

Technical Guide

This technical guide is effective from 29 July 2022.



This document is a guide to the features, benefits, risks and limitations of the policy, including how the policy works and how you can claim. It is an important document that relates to the quotation that has been issued with it. If there is anything you are not sure about, you can ask your financial intermediary or MetLife (if applicable).

The technical guide does not specify the standard contractual terms, which can be found in the policy terms and conditions.

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

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The insurer

The policy is provided and underwritten by MetLife Europe d.a.c., which trades as MetLife. Further information about MetLife can be found on the website www.metlife.co.uk.

MetLife does not offer advice in respect of this policy. Please contact your financial intermediary should you have any questions in relation to the level and type of cover you should choose.

Its aims

- The aim of the policy is to cover a proportion of the regular income due to an employee under a contract of employment or partner in the event they are incapacitated and suffering loss of earnings as a result of illness or injury.
 - The policy offers a range of choices of how soon and for how long income benefit will be paid following an insured member being incapacitated (maximum limits apply).
 - In addition, the policy offers the option to offset (reduce) any income benefit that becomes payable by an amount, which can be:
 - a. a fixed amount; or
 - b. notional state benefits in respect of incapacity whether they are received by the claimant or not.
 - It also offers additional optional benefits for employees only (maximum limits apply):
 - a. Pension scheme contributions benefit payable towards the maintenance of the employer's and / or employee's contributions applicable to their basic income benefit;
 - b. National Insurance contributions benefit payable towards the maintenance of the employer's National Insurance contributions benefit applicable to the basic income benefit; and / or
 - c. Lump sum benefit payable to the employer once benefit has been paid in respect of an employee for the duration of a limited benefit payment period and they remain incapacitated.
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The policyholder's commitment

- To comply with the duty to make a fair presentation of the risk to be insured by MetLife and disclose every material circumstance relating to the risk, which the organisation knows and has conducted a reasonable search of the information available to them. The duty must be complied with when applying for the policy, at policy review dates and guarantee expiry dates. The answers to MetLife's underwriting questions provided in the proposal form, or otherwise, must be substantially true, accurate and complete. A representation made to MetLife may be corrected or withdrawn before the insurance cover commences. The duty is important. If it is not complied with, cover may be void from the start, premium may be retained and the payment of claims may be affected (i.e. claims may be declined or the benefit payable may be reduced).
- To provide accurate and complete membership data when applying for the policy, at review dates and at guarantee expiry dates. Complete data is required at least once in every 12 month period of cover.
- To agree to pay regular premiums fully, as and when they are due.

- To abide by the policy terms and conditions.
- As soon as you are aware and as soon as is reasonably practicable, to notify MetLife in any of the following circumstances:
 - a. of any members whose income benefit is above the free cover limit;
 - b. of any potential claims i.e. any members who have been incapacitated for a period of at least 4 weeks and provide the reasons for the absences.
Absence from work does not include holidays, maternity, paternity and adoption leave, or any other authorised leave to be approved by MetLife;
 - c. of any discretionary entrants;
 - d. of any change in business location or business nature of the employer or group of members covered under the policy;
 - e. of any change in the employment status or partnership status of any members;
 - f. if the policyholder intends to amend the eligibility criteria of the policy;
 - g. if there is a 30% or more change in the number of members covered or the total cover since the policy commencement date or the previous review date, whichever is later;
 - h. if the total number of members falls below 3 or increases from below 3 to 3 or more;
 - i. of any change in the nature of the employer's business that exposes members to any change in accident risk or exposure to hazardous substances;
 - j. if the employer acquires another company and wishes to cover the employees and / or partners of the new company in the employer's existing scheme;
 - k. if the employer disposes of a company and wishes to remove cover for the employees and / or partners of that company; and
 - l. to terminate the policy with 7 days advance written notice.
- To pass on the appropriate income benefits paid under the policy to the member through the employer's payroll system after deducting the relevant Income Tax and National Insurance Contributions.
- To work with MetLife and support any actions designed to encourage members to return to work.

Risk factors

- There are a number of reasons for which MetLife may terminate the policy, at which point cover will cease. These are detailed in the policy terms and conditions, clauses 17.2 and 17.3. Valid claims that occurred when cover existed will be paid even if the policy has been terminated provided premiums have been paid for that period of cover.
- It is important membership data is accurate and up to date as and when it is requested. Any individual omitted from the data who should have been included may result in a claim in respect of said individual being declined.
- In any of the following circumstances, the rate used to calculate premiums is guaranteed for a period agreed in writing by MetLife, and is then reviewed at the guarantee expiry date.
- The rate may change at any time due to any of the following circumstances:
 - a. there is a 30% or more change in the number of members covered or the total cover since the policy commencement date or the previous review date, whichever is later;

- b. there is a change to the eligibility conditions or benefit basis;
 - c. if any new regulation (or change in legislation or HMRC practice) comes into force which affects the way that premiums and/or policy benefits are treated;
 - d. there is a change in the business location or business nature of the employer or group of members covered under the policy;
 - e. the policyholder wishes to include new members in the policy following the purchase of a new company, the inclusion of a new subsidiary or a new category of employees or partners;
 - f. the policyholder wishes to remove a group of members from the policy following a company disposal; or
 - g. the structure of the state benefits system changes.
- MetLife reserves the right to change the unit rate or single premium and / or the terms and conditions of each policy under the policy at each guarantee expiry date or at any time for particular events as detailed in the policy terms and conditions - section 9.
 - MetLife reserves the right to change the premiums if there is a change in the regulations affecting the premiums.
 - Any delays in providing the information MetLife requests, or if the information is incomplete or inaccurate, may result in declined claims or delays in claim payments. In addition, the claim amount may be reduced, premiums may be increased, and employees or partners may not be covered. MetLife also reserves the right to cancel the policy and if due, refund any premiums already paid.
 - Some causes of claims are not covered. Any additional exclusions under the policy will be shown on the quotation and/or the policy schedule. Special terms may also apply to individual members and these will be confirmed in writing.
 - The policyholder needs to ensure they understand any areas where the benefits provided by the insurance policy do not meet the requirements of relevant employment legislation and / or regulation and seek legal advice where appropriate.
 - Unless otherwise specified, quotations are guaranteed for 90 calendar days.
 - Should a claim occur outside of the United Kingdom, then after 6 months, MetLife may require the member to return to the United Kingdom or to visit another country as instructed by MetLife to attend a medical examination. Claim payments may cease if this does not happen when requested.
 - Income benefit may be reduced if a member is receiving other income elsewhere as a result of them being incapacitated. Receipt of income benefit may disqualify a member from entitlement to some state benefits.
 - If the definition of incapacity is 'Unable to perform their own or another suitable occupation', the 'any other reasonable occupation to which a member may be suited by reason of training, experience or education' is not limited to an occupation with the claimant's current employer.
 - State benefits can be taken into account whether the member receives them or not if the employer has chosen to reduce the amount of income benefit to allow for state benefits the employee may receive as a result of being incapacitated.
 - MetLife may change the policy terms and conditions if, for example, the Government changes the method for calculating and paying state benefits or employer's National Insurance contributions.
 - If a catastrophic event, as defined by the policy, occurs, an overall limit may apply on the total claim amount paid. If MetLife has already paid benefits to the catastrophic event limit which is set out in the policy schedule for one catastrophic event, then no further benefits will be paid out for that event.

How does the policy work?

