Group life assurance and dependants' pensions

Registered schemes, excepted group life policies and partner business protection.

Helping you understand our policy

Technical guide 05/25

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

For LAB 05/25, EGLP INDEF 05/25, EGLP 8 YEAR 05/25, PLAB INDEF 05/25, PLAB 8 YEAR 05/25, DP 12/22 and FLEX DP 12/22 Policies

Legal & General

Using this document

What is a technical guide?

The Financial Conduct Authority is a financial services regulator. It requires us, L&G, to give you important information to help you to decide whether our Group Life Assurance and Dependants' Pension 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 used plain language 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. Where we refer to 'we', 'our' or 'us' this should be read as Legal & General Assurance Society Ltd.

We can provide cover for equity partners and members of a Limited Liability Partnership (LLP) as well as your employees. Where we've referred to 'employees' this should be read to include equity partners and members of a LLP. Where we refer to 'employer' or 'employment', this should be read to include partnerships and LLPs and the duties of an equity partner or LLP member. 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 contains information that 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 for financial advisers:

- Explains the intended target market for each of our Group Protection products.
- Provides information to help them 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

Legal & General is a leading UK financial services group and major global investor. We've been safeguarding people's financial futures since 1836, and strive to build a better society, while improving the lives of our customers and creating value for shareholders. We are one of the world's largest asset managers with £1.1 trillion of assets under management at 31 December 2024. *We're a leading provider of Group Protection cover in the UK with over 90 years of expertise and knowledge. We looked after over 8,700 group protection policies and provided protection to over 2 million employees at the end of 2024.*

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 by searching for 'Legal & General Group PLC' at: **legalandgeneralgroup.com/investors/reports**

Contents

Aims, commitments and risks

Its aims

Our Group Life Assurance and Dependants' Pensions **policies** that covers an insured **member** in the event of their death to provide support for their dependants, aim to:

- Provide a lump sum, or a dependants' pension, or both.
- Pay lump sum benefits to a **scheme** that is **registered** with HM Revenue & Customs (HMRC)or from an **excepted group life policy**.

Please see question 1.0 for more details about benefit formulas.

Group Life Assurance and Dependants' Pensions are also known as death in service benefits.

Your commitment

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

- Give us all the information we ask for and any material facts in line with Insurance Act 2015 when you apply for a **policy** and at **annual renewal dates**. We can change or cancel the **policy** if you don't give us this information and this could affect claim payment. Please see question 4.1 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 their **lump sum and death benefits allowance**. Please see question 8.0 for more details.

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. 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** until at least the second **annual renewal date**. We'll then review it and usually guarantee the new **unit rate** for at least the next two years. We'll confirm the first guarantee period in our quote.
- 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 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.
- 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 4.2 for more details.
- Where relevant, we can cancel a **policy** if **registration** is withdrawn by HMRC.
- If you choose not to protect dependants' pension benefit payments towards the effect of inflation, the value, but not the amount of benefit we pay, could reduce over time. Please see question 1.10 for more details.
- 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 28 for more details

How the policy works

- For Group Life Assurance to provide dependants' protection and Dependants' Pension 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**. We'll provide separate **policies** for each different **scheme** and separate linked excepted **policies** for each benefit formula insured under an excepted **scheme.**
- Please see '**Registered Schemes**', '**Excepted Group Life Policies'** and '**non-registered arrangements**' on page 6 for more details.
- A Group Life Assurance quote and **policy** can be arranged online through our digital service called ONIX. ONIX access is only available where your cover is arranged for you by a financial adviser. Our online quote and **policy** can't be used if you want a Dependants' Pension **policy**, cover for flexible and voluntary benefits, group partner business protection, cover for equity partners or members of a LLP partnership or wish to split the cover of a **member** between a **scheme** that is **registered** and an **excepted group life policy**. It can provide a single quote where different **members** are covered under a **registered scheme** and an **excepted group life policy.**

