

Shepherds Simple Protection Plan

Terms and conditions

The Shepherds Friendly Society Limited

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The Head office and Registered office of The Shepherds Friendly Society is based in the United Kingdom.

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1 The contract

- 1a** The contract between you and us is made up of the following documents.
- The plan, including the schedule and any endorsements (any changes made to the original plan)
 - The application for the plan
 - The record of the tele-interview
 - These standard terms and conditions
 - Any letter, fax or e-mail that you send us to tell us about any significant changes to your current circumstances.
- 1b** You must make all claims in writing and sign them. We will pay any benefits to you or your legal representative. We will not accept claim forms by fax or e-mail.
- 1c** This plan will be governed in line with the laws of England and Wales.
- 1d** When considering whether to accept an application for a plan, we need to be aware of all significant facts that could affect our decision. If you do not tell us about a significant fact, we may refuse to pay your claim.
- 1e** This plan has no cash value.

2 Benefit levels and waiting period

- 2a** You can have an amount of benefit that will replace your income if you are ill or have an accident and are unable to work. Subject to a maximum of 70% of gross regular income if employed or 70% of net profit if self employed. We will take the average of the net profit shown in the last three years accounts and self-assessment statements. We will not choose the best year of the three. If you have been self-employed for less than three years we will take bank statements together with any invoices to calculate your net Income.
- We will not account for any income which is not shown in the accounts; any 'cash in hand' payments will not be included.
- If you work under a series of fixed-term contracts, you should choose the level of benefit based on the gross income you expect to make over the next 12 months.

At the time of the claim, you must be able to show that your gross earnings for the last 12 months were enough to support the 70% rule.

We will also pay up to 70% of dividend income when this is from a limited company in which you are a shareholder and working director. This company must not have more than 4 shareholders who are working directors. The dividends must represent your share of the net trading profit from the company's normal business.

- 2b** If you increase the benefits in your plan we will not usually ask you for updated medical information. The exceptions to this are:
- If the amount of cover increases by more than 50%.
 - If you have made a claim we may ask for new medical information depending upon the seriousness of the illness/accident which caused the claim.
- 2c** The minimum initial benefit is determined by the requirement to have a minimum monthly premium of at least £5.
- 2d** The maximum benefit we will pay is £49,000. However, if you take the indexation option, these limits will rise by CPI each year for as long as the plan is in force.
- 2e** The benefit will be paid after your chosen waiting period. A waiting period is the length of time from when you become ill or have an accident, to the date when we start to pay the sickness benefit. The longer the waiting period, the lower the premium.
- 2f** You can choose the waiting period that you want at the start of the plan, the waiting periods available are 2 weeks, 4 weeks, 8 weeks, 13 weeks, 26 weeks and 52 weeks. You can change the waiting period at any time, but we will need to accept any change before it comes into force and it will have to be considered by our underwriters.

This means that we may have to ask for further information about any changes in your health before we can agree to the change. However, you cannot change the waiting period or benefit levels during a claim.

- 2g** We will pay sickness benefit in full for the first two years of your claim. After that time, we will only pay 80% of the full amount until your medical certificate ends or your plan matures (comes to an end).

3 Period of the plan (the term)

The minimum term of the plan is five years, the maximum term is until you reach your 65th birthday.

4 Conditions of the plan

- 4a** We will not accept applications from people who, at the time of the application, are not working due to illness or disability.
- 4b** We will not accept applications from people not in work (either employed or self employed).
- 4c** We will consider applications for most jobs (or occupation, if you are self-employed). However, we have the right to refuse applications. You must tell us if you change your job.
- 4d** You must undertake a tele-underwriting interview with our underwriting partner. Please see section 6.
- 4e** You will usually be resident in the UK at the beginning of the plan.
- 4f** You must be aged from 16 up to and including age 59 at the start of the plan.
- 4g** If you apply to increase your cover you must complete a health declaration, we may also ask you to complete another tele-underwriting interview.
- 4h** If you wish to reduce your waiting period you cannot claim within 6 months of this change.

5 Premiums

- 5a** You must pay all premiums by direct debit and on time.