- The policyholder chooses the benefit structure and eligibility conditions for the policy, including:
 - a. The type and amount of benefit to be provided;
 - b. The incapacity definition;
 - c. The deferred period;
 - d. The benefit payment period;
 - e. The benefit offset; and
 - f. How income benefit in payment will increase each year, if at all.
- A monthly basic income benefit is payable to partially replace a member's earnings lost through incapacity as a result of illness or injury.
- There are also 3 optional benefits (maximum limits apply):
 - a. Pension scheme contributions benefit – payable towards the maintenance of the employer's and / or employee's pension scheme contributions applicable to the basic income benefit; and
 - b. National Insurance contributions benefit – payable towards the maintenance of the employer's National Insurance contributions applicable to the basic income benefit.
 - c. Lump sum benefit - payable to the employer once benefit has been paid in respect of an employee for the duration of a limited benefit payment period and they remain incapacitated.
- MetLife provides cover whilst payment of premium continues no matter how many claims are made subject to the limits set out in the policy terms and conditions including those at member level. MetLife will continue to admit and pay claims, subject to the policy terms and conditions, where the incapacity of a member occurs whilst premiums are still being paid, assuming the policy has not been formally cancelled.
- MetLife only provides cover from the policy commencement date onwards, i.e. from the date MetLife agrees to take on the risk going forward. MetLife does not provide cover before that date. Therefore, any member who is incapacitated before the policy commencement date is not covered by the policy.
- The guarantee expiry date stated in the policy schedule applies to both the premium rate and the policy terms and conditions. At each guarantee expiry date, both the premium and the policy terms and conditions may be changed (see the terms and conditions - section 9).
- Different levels and/or types of benefits can be provided for different categories of employees and partners.
- The premiums for the policy are usually treated for tax purposes as a trading expense. Premiums are not normally treated as a benefit in kind for employees.
- MetLife will not accept premium payments from anyone other than the employer or employers listed in the policy schedule (as opposed to the employees or partners).
- The premium payment methods available remain unchanged for partners, even if each individual partner pays for their own cover. Where each individual pays for their own cover, partial premium payments from multiple partners covered under one policy are not accepted. Payment must be a single payment from the employer. A partner is an equity partner of a partnership or an individual listed in the incorporation document of a Limited Liability Partnership.
- The policyholder must provide MetLife with information required for assessing a claim as soon as is reasonably practicable when MetLife requests the information.
- The policy benefits are paid to the policyholder and the policyholder pays the appropriate income benefit to the incapacitated member through its payroll system, after the deduction of income tax and National Insurance contributions.

- If a claim is found to be medically valid by us, MetLife pays the income benefit monthly in arrears from the end of the deferred period until the earlier of the expiry of the benefit payment period and when the member:
 - Dies;
 - Reaches the policy termination age;
 - Retires;
 - Is no longer employed by the employer;
 - Is no longer incapacitated;
 - Is no longer suffering loss of earnings;
 - Takes up any form of employment without MetLife's agreement; or
 - Refuses to take medical advice or attend a medical examination.

Your questions answered about the policy

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

You should consider:

- The contractual benefits you have offered your employees and partners.
- How important group income protection benefits are to the benefit package you offer your employees and partners.
- Whether you want to give the same benefits to all members, or different levels of benefits to different categories of members within the policy.

1.1 Who can be covered?

An employee or partner will become a member when the eligibility and actively at work conditions set out in the policy terms and conditions and policy schedule are satisfied.

These conditions also apply to increases in cover for existing members.

The eligibility conditions will need to be defined by the employer and will include for each category:

- Minimum and maximum entry ages;
- Minimum service qualification periods;
- Termination ages;
- The date that new entrants can join the policy;
- When existing members' benefit will increase; and
- Whether cover is dependent on membership of a pension scheme. If so, then it is the pension scheme's current eligibility terms, which must be specified and the take up rate should also be confirmed.

Membership must be open to all employees and partners within a defined category or categories. The eligibility conditions must be the same for all members within a defined category.

The benefits provided by the policy should comply with all relevant laws on discrimination, including but not limited to the Equality Act 2010. An employer should consider employment law, and seek legal advice where appropriate, when setting the eligibility conditions so that they can understand any areas where the

benefits provided by the employer scheme are not consistent with the benefits provided by the policy.

An employer should consider these regulations when setting the eligibility conditions so that they can understand any areas where the benefits provided by the employer scheme are not consistent with the benefits provided by the policy.

Members that satisfy the eligibility conditions can be permanent employees, partners, part-time employees and temporary employees who are contracted to work for a period of one month or more for any employer covered under the policy.

Members in certain occupations may be excluded from cover under the policy.

1.1.1 Pension scheme membership

If eligibility is dependent on membership of a pension scheme, then the member must join the pension scheme within 6 months of their first opportunity of being eligible. Employees or partners who join the pension scheme after this will be treated as discretionary entrants.

If a member joins the pension scheme within 6 months of their first opportunity of being eligible, chooses to opt out at a later date, but then subsequently wishes to re-join; they will also be treated as a discretionary entrant.

1.1.2 State pension age 'SPA'

Group risk insured benefits provided by employers and / or partners are exempt from the principle of equal treatment on the grounds of age. Employers can stop providing or offering insured benefits to their employees and / or partners at their SPA. A person's SPA is governed by their date of birth. The age at which group risk insured benefits can be withdrawn increases in line with SPA.

An employer must select SPA as a termination age if they intend to provide insured benefits to SPA. No cover will be granted beyond a member's 70th birthday.

Where SPA is selected as the policy termination age, an employer can select the termination age of SPA to be dynamic or fixed.

Dynamic SPA termination age

In the event of a claim, the member's SPA is not fixed, and in the event their SPA subsequently changes (by way of UK legislation) during the period of claim, a valid claim will continue to be paid until the member reaches their SPA (no later than their 70th birthday).

Fixed SPA termination age

In the event of a claim, the member's SPA will be the one that applies at the commencement of the deferred period and will not change if their SPA subsequently changes during the period of claim. A valid claim will be paid until their original SPA that was fixed at the first date of incapacity for the purpose of the deferred period.

1.1.3 Automatic enrolment

Where eligibility is linked to pension scheme membership, auto-enrolled eligible employees and / or eligible partners will be covered providing they satisfy the actively at work criteria the day before their auto-enrolment date.

Any who are not actively at work the day before their auto-enrolment date must provide satisfactory evidence of health before cover can be provided.

Automatically re-enrolled eligible employees and / or eligible partners will be treated as discretionary entrants.

1.1.4 Member's cover

MetLife will automatically cover eligible employees and eligible partners covered under the policy who satisfy any actively at work requirements and join the scheme at their first opportunity. Policy benefit is payable if:

- they suffer illness or injury that means they are incapacitated;
- they satisfy the definition of incapacity; and
- are incapacitated for a period longer than the deferred period.

The benefit payable is specified in the policy schedule.

1.1.5 Actively at Work

This means that an employee or partner has not received medical advice to refrain from work and is actively engaged in or is otherwise following their normal occupation i.e. the employee or partner is mentally and physically capable of working their normal contracted number of hours, either at their usual place of business or at the location to which business requires them to travel.

An Actively at Work Declaration is required at the policy commencement date for new schemes or schemes switching on a non-identical basis with fewer than 20 members.

Once the policy is on-risk, where cover in respect of insured members, eligible employees, eligible partners and / or discretionary entrants is subject to them being actively at work, an Actively at Work Declaration will not be required. The date when a relevant individual is first absent as a result of incapacity will be established when assessing a claim.

Absence from work does not include holidays, maternity, paternity and adoption leave, or any other authorised leave to be approved by MetLife.

All members at the policy commencement date

Before any cover is granted for any policy, MetLife requires full details of any employees or partners who are currently in receipt of a group income protection benefit (whether full or partial) or who have been advised to a group income protection insurer as a potential claimant.