  ONIX supports some Group Life Assurance **policy** administration too. If your financial adviser uses ONIX to set up and administer your **policy**, we'll usually recognise the efficiencies it brings in the **unit rate** or terms we offer. If your financial adviser stops using the available services on ONIX to maintain your **policy**, we may remove these enhancements when the **unit rate** guarantee ends.
- We'll need a minimum of 3 **members** to start a **policy** using ONIX, and at least 10 **members** to start a **policy** if ONIX hasn't been used. There isn't a maximum number of **members** we can insure.
- We can cancel or change the terms of:
  - A Group Life Assurance **policy** if the membership falls to less than three **members**. We'll send written confirmation at least six months in advance if we do.
  - A Dependants' Pension **policy** if the membership falls to less than five **members**. We'll send written confirmation at least 30 days in advance if we do.
- You pay the cost of the cover.
- We'll give you the specific terms and conditions in the quote. We'll guarantee the quote for three months unless we tell you otherwise.
- There are **policy** options you can choose which affect how much you pay. We'll fix your chosen options, including the eligibility, cover 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** 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 Group Life Assurance under a **registered scheme** or an **excepted group life policy**, 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.
- If you make a valid claim for a Dependants' Pension, we'll pay the dependants' pension to the **trustees** of the **scheme**. The **trustees** will be responsible for paying the pension in line with the **trust** and rules of the **scheme**.

  If you prefer, we can act as an agent of the **trustees** and pay the pension direct to the dependants. Whoever pays the dependant must first deduct any income tax that is due. If you or we cancel the **policy**, we'll continue to pay any dependants' pensions that we started paying before the **policy** was cancelled.
- We'll need up-to-date information from you at each **annual renewal date** so we can calculate the premium and give you accurate accounts.

  If you insure two or more **excepted group life policies**, wherever possible we'll group them together for accounting purposes and provide a single invoice. Please see question 4.1 for more details.
- 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 up-to-date membership list at the end of a guarantee period because any changes to the premium rates, the accounting method and the **event limit** will always take effect from the start of the next guarantee period.

For all other **policy terms** changes, we'll write to you at least 30 days before we change the terms.

- The **policy** will continue indefinitely as long as the terms and conditions are continued to be met which includes paying the premiums when they are due.
- We can change or cancel the **policy** if there are changes to legislation or regulation which affect Group Life Assurance or Dependants' Pension 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 dependants' protection **policy** doesn't cover the benefits of a **registered scheme**, or you didn't set it up as an **excepted group life policy**.

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

Dependants' protection **policies** can only be insured with us on a **registered** or excepted basis. We don't insure other types of **scheme** for dependants' protection because of the tax rules that apply to the premiums and benefits.

Registered schemes

If your benefits are paid to a **scheme** that you have **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.
- 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 deceased's legal personal representatives 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 deceased **member**.
- You must not take out the **policy** to avoid paying tax.

If you need to insure more than one benefit formula, we can set up additional separate **excepted group life policies**. However 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.

Non-registered arrangements

Business protection for equity partners and members of a LLP is available via a **non-registered arrangement**.

- You can only insure a lump sum.
- Benefits will only be payable to the firm and not as a benefit for the dependants.
- Only equity partners or members of a LLP partnership can be covered.
- Chargeable event gains may occur on second and subsequent deaths. Where applicable we will issue a certificate.
- The **scheme** must not meet the criteria for an **excepted group life policy**.

Please see question 10.0 for more details about business protection.

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 Group Life Assurance customers insure with us.

The **Mastertrusts** are suitable for **policies** used to provide a lump sum to protect families / dependants It is not possible to use the **Mastertrusts** to cover: employees of non-UK employers, Business Protection or Dependants' Pension **policies**. Equity partners and LLP members cannot use the **registered Mastertrust** unless their employees are also included.

The earliest time from which we can include an employer in one of our **Mastertrusts** is the day we receive the completed application form and the **policy** cover has started. To make sure you get the tax advantages of using either of our **Mastertrusts** we need to receive this form before the **policy** starts.

- 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 up 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 to us if a claim is made upon their death.
- We will pay the benefit arising from 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.

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 as simple as possible, ideally having the same basis for all **members**.

You can group the **members** into separate categories and can have different basis of cover between categories. All **members** in a category must have the same benefit basis. As this is a group **policy**, it can help you cover all the eligible employees, required under the **scheme**.

If the benefits are to be provided under an **excepted group life policy**, we'll separate all the different benefit basis into separate **policies**. We'll do this so the **policies** can meet the **excepted group life policy** conditions.

