Flexible Group Life Assurance

Registered schemes and excepted group life policies.

Helping you understand our policy

Technical guide 09/23

This is an important document which we suggest you keep in a safe place.

For FLEX LAB 12-22, FLEX EGLP INDEF 12-22 and FLEX EGLP 8 YEAR 12-22 Policies

Using this document

What is a technical guide?

The Financial Conduct Authority is a financial services regulator. It requires us, Legal & General, to give you important information to help you to decide whether our Flexible Group Life Assurance is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

If there's anything you need to ask about once you've read it, you can ask us or your financial adviser.

Before you start reading

We've aimed to use plain language throughout, to help make this technical guide easier to understand. You'll find explanations of any technical terms we use in the glossary, which is at the rear of this document. Where terms covered in the glossary appear in the main text, we've highlighted them in bold, **like this**.

We use words like 'normally' and 'usually' in this guide. This is because some of our terms will depend on the information you give us for the quote and the choices you make about the cover you want. We'll give you the exact terms and chosen options in our quote and we'll fix these at the start of the **policy**. You'll only be able to change these if we agree.

Where we've referred to 'you' or 'employer', this should be read as '**trustees**' if the **policy** is held by separate **trustees** on behalf of the employer.

You can ask us, or your financial adviser, if you need more details about how the **policy** works.

Other documents

This technical guide is not part of our contract but if we've given you or your financial adviser a quote, you should read this guide alongside that quote to help you understand the **policy**.

Our quote, which is a part of the contract, may refer to some of the explanations we give in this guide.

Our full terms and conditions will be in our **policy**. We'll give this to you after we've agreed to provide cover. You can ask us, or your financial adviser, if you would like to see a copy of our standard **policy** terms and conditions.

See question 2.1 to find out what we need to set up your **policy**.

Target market and fair value assessment information for financial advisers

Our product governance webpage:

- Explains the intended target market for each of our Group Protection products
- Provides information to help financial advisers complete their own fair value assessment
- Describes how we regularly review our Group Protection products for appropriateness under our Product Lifecycle Management processes **https://www.legalandgeneral.com/adviser/workplace-benefits/group-protection/products/insurance-distribution-directive/**

About Legal & General

Established in 1836, Legal & General is one of the world's leading asset managers, with over £1.15 trillion in total assets under management at 31 December 2023. We are also a leader in responsible investment, and continue to innovate and be recognised for our strength in this growing area of the market. We help millions of people in the UK and the US create brighter financial futures by supporting their savings, protection, mortgage and retirement needs.

We're a leading provider of Group Protection cover in the UK with over 90 years of expertise and knowledge. We looked after almost 7,200 group protection policies and provided protection to almost 2 million employees at the end of 2023.

Solvency and Financial Condition Report (SFCR)

We are required to publish an annual Solvency and Financial Condition Report (SFCR) describing our Business and its Performance, our System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management. Our latest SFCR is available at:

legalandgeneralgroup.com/investors/library

Contents

Aims, commitments and risks

Its aims

Our Flexible Group Life Assurance Policies aim to:

- Provide a lump sum when an insured **member** dies.
- Allow you to cover a minimum level of **core benefit**, with opportunities for your employees to top this up with extra **flexible benefit**.
- Offer a choice of tax regimes. You can choose to pay the benefits through a **scheme** that is **registered** with HM Revenue & Customs (HMRC) or from an **excepted group life policy**.

We'll separate cover into different **policies** if you wish to pay some of the benefits from a **scheme** that is **registered**, and the remainder from **excepted group life policies**. We'll also set up a separate **policy** for each benefit formula insured under an **excepted group life policy**.

Please see question 1.0 for more details about benefit formulas.

Your commitment

You need to make some very specific commitments for the **policy** to work properly:

- Give us all the information we ask for when you apply for a **policy**, at **monthly accounting dates** and at **annual renewal dates**. We can change or cancel the **policy** if you don't give us this information. Please see question 4.1 for more details.
- Set up or adapt an administration system to help*:
  - provide information to your employees;
  - employees select their benefit;
  - work out the cost for additional cover chosen; and
  - send payment and benefit selection details to us.

  You may also want to integrate this with your payroll system to help deduct the premiums from the **member's** earnings.
- Check to see if medical evidence is needed. Please see question 2.2 for more details.
- Tell us about any new entrants, discretionary entrants, early entrants, late entrants you would like us to cover and leavers. We will need more information about early, discretionary and late entrants before we consider cover for them. Please see question 2.6 for more details.
- Tell us of a claim within the time limits set out in question 5.0 and give us all the information we ask for to support the claims. Without this information, we won't be able to pay the claim. Please see question 5.0 for more details.
- Pay the premiums by the dates we ask for them.
- Keep to all the conditions set out in the **policy**.
- If you choose **registered** group life assurance cover, inform **members** that if they were to die and a lump sum benefit is paid out, this will count towards a **registered** scheme tax allowance that's available to them.

  From 6 April 2024, the Finance Act 2024 changes the tax allowances available to **members** of **registered** schemes. We've summarised our current understanding of the changes to the tax allowances that apply to lump sum death benefits paid from a **registered** scheme below:

  Up to 6 April 2024
  Lump sum group life assurance payments will count towards the **lifetime allowance** of a **member** who dies. The standard **lifetime allowance** is £1,073,100 for the tax year 2023/24, and applies to most benefits paid from all the **registered** pension schemes that an individual may have joined. If a **member** dies, their group life assurance benefit payment plus most other **registered** scheme benefits such as a payment of unused pension savings are checked against the remaining **lifetime allowance**. Any group life assurance lump sum benefit that exceeds the **lifetime allowance** for the deceased **member**, is taxed by HMRC at the marginal rate for the person or persons, receiving the benefit.

  From 6 April 2024
  Lump sum group life assurance payments will count towards the **lump sum and death benefit allowance** of a **member** who dies. This allowance is for the total amount that can be paid as tax-free lump sums for that individual, both during their lifetime and when they die. The allowance is introduced with a first value of £1,073,100. Most tax-free lump sums a person takes from a **registered** pension scheme during their lifetime will reduce the amount of tax-free allowance available for any lump sum benefits paid following their death. Any part of a lump sum that is above the tax-free allowance will be taxed at the highest rate of income tax of the person or persons, receiving the benefit.

Risks

There are some risks you need to understand about the **policy**.

- If we've told you in our quote that we need employees to be **actively at work**, we won't start or increase their cover until they meet our **actively at work** requirements. For example, we usually need an employee to be **actively at work** before we cover new **flexible benefit**. Please see question 2.5 for more details.
- The premiums may go up or down depending on changes in the amount of **benefit** we cover. We'll usually guarantee the **unit rate** and table(s) of **premium rates** until the second **annual renewal date**. We'll then review them and usually guarantee the new **unit rate** and table(s) of **premium rates** for the next two years.
- The premiums and the **unit rate** may go up or down if, at an **annual renewal date**, there is a change of more than 25% in the membership or the total **core benefit** we've used to work out the **unit rate**. Please see question 3.1 for more details.
- If we include an **event limit**, we'll restrict the total amount of benefit we pay for claims if caused by a catastrophe. Please see question 6.0 for more details.
- There's no option to link the benefit payable at claim to inflation.
- We will stop all cover if you stop paying premiums. We'll tell you in writing 14 days before we do this.
- You may need to pay an additional premium depending on the type of accounting we use. Please see question 4.0 for more details.
- Where relevant, we can cancel a **policy** if **registration** is withdrawn by HMRC.
- If we identify a **financial crime** risk we might cancel the **policy**, withdraw a guaranteed quote or take any other reasonable action.

Please see 'Further Information' section on page 27 for more details

How the policy works

- You can insure the benefits under a **scheme** that is **registered** with HMRC, as an **excepted group life policy** or split them between both types of **scheme**.

