

Key features of the Income Protection Plan



Helping you decide

This **important document** gives you a summary of the Income Protection Plan. Please read this with your illustration, if you have one, **before** you decide to buy this plan, and keep it for future reference.

Contents

The Financial Services Authority is the independent financial services regulator. It requires us, Zurich Assurance Ltd., to give you this important information to help you to decide whether our Income Protection Plan 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.

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The Income Protection Plan

The Income Protection Plan is an insurance plan that provides a regular income benefit to replace some of your earnings if you can't work because of long-term illness or injury. Your adviser will help you decide if this plan is right for you.

Its aims

What this plan is designed to do

- Provide you with a regular income benefit if you suffer a long-term illness or injury that leads to loss of earnings.
- Provide a business with a regular income if a key person is unable to work due to long-term illness or injury.
- Allow you to decide;
 - the amount of benefit you require
 - how soon you need the benefit to start after you suffer the incapacity
 - for how long you need the benefit to be paid
 - for how long you want the cover to last.

Your commitment

What we ask you to do

- Make regular payments over the plan's term.
- Give us all the information we ask for when you apply for the plan. Please don't assume we'll contact your doctor for any medical information we need.
- Tell us about any changes to the information you give us on your application, which occur before your plan starts. **Please see 'When will the plan not pay out?' on page 11.**
- When choosing the level of benefit you want, take into account any State benefits you may be entitled to, and any other insurance plans you already have that provide cover for accident, illness or injury.
- Review your cover regularly, with your adviser, to make sure you have the right amount for your needs.

Risk factors

What you need to be aware of

- If you don't answer all the questions on your application fully, truthfully and accurately we may not pay a claim.
- We will not pay a claim in the circumstances described in **'When will the plan not pay out?' on page 11.**
- If you stop paying, your cover and plan will end after 30 days. We won't refund any of your payments.
- Your payments are reviewable so you may have to pay more in the future. There is no limit to the increase in payments that may apply. You may not be able to afford the same level of cover after a review, or be able to take out replacement cover.
- If you don't take into account any income you may receive from other sources, you may be paying for more benefit than you can claim.
- If your earnings have reduced at the time you claim, we may reduce the benefit we pay you.
- We won't refund any payments you've made if you have paid for more cover than you can claim or we reduce the benefit we pay you.
- If you receive the benefit you may not be able to receive some means-tested State benefits.

Other documents you should consider reading

This document gives you key information about the plan. If you want more detail on specific points, please read the following documents. We have highlighted when they are relevant throughout this document.

Why your payment may change

Explains how plan reviews work.

Income Protection Plan – premier cover terms and conditions, or Income Protection Plan – essential cover terms and conditions

Gives you the full terms and conditions that apply to the plan.

All documents are available from your adviser or direct from us. Our contact details are on page 15.

Questions and answers

Setting up your plan

Is the Income Protection Plan right for me?

It may be right for you if:

- you need an income when you can't work, whether you're employed or self-employed, because of illness or injury
- you don't already have an income protection plan in place that is sufficient for your needs
- your employer doesn't provide income protection cover
- you have a business where the loss of a key person because of illness or injury will affect your ability to generate income and profit.

What cover does the Income Protection Plan provide?

The plan is designed to give you a regular income benefit after a deferred period if you can't work because you're incapacitated and lose earnings due to illness or injury.

The incapacity must have started after the plan began and you must be totally incapacitated from doing the main duties of the job or jobs you were doing at the time of the injury or the start of the illness.

Incapacity

Our definition of incapacity is that you are unable to carry out the main duties of your job because of illness or injury. If you have more than one job at this time, we will not regard you as incapacitated if you are able to perform the main duties of any of them. This means that if you can still do your job, or a significant part of it, we won't pay the benefit. However, if you are substantially incapacitated from doing all the main activities of your job, we will pay even if you can still perform incidental tasks.

Special definition of disability

For some occupations that require a high degree of medical fitness, a licence to perform the occupation, or total dependence on the use of hands or voice, we'll apply a special definition of disability.

We'll tell you if we apply this to you. It means we may stop the income protection benefit at any time after 12 months if, in our opinion, you could return to any work in a new occupation that would suit you because of your education, training, retraining or experience.

There are two versions of the plan to choose from.

Premier Cover – provides cover until your plan ends, no matter how many claims you make.