Please see '**Excepted Group Life Policies'** section under 'How the **policy** works' on page 5, 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', 'all equity partners' 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 you may have to pay the difference yourself.

For example, if your **scheme** promises to pay a benefit of £500,000 but you only insure £300,000, you would have to pay the remaining £200,000 yourself.

If your **policy** insures the benefits of a **registered scheme**, you should consider the HMRC allowances that apply.

Please see question 1.6 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 premium.

1.1 Who can the policy cover?

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

We will only start cover for each **member** 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.

Members 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 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 new 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.

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 a **member** stops during temporary absence, we'll restart their cover on their return to active employment if they meet the eligibility conditions.

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 cover based on **scheme earnings** during absence. We can do this either so that the 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 the cover at each **annual renewal date**. We'll confirm the rate of increase and the date it applies from each year, in our **policy**.

1.4 When can cover for a member change?

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

A 'benefit increase' is when we'll start covering increases or decreases to a **member's** cover, for example, after a pay review.

If we work out the benefit for a **member** using a multiple of **scheme earnings**, benefit changes can be:

Yearly	We only change a **member's** cover 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 covering changes for **members** 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 change the cover for **members** on the first day their **scheme earnings** change.

If the benefit is a fixed sum, for example £100,000, you'll need to tell us when you'd like to increase the amount. Before we agree, we'll check if our terms, **unit rate** and premium need to change.

Sometimes a **member** might become eligible to change to a different category with a different benefit basis, for example, because of a promotion. If this happens, we'll cover them for the new benefit basis immediately as long as any other requirements we've set are met. If the new benefit calculation allows for daily increases, we'll also consider any increase in the **member's** earnings at the same time. If it doesn't allow for daily increases, we won't cover the increase until the next date the benefit calculation allows for earnings increases.

For **excepted group life policies**, a **member** might be covered under a different **policy** as a result of the change in cover.

1.5 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. Early retirement cover is available for **policies** covering at least 10 employees; 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 28 for further details about our approach to **financial crime** risks.

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

1.6 What is the maximum benefit you will cover?

The maximum cover we can usually insure for a **member** is £10 million. This is a combined maximum for Group Life Assurance and the equivalent lump sum value of Dependants' Pensions. To calculate the equivalent lump sum, multiply the pension by the capitalisation factor found on the quote.

If you're considering providing the lump sum death 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's 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.

Dependants' pensions

There's no current HMRC limit on the amount of dependants' pension you can pay from a **scheme**.

1.7 What types of cover are available?

We can provide cover for the following:

Group Life Assurance

After a **member's** death, we'll pay a lump sum to the **trustees**. We can cover the lump sum as either a multiple of **scheme earnings** or as a fixed amount. You can vary the amount we cover between membership categories. You can also limit a multiple of earnings to a specified maximum, for example, £1 million.

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, dividends, commission and for partners we will use partnership earnings. These are usually calculated on the annual average of the last 3 years. Our quote will show the definition of **scheme earnings** we've agreed to insure.

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, **excepted group life policies** and other **non-registered arrangements.**

Dependants' Pensions

After a **member's** death, we can:

- pay a pension for the **member's** spouse or registered civil partner. When the spouse or registered civil partner die, the pension can continue to the **member's** children; or
- pay a pension for the **member's** spouse, registered civil partner, or to any other financial dependant. When the spouse, registered civil partner or financial dependant die, the pension can continue to the **member's** children;
- pay an additional separate pension for the **member's** children.

We can cover the Dependant's Pension either as percentage of **scheme earnings** or based on an amount accrued under a retirement benefits scheme. You can vary the amount we cover between membership categories. Our quote will show the basis we've agreed to insure.

Please see question 1.10 for more information on protecting Dependants' Pension payments against the impact of inflation

Financial dependant

A financial dependant means a person, other than the **member's** spouse, registered civil partner or child, who must be financially dependent on the **member** or be dependent because of disability. A **member's** unmarried partner may also qualify if they're financially dependent on the **member**.

Young dependants

We will not reduce the dependants' pension we pay because a spouse, registered civil partner, or a financial dependant is younger than the **member**. However, if for your **scheme**, the dependants' pension for young dependants reduces and you ask us, we can consider including a young dependant's reduction in the **policy**. Our quote will show the basis we've agreed to insure.