Policy size	Actively at work requirement	New schemes or switching on non-identical basis	Switch schemes on identical basis
Fewer than 20 members	<p>Employees and/or partners must be:</p> <ul style="list-style-type: none"> • actively at work on the last working day before the policy commencement date; and • must not have failed to be actively at work for 10 or more working days in the previous 60 days prior to the policy commencement date; <p>in order to be covered under the policy from the policy commencement date.</p>	<p>Any employee and/or partner who is not:</p> <ul style="list-style-type: none"> • actively at work on the last working day before the policy commencement date; and/or • has failed to be actively at work for 10 or more working days in the previous 60 days prior to the policy commencement date; <p>will not be granted cover until satisfactory evidence of health is received and they are accepted for cover by MetLife.</p>	<p>Any employee and/or partner who is not:</p> <ul style="list-style-type: none"> • actively at work on the last working day before the policy commencement date; and/o • has failed to be actively at work for 10 or more working days in the previous 60 days prior to the policy commencement date; <p>will not be granted cover until they have returned to work for at least 6 consecutive working days and satisfied the actively at work requirements.</p>
20 or more members	<p>Employees and / or partners must be actively at work on the last working day before the policy commencement date in order to be covered under the policy from the policy commencement date.</p>	<p>Any employee and / or who is not actively at work on the day before the policy commencement date will not be covered under the policy until they have returned to work for at least one working day and satisfied the actively at work requirements.</p>	

Discretionary entrants

MetLife will require satisfactory evidence of health for such entrants before cover is offered. See section 2.9 of this technical guide.

During the policy term

Event	Policies of fewer than 20 members	Policies of 20 or more members
Standard new entrants during policy term	<p>Employees and / or partners must be:</p> <ul style="list-style-type: none"> • actively at work on their joining date; and • must not have failed to be actively at work for 10 or more working days in the previous 60 days prior to their joining date; <p>in order to be covered under the policy from their joining date.</p> <p>Any employee and / or partner who is not:</p> <ul style="list-style-type: none"> • actively at work on their joining date; and / or • has failed to be actively at work for 10 or more working days in the previous 60 days prior to their joining date; <p>will not be covered under the policy until their full policy benefit has been medically underwritten.</p>	<p>Employees and / or partners must be actively at work on their joining date in order to be covered under the policy from their joining date.</p> <p>Any employee and / or partner who is not actively at work on their joining date will not be covered under the policy until they are actively at work for at least one working day.</p>
Change in benefit basis during policy term due to a plan design change	<p>Employees and/or partners must be:</p> <ul style="list-style-type: none"> • actively at work on the date of the change; and • must not have failed to be actively at work for 10 or more working days in the previous 60 days prior to the date of the change; <p>in order to be covered under the policy for their revised benefit basis.</p> <p>Any employee and/or partner who is not:</p> <p>actively at work on the date of the change; and/or</p> <p>has failed to be actively at work for 10 or more working days in the previous 60 days prior to the date of the change;</p> <p>will not be covered under the policy for their revised benefit basis until it has been medically underwritten.</p>	<p>Employees and/or partners must be actively at work on the date of the change in order to be covered under the policy for their revised benefit basis.</p> <p>Any employee and/or partner who is not actively at work on the date of the change will not be covered for their revised benefit basis until they are actively at work for at least one working day.</p>
Increase in standard termination age during policy term (no later than 70th birthday)	<p>Employees and/or partners must be:</p> <ul style="list-style-type: none"> • actively at work on the date of the increase; and • must not have failed to be actively at work for 10 or more working days in the previous 60 days prior to the date of the increase; <p>in order to be covered under the policy to the revised termination age.</p> <p>Any employee and/or partner who is not:</p> <ul style="list-style-type: none"> • actively at work on the date of the increase; and/or • has failed to be actively at work for 10 or more working days in the previous 60 days prior to the date of the increase; <p>will not be covered under the policy to the revised termination age until they have been medically underwritten.</p>	<p>Employees and/or partners must be actively at work on the date of the increase in order to be covered under the policy to the revised termination age.</p> <p>Any employee and/or partner who is not actively at work on the date of the increase will not be covered under the policy to the revised termination age until they are actively at work for at least one working day.</p>

1.1.6 Sabbaticals

Insured members can remain covered under the policy whilst on unpaid sabbatical, providing:

- they remain an employee or partner of the employer;
- are included in the membership data whenever it is provided to MetLife; and
- the sabbatical period is no longer than 12 months in duration.

Payment of any claim commences at the later of the end of the sabbatical period and the expiry of the deferred period.

1.2 What types of cover are available?

Different levels of benefit can be chosen for each category within the policy, and is set out in the policy schedule.

The core benefit payable is the basic income benefit which is specified by the employer as:

- a. A percentage (%) of an employee's gross earnings immediately prior to them being incapacitated; or
- b. A fixed amount of benefit.

The employer may also have selected a 'benefit offset', a deduction to the basic income benefit to allow for state benefits that may be payable in respect of being incapacitated. The employer can choose to have:

1. fixed benefit offset (% or £) deducted from the basic income benefit: or
2. notional state benefit deducted from the basic income benefit, whether the claimant receives them or not.

The maximum basic income benefit payable each year will be the lower of:

- a. The benefit definition chosen;
- b. £425,000; and
- c. 80% of the gross earnings immediately prior to the member being unable to work. For partners, the maximum is 50% of average earnings over the past 3 years.

Additional optional benefits can be selected by the employer and these are:

- a. Pension scheme contributions benefit (employer's and / or employee's);
- b. National Insurance contributions benefit (employer's); and / or
- c. Lump sum benefit.

These optional benefits cannot be insured for partners. National Insurance contributions and pension scheme contributions are not included within the overall maximum of 80% up to £425,000 per annum of basic income benefit.

1.2.1 What are gross earnings immediately prior to the member being unable to work?

This usually means an employee's gross basic annual salary on the day before the long-term illness or injury occurs.

Other earnings definitions may be used subject to agreement by MetLife before cover commences. The earnings definition that applies will be stated in the policy schedule.

1.2.2 What are the 'benefit offsets' and other income benefit deductions?

a. Fixed amount deduction

If selected, a fixed amount, chosen by the employer, is deducted from the basic income benefit prior to being paid in respect of an incapacitated member.

b. **Notional state benefit**

If selected, when calculating the amount of basic income benefit payable in respect of an incapacitated member, MetLife will deduct the notional state benefit selected prior to the basic income benefit being paid. This is done regardless of whether the incapacitated member is actually receiving the relevant state benefits or not.

Benefit offsets available are:

- Fixed offset
- Notional long-term incapacity benefit (LTSIB)
- Notional employment support allowance (ESA)
- Notional ESA + work-related activity component
- Notional ESA + work support component

c. **Other income**

Any other income received by the member as a result of their incapacity is likely to affect the amount of income benefit payable. The overall income from all sources of income must not exceed 80% of a member's insured earnings, or 50% of a partner's average earnings over the past 3 years. This ensures there is an incentive for a member or partner to return to work.

For this purpose, any other income can include, but is not limited to:

- i. any uninsured sickness payments or benefit payments made to the member by an employer (excluding payments related to this policy);
- ii. annuity or ill-health early retirement pension payments that started after the date of incapacity;
- iii. income benefits from any other insurance policy as a result of illness, injury or disablement; and / or
- iv. income from a mortgage, loan or credit protection policy.

Any other income which is not subject to tax will be adjusted appropriately to make it comparable

1.2.3 **Additional optional benefits that can be selected**

a. **Pension scheme contributions benefit**

Cover may be provided in respect of pension scheme contributions payable by the employer and / or employees to the employer's pension scheme.

