd so where we refer to ‘we’, ‘our’, ‘us’ or ‘Zurich’ we mean Zurich Assurance Ltd. Where we refer to ‘you’ or ‘your’ we mean the life assured. Where the plan has been taken out on another person’s life ‘you’ and ‘your’ may also mean the plan owner, where applicable.

In these terms and conditions, where we can use our discretion, make a decision, require information or evidence or use our judgment, then we will do so acting reasonably, proportionately, fairly and in accordance with the law and regulations.

You are responsible for the following:

a) Giving us accurate information when we reasonably ask for it. If you ask us to make a change to your plan, or to the amount of your payment, and we need to ask you some questions to help us consider whether we can agree to your request, you should take reasonable care to answer the questions we ask you honestly and to the best of your knowledge.

b) Letting us know if your name, address or contact details change. Please do this as soon as possible, otherwise we may send confidential information about you and your plan to your old address.

c) Keeping secret and safe any passwords and documents about this plan. You must also let us know straight away if you know about or suspect identity theft.

d) Regularly reviewing your plan and its benefits. You may need to get advice from a financial adviser.

e) If you decide to move to another country outside of the UK, you need to tell us about any change in your residency before the change happens. For more information, please see ‘Moving abroad’ in section 13.

Please keep this booklet in a safe place with your key features document and plan schedule.

We’ve tried to use plain language in this booklet but avoiding all technical terms is difficult. Where we’ve included them, we’ve put a box alongside to explain what we mean.

1. Who can have the plan?

You can take out the plan for yourself. You can’t take it out for two people jointly. You must be at least 16 when the plan starts. The oldest you can be when the plan starts is 59.

You can take out the plan on someone else’s life as long as they agree and you, the plan owner, can show you would suffer financially if they were to lose earnings as a result of an illness or injury during the plan’s term.

You must be resident in the United Kingdom to take out an Income Protection Plan – essential cover.

2. The aim of the plan

The plan is designed to pay you, or a business (key person plan), a regular monthly income if you are incapacitated, within the meaning set out in section 3, during the plan’s term and, as a result you can’t perform your own occupation because of the injury or illness. This is payable for a maximum of two years which means we’ll pay one claim that lasts the full two years or several smaller claims of not more than two years in total. The income protection benefit can replace some of the earnings you lose. Your own occupation is your occupation at the time of the illness or injury. We will make your payments to the plan while you are receiving the income protection benefit from this plan.
Key person plan
In these terms and conditions, where we refer to a key person plan we mean a plan that has been taken out by a company or partnership to provide a payment for that business if a key employee, director or partner is incapacitated.

Before the plan starts we need information such as copies of P60s and company accounts for previous years to establish:

• the financial position of the business, and
• the financial value of the key person to the business.

Personal plan
In these terms and conditions, where we refer to a personal plan we mean a plan that you have taken out for yourself.

If you can go back to the same job on a part-time basis, the income protection benefit will stop but you may be entitled to receive a lower monthly income, called rehabilitation benefit. If you return to another less well-paid job, you may be entitled to receive a lower monthly income, called proportionate benefit. We will not pay proportionate benefit if we have applied a special definition of disability to your plan or if you have a key person plan. For full details of both rehabilitation and proportionate benefits please see section 3.

The term of the plan is five years. At the end of the term the cover will stop, but you may be able to renew the cover for a further five years, as explained in section 7.

The plan doesn’t have a cash-in value at any time. This means you will not receive any payment if you cancel the plan.

If you die during the plan’s term, we’ll pay a small death benefit equal to:

• the yearly payment you were making at the start of the plan (for yearly paid plans), or
• 12 times the monthly payment you were making at the start of the plan (for monthly paid plans).

Your plan schedule shows:

• the initial amount of income protection benefit we’ll pay (subject to the income protection benefit limits – see section 3)
• how soon after you are incapacitated we’ll start paying the income protection benefit, and
• any specific exclusions we have applied to your plan. These are in addition to the general exclusions set out in other parts of this booklet.

If you are not happy with your plan, you can cancel it within the time limit set out in your key features document and we’ll refund any payments you have made. So, if you do not agree to the specific exclusions we have applied, you can cancel your plan. Please see your key features document for information about cancelling your plan.

Exclusion
An exclusion removes our obligation to pay the benefits where the claim results from you taking part in certain pursuits or activities, or where you suffer from certain specified illnesses, disabilities or medical conditions. We’ll include any specific exclusions on your plan schedule.

You can choose from two optional indexation benefits: ‘indexed during claim’ or ‘total indexation benefit’. For more about both these benefits, please see section 4.

3. The benefits in more detail

Income protection benefit

When we’ll pay the income protection benefit

We’ll pay you an income every month for a maximum period of two years if you can’t perform your own occupation because you’re incapacitated due to illness or injury. The benefit payment period can either be one claim that lasts for the full two years or several claims that do not last for more than two years in total. The incapacity must have started after the plan began and you must be incapacitated from doing the main duties of the job, or jobs, you were doing at the time of the injury or the start of the illness. If you have more than one job at this time, we won’t regard you as incapacitated if you are able to perform the main duties of any of your jobs.
Incapacity

Incapacity means an injury or illness that reasonably causes you to be unable to do the main duties of your usual paid job. We’ll interpret ‘incapacitated’, and also ‘disabled’ and ‘disability’ in the same way. We’ll look at the duties of your job and your ability to do them. For example, you might be a personal assistant whose main duties include writing and typing letters and using the telephone to organise meetings and diaries. We would still pay the income protection benefit if you could no longer write and type letters and organise meetings and diaries, even if you were still able to use the telephone.