1.8 When will you pay the dependants' pension?

We'll pay the dependants' pension to the **trustees** every month. Payment will start from the date of the **member's** death and we'll pay it in advance for the month ahead. If you prefer, we can act as an agent of the **trustees** and pay the pension direct to the **member's** dependants.

1.9 How long will dependants' pensions be paid for?

We'll pay pensions to the **member's** adult dependants until they die.

We'll stop paying a pension to the **member's** child when the youngest child reaches age 23. However, if the child is dependent on the **member** due to disability, the pension would be payable for the lifetime of that child.

You can ask us to insure a reduced period for which pension is paid for a child.

We'll confirm the agreed options in the quote.

1.10 Can benefits being paid be protected from inflation?

You can choose to help towards protecting against the value of the Dependants' Pension benefits payments reducing over time due to the impact of inflation. We have different options you can choose from.

We can provide Dependants' Pension that increases:

- in line with the Limited Price Indexation (LPI) restricted to a maximum of either 2.5% or 5%;
- by a fixed yearly rate of up to 8.5%; or
- in line with the yearly change in the Retail Price Index (RPI), up to a specified maximum not more than 8.5%.

We'll also consider other increases.

When you're deciding what cover to provide, you should think about the legal requirements for pension increases, for example LPI. If a **scheme** has different increase rates on different portions of the pension, we can provide cover on the same basis.

We'll increase benefit each year on the anniversary date of the **member's** death, unless you'd like to set a particular date.

We don't offer the same options for **policies** that pay a lump sum on death of a **member**.

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?

For an online quote

ONIX, our digital service, caters for a large variety of customer needs and will guide your financial adviser through the process. If our quote meets your needs, your financial adviser will need to set up your new **policy** online.

ONIX collects the basic information we need to confirm cover online and identifies if any additional detail is needed to set up the **policy** document or calculate accurate premiums. The additional detail and a deposit premium are usually needed within the 14 days after cover starts and can be uploaded to ONIX.

For example, ONIX will ask if the employee data supplied for the quote has changed before confirming cover. If it has, there's no need to supply data straight away. ONIX will set up cover from the day you need it, create an invoice for a deposit premium and ask for up to date data to be uploaded within the 14 days after cover starts. We'll use the new employee data to work out the accurate premium, confirming this through ONIX. If the new employee data is different to the quoted data by 25% or more then ONIX will provide a new rate. We'll confirm how we'll collect a shortfall in deposit premium or pay a refund if you've overpaid.

If your quote includes a bespoke option, we'll need to receive the application for cover request through ONIX at least one working day before cover starts. Our quote and ONIX will confirm if we need this advance notice.

Once we have all the details we need, ONIX will confirm your accurate premium and provide a **policy** document. The **policy** is the contractual document that tells you the terms and conditions and what we will and will not cover.

You'll also need to:

- 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, and send us any other information we ask for. Our quote and this technical guide confirm who will need to provide medical evidence for cover.

For all other quotes

If the quote meets your needs, we'll let you know what information we'll need. You'll need to fill in an onboarding or 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 us to pay benefit to your own **registered scheme**, we'll also ask you to confirm its PSTR number.

You'll also need to:

- Give us a membership list 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.

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.

For all quotes

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 different solutions for two different tax regimes. 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 6 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 manage the **scheme**, 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.

b) Setting up your own trust

Alternatively, you can set up your **scheme** using a suitable **trust** document. For dependants' protection this must be 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 prefer to use your own **trust** document, or appoint different **trustees**, we can usually adapt the **policy** where needed. We won't normally ask to see a copy of your **trust,** but we will need to know the basic details including name, **trustees** and type, such as **registered,** as part of the on-boarding process**.**

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 hobbies. Our **free limit** will depend on the total 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 the benefit for a **member** is above the **free limit** and they wish to have full cover, 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 **members** 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 Legal & General - Literature and forms.

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.

A **member's** status in an **excepted group life policy** will not be affected, if their 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 or dependants' pension **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?