The contribution amount will be an agreed percentage of pre-incapacity earnings and the level of pension scheme contributions payable must be fixed for each category of employee.

The pension contributions covered must not exceed 5% of pre-incapacity earnings for employees and 35% of pre-incapacity earnings for employers.

Furthermore, the overall maximum total pension scheme contribution MetLife will cover for any employee is the lower of 35% of pre-incapacity to work earnings and £75,000 per year.

Pension scheme contributions cannot be insured for partners.

The pension scheme contributions covered will be stated in the policy schedule.

Benefit increases (if selected) will apply to pension scheme contributions benefit.

b. **National Insurance contributions benefit**

Cover may be provided in respect of the employer's liability for 'contracted in' National Insurance contributions. The National Insurance contributions payable will be based on a member's basic income benefit.

Contributions will be paid at the prevailing rate at the start of the basic income benefit payment. Any permanent change in the rate of National Insurance contributions will not affect the amounts paid on existing claims.

National Insurance contributions cannot be insured for partners.

Benefit increases (if selected) will apply to National Insurance contributions benefit.

c. Lump sum benefit

Cover may be provided in respect of a lump sum benefit payable to the employer on the expiry of a claim payable for the duration of a limited benefit payment period and the employee remains incapacitated.

If a limited benefit payment period has been selected for the policy or a membership category, a lump sum benefit can also be selected. This can be a fixed lump sum or multiple of salary.

The maximum lump sum benefit that can be selected is the lower of 5 times annual basic income benefit and £1 million.

Once the lump sum benefit has been paid in respect of an employee, no further benefit is payable, and cover terminates for the employee.

The lump sum benefit covered will be stated in the policy schedule.

Benefit increases (if selected) apply to the lump sum benefit up to the last day of the limited benefit payment period only. Amount payable is calculated based on the annual basic income benefit as at the last day of the limited benefit payment period, and is not subject to further escalation.

A lump sum benefit cannot be insured for partners and is only available for policies with at least 20 employees.

1.3 How incapacity is defined

An employer can choose one of the following three definitions of incapacity:

- a. Unable to perform their own occupation - an insured member, eligible employee or eligible partner, is incapacitated if:
 - they are unable to perform, due to illness or injury, the material and substantial duties required of them in their own occupation which they were performing immediately prior to being incapacitated; and
 - are not following any other occupation.

Even if the employer has selected the unable to perform their own occupation definition, MetLife will apply the unable to perform their own or another suitable occupation definition of incapacity where an insured member, eligible employee or eligible partner is required to hold a licence or certificate, the holding of which is dependent on them being certified as medically, physically and / or mentally fit to be able to perform their own occupation. Examples of such occupations include but are not limited to Large Goods Vehicle (LGV) drivers, Public Service Vehicle (PSV) drivers and aircraft pilots.
- b. Unable to perform their own or another suitable occupation - an insured member, eligible employee or eligible partner, is incapacitated if:
 - they are unable to perform, due to illness or injury, the material and substantial duties required of them in their own occupation which they were performing immediately prior to them being incapacitated;
 - are not following any other occupation; and
 - are unable to perform, due to illness or injury, the material and substantial duties of any other reasonable occupation to which they are suited by reason of training, experience or education.
- c. Unable to perform their own occupation, which then switches to Unable to perform their own or another suitable occupation once an incapacitated member is incapacitated and has received income benefit for at least 2 consecutive years.

In some circumstances we can pay a proportionate benefit in the event a member is working in a reduced capacity or on reduced hours which results in a reduction in earnings.

1.4 **When will income benefit payments start?**

Income benefit payments will start at the end of the deferred period and are payable monthly in arrears during a continuous period of incapacity. A proportionate payment will be made in the month when the member no longer meets the definition of incapacity.

The deferred period is the number of weeks for which a member must meet the definition of incapacity before income benefit will be paid. This period need not be continuous. MetLife will treat separate periods of incapacity as being continuous provided that:

- a. each period of incapacity is of at least 14 days duration; and
- b. each period of absence has occurred within the last 52 weeks.

The deferred period is selected by the employer and can be 13, 26, 28 or 52 weeks. The deferred period selected is specified in the policy schedule.

1.5 **For how long will income benefit be paid?**

The employer can specify the duration for which income benefit may be paid.

This can be set as:

- a. the termination age; or
- b. a limited benefit payment period of 1, 2, 3, 4 or 5 years.

The termination age can be:

- a fixed age of the member's 65, 66, 67, 68, 69 or 70th birthday; or
- the member's SPA (fixed or dynamic), no later than 70th birthday.

If the employer selects a limited benefit payment period, the benefit payment period will start at the end of the deferred period and claims will be paid for a maximum duration of the limited benefit payment period.

Lump sum benefit will not be payable if the member reaches the termination age, or they cease to be an employee, prior to the expiry of the limited benefit payment period.

Income benefit payments will not be paid beyond the termination age or a member's SPA (and no later than 70th birthday). Where a member has a fixed term contract, benefits will not be payable beyond the date on which the current contract expires.

1.6 **Can benefits in payment be inflation protected?**

Employers can choose whether basic income benefit payments should remain at a fixed amount or increase annually and the escalation rate selected will be stated in the policy schedule. Basic income benefit payments can:

- a. Remain fixed at the same amount;
- b. Increase in payment by a fixed percentage of up to 5% p.a.;
- c. Change in line with the annual increase in the Retail Prices Index subject to a maximum increase of 2.5% or 5% p.a.

Escalation rates will be applied on the anniversary of the income benefit payment start date. Escalation rates will apply to pension scheme contributions, National Insurance contributions and / or lump sum benefits if selected.

1.7 **Are there any extensions of cover available under the policy?**

No.

Section 2 - Setting up the policy

2.1 Quotation process

The quotation is a quote based on the membership and scheme data supplied and is valid for up to 90 calendar days unless stated otherwise.

Policies of fewer than 20 eligible employees and / or eligible partners

If there is a 10% or more difference in either the number of members covered or the sum assured compared with the data on which the quotation is based, MetLife reserves the right to re-rate the policy.

Policies of 20 or more eligible employees and / or eligible partners

If there is a 25% or more difference in either the number of members covered or the sum assured compared with the data on which the quotation is based, MetLife reserves the right to re-rate the policy.

In addition to the quotation, the following documents will also be sent:

- Technical guide; and
- Policy terms and conditions.

The quotation may request additional information which must be supplied to MetLife before the quotation can be accepted and a policy can go on risk. On receipt of the additional information, MetLife underwriters may issue a revised quotation with a new price or with specific restrictions on the cover provided. In some cases the existing quotation may be withdrawn completely.

Once MetLife underwriters are satisfied that there is no further information they require, the quotation can be accepted (provided it is still within the quotation guarantee period) and the scheme can go on risk.

Once the scheme is on risk, the following documents are sent:

- On-risk letter;
- Proposal form;
- Health questionnaire (if required);
- Statement of account; and
- Invoice.

The proposal form will need to be completed and require the signature(s) of the policyholder, then they must be returned to MetLife within 30 days of the policy start date together with the requested premium payment. Once these are received and accepted by MetLife, the policy schedule will be sent.

2.2 Requirements to set up the policy

The following requirements must be satisfied:

- a. The policy start date must be within the quotation guarantee period;
- b. A fully completed proposal form must be returned within 30 days of MetLife assuming risk;
- c. Requested payment must be received within 30 days of MetLife assuming risk, failing which cover will be deemed to have been cancelled from the outset;
- d. Full scheme inception data must be received within 30 days of MetLife assuming risk;
- e. For switch policies, confirmation of any medical underwriting decisions made by a previous insurer for any members in the scheme;

If any of the requirements are not met, cover may cease. MetLife will issue notification if cover has ceased and of the premium due for the time members were covered.