Paid job does not include doing domestic tasks, for example as a housewife or househusband, in your own home. If you are looking after someone else’s house and being paid to do so, this does count as a paid job.

We’ll always act reasonably in considering your claim to be incapacitated.

Deferred period

The deferred period starts when you can’t work and lasts until the time you decide you want the income protection benefit to start. This is called the deferred period. Your plan schedule shows the deferred period you’ve chosen.

You can choose a deferred period of one month, three months or six months.

No income protection benefit is payable during the deferred period.

Your plan schedule says whether we have applied a special definition of disability.

Special definition of disability

Some occupations need a high degree of medical fitness, a licence to perform the occupation or total dependence on the use of your hands or voice. In these cases, we’ll apply the special definition of disability. This means that if you are still claiming income protection benefit 12 months from the end of the deferred period, we will stop paying the income protection benefit at any time after the 12-month period when you could return to work in a new occupation to which you are suited because of your education, training, retraining or experience.

Once a claim begins, we’ll pay you on the first day of each month. If the first day falls on a weekend or public holiday, we’ll pay you on the next working day. So payment would start on the first of the month after the end of the deferred period you’ve chosen, provided we are in a position to pay the claim, with subsequent payments being made monthly in arrears. If we are not in a position to pay the claim at the end of the deferred period, we’ll let you know, and when we do start to pay you we’ll backdate the payments to the end of the deferred period. You must carry on making payments to the plan during the deferred period or until we agree your claim, if later. We’ll refund any payments you make between the end of the deferred period and when we accept your claim.

The first payment may only be for part of a month’s benefit if it covers the period from the end of the deferred period to the end of the month.

Example of how the deferred period works:

You’re incapacitated as defined in this plan and unable to work from 12 November.

- If the deferred period is six months, it will end on 11 May.
- We’ll make the first payment on 1 June; this payment will cover the period from 12 May to the end of May.
- We’ll make the first full payment on 1 July.

If you return to work part way through a month, the final payment we make will be a proportionate part of a month’s benefit.

You don’t need to make any payments to the plan while we’re paying you the income protection benefit.
**Income protection benefit limits**

**Personal plans**
If your yearly earnings are £45,000 or less, the maximum benefit you can choose is 60% of your pre-incapacity earnings before tax, less the deductions shown below.

If your yearly earnings are above £45,000, the maximum benefit you can choose is 60% of £45,000 plus 33.33% of your pre-incapacity earnings over £45,000, less the deductions shown below.

The actual amount you will receive depends on:
- your earnings immediately before you became incapacitated, and
- any income or benefits you receive during the period of claim.

Where we refer to earnings we mean your ‘pre-incapacity earnings’. When calculating your income protection benefit entitlement we will use your earnings from the 12 months immediately before the date of your incapacity. If you (or we) reasonably consider this does not fairly reflect your normal level of earnings, then you can (or we can ask you to) send us other evidence of earnings. We’ll tell you what this other evidence will be.

We calculate the maximum amount of income protection benefit at the end of the deferred period. Your income protection benefit will vary in proportion to changes in your earnings. The earnings we take into account are set out on page 6.

**Pre-incapacity earnings**
If you are employed, the earnings we’ll use are:
- basic salary
- overtime payments
- benefits in kind as defined and valued by HM Revenue & Customs (HMRC)
- bonuses
- commission payments.

If you are a director of a private limited company, and you were working for that company immediately before your period of incapacity, we will also include your share of the pre-tax profits of that company.

If you are self-employed, the earnings we’ll use are your net relevant earnings. This means your share of pre-tax profits after the deduction of trading expenses.

**Key person plans**

The maximum benefit you can choose is twice the key employee’s earnings before tax is deducted, including the value of any P11D benefits.

**All plans**
Your plan schedule shows the maximum amount you can claim each year at the start of your income protection plan. (This figure may increase if you choose an indexation benefit option or you apply to increase your cover – see section 7.)

**What will reduce the income protection benefit we pay?**

**Personal plans**
We’ll reduce the income protection benefit by the amount you receive (or are entitled to receive) from any of the following, if your total income will exceed the maximum payment we’ll make:

If you are employed:
- continuing salary
- continuing bonuses
- continuing commission
- other insurances and pensions that start to be paid after your incapacity. This includes regular payments made directly to you or payments made on your behalf, such as to pay your mortgage, credit cards or loans
- Basic Employment and Support Allowance and the Work-Related Activity component or, if this is significantly changed by the Government or no longer available, any similar benefit that is introduced in its place.

We will deduct this even if you are not eligible to receive the relevant benefit.

If you are self-employed:
- continuing net relevant earnings
- other insurances and pensions that start to be paid after your incapacity. This includes regular payments made directly to you or payments made on your behalf, such as to pay your mortgage, credit cards or loans
- Basic Employment and Support Allowance and the Work-Related Activity component or, if this is significantly changed by the Government or no longer available, any similar benefit that is introduced in its place. We will deduct this even if you are not eligible to receive the relevant benefit.
If you are a controlling director of a limited company, we’ll deduct your share of the pre-tax profits if these continue during the life of your claim.

If you have any other Zurich plans that pay a similar benefit, we’ll deduct the amount we pay you under the other plan(s) from the amount we pay you under this plan.

If we reduce the income protection benefit because your earnings have fallen, or because of any other benefits you receive, and the level of income protection benefit you chose is higher than the maximum we’ll pay, we won’t refund any of your payments.

Key person plans
We’ll reduce the income protection benefit by the amount of any regular payments you receive (or which you can apply for) from other insurance policies as a result of the key person’s incapacity.

All plans
If we make any payment to you that you are not entitled to receive, you must repay it. We will discuss with you how this will be repaid and act reasonably, taking the circumstances into account. We may also reduce any future income payments to recover the overpayment.