  Please see '**Registered** Schemes' and '**Excepted Group Life Policies**' on page 7 for more details.
- We will need a minimum of 100 **members** to start a **policy**. There isn't a maximum number of **members** we can insure.
- We can cancel or change the terms of the **policy** if membership falls to less than five **members**. If you insure more than one group life assurance **policy** with us, we'll only cancel or change the terms if the combined membership of these **policies** falls below five **members**. If we do this, we'll write to you at least three months before we cancel or make changes to the **policy**.
- You'll need to tell us in advance if you'd like to start a **policy** so we can agree a start date with you. We'll provide cover on the basis set out in our quote. You'll need to allow plenty of time before the **policy** start date so you can tell your employees about the **policy**, or changes to existing cover.
- You need to pay all premiums to us in full. This includes the cost of any **flexible benefit** cover you may collect from **members**.
- On the **monthly accounting date** you'll need to send us your premium calculation, and the premium payment.
- We'll give you the specific terms and conditions in the quote. We'll guarantee our quote for three months unless we tell you otherwise. We'll need to give you a new quote if you don't accept our quote while it's guaranteed, you need cover to start more than three months after the quote guarantee ends, or your requirements change.
- There are **policy** options you can choose which affect how much you pay. We'll fix your chosen options, including the eligibility, **core benefit**, range of **flexible benefit** levels and terms at the start of the **policy**. You'll need to tell us if you want to change these as we need to assess if we can agree the change. We may also need to set new terms and change the **unit rate**, the table(s) of **premium rates** and the premium we charge you.
- You must include all eligible employees for cover under the **policy** as soon as they are eligible.
- We won't pay a claim if the employee was not eligible for cover.

  Please see question 1.0 for more details about eligibility.
- You must give us all the information we need when you make a claim.
- If you make a valid claim for Flexible Group Life Assurance, we'll pay the lump sum benefit to the **trustees** of the **scheme**.

  The **trustees** will be responsible for distributing the benefit in line with the **trust** and rules of the **scheme**, while considering any wishes the **member** has made.
- We'll need up-to-date information from you at each **annual renewal date** and **monthly accounting date** so we can calculate the premium and give you accurate accounts.

  For flexible **Excepted Group Life Policy** cover, we'll set up a separate **policy** for each benefit level. **Members** will transfer between these separate **policies** if their **flexible benefit** level changes. Wherever possible we'll group the **excepted group life policies** together for accounting purposes and provide a single invoice.

  Please see question 4.1 for more details.
- From time to time, we can change the **free limit**, which is the minimum cover amount before we'll need medical evidence for a **member**. For example, if the number of **members** significantly changes. We can change other **policy** terms at the end of any **unit rate** guarantee period. It's important you quickly send us the latest membership list and other details we ask for before the guarantee period ends, because any changes to the premium rates, accounting method and **event limit** will take effect from the start of the next guarantee period.

  For all other **policy terms** changes, we'll write to you at least three months before we change the terms.
- The **policy** will continue indefinitely as long as you meet its conditions, including paying premiums when we ask for them.
- We can change or cancel the **policy** if there are changes to legislation or regulation which affect Flexible Group Life Assurance policies. We'll give you more details of these in the **policy**.
- We'll give you full details of our cancellation rights in the **policy**.
- There are significant tax disadvantages for you and the **members** of the **scheme** if your **policy** doesn't cover the benefits of a **registered scheme**, or you haven't set up **excepted group life policies**.

The type of **scheme** you choose to pay benefits through will affect how benefits and premiums are treated for tax. You can insure the benefits under a **scheme** that is **registered** with HMRC, as an **excepted group life policy** or split them between both types of **scheme**.

Please see question 8.0 for more details about the different tax rules that apply.

Registered schemes

If the benefits are paid to a **scheme** set up by you and **registered** with HMRC, then the following will also apply:

- You will be the **scheme administrator** unless you appoint someone else.

  The **scheme administrator** will need to register the **scheme** with HMRC if it's not already **registered**. They'll need to do this at least five working days before you need cover to start. We'll also need you to tell us the **registration** number. You can find details of how to register a **scheme** at hmrc.gov.uk.
- If you don't register the **scheme**, the **registered** scheme tax reliefs will not be available.
- In some circumstances, the **scheme administrator** must give HMRC certain information about a **member** at the date of their death.
- The **trustees** you appoint to run the **scheme** will be responsible for distributing the benefits from the **scheme** to the beneficiaries and notifying the legal personal representatives of the deceased of these payments. When doing so, they'll need to follow the **scheme** rules and consider the **member's** wishes and circumstances.

Excepted group life policies

Our **excepted group life policy** is available if you'd like to provide benefits under a **non-registered scheme**.

There are a number of conditions a **policy** must meet to qualify as an **excepted group life policy**:

- All **members** must have the same benefit formula.
- You can only insure a lump sum.
- You can only pay benefit for an individual or charity.
- You cannot pay benefit to another insured **member** unless they are a relation or dependant of the the deceased **member**.
- You must not take out the **policy** to avoid paying tax.

We'll set up separate **excepted group life policies** to insure each benefit formula and eligible **members** will move between the **excepted group life policies** when they change their **flexible benefit** cover. To keep premium accounting simple, wherever possible we will group **excepted group life policies** together for accounting purposes and provide a single invoice. We cannot group the accounts together using our **exact cost** accounting method.

Our Mastertrust solutions

If you don't want to set up and run your own **scheme**, you can apply to join one or both our **Mastertrusts**. The **Mastertrusts** are ready made **schemes** that we've set up, capable of distributing the lump sum benefits our Flexible Group Life Assurance customers insure with us.

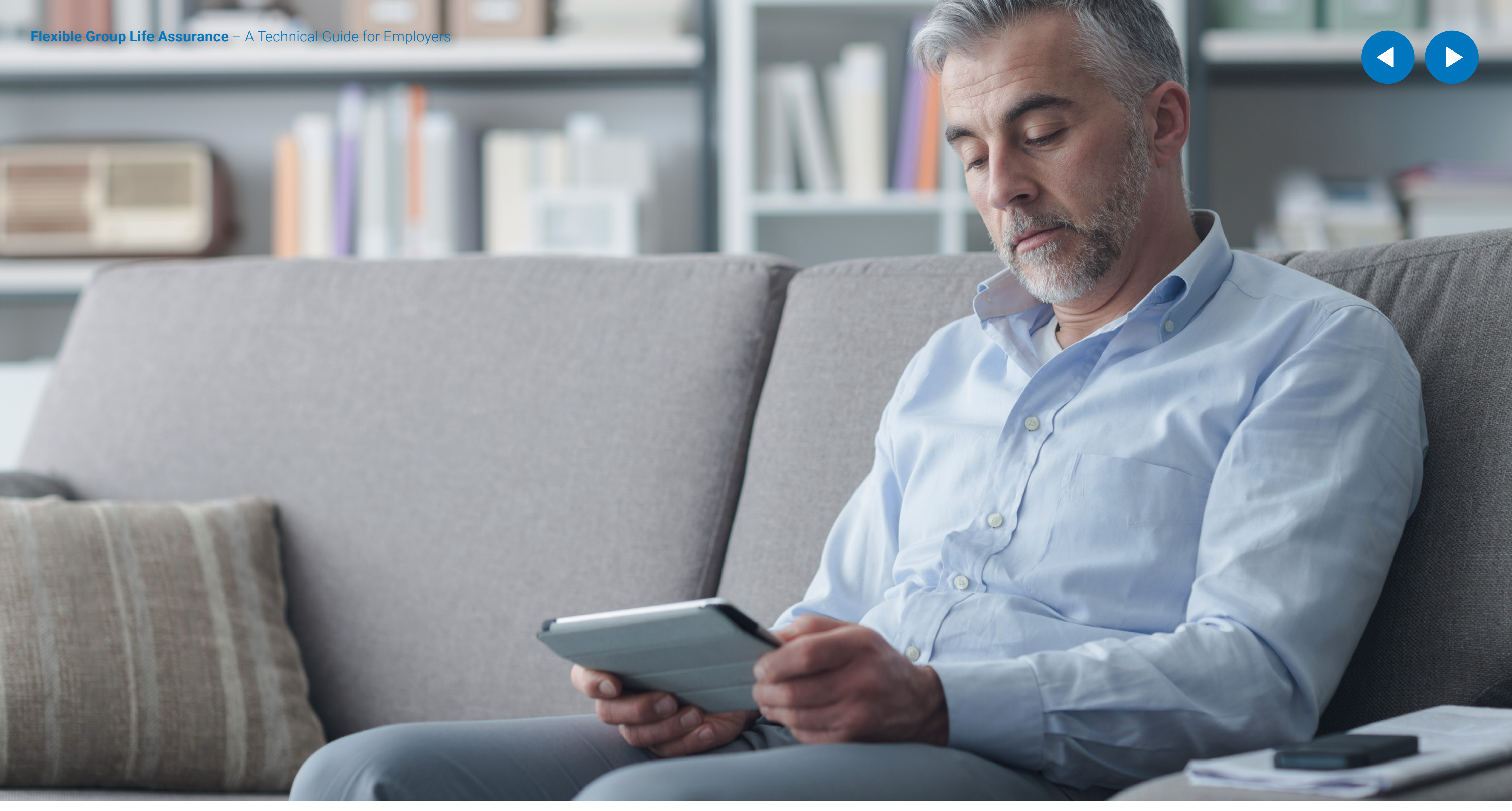
- Our **Group Life Assurance Mastertrust** is a **scheme** we've set up and **registered** with HMRC.
- Our **Relevant Life Mastertrust** is a **scheme** we've set up for **excepted group life policy** benefits.