Essential Cover – provides cover for five years. You may then have the option to renew the cover for a further five years. You can continue to do this every five years. However, on the last renewal before you reach the plan termination age, you can extend the plan for a term of at least one but less than five years. If we have paid a claim, you cannot renew the plan.

How do reviewable payments work?

Reviewable payments means we review your plan regularly and the amount you pay may increase.

We calculate your payments in a fair and reasonable way based on our assumptions about the cost of providing your plan. Changes in the number and value of claims we expect, our assumed investment returns and our plan charges will affect the outcome of a review. If the overall change would be small, we won't alter your payments at any time. Changes to your health do not affect reviews.

If we ask you to increase your payments after a review, you can continue paying the previous amount and we'll reduce your cover instead. You can also decide to stop making payments to your plan. If you do this, your plan and your cover will end.

For Premier Cover plans we'll review your plan every five years and in each of the last four plan anniversaries before the end of its term. If your plan's term is less than 10 years, we'll review it five years before the plan is due to end. After that, we'll review it every year. We'll review Essential Cover plans each year.

Reviewable payment plans are usually cheaper than guaranteed payment plans (where the amount you pay stays the same) to begin with but may be more expensive after a review. Your adviser will help you decide whether guaranteed or reviewable plans are suitable for you.

Please read the [Why your payment may change booklet](#) and [section 10 of the Terms and conditions](#).

What optional extra benefits can I include?

You can choose from two optional indexation benefits for an extra cost; 'indexed during claim' or 'total indexation benefit'. You can choose one of these benefits when the plan starts or, if we agree, you can add either of them later.

Indexed during claim

This means the benefit increases each year in line with increases in the Retail Prices Index from the date on which any claim becomes payable. Once the claim has ended we reset the income benefit to the level it had at the start of the claim.

Total indexation benefit

This means your benefit automatically increases each year in line with rises in the National Average Earnings Index. Your payments also increase each year to pay for the higher amount of cover. On any plan anniversary when we are still paying a claim, we will increase your income benefit in line with any increase in the Retail Prices Index.

Full details are in [section 3 of the terms and conditions](#).

Who can the plan cover?

The plan can cover one person only.

You must be between 16 and 59 years old when the plan starts.

The plan must end before your 65th birthday.

When your plan starts you must be living in the United Kingdom and intend to stay here.

How much income protection benefit can I have?

The maximum benefit you can have is 60% of your first £45,000 of pre-incapacity earnings before tax, plus 33.33% of any pre-incapacity earnings above £45,000 each year, less the Single Person's Employment Support Allowance. **See 'Can Zurich reduce the benefit it pays?' on page 8 for details of other income that will affect the benefit we'll pay.**

If the Essential Cover version of the plan is owned by a business on the life of a key person, the maximum benefit is twice the key person's gross earnings, including the value of any P11D benefits.

Pre-incapacity earnings

If you are employed, this means your basic salary plus any regular overtime payments, bonuses or commission in the 12 months before you become unable to work, plus the amount of any pensions you receive. For Essential Cover key person plans, it includes the value of benefits in kind.

If you are self-employed, this means your share of pre-tax profit from your trade, profession or vocation (for the purposes of Part 2 Income Tax (Trading and other Income) Act 2005), after deduction of trading expenses, in the 12 months before you become unable to work, plus the amount of any pensions you receive.

With some occupations your income may go up and down, so we may average your income over a maximum of three years. We'll need financial information from you to support your claim.

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

Full details are in section 3 of the [terms and conditions](#).

Can Zurich reduce the benefit it pays?

Yes, if you receive income from any of the following and it takes you over the maximum payment limits:

- Payments that continue, such as sick pay, from your employer and any continuing income if you are self-employed.
- Any pensions you receive from previous employments.
- Other insurance benefits – if they arise because of your incapacity and result in either regular payments made directly to you or payments made on your behalf, such as to pay your mortgage, credit card or loan payments.
- Single Person's Employment Support Allowance or, if this is significantly changed by the Government or no longer available, any similar benefit adopted in its place. We will deduct an amount equivalent to this even if you are not eligible for the relevant benefit.

We'll also reduce the income protection benefit we pay if your earnings have fallen and the benefit is higher than the maximum benefit we pay.

If we reduce your benefit, we won't refund any of the payments you've already made.

What income will not affect how much Zurich pay?