What won’t reduce the income protection benefit we pay?
We won’t reduce your income protection benefit for any amounts you receive (or are entitled to receive) from:
- income support or any other means-tested State benefits
- income from savings and investments, or
- the taxable value of any royalties from any patent or copyright or profits from selling shares or securities.

Returning to work
If you return to another less well-paid job, the income protection benefit will stop but you may be entitled to receive a reduced benefit called ‘proportionate benefit’. Proportionate benefit does not apply to:
- key person plans
- plans where we have applied a special definition of disability because of your occupation.

If you go back to the same job on a part-time basis, you may be entitled to receive a reduced benefit called ‘rehabilitation benefit’.

You don’t need to make any payments to the plan while we’re paying you any proportionate or rehabilitation benefit.

We work out how much proportionate benefit or rehabilitation benefit we’ll pay you when you return to work and we review this regularly. When we review the payments we are making to you, we’ll take into account your earnings and any benefits you are receiving. We calculate the proportionate or rehabilitation benefit by reducing the income protection benefit you are receiving by the same proportion as the reduction in your pre-incapacity earnings.

For example
Your pre-incapacity earnings were £20,000 a year and the income protection benefit was £4,000 a year. If you return to another less well-paid job, of say £10,000 a year, the income protection benefit will reduce by the same proportion to £2,000 a year.

Proportionate benefit
We’ll pay this benefit if your incapacity means that you can’t carry on the job you were doing before you were incapacitated. You must have started one of the following that pays you less than you earned before you were incapacitated:
- a new job with a new employer
- a different role with the same employer
- a new business that is significantly different from your business before you were incapacitated.

You must have been receiving income protection benefit or rehabilitation benefit immediately before your claim for proportionate benefit.

We won’t pay proportionate benefit if:
- a special definition of disability has been applied to your plan
- you have a key person plan.
Rehabilitation benefit
We'll pay this benefit if your incapacity means that you can return to your usual job but you can't carry out your usual job to the same extent you were doing before you were incapacitated, and so you earn less than you earned before you became incapacitated. This may be because you are working part-time. You can claim rehabilitation benefit for a maximum period of 12 months from the time you return to work. You must have been receiving income protection benefit immediately before your claim for rehabilitation benefit.

When we will stop paying you the income protection benefit, proportionate benefit or rehabilitation benefit
We’ll continue to pay you the income protection benefit, proportionate benefit or rehabilitation benefit under the terms of your plan (and as explained above) until the earliest of the following:

- you no longer meet our definition of incapacity
- you no longer have any loss of earnings
- the amount of any continuing income or other benefits you receive during the period of the claim increases to a level that means you are no longer entitled to receive any benefit
- you continue to meet the definition of incapacity but you start working in a new job as an unpaid volunteer, unless you are working as an unpaid volunteer for a registered charity
- for rehabilitation benefit claims:
  - 12 months after you return to work
  - you are able to work in your pre-disability occupation on a full-time basis and without any restrictions in your duties
- the benefit payment period ends. This is a maximum of two years’ claims in total
- the end of the plan’s term, or
- you die.

If we have applied a special definition of disability to your plan and you are still claiming income protection benefit 12 months from the end of the deferred period, we’ll stop paying income protection benefit at any time after the 12-month period when you could return to work in a new occupation to which you are suited because of your education, training, retraining or experience.

If you make a claim before the end of the plan’s term, we’ll continue to pay you the income protection benefit after the end of the plan’s term until the earliest of the following:

- you reach the end of the benefit payment period which is a maximum of two years’ claims in total
- you reach the plan termination age.

If there is less than a full month between the end of the deferred period and the time when you’re no longer incapacitated, then we’ll pay you a proportion of the income protection benefit. The amount we’ll pay for each of the days you’re incapacitated is the amount we would pay you over a year, divided by 365.

How often you can claim
There is no limit to the number of times you can claim the income protection benefit and any subsequent proportionate or rehabilitation benefit. The period during which we’ll pay the income protection benefit (or the proportionate or rehabilitation benefits) can be:

- one claim that lasts for the full two years, or
- several claims that do not last for more than two years in total.

If you have received the income protection, proportionate or rehabilitation benefit and you claim again from the same cause within six months of returning to work, there won’t be another deferred period before we start paying you again. To keep your cover going, you must start making payments to your plan when you return to work and we stop paying you any benefit under your plan. We’ll write and tell you when you need to start making payments.

When we won’t pay the income protection benefit, proportionate benefit or rehabilitation benefit
We won’t pay any income protection benefit, proportionate benefit or rehabilitation benefit if:

- you haven’t made all payments that were due
- you weren’t in a paid job when you became incapacitated
• the plan will end before your chosen deferred period ends
• you have more than one job and you can still do the main duties of any of them
• you are not continuously disabled throughout the deferred period
• the cause of the claim arises from the circumstances detailed in any specific exclusions included on your plan schedule, or
• any of the general exclusions detailed below applies.

We won’t pay the proportionate benefit if you have a key person plan, or if we have applied a special definition of disability to your plan.

**General exclusions applying to income protection benefit, proportionate benefit and rehabilitation benefit**

**Criminal acts**
The cause of the claim is due to taking part in a criminal act.

**HIV/AIDS**
The cause of the claim is due to infection with Human Immunodeficiency Virus (HIV) or conditions due to any Acquired Immune Deficiency Syndrome (AIDS) (unless caught in the UK from a blood transfusion, a physical assault or at work in an eligible occupation).

The eligible occupations for HIV caught at work are:

• any occupation which provides accident and emergency, medical, laboratory, phlebotomy, dental or nursing services
• the police force
• the prison service.