If you set a **policy** to pay benefits through one of these **Mastertrusts**:

- You'll need to ask the **members** to complete an expression of wish form, giving details of who they'd like their benefit to be paid to if they were to die. You'll need to keep the completed forms in a safe place, and send the **member's** form on to us if a claim is made upon their death.
- We will pay policy claims to the **trustees** we've appointed to run the **Mastertrust**. They will distribute the benefit in line with its **scheme** rules while considering the **member's** wishes and circumstances when they die.
- The **scheme administrator** we've appointed will provide any necessary details to HMRC and legal personal representatives about a **member** when benefit is paid.

Please see question 7.0 for further details about overseas employees.

The earliest time from which we can include an employer in our **Mastertrust** is the day we receive the completed application form. To make sure you get the tax advantages of our registered **Mastertrust** we need to receive this form before the **policy** starts.



Your questions answered

In this section we've answered some commonly asked questions to give you a bit more information about how our policy will work.

1.0 What should we consider when deciding what benefits to provide?

Different benefit categories

We suggest you keep the benefit formula as simple as possible, ideally having the same basis for all **members**. You'll need to a choose a minimum level of cover called the **core benefit**; and a **maximum benefit** too. You'll also need to confirm the level of cover you wish to provide employees when they join, which we call the **default benefit**. The **default benefit** is usually the amount of benefit you wish to fund without recovering its cost from your employees. It cannot be less than the **core benefit** or more than the **maximum benefit**.

You can group the **members** into separate categories and can have different levels of **core benefit**, **default benefit** or **maximum benefit** between categories. All **members** in the same category must have the same benefit options. As this is a group **policy**, it must cover all your eligible employees.

If the benefits are to be provided under an **excepted group life policy**, we'll separate all the different **core benefit** and **flexible benefit** levels into separate **policies**. We'll do this so the **policies** can meet the **excepted group life policy** conditions. **Members** will move between the **excepted group life policies** when they change their **flexible benefit** cover.

Please see '**Excepted Group Life Policies**' section under 'How the policy works' on page 7, for details of these conditions.

You should also consider any laws on discrimination or unfair treatment. For example, those about age, equal treatment of gender, and the treatment of part-time, fixed-term and disabled employees.

It's important we know which **members** are in which category. We must therefore agree the eligibility conditions for each category at the start of the **policy**. Examples of a category eligibility could be 'all directors' or 'all employees'.

We'll tell you the agreed eligibility conditions in our quote.

How much to insure

You can choose to take out an insurance **policy** to insure all, or part, of the benefit you want to pay to the **members**.

If you only insure part of the benefit that your **scheme** provides, you may have to pay the difference yourself.

You decide what options your employee has by setting the **core benefit**, **maximum benefit** and **default benefit** levels.

All benefit levels that employees can choose from are defined using **units** of cover. A **unit** can be a multiple of **scheme earnings** or cash amount such as £10,000 or £25,000.

For example, if a **unit** is defined as 1 x **scheme earnings** then:

- a **core benefit** of 2 **units** will equal 2 x **scheme earnings**;
- a **default benefit** of 4 **units** will equal 4 x **scheme earnings**;
- a **maximum benefit** of 6 units will equal 6 x **scheme earnings**; and
- **members** can choose from benefit levels 2, 3, 4, 5 or 6 x **scheme earnings**.

If you choose to insure a multiple of **scheme earnings**, we'll usually base this on the basic annual salary of the **member**. However, we can consider alternatives, for example, we can include other income such as bonuses or commission. Our quote will show the definition of **scheme earnings** we've agreed to insure.

If your **policy** insures the benefits of a **registered scheme**, you should consider the HMRC allowances that apply. You should also provide your employees information about these allowances to help them make informed choices.

Please see question 1.5 for more details.

Check our quote

Please check that our quote matches what you'd like us to insure.

If you'd like us to change the options we've used, please tell us so we can change the quote. We'll tell you how any changes will affect our terms, **unit rate** and table(s) of **premium rates**.

1.1 Who can the policy cover?

The **policy** can cover employees and non-employees who become **members** of the **scheme**.

Examples of non-employees are members of a Limited Liability Partnership (LLP) and equity partners. LLP members and equity partners are individuals who have an equity share in the firm and whose income from the firm is taxed as trading profit. You can only include non-employees in a **scheme** if it also includes cover for employees.

We will only start cover for each **member**, or non-employee, when they meet:

- the eligibility conditions;

  We'll tell you the agreed eligibility conditions in the quote.
- our **actively at work** requirements, which we'll confirm in the quote;

  Please see question 2.5 for more details of **actively at work**.
- our medical evidence requirements; and

  Please see question 2.2 for more details of medical evidence.
- our switch terms, if you're switching the insurance from another provider.

  Please see question 2.4 for more details of switch terms.

An employee must be included for cover under the **policy** on the date they first meet the eligibility conditions. If you wish to include them at any other time we must be told in advance and all cover will be subject to our agreement and any terms we may apply.

Please see question 2.6 for details of when we can cover employees before or after they are first eligible.

You will also need to fix the date on which cover stops (we call this the **benefit termination date**). This can be the **member** reaching the age they could receive a United Kingdom state pension (we call this **state pension age**). Alternatively you can choose an age up to 75. The **benefit termination date** must be the same for all **members** in a particular category.

1.2 When can we include employees after the policy starts?

All employees must meet the **policy's** eligibility conditions. Once they do, we'll start covering them from the entry date. Our quote and **policy** will show the entry date.

The entry date can be:

Yearly	We'll only include new employees once a year at the **annual renewal date**.
Monthly	Cover for new employees starts at a specified date each month. Unless we tell you otherwise, this will be the same day of the month the **annual renewal date** falls on.
Daily	We include new employees on the first day they meet the eligibility conditions.

We may be able to cover employees before they complete a qualifying service or reach the first entry date, as early entrants, if they meet the other eligibility conditions. If the eligibility is linked to membership of your pension **scheme**, we may also be able to cover employees who join the pension **scheme** after their first opportunity as late entrants.

Please see question 2.6 for more details of our requirements for employees who want cover before or after they are eligible.

If a **member** becomes eligible to change to a different category, we'll cover them in that category immediately as long as any other requirements we've set are met.

New employees can choose their level of **flexible benefit** when they first join the **scheme**. If they don't make a selection when they join, we'll cover them for the **default benefit**. We'll cover their **flexible benefit** immediately if they're **actively at work**.

Please see question 2.5 for more details of **actively at work**.

1.3 Can you cover a member who is temporarily absent?

Temporary absence

Normally we'll allow cover to continue while a **member** is temporarily off work. Unless we tell you otherwise, we'll provide temporary absence cover up to:

- the **benefit termination date** if a **member** is off work because of an illness or injury; and
- for three years if they are absent for any other reason.

If you'd like us to consider a different period of temporary absence cover, please let us know.

We'll only provide temporary absence cover if they remain a **member** of the **scheme** and you pay the premiums when they are due.

If cover for an employee stops during temporary absence, we'll restart their cover on their return to active employment if they meet the eligibility conditions.

Standard increases during temporary absence

If we base a **member's** cover on their **scheme earnings**, and these reduce during their absence, we'll keep their cover the same as it was before the reduction.

Alternatively, we can agree to increase the **scheme earnings** their cover is based on during their absence. We can do this either so the **scheme earnings** increase is in line with the company's average pay rises or at a fixed rate of up to 6% each year. If we've agreed to do this, we'll increase their **scheme earnings** at each **annual renewal date**. We'll show you the rate of increase and the date it applies from each year, in our quote.

If an absent **member** returns to work within the temporary absence cover period, we'll return to calculating cover using the actual **scheme earnings** they receive.

Flexible benefit increases during temporary absence

A **member** cannot choose to increase their **flexible benefit** during a period of temporary absence.

1.4 When will you allow for scheme earnings changes?

Our quote and **policy** will show the benefit increase date.

A 'benefit increase' is when we'll change cover to allow for **scheme earnings** increases or decreases, for example, after a pay review.