- Income support or any other means-tested State benefits.
- Income from savings and investments.
- The taxable value of any royalties from any patent or copyright or profits from selling shares or securities.

When does the benefit payment start?

You choose how soon after being incapacitated you want the monthly income to start. You can choose between one, three, six and 12 months for Premier Cover and between one, three and six months for Essential Cover. This is called the deferred period.

Your choice should allow for any earnings which you expect to continue after you stop working, such as sick pay, or how long you're prepared to live on your savings.

The benefit is paid monthly in arrears and we'll pay you on the first day of the month following the end of the deferred period you have chosen.

When does the benefit payment stop?

We'll stop paying the benefit when the first of these events happens:

- You are no longer incapacitated.
- You are no longer suffering a loss of earnings.
- The benefit payment period ends for Essential Cover. This is a maximum of two years.
- You die.
- The term of the plan ends.

If we have applied a special definition of disability it means we may stop the income protection benefit after 12 months if, in our opinion, you could return to any work in a new occupation to which you are suited because of your education, training, retraining or experience.

Returning to part-time or less well paid work

In this situation, we'll pay you a lower benefit that is in addition to the money you earn but takes account of your lost earnings. If, after a period of claiming the plan benefit, you go back to the same job part-time, we may pay a reduced benefit called 'rehabilitation benefit' for a maximum of 12 months from the time you return to work.

If you are unable to return to your previous job but can do a different, less well paid job, you may receive a reduced benefit called 'proportionate benefit'. This won't apply if you have a special definition of disability because of your occupation. Proportionate benefit is not available for Essential Cover (key person).

How long can the plan last?

Premier Cover. The term of the plan must be at least five years. It must end on or before your 65th birthday. The date you choose for the plan to end is known as the plan termination age, and this can be on or before the date you plan to retire.

Essential Cover. The term of the plan is five years. It must end on or before your 65th birthday.

What do the charges cover?

The charges we take cover administration, underwriting, claims, sales commissions, profit and any medical examinations we may ask you to have. We include these charges in your payments to us.

Full details are in section 8 of the [terms and conditions](#).

How much does the plan cost?

Your adviser will tell you how much the plan will cost, but it will depend on the following:

- Your personal circumstances – for example, your age, health, sex, occupation and whether you smoke.
- The amount and type of cover you choose – for example, the longer the deferred period you choose, the cheaper your plan will be.
- How long you want the cover to last.

You can pay monthly or yearly by direct debit. You can also pay yearly by cheque.

After it starts

Can I change my plan after it starts?

The plan includes an option to increase your cover at any time. You'll need to give us details of your current health, earnings, occupation and activities if we agree to increase your cover. Your payments to us will increase.

If your earnings have reduced and the benefit is higher than the maximum we'll pay, you can reduce your cover.

Can my payments change in the future?

Your payments may increase after a plan review. If you choose total indexation benefit, your payments will increase each year.

After a review, we may ask you to make higher payments to keep your cover going.

Please read the [Why your payment may change booklet](#) and [section 10 of the terms and conditions](#).

What if I stop paying?

Your cover and plan will end 30 days after the last payment was due. You won't get any of your payments back.

How much does the plan pay out?

You decide how much cover you would like when you take the plan out.

The plan never has a cash-in value.

What if I change my occupation?

You don't need to tell us if you change your occupation after the plan starts, unless you want to increase your cover.

When will the plan not pay out?

You cannot claim just because you become unemployed.

We may not pay a claim and may cancel all cover under the plan in the following circumstances:

- You don't give us all of the information we ask for when you apply for your plan or when you make a claim. Please don't assume we'll contact your doctor for any medical information we need.
- You don't tell us if any of the following things change between making your application and when your plan starts:
 - Personal health.
 - Family medical history.
 - Occupation.
 - Where you live – if you move to live outside the UK.
 - The frequency and extent of your foreign travel.
 - Any hazardous leisure activities you do.
 - Alcohol consumption.
 - Smoking habits.
 - Use of recreational drugs or drugs not prescribed for you.

We won't pay a claim if:

- you aren't working when you become incapacitated
- your incapacity starts when the plan has less than one, three, six or 12 months left to run (depending on the deferred period you've chosen)
- you have more than one job and you can still do the main duties of any of them
- the claim results either directly or indirectly from committing a criminal act, failure to follow medical advice, terrorism, war or civil commotion
- you are suffering from HIV/AIDS (except where you caught it in the United Kingdom from a blood transfusion, by physical assault or at work in an eligible occupation)
- the medical condition arises while you are living abroad and you do not return to the United Kingdom or one of the other countries we specify.