**Living abroad**
The medical condition arises while you are living abroad and you don’t return to the United Kingdom or one of the other countries we specify. These are countries where, from our experience we know we can manage the claims process effectively. Our current list of countries is Australia, Austria, Belgium, Bulgaria, Canada, Channel Islands, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Hong Kong, Hungary, Iceland, Ireland, Isle of Man, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Republic of Macedonia, Malta, Monaco, the Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, and United States of America. We can add and remove countries on the list if the cost or the availability of medical or other evidence changes, or for any of the reasons set out in section 10.

If you are thinking of moving abroad, it is important that you contact us for an up-to-date list. We will act reasonably when considering whether we can continue to cover you in that country.

**Terrorism, war and civil commotion**
The cause of the claim is due to any act of terrorism, war, invasion, hostilities (whether war is declared or not), civil war, rebellion, revolution or taking part in a riot or civil commotion.

**Unreasonable failure to follow medical advice**
The cause of the claim is due to unreasonable failure to seek or follow medical advice.

4. The optional benefits in more detail

**Indexation benefit**
Indexation benefit allows your income protection benefit to increase each year to take into account inflation and changes in average earnings.

Two types of indexation benefit are available: indexed during claim and total indexation benefit. The level of the income protection benefit will stay the same throughout the life of your plan if:

• you do not choose either option, and
• you change the payment if we ask you to at a review (see section 8).

You can choose one of these benefits when the plan starts or you can add either of them later, unless, when we assess your health, activities and financial position we decide that the risk of you making a claim has increased (other than because of your increased age) since we last assessed them. In making this assessment we’ll act reasonably and in accordance with professional actuarial practice.
Actuary
An actuary is a qualified professional who makes mathematical assessments of costs and probabilities, sets payment and rates for insurance and pension contracts and deals with a range of financial matters related to the business of insurance companies. Actuaries must comply with Professional Conduct Standards. You can find out more about these from the Institute and Faculty of Actuaries, or Financial Reporting Standards (See Technical Actuarial Standards and Actuarial Standard Technical Memorandum).

Indexed during claim
If this benefit is shown on your plan schedule and you make a claim under your plan, we will increase the income protection benefit we are paying each year, on your plan anniversary, in line with any increase in the Retail Prices Index. Once the claim has ended, we will reset the income protection benefit to the level it was at the start of the claim.

Retail Prices Index
This is the main domestic measure of inflation in the United Kingdom as compiled by the Office for National Statistics or any official published retail prices index that we adopt in its place. It measures the average change each month in the prices of goods and services purchased by most households in the United Kingdom.

Your income benefit will increase by the same percentage as the index increased over the 12-month period that ended two months before the anniversary of the date you started the plan. Your level of cover will not change if there has been a fall, or no increase, in the index over this period.

Total indexation benefit
If you choose this benefit then, provided you are not claiming the income protection benefit, your income protection benefit level will increase each year in line with any rises in the Average Weekly Earnings measure. If you make a claim under your plan, we will increase your income protection benefit in line with any increase in the Retail Prices Index (not the Average Weekly Earnings measure) on each plan anniversary while we are paying your claim.

Average Weekly Earnings Measure (AWE)
This is the United Kingdom average weekly earnings measure of the whole economy as published by the Office for National Statistics, or any official published average earnings measure that we adopt in its place.

This measure replaced the Average Earnings Index.

Your cover will increase by the same percentage as the index increased over the 12-month period that ended two months before the anniversary of the date you started the plan. Your level of cover will not change if there has been a fall, or no increase, in the measure over this period.

Your payments will increase each year to pay for the higher amount of cover. The cost of the extra cover will be based on:

- the amount of cover
- the deferred period you’ve chosen
- your occupation at the start of the plan
- your age at that time
- whether you smoked when the plan started, and
- the number of years left until the end of the plan’s term.

We will write and tell you about the increase to your payments at least 28 days before the plan anniversary.

You will have at least 28 days to write and tell us if you no longer want to pay for total indexation. If you ask us to remove the total indexation benefit, it can only be added back again if, when we assess your health, activities and financial position, we decide that the risk of you making a claim has not increased (except because of your increased age) since we last assessed them. In making this assessment we’ll act reasonably and in accordance with professional actuarial practice.

5. How long the plan can last
The term of the plan is five years. At the end of the five-year term, you can renew the cover for a further five years (see section 7), provided:

- this option is included on your plan schedule, and
- you have not made a successful claim for income protection benefit
• the plan ends on or before your 65th birthday (the plan termination age). The plan termination age must be no later than your planned retirement date.

6. Making payments

You must make all the payments that are due over the plan’s term. Your plan schedule says how much you need to pay, how often your payments are due and how long the plan will run.

We regularly review your plan. This means that over the life of your plan, your payments can increase explained in section 8.

Your payment includes an indexed plan charge. There are different levels of charge for yearly and monthly paid plans and for plans with different deferred periods. The charges from January 2013 are shown below.

<table>
<thead>
<tr>
<th>Deferred period</th>
<th>Monthly</th>
<th>Yearly</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 month</td>
<td>£8.77</td>
<td>£105.24</td>
</tr>
<tr>
<td>3 and 6 months</td>
<td>£6.19</td>
<td>£74.28</td>
</tr>
</tbody>
</table>

We increase this charge each January, usually in line with any increase in the Average Weekly Earnings measure in the previous 12-month period. We can increase the indexed plan charge by more or less than increases in the Average Weekly Earnings measure. We would only increase the indexed plan charge, by more than increases in the Average Weekly Earnings measure, if our costs going forward were reasonably expected to exceed the indexed plan charge through no fault of our own.

We’ll tell you what the increase will be before the relevant plan anniversary.