- 5b** Premiums depend on the level of cover, the waiting period and your age. Please see the rate table for details.
- 5c** The minimum premium you can pay is £5 a month, not including any optional extras.
- 5d** Premiums are fixed for 5 years and then increase every 5th year in line with the stated rates in the table, depending on your age.
- 5e** If you do not pay your premiums:
- We will not pay the sickness benefit when you make a claim.
 - If your bank returns a direct-debit payment, we will only try and claim the premium once more. If the payment is not accepted, cover will cease and the plan will be cancelled.

Please be aware that you are responsible for making sure that you keep your payments up to date.

5f Payment of premiums when you are ill or absent from work (waiver of premium)

Waiver of premium is included in the plan, therefore we will not collect any further premiums from the end of the waiting period plus one month until you return to work, your medical certificate runs out or your plan ends.

6 Underwriting (the process we go through when assessing your application)

For us to be able to make a decision on your application, you must give us all the information we need about your health and lifestyle. If you do not tell us everything you know about your health and lifestyle, the plan may not be valid. This means that if we later find out that you did not give us all the facts, we may not be able to make a payment when you make a sickness claim.

For most applications, we use trained nurses to gather information. Please see 'Your Guide to Tele-Interviews'. If you are not prepared to take part in a tele-interview, we will not be able to process your application, or make changes to your plan later.

7 Claims

7a Please notify us as soon as possible if you have an illness or injury which you think might lead to a claim in due course. In any event you must notify us of a claim at least 14 days before the first expected benefit payment. If you are late in submitting a claim we will make the first payment as soon as we can, but we will not back date it to the start of the illness. However, we will not apply this condition if your incapacity has physically prevented you from submitting it on time it or if you have been confined in hospital.

Please also remember that the waiting period commences from the first date of your illness/incapacity and not from the date we receive your claim form.

7b At the time of the claim we will need evidence of your income and original medical certificate. If you delay sending to us such documents it could result in the payments of benefits being delayed.

7c Please make sure that you send in medical certificates within seven days of the last one running out. If we do not receive a medical certificate within this period, we will assume that you have returned to work, your benefit payments will end and we will collect your direct debit from your next payment date. We will normally only accept official 'Med 3 fit note certificate' or hospital certificates.

7d We will only pay benefit of up to 70% of your gross income (not including bonuses), or 70% of your net profit if you are self employed.

We will deduct any income and/or income replacement benefit you receive from any other source, but not including state benefits.

If your income is too low for the current level of benefit, we will pay a reduced benefit and reduce your premiums from the start of the claim.

You will need to provide both a P60 and the previous two months' payslips as proof of your income. If you are self-employed, we need to see the last 3 years certified accounts and self-assessment tax forms.

7e For us to continue paying your benefit or proportionate benefit, you must:

- Produce a medical fit note certificate (if you have an ongoing illness) when we ask you to do so;
- Agree to us making enquiries to your doctor in relation to the advice and treatment they have given;
- Fill in review forms when we ask you to;
- Fill in a medical consent form if we ask you to;
- Not unreasonably refuse to have any treatment or surgery your doctor has recommended;
- Not do anything which delays your recovery from the illness;
- Inform us of any other income received, this will then be used in order to ensure that you do not exceed the 70% gross income/net profit limits.
- Go to consultations with our nominated specialists if we ask you to.

If you fail to do any of these things when we ask you to we may refuse to pay your benefit.

7f For conditions of a mental or nervous origin including stress, anxiety and depression and also bad backs or neck after 3 months we will require evidence that you are following any recommendations made by your medical adviser or a medical adviser we have referred to you.

7g For the first 12 months of a claim, we will pay if you are unable to do your 'own occupation' (your job), which is defined as follows.

'You are in an occupation, or occupations, for which you receive a salary or income immediately prior to making a claim.'

We will consider you unable to work in your own occupation if you are totally unable to perform all the essential duties of your own occupation. If you decide to work in a different occupation within the first 12 months we will ensure that you continue to receive benefits up to 70% of your own occupation income as at the start of the claim.

We will only continue to pay claims after 12 months if you are unable to do your own occupation, or one for which you are trained or experienced.