We have two types of **medical underwriting**, forward underwriting and ONEderwriting. The one we will use depends on the number of **members** we cover under the **policy**. We'll give you full details of our **policy** requirements for medical evidence when we start cover. A summary of when we next need medical evidence follows:

Forward underwriting
Fewer than 20 members

This means, once we **medically underwrite** a **member** they won't normally need to give us more medical evidence for increases in cover for another five years.

The medical evidence we need will depend on the amount of the increase in cover and any existing **special terms**. However, unless we tell you otherwise, our standard approach will be:

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

- ordinary rates;
- an **extra premium loading** of 50% or less that you are paying;
- an exclusion for hazardous pursuits;

they won't normally need to give us more medical evidence for an increase until the earliest of:

- It's been five years since we last **medically underwrote** them.
- The **member's** cover increases by more than 15% above their cover within any 12-month period starting on or after the day we finished their **medical underwriting**.
- The total of all increases after **medical underwriting** is more than £300,000.
- If our terms for a change to the **policy** ask for medical evidence; it will be the date you ask us to make the change from.

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 you're paying 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 forward underwriting for that **member**.

If we **medically underwrite** a **member** and apply any other terms to the requested cover, we'll need medical evidence before we'll consider any further increase in their cover.

ONEderwriting
20 members or more

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 cover.

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 cover resulting from **scheme earnings** increases;
- an increase affecting at least five **members** resulting from an agreed future change to the insured basis; or
- Lifestyle events will only be applicable if you have chosen flexible benefits, our quote and **policy** will tell you how it works. For further details about lifestyle events and flexible benefits, please refer to our Flexible Life Assurance Technical Guide.

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

- at ordinary rates; or
- with an **extra premium loading** of 50% or less that you are paying;

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 you're paying 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.

Our quote and **policy** will tell you if you have flexible benefit and how it works.

Please refer to our Flexible Life Assurance Technical guide for more information on flexible benefits.

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 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 benefit 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**; 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 you are paying.

We'll agree to cover 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 a **member** meeting our switch terms was accepted on a forward underwriting approach on any of the following terms:

- ordinary rates;
- an additional premium loading of 50% or less that you are paying;
- an exclusion for hazardous pursuits;

they won't normally need to give us medical evidence for an increase until the earlier of:

- It's been five years since the **member** was last **medically underwritten** by a previous insurer. This could be the switch date if cover is increased at that date and they were **medically underwritten** more than five years ago.
- The **member's** cover increases by more than 15% above their cover within any 12 month period starting on or after the day their **medical underwriting** was completed.
- The total of all increases after **medical underwriting** is more than £300,000.
- If our terms for a change to the **policy** ask for medical evidence; the date you ask us to make the change from.

For all other **members** meeting our switch terms;

- If their existing cover with the previous insurer is more than our **free limit**, we'll need medical evidence on the next increase in cover. This could be at the switch date if cover is increased at that date.
- If their existing cover with the previous insurer is less than our **free limit**, we'll need medical evidence when their benefit first goes above our **free limit**.

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 insure 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	**New policies** We'll need employees to be **actively at work** on the day we start cover for: • a new **scheme** including less than 100 employees; and • an existing **scheme** you are insuring for the first time. We will not need **members** to be **actively at work** if a new **scheme** includes 100 or more employees. **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. If you improve the eligibility or increase the benefit at this time: • employees joining because of the eligibility change will need to be **actively at work** before we start their cover; and • employees will need to be **actively at work** before we insure that increase in cover. Please also see question 2.4 for our other terms for switching insurance. **After the policy start date** We won't need employees to be **actively at work** unless we tell you otherwise in our quotation. Normally this will only be in certain circumstances, such as for new entrants to an **exact cost scheme** (see question 3.1) with daily entry or late entrants (see question 2.6) or increases to cover for **members** who have been ONEderwritten (see question 2.2). **Cover for employees who are not actively at work where actively at work applies** If an employee isn't **actively at work**, we won't start cover for them or increase their cover until they are next **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**.	**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**. **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**. • 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**. • 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. If we cover dependants' pension, you'll need to add the lump sum value of the dependants' pension benefit to any lump sum life assurance benefit before you check it against the £250,000 limit. We'll give you details of how to do this when the **policy** starts.

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 apply **special terms** or **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 date we 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. We'll only pay claims during this period where death is caused by an accident, we won't pay a claim if death is 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;
- the rate at which the dependants' pensions increase while they are being paid; 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?