Your payments will change:
• if you change the amount of cover or the deferred period
• if there is an increase in the indexed plan charge
• if you have chosen total indexation benefit.

Your payments may also increase as a result of plan reviews.

We work out your payments based on the type and amount of cover you’ve chosen, any extra benefits that are included, the term of your plan, your age, your occupation and whether you smoke.

Your health or activities, or both, may mean you have to make an extra payment for your cover.

If this applies to you we'll include it on your plan schedule.

The first payment is due from the date the plan starts. If this payment is not made, the plan will not provide any cover.

You can make payments monthly or yearly by direct debit. You can also make yearly payments by cheque. If you pay by direct debit, we collect your payments on the first day of the month. If this falls on a weekend or public holiday, we’ll collect your payment on the following working day. If payments are made monthly, they are due on the first day of every month. If they are made yearly, they are due every year on the anniversary of the day the plan started.

Your payments to us will stop when the plan’s term ends or you die, whichever is sooner.

You don’t need to make any payments to the plan if we’re paying you the income protection benefit, proportionate benefit or rehabilitation benefit. If you pay yearly, you will receive a refund of the proportion of the yearly payment you made for the period when we paid you income protection benefit, proportionate benefit or rehabilitation benefit. However, you will not receive this refund until the relevant benefit under your plan stops. You will receive it as a reduction in your next yearly payment into the plan. If at that time you decide not to renew your plan, we will pay you the amount of the refund.

When we stop paying any benefit, you must restart payments to the plan. Your payment will be due from the first of the following month. We will give you at least 14 days’ notice that you need to start making payments to the plan again.

If you don’t make a payment when it is due, the plan will continue providing cover for 30 days. At the end of the 30-day period the plan will end and you won’t get any of your payments back. If we agree to pay a claim during this 30-day period under the terms of your plan, we’ll deduct any due payment from the amount we pay.

Although your plan will have formally ended and you will therefore have no rights under the plan, you can ask us to reinstate your cover up to 60 days after your plan ended. To help us consider your request, we’ll ask you for details...
about your health and activities. If we agree to reinstate your plan, you will need to send us a cheque for the payments you have missed. We do not have to reinstate your plan.

If you increase your cover, your payments will increase. If you pay monthly, your cover and payments will increase from the first of the month. If you pay yearly, your cover and payments will increase from the next plan anniversary. However, you can ask us to increase your cover before the next plan anniversary. If you do, we’ll ask you to pay for the increased benefits for the rest of the year until the next plan anniversary and your cover will increase from the date you make the increased payment.

If you reduce your cover your payments may reduce. There is no limit to the new level of cover as long as the new payment for that level of cover does not go below the minimum payment amount. The minimum payment amounts, as at April 2013, are £11 for monthly payments and £110 for yearly payments. Please ask if you want to know what these are currently.

7. How flexible is it?

The plan includes some options that enable you to change your cover if your circumstances change.

Increasing your cover
You can ask us to increase your cover at any time. You will need to complete our standard application for increases.

Before deciding whether to allow you to increase the cover your plan provides, we will ask you for details of your current health and activities. If you have a key person plan, we will also need evidence to support the requested increase, including financial information.

You won’t be able to increase your cover on this plan if:

- since we last assessed your health and activities for this plan, there has been a change to your health and activities that means there is an increased risk of a claim, or
- you are in the deferred period or you are receiving income protection benefit or proportionate benefit or rehabilitation benefit.

If you increase your cover we work out the new payment based on:

- the rates at the time for your age
- the deferred period
- your health and activities
- whether you smoked at the start of the plan
- your occupation when the plan started
- the number of years left until the end of the plan’s term, and
- by carrying out a review (as explained in section 8).

Reducing your cover
You can reduce your cover. There’s no limit to the new level of cover as long as the new payment for that level of cover does not go below the minimum payment amount. The minimum payment amounts as at April 2013 are £11 for monthly payments and £110 for yearly payments. Please ask if you want to know what these are currently.

If you reduce your cover, we work out your new payment based on the new level of cover and also by carrying out a review as explained in section 8.

Renewing your cover
Your plan has a term of five years. Provided your plan schedule says your plan is renewable, you can renew it for a further five years at the end of the plan’s term. You won’t need to give us any more details about your health and activities. Your new plan will be renewed on the same terms as the old plan, so if an indexation benefit applies to the old plan it will also apply to the new plan.

Your payments will increase each time you renew the plan’s term to reflect your age, the cost of providing cover at the time, whether you smoke and your occupation when the plan started.

You will not be able to renew the plan if:

- you have already made a successful claim for income protection benefit during the term of the plan
- the renewal into another five-year term plan would take you beyond the plan termination age. In these circumstances you can extend the term of your existing plan, provided there is at least one year to run before the plan termination age
- there is less than a year to the plan termination age
- you want the renewal to be on different
terms to those that applied to your old plan. For example, you want to change some of the optional plan benefits at the time of renewal. If so, you will need to apply for a new Income Protection Plan.

If you are in the deferred period at the time the option to renew arises, you can still renew the plan, as long as none of the above applies.

You can carry across the remainder of the deferred period into the new plan.

If we are paying a claim at the time your plan is due to be renewed, you won’t be able to renew your plan. But, provided you continue to be incapacitated within the meaning set out in section 3, we will continue to pay you the income protection benefit under the terms set out in section 3, after the end of the plan’s term until the earliest of the following:

- you reach the end of the benefit payment period which is a maximum of two years' claims in total
- you reach the plan termination age.

8. Plan reviews

Process

Your payments are reviewable. This means they are not fixed for the duration of the plan. Instead we will regularly review the cost of providing your plan, so the amount you pay could go up. There is no limit on the amount by which your payment might increase. We'll review your plan each year on the anniversary of the date of the start of the plan.