The benefit increase date can be:

Yearly	We only allow for **scheme earnings** changes once a year at the **annual renewal date**. This means, if you make a claim, we'll use the **member's** earnings at the last **annual renewal date** to work out their benefit, even if their earnings have changed since.
Monthly	We'll start allowing for **scheme earnings** changes at a specified date each month. Unless we tell you otherwise, this will be the same day of the month the **annual renewal date** falls on.
Daily	We'll allow for **scheme earnings** changes from the day they change.

1.5 When can a member change their benefit selection?

Increases

For increases in **flexible benefit** we will confirm in the quote how many whole **units** can be selected and how many opportunities for selection are allowed within a **policy** year. A **member** cannot:

- choose cover above the **maximum benefit** or below the **core benefit**.
- backdate a change to the number of **units** they are covered for, or
- increase their **flexible benefit** at one opportunity by more than any limit specified in the quote.

Increases can be made at the **annual renewal date** or a **lifestyle event**. **Lifestyle events** covered will be shown in the quote and can include:

- birth of the **member's** child
- adoption of a child by the **member**
- death of one of the **member's** dependants
- marriage or registration of a civil partnership of the **member**
- the **member's** divorce or dissolution of a civil partnership

We'll consider allowing for other **lifestyle events** you may ask for.

You'll need to make sure the data you send us at each **monthly accounting date** allows for changes to **members'** cover. We won't increase **flexible benefit** if the **member** is not **actively at work**.

Please see question 2.5 for more details on **actively at work**.

Decreases

Members can choose to cancel their **flexible benefit** , or reduce it in whole **units**, at any time. They cannot reduce cover below the **core benefit**. We'll reduce the benefit at the next **monthly accounting date** after they tell you of their decision.

You'll need to make sure the data you send us at each **monthly accounting date** allows for changes to **members'** cover.

1.6 When will cover end?

a) Under normal circumstances

We will stop covering a **member** when they:

- leave your employment, or
- no longer meet the eligibility conditions, or
- retire early, or
- reach the **benefit termination date** set out in the **policy**. This can be the age a **member** could receive a United Kingdom state pension (**state pension age**). Alternatively it can be any age up to 75; or
- reach the end of a period of temporary absence cover without returning to work.

If you ask, we can consider continuing to provide cover if the **member** retires early. A **member** cannot increase their **flexible benefit** after becoming an early retiree. Our quote and **policy** will tell you if we've included this option.

b) If you, or we, cancel the cover

All cover will end when you, or we, cancel the **policy**.

- We'll continue your cover as long as you meet the conditions we show in the **policy** document.
- You can cancel the **policy** by giving us notice in writing.
- We'll give you 14 days' notice in writing if we have to cancel the **policy** because you haven't met its conditions.
- We can cancel the **policy** immediately if we identify a **financial crime** risk.

Please see page 27 for further details about our approach to **financial crime** risks.

We'll give you full details of our cancellation terms in the **policy** document.

1.7 What is the maximum benefit you will cover?

The maximum benefit we can cover for a **member** is £10 million.

When you think about the type and amount of benefit you'd like us to cover, you should consider the different tax rules that apply to **registered** schemes and **excepted group life policies**.

If you're considering providing the benefits through a **registered scheme**, it's also worth remembering tax allowances already used up, where a **member** has taken benefit from any **registered scheme** during their lifetime. Additionally, other benefits paid from a **registered** scheme on death such as a return of pension savings could further reduce the available allowance, which could impact the tax-free amount the **member** beneficiaries receive.

Please see question 8 for our understanding of tax allowances and charges.

You can also choose to limit the benefit (or the earnings used to work out the benefit) for each **member** to a maximum amount. You'll need to tell us if you'd like to apply your own maximum.

2.0 How do we set up a policy and when do we need to give you medical evidence?

2.1 What do you need to set up the policy?

If the quote meets your needs, we'll let you know what information we'll need. You'll need to fill in a proposal form for each **scheme** you are asking us to insure and pay the first premium within 14 days of the date we agree to provide cover. If you want the **policy** to pay benefit to a **scheme** you've set up and **registered** we'll ask you for its Pension Scheme Tax Reference.

You'll need to allow some time before the **policy** starts to let the **members** know about the new **policy** and any changes if it's an existing **scheme**.

You'll also need to:

- Give us a membership list including **flexible benefit** choices correct at the **policy** start date so we can give you an accurate account.

  Please see questions 4.0 and 4.1 for more details.

- Give us a **Mastertrust** application form before the **policy** starts if you want to use our **Group Life Mastertrust** or our **Relevant Life Mastertrust**. There's a different application for each **Mastertrust**, and you'll need to complete both applications if you want to use both our **Mastertrusts**.
- Check if any **members** need to give us medical evidence.

  Please see question 2.2 for more details about medical evidence.

- Check if all the **members** are **actively at work**.

  We give more information about **actively at work** in question 2.5.

If there are changes to the eligibility or benefit structure, or to any other **scheme** details or information used to prepare the quote we may need to re-quote before setting up the **policy**.

We'll send you the **policy** document when we have confirmed and finalised all the details. The **policy** is the contractual document that tells you the terms and conditions and what we will and will not cover.

To protect you and us from financial crime, we may need to confirm your identity. We may do this by using reference agencies to search sources of information about you (an identity search). This will not affect your credit rating. If this identity search fails, we may ask you for documents to confirm your identity.

Setting up a new scheme with a trust

It's important that your **policy** pays benefit to a **scheme** set up under a suitable **trust** to maximise tax advantages. You can set up your own **scheme** or where suitable, choose to join a **Mastertrust**.

a) Legal & General Mastertrust solutions

We offer two different solutions to help meet differing tax requirements. Choose between:

- **registered** cover through our **Group Life Mastertrust**; or
- **excepted group life policy** cover though our **Relevant Life Mastertrust**.

If required, you can also have a combination of both our **Mastertrusts**.

Please see '**Registered** Schemes' and '**Excepted Group Life Policies**' on page 7 for more details.

You will still have your own **policy**, pricing and terms and conditions, but the **trustees** we've appointed to run the **Mastertrust** will handle all associated management, including keeping up to date with legislation and the payment of claims.

To help the **trustees** of our **Mastertrusts** decide who to pay benefit to, you'll need to ask **members** to fill in and give you an expression of wish form. You'll need to keep these in a safe place. We'll ask you for the expression of wish form along with a completed death claim form if the **member** dies.

Our **Mastertrusts** aren't available for employees without a United Kingdom based employer.

b) Setting up your own trust

Alternatively, you can set up your **scheme** using a suitable **trust** document This can be for a **scheme** which is **registered** with HMRC or an **excepted group life policy**.

Before you set up your **scheme** we recommend you talk to your legal adviser to make sure your needs are met.

If you set up your own **scheme**, you'll need to appoint a **trustee** of the **scheme**. If you **register** your **scheme** with HMRC, you'll need to appoint a **scheme administrator** too. It is normal for you as the employer to take on these roles, although you can appoint someone else instead.

We suggest the **trustees** set up a separate bank account to receive claim payments. This will help separate the benefit payments from the normal business account. It's a legal requirement to do this if the benefit is under a pension scheme **trust**.

It's important you **register** the **scheme** or set up an appropriate **trust** for an **excepted group life policy** before starting cover with us. If you don't, it can have significant tax disadvantages for you and the **members** of the **scheme**.

2.2 What medical evidence will you need before you'll cover the members?

a) Cover up to the free limit

We'll usually set a **free limit** when we quote. The **free limit** is the maximum amount of cover we can give without a **member** needing to give us medical evidence. Medical evidence is information about their health and pastimes. Our **free limit** will depend on the number of **members** and their amount of cover.

We'll tell you the **free limit** in the quote.

b) Cover above the free limit

If a **member** wants cover above the **free limit**, they will need to fill in a member's declaration form to give us medical evidence. We call our assessment of this evidence, **medical underwriting**.

As an alternative, we offer a tele-interview service allowing employees to provide these details over the phone.

If they prefer to fill in the form themselves, you can ask us for a copy or can find the member's declaration form in the literature section on our website **legalandgeneral.com/documentlibrary**.

Depending on the information a **member** gives us in the member's declaration form or over the phone, we sometimes need to ask for more evidence. This could include a medical examination and blood or other tests. The **member** may have the choice of carrying these out at home or at work by a nurse. We'll pay for the cost of the medical examination and tests if we ask for more evidence.

We'll assess all the medical evidence to decide if we can offer cover and if any **special terms** are appropriate. If we do apply **special terms**, these will apply straight away.

We'll write to you to explain any **special terms**. If this includes an **extra premium loading** and you decide you don't want to pay this, you can cancel the cover the loading is for by telling us in writing within 30 days.