2.3 **The free cover limit**

MetLife sets a free cover limit, for policies with three members or more.

The policy's current free cover limit will be shown on the policy schedule or a subsequently agreed quotation.

Members whose income benefits do not exceed the free cover limit and who satisfy the eligibility criteria and actively at work requirements will be accepted without medical underwriting, provided that they have been accepted on standard terms by any previous insurers.

MetLife must be advised of any individual member whose income benefit exceeds the free cover limit. This includes any new entrants or existing members whose cover has increased above the free cover limit.

If a policy's free cover limit increases, any members that have been accepted on non-standard terms due to the additional risk they pose (e.g. following medical underwriting) will not automatically benefit from the increase to the free cover limit.

Policies covering fewer than 3 members or discretionary entrants will not be eligible for a free cover limit and so the benefits of these members of such policies will require full medical underwriting.

2.4 **New policies**

Benefits above the free cover limit will require underwriting.

2.5 **Switch policies**

Members of previously insured schemes switching to MetLife on an identical benefit basis will have their existing levels of member cover maintained up to MetLife's free cover limit, provided that MetLife's actively at work requirements have been satisfied and that the member was accepted on standard terms by the previous insurer.

If there are existing benefits above MetLife's free cover limit, then medical evidence will be required and the member will not qualify for benefits above MetLife's free cover limit until an underwriting decision has been made (subject to the decision itself).

2.6 **Previous insurers' terms ('no worse terms')**

If a member has been underwritten by a previous insurer, MetLife will generally ensure that the scope of cover is not affected for these individual members when offering no worse terms. If you are unsure, please ask your financial intermediary or MetLife (if applicable).

2.7 **Temporary cover**

Temporary cover applies in respect of all benefit being medically underwritten. The maximum temporary cover benefit payable is the member's full benefit above the free cover limit, provided that they have not been previously declined or postponed. Otherwise, the maximum temporary cover benefit payable is up to £150,000 per annum of income benefit and £750,000 lump sum benefit.

If a claim arises whilst benefit is being underwritten then the amount of the benefit being underwritten will be payable subject to a pre-existing conditions exclusion (see the policy terms and conditions – section 8).

The maximum total amount of benefit payable in respect of a member who is subject to the maximum temporary cover benefit is stated in the policy schedule.

Temporary cover applies to the amount of benefit being underwritten and starts on the later of:

- a. the policy start date or the date of becoming eligible for cover; or
- b. the date the cover or increase in cover is to be effective from.

Temporary cover then ends on the earlier of:

- a. MetLife issuing notification of the underwriting decision; or
- b. the expiry of 90 days (or any longer period agreed by MetLife).

Example

An individual's salary is £30,000 per year and their basic income benefit is a fixed 60% of pre-incapacity gross earnings with no benefit offset or optional benefits. Their salary is increased to £60,000 per year and the salary increase needs underwriting. Whilst the benefit is being underwritten, the member is incapacitated as a result of a back problem following a previously diagnosed musculoskeletal medical condition. The income benefit payable will be limited to 60% of £30,000 per year (£1,500 per month before income tax and National Insurance contributions). However, if the incapacity had been as a result of an accident, the income benefit payable would be 60% of £60,000 per year (£3,000 per month before income tax and National Insurance contributions).

2.8 One Step underwriting

Where a member is medically underwritten and accepted in writing by MetLife we may set a one step forward underwriting bar for that individual member. This means that providing the member's benefit basis remains unchanged, no further underwriting will be required up to the maximum benefit limits applicable to the scheme. Qualifying increases will be accepted automatically on the same terms. Any future changes in their benefit basis may require further underwriting.

One step forward underwriting bars are granted at the discretion of MetLife. For those not granted a one step forward underwriting bar we may set an alternative benefit limit.

2.9 Discretionary entrants (including early and late entrants)

Members do not qualify for the free cover limit if they do not join a scheme at their first opportunity or wish to join the scheme and do not meet the scheme's eligibility conditions. Such members are classed as discretionary entrants and will be required to submit satisfactory evidence of health, unless MetLife agrees otherwise, prior to acceptance (see the policy terms and conditions – clause 5.3).

It is important that MetLife are notified of all discretionary entrants as soon as possible. Unless agreed otherwise, MetLife will not cover discretionary entrants for their full benefit until we have been provided with satisfactory evidence of health. This will be the case even if MetLife has not been notified of a discretionary entrant as a result of an administrative error by the employer or a representative acting on behalf of the employer.

Whilst being underwritten, discretionary entrants are covered by temporary cover.

2.10 New entrants

MetLife will not require a signed actively at work declaration or formal notification in respect of eligible new entrants where the individual's income benefit does not exceed the free cover limit; unless their entry means that there has been a 30% or more change in the number of members covered or the total cover since the policy start date or the previous review date, whichever is later.

Cover is granted for a new entrant on the basis that the individual is joining at their first opportunity and that they satisfy the actively at work requirements on the first day of becoming eligible for the benefit, as set out in the policy.

2.11 Benefit increases

Where income benefit increases in respect of a member, which results in a 30% or more change in the number of members covered or the total policy benefit, the policyholder must notify MetLife before the date or on the date the increase occurs.

Policies of fewer than 20 members

The member is:	Policy benefit increases
<ul style="list-style-type: none"> actively at work on the last working day before the increase in income benefit; and has not failed to be actively at work for 10 or more working days in the previous 60 days prior to the increase in income benefit. 	<ul style="list-style-type: none"> If the increase does not exceed the free cover limit, satisfactory evidence of health is not required. If the increase exceeds the free cover limit, or another figure to be agreed with MetLife, cover in respect of the increase will be subject to the provision of satisfactory evidence of health.
<ul style="list-style-type: none"> not actively at work on the last working day before the increase in income benefit; and/or has failed to be actively at work for 10 or more working days in the previous 60 days prior to the increase in income benefit. 	<ul style="list-style-type: none"> Any income benefit that may become payable will be based on the member's earnings immediately prior to the period of incapacity. If a member is then actively at work for at least six working days, and has not failed to be actively at work for 10 or more working days in the previous 60 days, and the increase exceeds the free cover limit, or another figure as agreed with MetLife, cover in respect of the increase will be subject to the provision of satisfactory evidence of health. If a member is then actively at work for at least six working days, and has not failed to be actively at work for 10 or more working days in the previous 60 days, and the increase does not exceed the free cover limit, satisfactory evidence of health is not required.

For policies of 20 or more members

The member is:	Policy benefit increases
<ul style="list-style-type: none"> actively at work on the last working day before the increase in income benefit 	<ul style="list-style-type: none"> If the increase does not exceed the free cover limit, satisfactory evidence of health is not required. If the increase exceeds the free cover limit, or another figure as agreed with MetLife, cover in respect of the increase will be subject to the provision of satisfactory evidence of health.
<ul style="list-style-type: none"> not actively at work on the last working day before the increase in income benefit 	<ul style="list-style-type: none"> Any income benefit that may become payable will be based on the member's earnings immediately prior to the period of incapacity. If a member is then actively at work for at least one working day, and the increase exceeds the free cover limit, or another figure as agreed with MetLife, cover in respect of the increase will be subject to the provision of satisfactory evidence of health. If a member is then actively at work for at least one working day, and the increase does not exceed the free cover limit, satisfactory evidence of health is not required.

2.12 Medical evidence

The amount of medical evidence required can differ between members and can range from a simple health questionnaire to more detailed doctors' reports and sometimes medical tests or examinations. MetLife will pay for any medical tests or examinations that it requests.