At a plan review we will calculate any change to your level of payment in a fair and reasonable way. Any change to your payment will not depend on your health at the time of the review.

We will make the review calculations before the plan anniversary when the review will take effect. We’ll write to tell you the outcome of the review at least four weeks before the plan anniversary and explain what you need to do.

If we ask you to increase your payments after a review, you can choose to do nothing and to continue paying the previous amount. If you choose not to increase your payments, we’ll recalculate the amount of cover your plan will then provide in line with the payment you are making at the time and our assessment of the cost of providing your plan.

This means that your plan will provide less cover than you had before the review. If you wish, you can choose to stop making payments to your plan. If you do this, your plan will end with no cash value and your cover will stop.

Any payment changes or reduction in your cover, if that applies instead, will happen on the plan anniversary. If at a review our assessment of the cost of providing your plan is between 90% and 105% of what we expected, we will not change your payments. Instead we will carry this forward to the next review.

We maintain statistics to show the probability of people of all ages and smokers and non-smokers dying or becoming incapacitated and unable to work for all types of occupations. These statistics reflect the population, industry and our own experience. Your initial payment is based on our current assumptions about the cost of providing your plan. We decide this by looking at several things: our own claims experience (the number and value of claims actually paid on similar plans, including other generations of plans with slightly different terms and conditions); what's happened in the industry and in the general population; and our expectation of the effect on future claims of medical advances and health-related trends.

We regularly monitor the position and will update the statistics accordingly.

Any change in the statistics referred to above will affect the cost of providing your plan from the date of the change. At a review we will take account of the accumulated impact on your plan since the date of the change and the effect over the remaining term of the plan.

Your payments also cover our administration charge which is taken from your payments each month. This charge increases each calendar year in line with any increase in the Average Weekly Earnings Measure (AWE), When we set your payment we have to make an assumption about the rate of increase in the charge; we currently assume 4.5%.

Average Weekly Earnings Measure (AWE)

This is the United Kingdom average weekly earnings measure of the whole economy as published by the Office for National Statistics, or any official published average earnings measure that we adopt in its place. This measure replaced the Average Earnings Index.
At a review we take into account the difference between the actual increase in the administration charge and our previous assumption. We will also make a new assumption for the rate at which it is expected to increase in the future if it is reasonable to do so.

**Reviews summary**
- At each review we compare our actual experience with what we assumed.
- At each review we will also check that our assumptions are still correct for the future. If they are not, we will change them in a fair and reasonable way.
- If we change our assumptions for the future and they are less favourable, your payments may increase. But you will have the option to reduce your cover and keep the payment unchanged.
- We will write to you at least four weeks before the review date, setting out any changes and your options.
- There is no upper limit to the increase in payment that may apply.
- Changes in payment will not depend on your health at the time of the review.

9. Making a claim
If you need to make a claim, you should first contact your adviser or us. Our telephone number is 0370 243 0827.

We’ll provide you, or the person dealing with your affairs, with any claim form we require.

It must be completed in full and signed before we can proceed with the claim. We’ll let you know what information we’ll need from your doctor, consultant or any other third party.

We always try to pay all valid claims as soon as possible and we’ll keep you, or the person dealing with your affairs, informed of how the claim is progressing.

**Claiming for the income protection benefit**
If you want to claim this benefit and your plan has a one-month deferred period, you must tell us as soon as possible. For plans with more than a one-month deferred period, you must tell us at least four weeks before the end of the deferred period. If you tell us after the end of the deferred period, we need not backdate your payments to before the date when we were told. However, we will backdate your payments if:
- you give us a satisfactory explanation for the late notification, and
- medical evidence confirms that you have been continuously disabled since the date you first had to stop work.

At the point of claim we’ll carry out a telephone-based interview, unless this is not possible at the time. We’ll then send you a summary of our conversation for you to check, sign and return. Once we’ve received your signed confirmation, we’ll tell you what medical evidence we’ll be obtaining and any documents you need to send us before we can pay the claim. You will need to carry on making payments to the plan until we agree to pay the claim. Where it is reasonable to do so, based on the medical evidence, we can require you to have further medical examinations or tests, which will be carried out by a medical officer we provide. If so, we’ll aim to make these as convenient as possible for you and we’ll pay the costs of any extra medical examinations. You can claim, within reason, for any expenses you incur as a result of having these extra tests.

You must be able to prove that you are incapacitated and unable to do the main duties of your usual paid job. We will ask for any further reasonable evidence.

We’ll also tell you what evidence we need about your earnings at the time you claim and for any period before then. The evidence will depend on the type of earnings you have and we may ask for independent proof of them.

You must be receiving regular medical care and supervision for your condition and we can ask you or your doctor for medical evidence at regular intervals throughout your claim.

**Claiming for the death benefit**
The person dealing with the claim will need to complete a form we provide. We’ll also need the plan schedule, the death certificate, proof of identity and, where applicable, reasonable evidence that the person dealing with the claim is entitled to claim (for example, a grant of probate showing that he or she is the executor of your estate). They must pay any costs incurred in providing these. There may be other reasonable requirements such as medical evidence and reasonable evidence of death, including cause of death. We’ll tell the person dealing with your affairs what we need when they make a claim.
10. Changes we can make to the plan

To the extent that any change is proportionate and reasonably required, we may alter the terms and conditions of your plan, including your payments and benefits for any of the following reasons:

- So we can look after your plan more efficiently or effectively, or to reflect changes in technology or insurance industry practice.
- To take account of a decision by a court, governmental body, ombudsman, regulator, industry body, or similar body, anywhere in the world where the decision impacts on us with regard to your plan.
- Or, where we need to comply with changes to the law, taxation, official guidance, applicable codes of practice, or how we are regulated, including the amount of capital we must hold.
- If in our reasonable opinion we are at material risk of becoming insolvent and this may be avoided by changing the terms and conditions of your plan and those of other plan owners with similar plans, and the changes are in the interests of our plan owners as a whole.