The status of an **excepted group life policy** will not be affected, if a **member's** cover is restricted because of **medical underwriting**.

Unless we tell you otherwise, the **special terms** will not affect the cover below the **free limit** or any cover we've previously accepted.

If you insure more than one group life assurance **policy** with us, unless we tell you otherwise, any **special terms** will continue to apply to the **member's** total cover under all the **policies**.

2.3 If you have medically underwritten an employee, when will they next need to give you medical evidence?

ONEderwriting is our way of keeping our **medical underwriting** as simple as possible. It means we'll **medically underwrite** a **member** once and usually, we won't need any more medical evidence for increases in their benefit.

Unless we tell you otherwise, our standard approach for ONEderwriting will be:

If we **medically underwrite** a **member**, and agree cover on any of the following terms:

- at ordinary rates;
- an **extra premium loading** that you are paying;
- an exclusion for hazardous pursuits; or
- an exclusion for a medical condition;

as long as their cover is below £5 million and they are **actively at work**, they won't normally need to give us more medical evidence for:

- normal increases in benefit resulting from **scheme earnings** increases;
- an increase affecting at least five **members** resulting from an agreed future change to the insured basis; or
- a one **unit** increase in **flexible benefit** because of a lifestyle event.

If we accept to cover a **member** for £5 million or more:

- at ordinary rates; or
- with an **extra premium loading** of 50% or less that we're receiving;

we'll next need medical evidence when cover increases:

- by another £300,000; and
- for each further £300,000 increase.

If we accept £5 million cover or more for a **member** on any other terms, we'll need medical evidence for all increases.

Where we allow for future increases after we've **medically underwritten** a **member**, we'll apply the last **medical underwriting** terms to each increase. If we're receiving payment for an **extra premium loading**, you must tell us before the date of the increase and the amount of all increases as we'll need to add the **extra premium loading** to each increase. If you change your mind and you don't want us to cover the increase, you can tell us within 30 days after the date of the increase that you no longer need it. If you do, we will stop using ONEderwriting for that **member**.

We will need medical evidence for the next increase in cover where the result or our previous medical evidence decision was subject to any of the following:

- restricted;
- declined;
- postponed;
- not proceeded with;
- is subject to other terms;
- restricted or declined because the **member** didn't provide medical evidence; or
- you chose not to pay an **extra premium loading**;

or, if there is a:

- **flexible benefit** increase of more than one **unit**; or
- **flexible benefit** increase that isn't because of a **lifestyle event**.

If a **member** isn't **actively at work** for a ONEderwriting increase, we'll need medical evidence before we can consider the increase.

We give more information about **actively at work** in question 2.5.

2.4 What are your medical underwriting terms if we're switching the insurance to you from another insurer?

We'll normally accept a high-level of cover without needing medical evidence, as long as **members** meet our switch terms. This is even if the previous insurer charged a premium loading.

Terms for employees who are eligible for cover for the first time at the switch date

We'll need medical evidence for the portion of their cover that is above our **free limit**.

Switch terms for existing members previously insured

We'll normally accept existing cover for a **member** who meets all the conditions under a), and one of the conditions in b) below:

a) Cover with the previous insurer was:

- for their full **benefit entitlement**;
- covered all the **flexible benefit** increases the **member** requested; and
- not over £5 million.

b) Cover with the previous insurer was:

- never subject to medical evidence;
- **medically underwritten** and not subject to any special terms; or
- **medically underwritten** subject to an additional premium loading of 300% or less that is being paid.

We'll accept cover for these **members** at the same level and on the same terms (but not necessarily at the same cost) as the previous insurer.

We'll need you to give us a copy of the previous insurer's latest letter of acceptance or fill in a Declaration – switch terms form. You'll need to give this to us when the **policy** starts or we won't be able to pay a claim for these **members**.

If a **member** meeting our switch terms was accepted by the previous insurer on a ONEderwriting (or equivalent) approach, as long as their cover doesn't go over £5 million, we'll use our ONEderwriting terms for increases in cover.

If the existing insurer has used any other decision other than a ONEderwriting (or equivalent) approach please let us know and we can confirm our switch terms.

Terms for any members who do not meet our switch terms

We're happy to consider and negotiate terms to insure any **members** who don't meet our switch terms, even if they had some cover declined by the previous insurer. If you give us their full details, we'll consider if we can cover them. We can then set terms that you'll need to accept in writing before we will start their cover. To avoid a break in cover, you'll need to give us these details before the switch date.

2.5 What are your actively at work requirements?

We've described below when we need employees to be **actively at work** before we can start their cover or start covering any increases in their cover. We'll tell you in our quote if your **policy** has different **actively at work** terms.

Actively at work	
What does this mean?	This means the employee must be in full active employment, physically and mentally able to perform all the duties associated with their normal job on the day the cover is going to start or there's an increase to their cover.
How it works	**Schemes insured for the first time** We'll need employees to be **actively at work** on the day we start cover for: • an existing **scheme** you are insuring for the first time. • all **flexible benefit** cover. **If you're switching the insurance of an existing scheme to us** Employees don't need to be **actively at work** for any existing cover you switch to us from another insurer, however: • an employee choosing new **flexible benefit** will need be **actively at work** before we'll start covering the **flexible benefit** increase. • an employee joining because of an eligibility change will need to be **actively at work** before we start their cover; and • if you've chosen to improve benefit at this time, employees will need to be **actively at work** before we'll cover this increase in cover. Please also see question 2.4 for our other terms for switching insurance. **After the policy start date** We'll need an employee to be **actively at work** for their new **flexible benefit** cover on the day it's due to start. For example, if the **member** confirms they wish to increase their **flexible benefit** on the 15th of the month and the next **monthly accounting date** for which increases take effect is the 1st, they will need to be **actively at work** on the 1st for the increase to take effect. **Cover for employees who are not actively at work** If an employee isn't **actively at work**, where this requirement applies to: • new joiners, we'll start their cover from the next day they are **actively at work**; • increases in **flexible benefit**, we'll increase their **flexible benefit** from the next **monthly accounting date** they are **actively at work**; or • other increases, such as **scheme earnings** changes, we'll cover the increase from the next day they are **actively at work**.

2.6 What medical evidence do you need for employees who want cover before or after they are first eligible?

	Early entrants	Late entrants
What does this mean?	An early entrant is an employee you want us to cover before they complete the qualifying service or reach the first entry date. See question 1.2 for more details.	Where all, or extra, benefit is limited to employees who join your pension scheme, a late entrant is an employee who joins your pension scheme after they are first eligible to join.
When can an employee's cover start?	If you want to include an employee as an early entrant within three months after their employment starting, we'll agree cover for them up to the **free limit**. An early entrant will also need to be **actively at work** before we start cover for any **flexible benefit** they may select when they join.	**Joining up to six months late** If you want to include an employee who joins your pension scheme within six months after the date they were first eligible to join, we'll cover them up to the **free limit**. An employee will also need to be **actively at work** before we start cover for any **flexible benefit** they may select when they join. **Joining late at an auto enrolment event** An auto enrolment event is the day you start pension scheme auto enrolment. It's also the day every three years when you automatically re-enrol the employees to the pension scheme who had previously decided to opt-out. • If you want to include an employee at an auto enrolment event that is within six months after the date they were first eligible to join, we'll cover them up to the **free limit**. The late entrant will need to be **actively at work** before we start cover for any **flexible benefit** they may select when they join. • If your **policy** insures 100 or more employees at the auto enrolment event, we'll also cover all other late entrants on that day up to the **free limit**. The late entrant will need to be **actively at work** before we start cover for any **flexible benefit** they may select when they join. • If your **policy** insures fewer than 100 employees at the auto enrolment event, as long as they are **actively at work**, we'll cover all other late entrants on that day up to the **free limit**. For the above, the 100 employees includes those who have joined because of the auto enrolment event. **Joining late at any other time** For all other employees you want to include as a late entrant, as long as they are **actively at work** we'll agree cover for them up to the lower of: • the **free limit**; and • £250,000 benefit.

What if an early or late entrant doesn't meet the above requirements for cover?	We'll need the employee to fill in and send us a 'discretionary entrants' application for cover form'. This will allow us to assess if we can provide cover, if we need medical evidence, and if we need to give them **special terms** or ask for **extra premium loadings**. We'll need medical evidence before we can consider cover over the **free limit**. See question 2.2 for more details. We'll give temporary or accident cover for up to 90 days while we assess medical evidence. See question 2.7 for more details.