Any medical loadings applied will be calculated using the individual's age specific rate and not the scheme's unit rate or single premium. Any additional terms must be accepted within a specified period as stated by MetLife; otherwise the benefit will be restricted and the level to which the benefit is restricted will be as notified to you in writing by MetLife.

If lump sum benefits are covered, any restricted benefits will be applied proportionately to the lump sum benefit.

Section 3 - What premiums are charged for the cover?

The information used to calculate premiums includes, but is not limited to:

- a. Level and type of benefits;
- b. Eligibility and entry conditions;
- c. Age and gender of members;
- d. Benefit payment period;
- e. Deferred period;
- f. Main business of the employer, including actual and type of occupations;
- g. Locations of the workforce; and
- h. Full claims history.

The premium calculated is subject to a minimum premium net of commission and payment loading, which is stated in the issued quotation.

The requested premium payment due must be paid in sterling or in such other currency as may be agreed in writing between the policyholder and MetLife; and received within 30 days of the policy commencement date.

3.1 How will premiums be calculated?

For new policies, MetLife will only issue quotations in respect of schemes with 3 members or more. For schemes with fewer than 3 members, MetLife will consider on a case by case basis and at their discretion.

3.1.1 Policies with 3 members or more - unit rate

The quotation will show a unit rate of premium for these policies. The cost is expressed as a rate per £100 (%) per annum of earnings or total policy benefit. The rate is calculated based upon the total cover and benefits for members at the policy commencement date or guarantee expiry date.

The premium charged for the insured benefit is based on the unit rate. If the number of members in an existing policy falls below 3, the costing basis may change to a single premium with no free cover limit.

Unit rates will be guaranteed for a period of time as agreed between the policyholder and MetLife.

MetLife reserves the right to cancel a policy or to change the costing basis of the policy to a single premium with no free cover limit if it reduces below 3 members. MetLife reserve the right to change the unit rate or single premium and / or the terms and conditions if the number of members reduces to fewer than 3.

3.1.2 Policies with fewer than 3 members - single premium

There will not be a unit rate for these policies. The premium will be calculated using a single premium and no free cover limit will be available. This single premium will be guaranteed for a specified period as agreed with MetLife at the policy start date.

If the number of members increases to 3 members or more, the cost will be calculated on a unit rate basis, outlined above.

If the number of members in the existing policy increases from 1 to 2, or decreases from 2 to 1, the cost will continue to be calculated on a single premium basis using individual costings.

3.2 Will there be any extra premiums?

No. All known risks are taken into account when calculating the premium. Any changes to the risk may change the premium and premium loadings may be imposed following a medical or pricing underwriting decision. The amount of any extra premiums will be requested following completion of the underwriting process and a decision having been made regarding the terms on which cover can be provided.

Cover may be offered subject to specific exclusions found in the quotation and / or policy schedule.

3.3 What commission is included within the premium?

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

3.4 Is there a discount for good claims experience?

Past claims experience is a factor in assessing the unit rate applicable to a policy and therefore good claims history will usually be reflected in the premiums charged.

All premiums are calculated on a non-profit sharing basis. Profit-sharing refers to incentive plans based on predetermined economic sharing rules that define the split of gains from a group scheme, between the insurer and the financial intermediary.

Section 4 -How does the policy accounting work?

The policy operates on one year accounting periods. Premiums are payable in advance, and can be made by cheque payable to MetLife, direct credit or Direct Debit. There is no additional charge for annual payments. Payment loadings apply in respect of non-annual payments.

Frequency	Cheque	Direct credit	Direct Debit
Monthly	Not available	4%	2%
Quarterly	3%	3%	2%
Half-yearly	2%	2%	1%

4.1 What information is required for accounting purposes?

At each review date, full membership data will be required and the premium will be calculated based on the data provided.

Formal notification will be required of any discretionary entrant who wishes to join since the last annual review date or any member who has been absent from work for a period of 90 days or more at the current review date.

Full membership data will also be required when any of the following arise and MetLife reserves the right to change the unit rate or single premium and/or the terms and conditions of the policy at each guarantee expiry date, and at any other time if:

- the nature of the underwritten risk alters, e.g. the scheme becomes closed to new entrants;
- MetLife agree to a change in the eligibility criteria, the terms of the policy benefit or the terms and conditions of the policy;
- there is a 30% or more change in the number of members covered or the total cover since the policy start date or the previous review date, whichever is later;
- the number of members decreases to fewer than 3; or
- there is a change in legislation, or in HMRC practice or taxation or regulation which affects the policy, premiums or benefits.

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

Policies of 20 or more lives

Policies will be costed and administered on a simplified administration basis. MetLife will carry out a premium adjustment at the end of each policy year, based on the change in the number of members covered and the total policy benefit during the policy year. Changes are treated as if they occurred half way through the accounting period.

Policies of fewer than 20 lives

There are no year-end adjustments for most policies. MetLife do not need to be informed of individual leavers and joiners unless their benefit is above the free cover limit, or the leavers and / or joiners result in a 30% or more change in the number of members covered or the total cover in the policy year since the policy commencement date or the previous review date, whichever is later. If you do inform MetLife of individual leavers and joiners, MetLife will keep a record of such notifications.

However MetLife must be informed of any discretionary entrants (i.e. individuals joining the employer scheme other than at their first opportunity at which they satisfied the eligibility criteria) joining the policy before or on their joining date. We will assume the date of notification as being the joining date if we are provided with this information after their joining date.

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

No. A final account will be produced based on the cover actually provided up to the date of cancellation of the policy. Either a refund will be paid or any premiums outstanding will be due.

Terminations cannot be notified retrospectively and any refund of premiums is subject to a minimum on-risk charge in the first 12 months, net of commission.

Cover can only be terminated by the policyholder or the policyholder's financial intermediary acting on behalf of the policyholder by serving a minimum of 7 days notice in writing and being acknowledged by MetLife in writing.

4.4 What happens at the end of the rate guarantee period?

A deposit premium must be received before the guarantee expiry date in respect of cover beyond the guarantee expiry date, failing which cover may cease from that date.

Full membership data is required, including any discretionary entrants, within 30 days of the guarantee expiry date, failing which cover may cease.

The data should include details of any current or pending income protection claimants that have not yet been notified, and details of members who are currently absent from work and have been absent for 90 consecutive days or more.

On receipt of the data, revised terms are advised. Any changes to the policy terms and conditions, the free cover limit or the unit rate will be effective from the guarantee expiry date.

MetLife will assume cover is to be continued at the end of the rate guarantee period and the policyholder will be liable for the cost of cover provided during the period from this date to the earlier of:

- the date upon which MetLife is advised in writing by the policyholder (or their appointed adviser) with 7 days advance notice that cover is to cease; and
- the date that MetLife advises the policyholder that the policy is cancelled (see section 8).

Such cover will be charged at the revised rates, which would have applied, from the guarantee expiry date of the last review.

Section 5 - What is covered?

The policy pays a proportion of the regular income due to an employee under a contract of employment or partner in the event that they are incapacitated and suffering loss of earnings due to illness or injury.

If selected, the employer's and or employee's pension scheme contributions can be covered and the employer's National Insurance contributions can be covered.

If selected, a lump sum benefit can be covered, to be payable at the end of a limited benefit payment period claim.

Pension scheme contributions, National Insurance contributions, and lump sum benefits cannot be insured for partners.

Section 6 - What is not covered (exclusions)?

Temporary cover is provided subject to the pre-existing condition exclusion as set out in the policy terms and conditions section 8.

For some policies, MetLife may exclude incapacity as a result of specific causes for individual members. The quotation, the policy schedule or any acceptance terms provided by MetLife will show if any exclusions apply in respect of individual member(s) covered by the policy.