We'll write and tell you of any changes to these terms and conditions 30 days before the change, where this is reasonably possible. Otherwise we'll let you know as soon as we reasonably can.

Your payments to the plan include an amount to cover our administration charge. This charge normally increases each year in line with any increase in the Average Weekly Earnings Measure (AWE).

We can increase this charge by more than increases in the AWE or introduce new charges. However, if we do, it will only be to the extent that the amount of any increase or new charge is reasonable, and if it is proportionate and reasonably required for any of the following reasons:

i. So we can look after your plan more effectively, or to reflect changes in technology or insurance industry practice.
ii. To take account of a decision by a court, governmental body, ombudsman, regulator, industry body, or similar body, or because of changes to, or to comply with the law, taxation, official guidance, codes of practice or how we are regulated, including the amount of capital we must hold.
iii. To take account of changes to levies or charges imposed on us by law or under the Financial Services Compensation Scheme or by the FCA, unless we are expressly prohibited from passing these on to our customers.

If any of i), ii) or iii) above happen we'll write and tell you about the increase to the charges or any new charges 30 days before the change where this is reasonably possible. Otherwise we will let you know as soon as we reasonably can.

11. General terms

If the ownership of this plan is transferred to someone else, we need to be informed by a ‘notice of assignment’ at our address on page 16. This protects the legal position of the person to whom it is transferred. Notices of assignment must give the date and details of the assignment, including the full name of the person to whom plan ownership is being transferred.

If the currency of the United Kingdom is replaced by the euro, we’ll change the payments, charges and benefits to euros.

If any of the details you have provided are wrong, we can change the terms of your plan to reflect the correct details.

If you want to make any changes to your plan, please make your request in writing. We also recommend that you confirm with us in writing any issues you discuss with us that are not covered in these terms and conditions or your other plan documents. You don’t need to tell us if you change your occupation after this plan starts.

If the law requires us to, we can deduct tax from any payment before paying it to you.

Only you (or if you die, the person managing your affairs or the person who is entitled to benefit from the plan) can enforce the terms of your plan. We exclude the rights of any other persons under the Contracts (Rights of Third Parties) Act 1999.

12. Law

The plan is governed by the law of England.

This version of the booklet applies from January 2018.
13. Other information

How to complain
If you need to complain, please see the ‘How to contact us’ section.

You can ask us for details of our complaints handling process. If you are not satisfied with our response to your complaint, you can complain to:
The Financial Ombudsman Service
Exchange Tower
London
E14 9SR
Telephone: 0800 023 4567 or 0300 123 9123
Or visit the website www.financial-ombudsman.org.uk

This service is free to you and you can find out more at any time by contacting the Financial Ombudsman Service. You do not have to accept a decision by the Financial Ombudsman Service and you are free to go to court instead if you wish.

Compensation
If we’re unable to meet our financial obligations in full you may be entitled to help from the Financial Services Compensation Scheme (FSCS). The compensation you’ll receive will be based on their rules.

If you need more information, you can contact the FSCS helpline on 0800 678 1100 or 020 7741 4100, write to the address below or visit the website www.fscs.org.uk.

Financial Services Compensation Scheme
10th Floor, Beaufort House
15 St Botolph Street
London
EC3A 7QU

Your adviser will recommend products that are suitable for your needs. You have a legal right to compensation if an authority decides that a recommendation was unsuitable when it was made.

Data protection
Zurich Assurance Ltd is your Data Controller under data protection legislation and is committed to ensuring the way we collect, hold, use and share personal information about you complies fully with the legislation.

This is explained in our data protection statement – see Appendix A.

Moving abroad
This plan is designed for customers who are resident in the United Kingdom.

• We do not provide any tax advice. If you decide to live outside of the United Kingdom after this plan has been issued, we recommend that you obtain independent advice in relation to this plan on the tax consequences of changing your country of residency. We are not responsible for any adverse tax consequences that may arise in respect of your plan and/or any payments made under your plan as a result of you changing your country of residency.

• If you move to another country outside the UK, your plan may no longer be suitable for your individual needs. UK laws or the local laws and regulations of the jurisdiction to which you move may impact our ability to continue to operate your plan in line with these terms and conditions. You must tell us of any planned change in your residency while you have a plan prior to such change becoming effective, if you do not do so this will be a material breach of these terms and conditions and we may terminate the plan as a result.

Conflicts of interest
We make every effort to identify conflicts of interest. A conflict of interest is where the interests of our business conflict with those of a customer, or if there is a conflict between customers of the business. Once identified, we aim to either prevent the conflict or put steps in place to manage it so that it is no longer potentially detrimental to our customers.

We have processes in place to ensure we conduct our business lawfully, with integrity, and in line with current legislation. We operate in line with our conflicts of interest policy, available on request or on our website, which details the types of conflicts of interest that affect our business and how we aim to prevent or manage these. Where we cannot prevent or manage a conflict which may be detrimental to you, we will fully disclose it to you in line with our policy.
How to contact us

If you want to contact us you can phone or write.

Phone: 01793 514514
Monday to Friday 8.30am – 6.00pm.
We may record or monitor calls to improve our service.

Write to:
Zurich Assurance Ltd
Tricentre One
New Bridge Square
Swindon
SN1 1HN
UK

Keep in touch
It’s important that we keep in touch so if you change your address or any of your contact details, please let us know.