We'll usually use a **unit rate** to work out premiums. We may use our **exact cost** basis instead if the **policy** is very small, or the cover of one or two employees disproportionately affects the overall **policy** premium. We'll tell you which basis we'll use in our quote.

Unit rate

We'll work out the cost for each £100 of **total benefit**. We call this cost the **unit rate**. We'll multiply the **unit rate** with the **policy's total 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.

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 age related single premium rates until at least the end of the second **policy** year. We will then review them, following which we will usually fix the **unit rate** or the age related single premium rates for at least another two years. We'll confirm the first guarantee period in our quote.

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

- membership; or
- **total benefit**

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 you've chosen to appoint a financial adviser who uses our ONIX online services to maintain your **policy**, we may offer a reduced **unit rate**. If your financial adviser stops using ONIX, we may remove this reduction when we next work out a new **unit rate**.

If a **member** has given us medical evidence, you may need to pay us an extra premium because of their health or hobbies. 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. You can tell us in writing within 30 days that you don't want the cover this extra premium is for.

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 auto enrolment or 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 auto enrolment or 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 financial 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 rate 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**. A good claims history is where there are fewer claims than we statistically expect, this usually means the premiums will be lower than for a bad or average claims history.

4.0 How does the accounting work?

We'll work out the accounts at the start of the **policy** and then every year at a date we call the **annual renewal date**.

You'll need to pay us premiums in advance, either yearly or monthly. Yearly premiums are approximately 2% lower than the total of 12 monthly premiums.

You can pay yearly premiums by cheque or bankers' automated clearing system (BACS). You can only pay monthly premiums by Direct Debit.

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.

For all **policies**, at each **annual renewal date**, we'll ask you to pay an estimated premium, based on the previous year's **member** data, until you give us the up-to-date membership list. We'll then work out the 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. However we will account for **policies** separately if we're using **exact cost** accounting.

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 an employee'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.

We suggest you regularly check if medical evidence is needed and not leave it to the **annual renewal date**. Regular checks will help you make sure you have the cover you need.

Information we will always need.

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

- Name,
- Gender,
- date of birth,
- benefit,
- **scheme earnings** (if applicable),
- eligibility category (if there's more than one),
- job title,
- work postcode; and
- if it applies, the level of Dependants' Pension (split into portions if different increase rates apply to different parts of the pension).

At each rate review we will also require details of:

- anyone to be covered who is currently and for at least three months due to ill health/injury not been carrying out their full role or are working less than their contracted hours; and
- any information or material facts such as known serious or terminal illness e.g. cancer, overseas business travel, hazardous activities that are relevant to the cover we're providing as per the Insurance Act 2015.

For unit rate policies

If the **policy** is set up on sweep-up accounting we'll also need to know the **total benefit** at 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.

For exact cost and partner accounting policies

At each **annual renewal date** you will also need to give us:

- date of joining for employees whose cover started since the previous **annual renewal dates**;

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

It's important we get this 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 an **annual renewal 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 a person who you should have included on the membership list at the start of the **policy** or the **annual renewal date**, we won't pay a claim for them.

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

We'll tell you in our quote which accounting method we'll use.

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. We'll charge an extra premium or pay you a refund at the beginning of the next **policy** year.

For **excepted group life policies** grouped together for accounting purposes, we'll work out a single adjustment for all these **policies**.

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.

Partner's accounting

If a partner joins during the **policy** year, you'll need to tell us. We'll then charge a premium for the part of the **policy** year left to the next **annual renewal date**. We call premiums paid for a part year's cover a proportionate premium.

We'll also work out a proportionate premium for a partner whose cover stops during the year. If a partner leaves before the **benefit termination date**, we will continue to cover them until the day before the next premium is due. Therefore, this adjustment will only apply for partners leaving a firm who pays its **policy** premiums on a monthly basis, and for partners reaching the **benefit termination date**

If you pay premiums monthly, you'll need to tell us when a partner leaves. We'll then adjust the next premium. If the **policy** allows for yearly entry and annual premiums, there's no need to tell us about membership changes until the next **annual renewal date**.

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.

We'll also need payment instructions and tax details if we are to act as your agent by paying the Dependants' Pensions direct.