We may use medical opinion and experts in your field of employment in our assessment.

7h If you are able to return to work in a different job, or part-time, please let us know as you may still be able to receive a reduced benefit.

7i We pay benefit for an illness or injury, but not for the following.

- Sickness which does not prevent you from carrying out your usual employment
- If you are addicted to alcohol or solvents, or you are ill as a result of taking drugs (except those prescribed by a doctor) or if you have deliberately injured yourself.
- War, an invasion, hostilities (whether war is declared or not), civil war, rebellion, revolution or taking part in a riot.
- Cosmetic surgery for non-medical reasons, or complications resulting from this surgery.

- If you fail to follow medical advice, or refuse to have surgery or treatment which both your doctor and ours have recommended.
- If you fail to follow the current regulations relating to health and safety at work.
- HIV or AIDS, except if you contracted (caught) it while carrying out your 'own occupation', through a blood transfusion you received in the UK, or as a result of a physical assault.

7j We will not pay benefit if you suffer accident or illness caused by taking part in dangerous activities and fail to use the correct equipment or undertake and utilise the appropriate training.

7k We will only pay 6 months benefit if you are injured or ill in any other countries other than Europe, North America or Australasia.

7l Making benefit payments while you are out of the country

We will continue to pay sickness benefit while you are out of the country. The information you supply must be in English, and you are responsible for paying any costs for getting this proof. Although sickness benefit is paid free of tax in the UK, we cannot provide information on how tax is charged in other countries, and so it is up to you to deal with the appropriate tax authorities.

7m Benefits will be paid monthly in advance once the claim has been accepted.

8 Claim period

8a Your benefits will stop when you have recovered from your illness or injury, if you return to work, the end date of the plan or on your death.

8b If you return to work and are off work for the same reason within three months, we will treat the claims as being 'linked'. This means that you will start to receive benefits again without having to wait for the waiting period to end.

9 Compensation

If you are making a claim because of an accident, we have the right to recover the payments from any compensation you receive.

10 Indexation

You can take this option at any time throughout the plan. With this option, the benefits and premiums will automatically increase in line with the Consumer Price Index (CPI) annually. This increase will not come into force until the plan has been running for at least a year. We will remind you of the increase before it comes into force.

The increase will apply to the whole premium, including all options and benefits.

11 Waiver of Premium

Waiver of premium is included in this plan and covers you so you do not have to continue to pay premiums whilst you are ill.

You can only be waived (excused) from paying your premium during full months when you are ill and absent from work.

12 Flexibility

You can change any of the following throughout the plan:

- The benefit level
- The waiting period
- Your plan end date

If you want to change either of the above, you will need to apply in writing to our office.

Before we agree to any change, we will need to consider whether there has been any change in your health, job or lifestyle since you started the plan. We may send you a health declaration to fill in and sign, or we may ask you to take part in another tele-interview. If you do not fill in the declaration or take part in the interview, we may not be able to agree to the change.

When you ask to change your level of benefit, we may also ask to see proof of your income, to check that your benefit is not more than 70% of your gross yearly income (or net profit if you are self-employed).

Making a change to your plan may result in us making a change to your premiums. We will send you an endorsement (a formal notice of a change to your plan) which tells you the new premium you will pay. We will continue to collect your premiums by direct debit.

13 Cancelling the plan

13a You can cancel your plan within 30 days of receiving your plan documents. If you cancel within this period, we will automatically refund any premiums you have paid.

13b You can cancel your plan at any time after the first 30 days but you will not be entitled to any refund of the premiums you have paid

14 Changing your address

It is your responsibility to let us know when you change your address.

15 Fraud and negligence

We will not pay claims that we consider to be fraudulent. If you have an accident that was as a result of your own negligence (something you did or failed to do), we have the right to refuse to make the payment.

We are also required by legislation to establish the identity of customers we deal with. This means we may have to verify your identity and if so this would involve electronic identity checks, for example checking against the Electoral Roll.

16 The law

If there is a change in the law or the way tax applies to us or to you, we will have the right to adjust the benefit or the plan (or both) in a way which ensures that we do not break the law or taxation rules. We will write giving 30 days notice of any change and explain the reasons for it.