We want everyone to find it easy to deal with us. If you need information about our plans and services in a different format, just let us know and we’ll provide it.

All our literature is available in large print, braille and on audio tape or CD.

If you are a textphone user, we can answer any questions you have through a Typetalk Operator. Call us on 18001 01793 514514. Or, if you’d prefer, we can introduce your adviser to a sign-language interpreter.
Who controls my personal information?

This notice tells you how Zurich Assurance Ltd, as data controller, will deal with your personal information. Where Zurich introduces you to a company outside the group, that company will tell you how your personal information will be used.

You can ask for further information about our use of your personal information or complain about its use in the first instance, by contacting our Data Protection Officer at: Zurich Insurance Group, Tri-centre 1, Newbridge Square, Swindon, SN1 1HN or by emailing the Data Protection Officer at GBZ.General.Data-Protection@uk.zurich.com.

If you have any concerns regarding our processing of your personal information, or are not satisfied with our handling of any request by you in relation to your rights, you also have the right to make a complaint to the Information Commissioner’s Office. Their address is: First Contact Team, Information Commissioner’s Office, Wycliffe House, Water Lane, Wilmslow, SK9 5AF.

What personal information will you collect about me?

We will collect and process the personal information that you give us by phone, e-mail, filling in forms on our website, or otherwise and when you report a problem with our website. We also collect personal information from your appointed agent such as your trustee, broker, intermediary or financial adviser and from other sources, for verification purposes, such as credit reference agencies, other insurance companies, information you have volunteered to be in the public domain and other industry-wide sources.

The type of personal information we may collect includes; basic personal information (i.e. name, address and date of birth), occupation and financial details, health and family information, claims and convictions information and where you have requested other individuals be included in the arrangement, personal information about those individuals.

In providing Zurich with personal information on other individuals on your policy, you agree that you have their permission to do so or you are managing the contract on another’s behalf.

Who do you share my personal information with?

Where necessary or required we may need to share your personal information for the purposes of providing you with the goods and services with the types of organisation described below:

- associated companies including reinsurers, suppliers and service providers
- introducers and professional advisers;
- regulatory and legal bodies;
- central government or local councils;
- law enforcement bodies, including investigators;
- survey and research organisations;
- credit reference agencies;
- healthcare professionals, social and welfare organisations;
- other insurance companies.

How do you use my personal information?

We and our selected third parties will only collect and use your personal information (i) where the processing is necessary in connection with providing you with a quotation and/or contract of insurance and/or provision of financial services that you have requested; or (ii) for our “legitimate interests”. It is in our legitimate interests to collect your personal information as it provides us with the information that we need to provide our services to you more effectively including providing you with information about our products and services. We will always ensure that we keep the amount of information collected and the extent of any processing to the absolute minimum to meet this legitimate interest.

Examples of the purposes for which we will collect and use your personal information are:
1. to provide you with a quotation and/or contract of insurance;
2. to identify you when you contact us;
3. to deal with administration and assess claims;
4. to make and receive payments;
5. to obtain feedback on the service we provide to you;
6. to administer our site and for internal operations including troubleshooting, data analysis, testing, research, statistical and survey purposes;
7. for fraud prevention and detection purposes.

We will contact you to obtain consent prior to processing your personal information for any other purpose, including for the purposes of targeted marketing unless we already have consent to do so.

How do you use my personal information for websites and email communications?
When you visit one of our websites we may collect information from you such as, your email address, IP address and other online identifiers. This helps us to track unique visits and monitor patterns of customer website traffic, such as who visits and why they visit.

We may use cookies and/or pixel tags on some pages of our website. A cookie is a small text file sent to your computer. A pixel tag is an invisible tag placed on certain pages of our website but not on your computer. Pixel tags usually work together with cookies to assist us to provide you with a more tailored service. This allows us to monitor and improve our email communications and website. Useful information about cookies, including how to remove them, can be found on our websites.

How do you transfer my personal information to other countries?
Where we transfer your personal information to countries that are outside of the European Union we will ensure that the transfer is carried out in a compliant manner and appropriate safeguards are in place. A copy of our security measures for information transfer can be obtained from our Data Protection Officer at: Zurich Insurance Group, Tri-centre 1, Newbridge Square, Swindon, SN1 1HN, or by emailing the Data Protection Officer at GBZ.General.Data.Protection@uk.zurich.com.

How long do you retain my personal information for?
We will retain and process your personal information for as long as necessary to meet the purposes outlined in the notice provided to you at the time of collection of your personal information.

These periods of time are subject to legal and regulatory requirements (for example those set out by HMRC and the FCA), or to enable us to manage our business.

What are my Data Protection rights?
You have a number of rights under the data protection laws, namely:
• to access your data (by way of a subject access request);
• to have your data rectified if it is inaccurate or incomplete;
• in certain circumstances, to have your data deleted or removed;
• in certain circumstances, to restrict the processing of your data;
• a right of data portability, namely to obtain and reuse your data for your own purposes across different services;
• to object to direct marketing;
• not to be subject to automated decision making (including profiling), where it produces a legal effect or a similarly significant effect on you;
• to claim compensation for damages caused by a breach of the data protection legislation.
• if we are processing your personal information with your consent, you have the right to withdraw your consent at any time.

We will, for the purposes of providing you with a contract of insurance, processing claims, reinsurance and targeted marketing, process your personal information by means of automated decision making and profiling where we have a legitimate interest or you have consented to this.

What happens if I fail to provide my personal information to you?
If you do not provide the required personal information to provide you with the services you have requested we will not be able to provide you with a contract or assess future claims.
Please let us know if you would like a copy of this in large print or braille, or on audiotape or CD.