If a catastrophic event, as defined by the policy, occurs, an overall limit may apply on the total claim amount paid. If MetLife has already paid benefits to the catastrophic event limit which is set out in the policy schedule for one catastrophic event, then no further benefits will be paid out for that event.

A catastrophic event means one originating event, cause, occurrence or incident or series of related originating events, causes, occurrences or incidents that directly or indirectly result in the incapacity of more than one member, irrespective of the date of the incapacity or the period of time or area over which the originating events, causes, occurrences and incidents took place.

Section 7 - How to make a claim?

This section deals with common questions that arise in the event a member is incapacitated.

7.1 When is policy benefit payable?

Income benefit becomes payable when a member satisfies the definition of incapacity under the policy and the period of incapacity covers a period greater than the deferred period.

Lump sum benefit (if selected) becomes payable when a member has received income benefit for the duration of the limited benefit payment period (including linked claims), and continues to satisfy the definition of incapacity under the policy on the last day of the limited benefit payment period.

7.2 When do we need to know about a potential claim?

Written notice of incapacity leading to a possible claim should be sent to MetLife, PO Box 1411, Sunderland, SR5 9RB or ebclaims@metlife.uk.com as soon as reasonably possible once a member has completed a period of 4 weeks of not being able to perform the material and substantial duties of their occupation.

On receipt of such notice, MetLife will provide a claim form for completion, or one can be downloaded from www.metlife.co.uk.

The claim form should be completed and returned to MetLife as soon as reasonably possible but no later than the completion of half the deferred period. MetLife can offer help and support in preventing a period of absence from becoming a claim, and claim forms returned after this date can have a significant impact on the effectiveness of this help and support.

Accessing this support can help to reduce the cost of long-term absence to the employer, and allows the retention of valuable employee skills & knowledge within the business.

If a completed claim form is not received by MetLife within 90 days of the expiry of the deferred period, no policy benefit will be payable (policy terms and conditions, clause 11.3.5).

The employer must give MetLife written notice if a member is working on a reduced basis due to illness or injury as soon as reasonably practicable of that member working on a reduced basis due to illness or injury.

7.3 How will claims be assessed?

To assess a claim, the information MetLife requires will include but not be limited to:

- a fully completed claim form, including the member's declaration allowing MetLife to obtain further information from their doctor;

- details of the member's medical records together with confirmation that they are continuing to receive appropriate medical advice and that the treatment options have been investigated and explained to them;
- evidence of eligibility and earnings; and
- a copy of the member's job description including details of duties undertaken.

MetLife may require the member to undergo a medical examination and a member's condition may need to be continually assessed.

When assessing a claim, MetLife will determine whether the definition of incapacity has been satisfied by looking for evidence of:

- the member's medical condition;
- its severity;
- how long it has existed; and
- how it affects the member's ability to carry out their occupation.

See section 1.2.2 of this technical guide for details of deductions to the income benefits.

7.4 **Can rehabilitation help?**

Rehabilitation can help minimise the cost of an employee or partner being incapacitated, and maximise the value that incapacitated members can bring to the company. Working conditions can often be adjusted so that an incapacitated member can continue to work.

Policy benefit (including any lump sum benefit) may cease to be payable if the claimant refuses to attend any available rehabilitation that is deemed appropriate by MetLife.

For those employers for whom the Equality Act 2010 applies, it is a requirement of the Equality Act 2010 that such employers make adjustments to working conditions where it is reasonable to do so and MetLife requires that the employer will comply with this.

7.5 **For how long will income benefit be paid?**

To establish whether the member continues to satisfy the definition of incapacity, we will undertake periodic medical reviews at our expense.

Income benefit (basic income benefit, pension scheme contributions benefit (if selected) and National Insurance contributions benefit (if selected)) will be paid until the earliest of the following events:

- the expiry or termination of the member's employment contract (unless this is due to the insolvency of the employer);
- the expiry of the limited benefit payment period (if applicable); or
- the member:
 - dies;
 - reaches the termination age as specified in the policy schedule;
 - retires before the termination age;
 - leaves service;
 - no longer satisfies the incapacity definition;
 - is no longer suffering loss of earnings;
 - takes up any form of employment without MetLife's agreement;
 - refuses to take appropriate medical advice or to attend a medical examination requested by MetLife, where it is deemed appropriate; or
 - refuses to attend any available retraining or rehabilitation courses where it is deemed appropriate by MetLife.

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

If, after the end of the deferred period, a member:

- returns to work under medical supervision in their previous occupation in a reduced capacity; or
- takes up another lower paid occupation with the same employer

a reduced income benefit will be payable.

MetLife should be informed of any member who is to return to work under such circumstances prior to the member doing so.

The reduced income benefit is calculated as the incapacitated member's pre-incapacity earnings minus their current earnings, which is then divided by their pre-incapacity to work earnings; multiplied by the income benefit.

$$\text{Reduced income benefit} = \frac{(\text{pre-incapacity earnings} - \text{current earnings})}{\text{pre-incapacity earnings}} \times \text{income benefit}$$

Pre-incapacity earnings are enhanced at the date the reduced income benefit is first payable, then on every 12 month anniversary after this date. The enhanced amount to be added to the pre-incapacity earnings prior to reduced income benefit being calculated is calculated as follows:

$$= ((\text{RPI Two} - \text{RPI One}) / \text{RPI One}) \times \text{pre-incapacity earnings}$$

Where:

- RPI One is the UK Retail Price Index measured over the preceding one month period three months before the date of first day of incapacity, then at the date of the last enhancement for any subsequent enhancements; and
- RPI Two is the UK Retail Price Index measured over the preceding one month period three months before the date the reduced income benefit is payable from.

It is not always necessary for the full income benefit to be paid in respect of an incapacitated member before MetLife will consider paying a reduced benefit.

7.7 What happens if a member receiving benefit is dismissed from the employer's service?

MetLife will stop paying benefit if the employee or partner is dismissed from the employer's service for whatever reason.

7.8 Who pays for medical evidence?

MetLife will pay for any medical evidence that it requests.

7.9 What if a member lives overseas?

If a member lives overseas, the policyholder must meet the costs associated with retuning the member to the UK to attend any medical examination we may require for the purpose of assessing the claim.

MetLife may need the member to return to the UK or visit another country as specified by MetLife to attend a medical examination a maximum of every 6 months whilst the claim is in payment.

7.10 When an incapacitated member has returned to work, can another claim be made for that member?

If a member is incapacitated again due to the same cause within 12 months of returning to work then, subject to satisfactory medical evidence, the benefit payment will recommence at the same rate as at the end of the previous period of incapacity.

The deferred period will not apply but the member must be continuously absent for at least 2 weeks before the benefit payment starts again. This situation is referred to as a linked claim.

If the linked claim criteria are satisfied and a limited benefit payment period applies, then periods of incapacity will be aggregated for the purpose of calculating the remaining duration of payment, and whether a lump sum benefit (if selected) is payable.

If the linked claim criteria are not satisfied, it will be treated as a new claim. The member must satisfy the definition of incapacity and complete a new deferred period before any benefits can be paid under the policy. If a limited benefit payment period applies, benefits can then be paid for the whole limited benefit payment period if appropriate.

This does not include claims where a lump sum benefit has been paid in respect of a member. Once the lump sum benefit has been paid in respect of an employee, no further benefit is payable and cover terminates for the employee.

7.11 What happens to claims in payment if the policy is terminated or cancelled?

If a policy ceases to be insured with MetLife then provided all premiums due have been received, MetLife, will:

- a. assess and pay any valid claims where the date of incapacity occurred before the policy ceased; and
- b. continue to pay benefits in respect of any valid claims that were admitted before the policy ceased.