We still can consider cover for an employee who:

- doesn't meet all the eligibility conditions;
- isn't an early entrant; and
- isn't a late entrant.

You'll need to tell us about that employee before we can confirm if we'll be able to cover them and any terms that will apply.

2.7 What happens if we need to make a claim before you've finished your medical assessment?

We'll give employees temporary cover, starting from the later of the date you need cover to start or the date we first know they need to provide medical evidence. However, there are some limits:

- We will not pay benefit for an employee if they die from any medical condition they were diagnosed with, or displaying symptoms of, within the five years before temporary cover starts.
- We won't give temporary cover to any employee whose cover has been refused, restricted or already has **special terms** attached.
- We won't give temporary cover to any employee who has refused to give medical evidence, either now or in the past.

When we can't provide temporary cover, we'll provide accident cover. This will end at the earliest of the date we finish our assessment or the end of 90 days. We won't pay claims for accidental death caused by:

- alcohol abuse;
- the influence of drugs;
- medical or surgical treatment (except treatment that is needed because of the accident);
- suicide; or
- intentional self-injury.

Our temporary cover or accident cover will end at the earliest of the date we finish our assessment or the end of 90 days from the start.

Temporary and accident cover will be restricted by the lower of the cover being requested and not more than £2 million over the **free limit** subject to a maximum of £3 million.

3.0 What premiums will you charge for the cover?

The premiums we charge depend on many things, including the:

- amount of cover;
- age and gender of the **members**;
- type of work;
- work locations; and
- claims history, if the **policy** was previously insured or self-insured.

  Please see question 3.4 for more details about claims history.

We don't charge a minimum premium.

3.1 How will you work out the premiums?

Our quote will confirm the accounting method and if we'll use a **unit rate** or a **premium rate** table to work out premiums.

Please read question 4.0 for more details about the different accounting methods.

You're responsible for paying the total premium to us. You decide if you wish to recover some of the cost from your employees through salary deductions. For example, you may wish to fund the **default benefit**, and recover the cost of any extra cover your employees select through salary deductions.

Unit rate

We'll work out the cost for each £100 of benefit the **unit rate** applies to; as shown in the quote. We call this cost the **unit rate**. We'll multiply the **unit rate** with the benefit at the start of each **policy** year to work out that year's premium.

If you set up two or more **excepted group life policies**, wherever possible we'll group them together for accounting purposes and provide a single invoice.

Please read question 4.0 for more details.

Table(s) of premium rates

We'll work out a premium for each **member** from age related **premium rates**. by multiplying the amount of cover by the relevant **premium rate**.

The table will confirm if it shows annual or monthly **premium rates**. To work out a month's premium using an annual rate, you'll need to multiply the relevant **premium rate** by the cover and and divide the resulting premium by twelve.

Exact cost

We'll work out a premium for each **member** from age related premium rates. We'll multiply the amount of cover to these rates at the beginning of each **policy** year.

Please read question 4.0 for more details.

3.2 Will there be any unexpected extra premiums?

We'll usually fix the **unit rate** or the premium rates until the end of the second **policy** year. As long as you send us the information we need to review the table(s) of **premium rates** at least four months before the **guarantee expiry date**, we'll let you know the new **premium rates** before the **annual renewal date** from which they will apply. We can also change other policy terms at this **annual renewal date** but only if we give at least three months' notice.

We can change the **unit rate** from any **annual renewal date** if the:

- membership;
- **total benefit**; or
- **total scheme earnings**

has changed by more than 25% from the total we used to work out the **unit rate**. This means the premiums and the **unit rate** may go up or down.

If a **member** has given us medical evidence, you may need to pay us an extra premium because of their health or dangerous pastimes. Although the extra premium applies immediately, we won't ask you to pay it straight away. Instead we'll wait and add it to your next account. If you tell us in writing within 30 days that you don't want the cover this additional cost is for, we will not charge the extra premium.

The premiums may also change at the start of the **policy** when we work out accurate premiums.

Please see question 4.0 for more details.

If eligibility for some, or all, cover is dependent on pension membership, we'll adjust our account when you start your three-yearly re-enrolment if:

- the **policy** uses no change accounting (see question 4.2 for more details); and
- the number of **members** or the **total benefit** increases by more than 25% because of re-enrolment.

You'll need to tell us if this happens. We'll charge an extra premium based on the **unit rate**, the extra cover and the number of days to the next **annual renewal date**.

3.3 How much commission will you pay our adviser?

We'll pay commission to your adviser as a percentage of each premium you pay. The standard rate is 4%. We can pay different levels of commission although this will affect the premium we charge. Our quote will show the commission we've allowed for.

3.4 Is there a discount for a good claims history?

Yes, we consider the past claims history of our **policy**, and any previous policies, when working out the **unit rate**. We'll adjust the premiums to reflect the claims history. A bad claims history generally means, there have been a higher number of claims than reasonably expected and therefore, premiums will be lower for a good claims history.

4.0 How does the accounting work?

We'll work out the accounts at the start of the **policy**. We usually set up separate accounts for **core benefit** and **flexible benefit**. The quote will confirm if and how we'll separate the accounts, the accounting basis and when we'll use a **unit rate** or a **premium rate** table to work out the cost of the cover.

Unit rate

You'll need to pay us premiums in advance. You'll need to pay premiums monthly where we work out the cost of cover using **monthly change accounting**. You can choose to pay premiums either yearly or monthly where we work out the cost of cover using an alternative accounting basis. Yearly premiums are approximately 2% lower than the total of 12 monthly premiums for the same cover.

You can pay yearly premiums by bankers' automated clearing system (BACS).

When the **policy** starts we'll work out and ask you to pay estimated premiums based on the membership list you gave us for the quote. If the membership list has changed, we'll ask you for an updated list that's accurate on the day the **policy** starts. We'll use the new list to work out the accurate premium and identify who we're covering. You will then have to pay, or we will refund, any difference between the estimated and accurate premiums.

If we insure two or more **excepted group life policies** insuring the benefits of a single **scheme**, we will usually account and charge premiums for them together.

Table(s) of premium rates

Usually set up as monthly change accounting. You'll calculate the premium each month using the table(s) of **premium rates** we'll provide and the membership data at each **monthly accounting date**.

We'll confirm the calculation when you send us the premium and supporting data. The **premium rates** on the table are age related and increase with age. You cannot pay monthly change accounting premiums by Direct Debit, however we can accept payments by banker's automated clearing system (BACS).

4.1 What information do you need for accounting?

For all **policies** you must tell us about anyone who needs to give us medical evidence before we can consider their full cover. This will include:

- When anyone's cover goes over the **free limit** for the first time.
- Anyone who needs cover before or after they are first eligible and our terms say medical evidence is needed.
- If our terms say we need medical evidence for cover.
- When a ONEderwritten **member** selects a **flexible benefit** increase of more than one **unit** or an increase which isn't because of a **lifestyle** event.

We suggest you regularly check if medical evidence is needed. Our quote and this technical guide explain the medical evidence we need, and when we need it. Cover will be affected if we do not receive the medical evidence we need for an employee.

At the start of the **policy**, at each **annual renewal date** and at each **monthly accounting date** you will need to give us a membership list showing each current **member's**:

- name;
- gender;
- date of birth;
- **total benefit**;
- **core benefit**;
- **flexible benefit** (if chosen);
- **scheme earnings** (if applicable);
- Age for **premium rate** purposes (if **premium rate** tables apply);
- Premium for **flexible benefit** (if applicable); and
- eligibility category (if there's more than one).

You should make sure all **members** have selected benefit within the agreed levels and restrict them to such if they haven't.

We'll need this information within one month of the **monthly accounting date**. If not received, we can:

- restrict benefit to the last data you gave us, or
- restrict benefit to the levels you last provided increased by a reasonable amount

We will not remove this restriction until you provide the information required.

It's important we get information quickly so we can work out the accurate premium and give you accurate accounts. If the information is not received within three months of a **monthly accounting date**, we can cancel the **policy** or change the terms and conditions of the **policy**.

It's also important that we know exactly who's covered under the **policy**. If you don't include an employee who you should have included on the membership list at the start of the **policy**, the **annual renewal date** or **monthly accounting date** we won't pay a claim for them.

Sweep-up accounting

At the **annual renewal date** we'll also need to know the **total benefit** or **total scheme earnings** the day before each **annual renewal date**. We use this to work out the end-of-year adjustment.

Please read question 4.2 for more details about the sweep up accounting adjustment.