If you wish, and if the rules of the **scheme** you've **registered** with HMRC allows it, you can convert the Dependants' Pension to an equivalent lump sum. The lump sum will count towards the **lifetime allowance** or **lump sum and death benefit allowance** of the **member**.

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

If you've chosen to use our **Mastertrust**, we'll ask you to send us an Expression of Wish form the deceased **member** may have filled in and a **Mastertrust** Death Claim form. We'll pay a valid claim under the **policy** to the **trustees** appointed to run the **Mastertrust**. The **trustees** will decide who'll receive the benefit, taking into account the details given on the Expression of Wish form, the **Mastertrust** Death Claim form, and the results of any investigation into the employee's personal circumstances.

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.

For Dependants' Pension benefits:

- We will check a lump sum equivalent value of the dependants' pensions against the **event limit**. To work out the lump sum equivalent value, we'll multiply the dependants' pensions by an **event limit conversion factor**, which is currently 50.
- If the **event limit** is exceeded, the dependants' pension for a **member** whose death results from the catastrophe will be proportionately reduced.

If the **event limit** restricts both lump life assurance benefits and dependants' pension benefits, the lump sum payments will take precedence over dependants' pension payments.

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 UK pounds 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?

Registered schemes

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

- 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'.

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 allowance was introduced on 6th April 2024 replacing the lifetime allowance and was set an initial level 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.

- Income tax is due from Dependants' Pensions and should be deducted before the pension is paid.

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 employees' **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 is no tax relief on premiums for **policies** for partners
- Lump-sum claim payments are paid free of income tax and do not count towards the **lump sum and death benefit allowance** of 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 and an entry charge may apply.
- Please refer to our guide on understanding relevant life and **excepted group life policies** for more details

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.

10.0 Is it possible to provide business protection?

Yes, but only for equity partners and members of an LLP partnership. Employees cannot be covered for business protection under the **policy**. Only lump sum benefits can be insured, and the benefit is payable to the firm, not for the family/ dependants of the deceased.

The business protection group life assurance **policy** must be set up under your own **non-registered arrangement.** Legal and tax advice should be taken to see if this is suitable for your needs.

Our understanding of a **non-registered arrangement** are as follows:

- There is no tax relief on premiums.
- Benefit payments do not count towards the **lump sum and death benefit allowance**.
- The **policy** is subject to the chargeable event provisions of the Income Tax (Trading and Other Income) Act 2005. Therefore income tax could be due if a second or subsequent death under the **policy** causes a chargeable gain. Any gain would be shared out between partners (including the estate of the partner who died) in proportion to their profit sharing ratio.
- A pre-owned asset tax charge, as set out in the Finance Act 2004, may be due from each partner for each tax year the **policy** is in force

We'll send the firm a chargeable event certificate as required by the Income and Corporation Taxes Act 1988. After the first death, you can ask us to increase the sum assured. Benefits amounts can be used to contribute to possible tax charges on subsequent deaths.

Further information

Providing insurance

This Group Life Assurance and Dependants' Pension **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 financial adviser who arranged this **policy** for you.

If you didn't use a financial adviser to arrange your policy or you still need to talk 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 33 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 33 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 33 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**.

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.

Event limit conversion factor
All dependants' pension benefits will be multiplied by the event limit conversion factor to work out its lump sum equivalent value that's tested against the **event limit**.

The current event limit conversion factor is 50.

Exact cost
We'll 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 5.

Extra premium loading
If **medical underwriting** shows a person 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.

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 Group Life Assurance benefits.

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 so that 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.

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

Member Employees, equity partners and members of a Limited Liability Partnership (LLP) included in the **scheme** in accordance with the eligibility terms.

Non-registered arrangement A **policy** only insuring equity partners or LLP members, that:

- does not cover the benefits of a **registered scheme**,
- is not an **excepted group life policy**, and
- is used for a business protection **policy**.

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.

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 you have 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 **registering** the **scheme** with HMRC.

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**.

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 rules of the **trust** and the laws that apply to **trusts**.

Unit rate This is how we work out the cost of a **policy**. We'll work out the cost for each £100 of cover and multiply this with the **total benefit** for the **policy**. 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**

Legal & General Assurance Society Limited
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.

W8849 05/25

Technical guide 05/2025