If the employer goes into liquidation then MetLife may, in its absolute discretion, pay the basic income benefit directly to an incapacitated member, after deducting any relevant taxes, subject to:

- a. the policy terms and conditions of the policy in existence as at the date of the liquidation; and
- b. if the policy's incapacity definition was 'Unable to perform their own occupation', a change in the definition of incapacity to 'Unable to perform their own or another suitable occupation' (see the policy terms and conditions - clause 17.6).

Any National Insurance contributions (if selected) that were payable will cease once the employer has gone into liquidation.

Any pension scheme contributions (if selected) that were payable will only continue if contributions are to be paid into the incapacitated member's pension scheme.

Any lump sum benefit (if selected) will not be payable once the employer has gone into liquidation.

7.12 What happens if cover is transferred to another insurer?

If the policy is terminated and switched to a different insurer, then if a member for whom we are paying benefits (or for whom benefits will become payable once they reach the end of the deferred period) returns to work after the transfer, we will cease payment and will be discharged from any future liability with respect to any future claims for the relevant members.

If the member meets the Actively at Work criteria of the new insurer but subsequently suffers a relapse and MetLife treat it as a linked claim then in this situation, MetLife will reinstate benefit payments for a period equal to the deferred period of the new insurer. The new insurer will then be responsible for the claim and any benefit payments from the end of this period.

Section 8 - When will cover cease?

8.1 When will cover cease for a member?

Cover in respect of a member normally ceases:

- a. when the policy ceases;
- b. if a lump sum benefit is paid to the employer in respect of a member; or
- c. if the member:
 - i. leaves the employer's service;
 - ii. ceases to meet the eligibility criteria;
 - iii. reaches termination age;
 - iv. retires before the termination age; or
 - v. dies.

8.2 Cancelling the policy

As per section 14 in the terms and conditions, the policy will continue to cover the risk until:

- a. A written instruction is received to terminate the policy with 7 days advance written notice;
- b. The employer has failed to comply with the policy terms and conditions and MetLife has issued notification that cover has ceased; or
- c. A written instruction from the insurer is issued confirming the termination of the policy.

If 7 days advance written notice is not given, termination of the policy will be effective 7 days from receipt of the termination instruction. Cancellations will not be backdated; premiums will be due for the full period on risk and if cancellation is during the first 12 months, will be subject to the minimum on-risk charge net of commission.

Section 9 - Can cover be provided for an employee or partner who is not in the UK?

Cover may be provided for seconded employees, partners or members working overseas. However, MetLife reserves the right to alter the policy terms and conditions or decline cover in respect of members who are based overseas and notification is required of any such members before cover can be provided.

Section 10 - Taxation of schemes

The tax information is based on MetLife's understanding of current legislation. The policyholder should seek separate advice to clarify the tax position for their own specific circumstances.

The Government may change the tax position and this could change the premiums MetLife charges. Tax is based on circumstances and subject to change. If you are in doubt as to your position, please contact your tax adviser.

Premiums

An employer normally finances a scheme with no contribution from the employees or partners. In this situation the cost to the employer is normally allowed as a trading expense and can be offset against corporation tax. Employer's premiums are not normally a taxable benefit in kind for employees or partners.

Benefits

Benefits which MetLife pays to the employer will be treated as a business receipt. However, if they are passed on to the member they should be treated as a business expense.

Benefits paid to the member as salary are taxable under PAYE.

Section 11 - Continuation option

A continuation option is not available for the policy members where they leave their employer's service and wish to continue being covered.

Section 12 - Law

This document will be construed and interpreted in accordance with the policy terms and conditions. In the event of any inconsistency or ambiguity between this document and the policy, the policy terms and conditions will prevail. In the event of any ambiguity between the quotation, this technical guide and the terms and conditions, the policy terms and conditions will prevail.

a. Data Protection – MetLife's commitment

MetLife will comply with its duties and obligations under all applicable data protection laws.

MetLife is a data controller in respect of any personal data provided to us. The ways in which MetLife collect, share or process personal data are explained in MetLife's Privacy Notice. MetLife's Privacy Notice also explains the rights of data subjects regarding personal data. A copy of MetLife's Privacy Notice is available on our website, www.metlife.co.uk.

b. Contracts (Rights of Third Parties) Act 1999

This policy provides that members do not have any rights under the Contracts (Right of Third Parties) Act 1999 ('the 1999 Act'). This means that the policy terms and conditions cannot be enforced by any person who is not a party to the policy contract (terms and conditions - section 25).

No person shall be entitled to any rights under the 1999 Act as a result of any statement in this technical guide. The 1999 Act does not apply to this technical guide.

c. Governing law and jurisdiction

The policy is governed by and construed in accordance with the laws of England and shall be subject to the exclusive jurisdiction of the English courts to settle any dispute arising out of or in connection with this policy (including a dispute relating to the existence, validity or termination of this policy or any non-contractual obligation arising out of or in connection with this policy).

Section 13 - Further information

The company

MetLife Europe d.a.c. (MetLife) is incorporated in Dublin, is authorised and regulated by the Central Bank of Ireland and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority in respect of the conduct of its UK branch business.

Surrender value

This policy does not acquire a surrender value.

Questions & complaints

MetLife wants the policyholder to be entirely satisfied with the cover for their income protection scheme.

If the policyholder has a query or complaint they should in the first instance contact the MetLife Customer Service team on 0800 917 1112 or at MetLife, PO Box 1411, Sunderland SR5 9RB. Information regarding our internal procedures for the handling of complaints can be found in the complaints section on our website www.metlife.co.uk.

If MetLife are unable to resolve a complaint to your satisfaction, you may be able to complain directly to the Financial Ombudsman Service (FOS).

To be covered under the FOS scheme, you must be an eligible complainant, defined as a:

- Consumer (i.e. an individual);
- A charity with an annual income of less than £6.5 million;
- A trustee of a trust with a net asset value of less than £5 million;
- A micro-enterprise; or
- A small business.

The criteria for an entity to be considered a micro enterprise are:

- a. employs fewer than 10 persons; and
- b. has a turnover or annual balance sheet that does not exceed €2 million.

The criteria for an entity to be considered a small business are:

- a. is not a micro-enterprise;
- b. has an annual turnover of less than £6.5 million; and
- c. has a balance sheet total of less than £5 million, or employs fewer than 50 people.

FOS can only consider complaints from small businesses for acts or issues which have occurred since 1st April 2019.

If you are in doubt as to whether you are an eligible complainant or if you wish to make a complaint, please contact the FOS. You can contact them on 0800 023 4567 or by writing to: Financial Ombudsman Service, Exchange Tower, Harbour Exchange, London E14 9SR. Website: www.financial-ombudsman.org.uk. Referring your complaint to the Financial Ombudsman Service will not affect your right to take legal proceedings.

Compensation

MetLife has taken steps to ensure that all our UK customers are eligible to apply for compensation through the Financial Services Compensation Scheme (FSCS).

In the event of a firm covered by the scheme being unable to meet its financial obligations, the FSCS will seek to transfer policyholders and their benefits to another provider who can. If they are unable to do this policyholders may be eligible for lump sum compensation of up to 100% of the contractual benefits provided by their policy. For more information about the FSCS, visit their website www.fscs.org.uk or telephone 0800 678 1100.

Financial strength

If you would like to know more about MetLife's financial strength, including our Solvency and Financial Condition Report (SFCR), please visit our website at www.metlife.eu/financial-reports.

0800 917 1112

metlife.co.uk

Products and services are offered by MetLife Europe d.a.c. which is an affiliate of MetLife, Inc. and operates under the "MetLife" brand.

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