Exact-cost accounting

In addition to the membership list details above we will also need the following:

- date of joining for employees whose cover started between **annual renewal dates**;
- date of leaving for employees whose cover ended between **annual renewal dates**; and
- if the **policy** allows, the amount and date of any changes to cover since the last **annual renewal date**.

4.2 How do you adjust premiums for employees who join, leave or have benefit increases during the policy year?

We can use different accounting methods, such as:

- monthly change;
- sweep up;
- no-change

We may use exact cost for a particular category. We'll tell you in our quote which accounting method we'll use.

Monthly change accounting

Premiums are worked out by reference to the membership at each **monthly accounting date**. This means the premium is updated for changes to membership and cover each month.

Sweep-up accounting

We'll adjust premiums at the end of each **policy** year for changes that are in line with the agreed eligibility conditions and benefit basis. Our adjustment assumes all changes in membership and cover took place midway through the year.

No-change accounting

Our **unit rate** will allow for changes in membership and cover during the **policy** year. This means we don't need to adjust the premiums at the end of the **policy** year for changes that are in line with the agreed eligibility conditions and benefit basis.

Exact-cost accounting (also known as single premium or current cost basis)

Exact cost means we'll adjust the premiums at the end of each **policy** year for the exact time and amount of cover we provide for each **member**. We'll charge an extra premium or pay you a refund at the beginning of the next **policy** year.

4.3 If you or we cancel the policy mid year, will we lose any premiums we have paid in advance?

No. We'll work out a final account for the cover we've provided up to the **policy's** cancellation date. We will either send you a refund or you will immediately have to pay us any premiums you owe.

If you cancel an **excepted group life policy** but other **policies** sharing the same account continue, we'll confirm how we'll adjust your ongoing account as part of the terms for the cancellation.

5.0 How do we make a claim?

You'll just need to fill in a claim form and send it back to us within two years of the **member's** death. If we receive the claim form more than two years after the death, we have the right not to pay the claim.

Occasionally we may need you to send us additional information to confirm the death or the cover at the time of death.

If the **trustees** have chosen beneficiaries in line with provisions of the **trust**, they can ask us to pay the benefit direct.

6.0 What don't you cover?

For employees who give us medical evidence, we may set terms to exclude specific medical conditions. We may also set terms during our medical underwriting process, for claims that arise due to specific hazardous pursuits. We'll tell you if we restrict cover in this way.

We may also restrict cover if we've agreed to cover employees based in certain overseas locations. We'll tell you if we've done this in the quote.

Our quotation may include an **event limit**, if the quote is for more than one **policy** the **event limit** will apply to the combined benefits as a result of the catastrophe under all the **policies**. This means we'll restrict the total amount of benefit we pay for claims caused by a catastrophe. We describe a catastrophe as an accident or event, or a series of accidents or events, which happen within 72 consecutive hours and causes four or more claims within six months.

We won't pay a claim if the employee is not eligible for cover.

7.0 Can you cover an employee who is not based in the UK?

We'll cover employees who live and are employed in the United Kingdom while they are travelling overseas on company business.

We'll usually cover employees based overseas as long as they don't form the majority of the **members**. We'll need their full details, as we may need to give you **special terms** for their cover. We won't start covering them until we've told you our terms.

In addition to any **special terms**, we'll also apply the following additional terms to a **member** while they are based outside the United Kingdom:

- You must pay all premiums, and we'll pay all benefit, in the UK in sterling.
- We'll fix any currency conversion rates at each **annual renewal date**.
- If you choose to use either of our **Mastertrusts**, we will only cover eligible employees if they have an employment contract with a United Kingdom employer. We will automatically exclude employees from cover if they are employed by businesses set up outside the United Kingdom.

8.0 What tax rules apply?

We've given our current understanding of the tax rules applying to employer funded Flexible Group Life Assurance cover, where some costs may be recovered from employees' earnings after income tax and National Insurance contribution deductions. You may want to get your own tax advice about the **policy** and HMRC rules.

The tax rules may differ if you choose to recover **flexible benefit** costs through a salary sacrifice arrangement. Please seek tax advice if you wish to consider this option.

Registered schemes

Our understanding of the current tax rules for **registered schemes** are as follows:

- If you recover the cost of premiums from the employee, income tax relief is available at the employee's marginal rate.
- The premiums you pay for the **policy** to insure the **scheme** benefits are tax-deductible and can be offset against your profits for tax purposes.
- Your premiums are not treated as a 'benefit in kind' for employees.
- From 6 April 2024, the Finance Act 2024 changes the tax allowances available to **members** of **registered** schemes, including the allowance lump sum death benefit payments count towards. This Act abolishes the **lifetime allowance** and introduces the **lump sum and death benefit allowance**.

  Up to 6 April 2024
  Lump sum group life assurance payments from **registered** schemes, will count towards the **lifetime allowance** of a **member** who dies. The standard **lifetime allowance** is £1,073,100 for the tax year 2023/24, and applies most benefits paid from all the **registered** pension schemes a **member** may have joined, including any unused pension savings that may be paid on their death. A group life assurance benefit payment is checked against their remaining **lifetime allowance**. Any benefit that exceeds this allowance is taxed by HMRC at the marginal rate of income tax for the person or persons, receiving the benefit.

From 6 April 2024
Lump sum group life assurance payments from **registered** schemes, will count towards the **lump sum and death benefit allowance** of a **member** who dies. This allowance is for the total amount that can be paid as tax-free lump sums for a person both during their lifetime and when they die. The limit is introduced with a first value of £1,073,100. Most tax-free lump sums a person takes from a **registered** pension scheme during their lifetime will reduce the amount of allowance available for any lump sum benefits paid following their death. Any part of a lump sum that is above this allowance will be taxed at the highest rate of income tax of the person or persons, receiving the benefit.

Excepted group life policies

Our understanding of the current tax rules for **excepted group life policies** that pay benefit under a discretionary trust are as follows:

- The premiums you pay to insure the **scheme** benefits may qualify for tax relief as a business expense if your local tax inspector agrees that they are wholly and exclusively for business purposes.
- Your premiums will not be treated as a 'benefit in kind' for your employees.
- There are no Income Tax or National Insurance contribution savings for an employee if you recover the cost of premiums from their earnings.
- Lump-sum claim payments are paid free of income tax and do not count towards the **lifetime allowance** or **lump sum and death benefit allowance** for a **member.**
- The **policy** is exempt from the chargeable event provisions of the Income Tax (Trading and Other Income) Act 2005. Therefore, a chargeable gain and income tax charge will not be charged on lump sums paid on second and subsequent deaths.
- Lump-sum benefits are subject to the normal inheritance tax rules for discretionary **trusts**. This means exit and periodic charges may apply at a maximum of 6% in each case.

You may want to get your own tax advice about the **policy** or the HMRC rules.

9.0 Can members continue their cover if they leave my employment?

No, a **member** cannot continue cover at their own expense if they stop working for you.

Further information

Providing insurance

This Flexible Group Life Assurance **policy** is provided by Legal & General Assurance Society Limited. Our principal office for the purpose of the **policy** is at:

Four Central Square
Cardiff
CF10 1FS

0345 026 0094

We may record and monitor calls. Call charges will vary.

Privacy Policy

We're the sole data controller for the information we hold with respect to the policy, and solely responsible for its security.

To arrange and manage the policy, you'll need to send us personal information about your employees who are, or become, eligible for cover. This may include medical and health information. You need to satisfy yourself of a legal basis that allows you to send us these details, or consider seeking appropriate consent (explicit consent in the case of medical or health information).

Please share our full Privacy Policy with your employees so they understand what we do with the information we collect. Our full Privacy Policy is available at:

legalandgeneral.com/privacy-policy

Questions and complaints

If you have any questions or complaints, please speak to your adviser who arranged this **policy** for you.

If you then need to speak to us, you can call us or send the details of your question or complaint to the Managing Director, Group Protection. You can find our contact details on page 29 of this technical guide.

If we can't settle the complaint you may be able to refer it to the Financial Ombudsman Service. You can find their contact details on page 29 of this technical guide.

Making a complaint won't affect your right to take legal action.

Compensation

You may be entitled to compensation from the Financial Services Compensation Scheme (FSCS) if we cannot meet our liabilities. You can find out more about the amounts and eligibility from the FSCS. You can find their contact details on page 29 of this technical guide.

Law

The **policy** is governed by English law.

Under our **policy**, **members** do not have any rights under the Contracts (Rights of Third Parties Act) 1999. This means they do not have to be involved in decisions about the insurance provided by the **policy**.

References in this guide to the tax treatment of premiums and benefits are based on our current understanding of law and HMRC practice, which may change.