If we apply any additional specific exclusions, we will show them on your plan schedule.

Full details are in section 2 of the [terms and conditions](#).

Will I get regular updates on my plan?

Yes, we'll send you a statement each year showing the level of cover you have. This will help you decide if it is still enough to meet your needs.

Cancelling your plan or making a claim

Can I change my mind and cancel?

Yes, you can. When we issue your plan documents we will send you details of how to cancel your plan. You will have 30 days from receiving these documents to do this. If you decide to cancel we will refund your money.

If you decide to cancel your plan after this time, please contact us, our details are on page 15. If you cancel your plan after the first 30 days, we won't refund any money you've paid.

You can cancel before you receive your plan documents by calling us or your adviser.

How can I make a claim?

To make a claim, contact us or your adviser as soon as possible if an illness or injury has stopped you working.

We'll let you know what information we need so that we can process the claim as quickly as possible.

To claim for	Telephone number Opening hours 9am to 5pm
Income protection benefit	0870 850 0786

Full details are in section 12 of the [terms and conditions](#).

How do you assess my claim?

We'll look at the duties of your occupation, your ability to do them, and whether adjustments can be made to help you do them.

We'll ask for evidence of your loss of earnings.

We'll also ask for medical evidence, reports and information about your illness or injury. We may require you to have an independent assessment.

You'll qualify for benefit if you're unable to perform the essential duties of your occupation and therefore lose earnings, and are not doing any other work.

How often can I claim?

There is no limit on the number of times you can claim under Premier Cover. If you have received the benefit and you claim again from the same cause within six months of returning to work, we'll start paying you again without waiting for another deferred period.

To keep your cover going, you must start making payments to your plan when you return to work.

If you make a valid claim under the Essential Cover version of the plan, you will not be able to renew the plan.

What about tax?

You won't have to pay income tax on the benefit. If the plan is owned by a company, taxation is more complex. Please talk to your adviser about how this affects you and what arrangements you could make.

We've based this information on our understanding of current UK law and HM Revenue & Customs practice. Future changes in law and tax practice or in individual circumstances could affect taxation.

Other information

How to complain

If you need to complain, please see the 'How to contact us' section on page 15.

You can ask us for details of our complaints handling process. If you're not satisfied with our response you can complain to:

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

Telephone: 0845 080 1800

Email: complaint.info@financial-ombudsman.org.uk

This service is free and using it won't affect your legal rights.

Compensation

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

If you need more information you can contact the FSCS helpline on 020 7892 7300, write to the address below or visit the website www.fscs.org.uk

Financial Services Compensation Scheme
7th Floor, Lloyds Chambers
1 Portsoken Street
London
E1 8BN

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

Terms and conditions

This key features document gives a summary of the Income Protection Plan. It doesn't include all the definitions, exclusions, terms and conditions.

We'll send you a copy of the full terms and conditions when your plan starts. If you would like a copy before then, please contact us direct.

We'll let you know if there are any changes to the terms and conditions.

Law

The plan is governed by the law of England.

Our regulator

We are regulated by the Financial Services Authority (FSA). We are entered on their register under number 147672. This is on the website www.fsa.gov.uk or telephone the FSA on 0845 606 1234.

Communicating with you

Our plan documents and terms and conditions are in English and all our other communications with you will be in English.

How to contact us

If you want to contact us before you buy this plan, you can write or phone:



Write to:

Zurich Assurance Ltd
UK Life Centre
Station Road
Swindon
SN1 1EL
UK



Phone: 01793 514514

Monday to Friday 8.30am – 6pm (we are not open on public holidays). We may record or monitor calls to improve our service.

An answerphone is in operation outside office hours.

Keep in touch

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

We'd like everyone to find it easy to deal with us. Please let us know if you need information about our plans and services in a different format.

All our literature is available in large print or braille or on audiotape or CD.

If you are a textphone user, we can answer any questions you have through a Typetalk operator. Please call us on **18001 01793 514514**. Or, if you prefer, we can introduce your adviser to a sign language interpreter.

Please let us know if you would like a copy of this in large print or braille, or on audiotape or CD.