Language

All communications from us, including our terms and conditions, will only be available in English.

Insurance Act 2015

In the event that you breach your "duty of fair presentation", we may at our discretion, agree to pay a claim in full if you agree to pay an additional premium.

This is conditional on the breach not being "deliberate" or "reckless", and occurring in a situation where we can show that we would have charged a higher or additional premium had full disclosure occurred.

Industry regulation

We're authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority. Our Financial Services Register number is 117659. You can check this on the Financial Services Register by visiting the FCA's website

fca.org.uk/register

or by contacting the FCA on

0800 111 6768

This technical guide is for commercial customers as defined in the Financial Conduct Authority's Insurance: Conduct of Business sourcebook (ICOBS).

Financial Crime Risk Management

We are committed to protecting our customers and us from **financial crime** whilst meeting all our legal and regulatory obligations to complete checks on policyholders, employees or potential beneficiaries, company directors and all beneficial owners.

If in our opinion, it becomes appropriate or necessary, in order to manage our exposure to the risk of **financial crime**, we might take one or more of the following steps:

- withdraw or make changes to a quote for cover;
- cancel a **policy** by giving written notice;
- where we consider it to be reasonable in light of the level of risk of **financial crime**, immediate cancellation of cover or any **benefit** payable under the **policy**; and/or
- take any other reasonable action that we deem necessary in all the circumstances.

Glossary

Our terms explained.

Actively at work – This means the employee must be in full active employment, physically and mentally able to perform all the duties associated with their normal job as an employee on the day the cover is due to start or there's an increase to their cover.

Annual renewal date – The anniversary date of when your **policy** starts or another yearly date that we've agreed with you.

Benefit entitlement – This is the amount of benefit a **member** is covered for under the **policy**. Sometimes this can be restricted. For example, if a portion of benefit is declined after **medical underwriting**. Their full benefit entitlement would therefore be the amount of benefit before any portions are restricted or declined.

Benefit termination date – The last day to which we'll cover a **member**.

Core benefit – The amount of benefit that the **member** cannot cancel, or reduce their cover below.

Default benefit – The amount of cover in respect of a **member** who doesn't make a **flexible benefit** selection.

Event limit – A restriction we may apply to the total amount of benefits we pay which result from a catastrophe. Read question 6.0 for more details

Exact cost – We work out the cost for each **member** using their age, gender and amount of cover. This is also known as single premium or current cost.

Excepted group life policy – A type of **policy** introduced by the Finance Act (2003). For details, please refer to 'How the **policy** works' on page 6.

Extra premium loading – If **medical underwriting** shows an employee doesn't meet our standard criteria we may increase the premium for them. We call this increase an extra premium loading.

Financial Crime – Financial crime is defined as:

- The contravention of or the risk of any other sanction, restriction, or adverse measure pursuant to any sanctions program;
- Money laundering and terrorist financing;
- Fraud (internal and external);
- Bribery and corruption;
- Facilitation of tax evasion; and Insider dealing and market abuse.

A sanctions program is any national or international sanctions laws and regulations enacted by the United Kingdom, United States of America, the European Union or the United Nations, and such other sanctions laws and regulations enacted by any other country or body that we consider, from time to time and at our absolute discretion, would exposes us to any risk beyond a level that we consider to be reasonable.

Flexible benefit – Any amount of benefit above the **core benefit**; as shown in the relevant category of the quote.

Free limit – The maximum amount of cover we will provide to a **member** without the need for medical evidence or details of their hobbies. We'll tell you the free limit in our quote as a level of benefit or **scheme earnings**.

Group Life Mastertrust – The Legal & General Group Life Mastertrust scheme we've set up and **registered** with HMRC to distribute Flexible Group Life Assurance benefits.

Lifetime allowance

From 6 April 2024 the Finance Act 2024 abolishes the lifetime allowance and introduces new allowances, including a **lump sum and death benefit allowance** that applies to most lump sums paid from a **registered** scheme. We'd encourage you to review your **scheme** eligibility or benefit design if it refers to the lifetime allowance.

Up until 6 April 2024, the lifetime allowance is the maximum amount of tax advantaged benefit that may be paid for a **member** from all the **registered** schemes they've joined.

From 6 April 2024, within our **policy**:

- References to the standard lifetime allowance will mean the standard lifetime allowance defined in Part 4 of the Finance Act 2004 as it applied on 5 April 2024, including its 2023/24 value of £1,073,100.
- References to an **member's** lifetime allowance adjusted for any **registered** scheme benefits they may have received, or a lifetime allowance protection or enhancement factor, will mean the remaining **lump sum and death benefit allowance** that is available to that **member**.

Lump sum and death benefit allowance

The lump sum and death benefit allowance introduced by the Finance Act 2024.

This allowance is for the total amount that can be paid as tax-free lump sums from **registered** schemes for a person, both during their lifetime and when they die. Most tax-free lump sums taken during the person's lifetime will reduce the amount of allowance available for any lump sum benefits paid on death. The lump sum and death benefit allowance has been set at £1,073,100.

Mastertrust

A **scheme** we've set up that Flexible Group Life Assurance customers can apply to join if they don't want to set up or run their own **scheme**. We have two Mastertrusts:

- Our **Group Life Assurance Mastertrust**, which is a **scheme** that we've set up and **registered** with HMRC.
- Our **Relevant Life Mastertrust**, which is a **scheme** we've set up for **excepted group life policy** benefits.

Maximum benefit

The amount of benefit a **member** cannot choose cover above.

Medical underwriting

The process insurers use to assess the health and pastimes of an employee. At the end of the process **special terms** may be applied to the cover.

Member

Employees included in the **scheme** in accordance with the eligibility terms.

Monthly accounting date

The **annual renewal date** and the same day of every month afterwards.

Non-registered scheme

A **scheme** that hasn't been registered with HMRC. Our **excepted group life policy** is an example of a non-registered scheme.

Policy

The legal contract between you and us. You choose how much of the benefits you've promised to the **members** that you want to insure under the policy.

Premium rates

The table of premium rates included in the quote for working out the cost of **flexible benefit**.

Registered/Registration

Group life assurance schemes can be registered with HMRC as an occupational pension scheme under the Finance Act 2004.

Relevant Life Mastertrust	The Legal & General Relevant Life Mastertrust scheme we've set up to distribute lump sum cover paid from a relevant life policy insuring one person or an **excepted group life policy.**
Scheme	The scheme set up to pay the benefits promised under the scheme to your employees.
Scheme administrator	A person that takes responsibility for the day to day running of the **scheme** including completing HMRC reports.
Scheme earnings	The earnings we use to work out a **member's** benefit.
Special terms	Terms for cover that we cannot accept at ordinary rates. This will include **extra premium loadings**, exclusions, restrictions, postponements or where cover has been declined.
State pension age	The age at which a **member** begins to receive their United Kingdom state pension from the Government. Or the age at which they would have received it had they been eligible.
Total benefit	The total benefit for all **members**.
Total scheme earnings	The total **scheme earnings** for all **members**.
Trust	A document the **trustees** use to pass on the benefits paid by the **policy**.
Trustee	This is a person, firm or group, appointed to carry out what the **trust** must do. For example, make a claim under the **policy** and pass on the benefits. They must follow the laws that apply to **trusts**.
Unit	This is the denomination by which **flexible benefit** can be increased or decreased, and is confirmed in the quote. It is usually a multiple of **scheme earnings** or a cash amount.
Unit rate	This is the cost of each £100 of cover. We'll tell you the unit rate in our quote.

Contact details

Group protection principal office Questions and complaints	Financial ombudsman service	Financial services compensation scheme
Managing Director, Group Protection Legal & General Assurance Society Limited Four Central Square Cardiff CF10 1FS	If we can't resolve a complaint you may be able to refer it to: Financial Ombudsman Service Exchange Tower London E14 9SR	PO Box 300 Mitcheldean GL17 1DY
0345 026 0094 We may record and monitor calls. Call charges will vary. Lines are open from 9am to 5pm Monday to Friday.	**0800 023 4567** or **0300 1239 123** (free for mobile phone user paying a monthly charge for calling phone numbers beginning with 01 or 02).	**020 7741 4100** or **0800 678 1100**
group.protection@landg.com **legalandgeneral.com/employer/group-protection**	complaint.info@financial-ombudsman.org.uk **financial-ombudsman.org.uk**	enquiries@fscs.org.uk **fscs.org.uk**

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Registered in England and Wales No. 166055
Registered office: One Coleman Street, London EC2R 5AA

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

BH2208 03/2024

Technical Guide 09/23