

1. Who needs income protection?

Health considerations:

- Last year over 11,000,000 people were admitted to hospital and over 1,000,000 attended the A&E department (Dpt of Health statistics 2002/3).
- Nearly 1,800,000 people were diagnosed last year with either cancer or heart problems (Department of Health statistics 2002/3)
- The cost of non-fatal accidents to the UK has been estimated at over £25 billion pounds (Transport Research Laboratory 1996)
- Over 120,000 people die from coronary heart disease every year and over 2,000,000 have suffered from angina (British Heart Foundation 2004).
- Life expectancy has increased to 80 years (from 76) for men. Women will live longer but they are likely to have more years of poor health (statistics.gov.uk 2004)
- In 2001 over 1/5th of us were diagnosed as obese with heart and circulatory disease being the UK's biggest killer, killing some 245,000 people - over 40% of all deaths in the UK. Consider that over 40% of the population have raised blood pressure. (British Heart Foundation 2004)

Can you rely upon your employer?

- Don't assume that your employer will continue to pay you if you are off work for more than a few weeks. Less than 13% of the working population receive even part of their lost earnings from their employer. We all know of people who have been dismissed due to ill-health and they have little legal redress.

What if you are self-employed?

- Here the situation is worse, not only do you have to cope with no income but also the potential failure of your business. In this situation can you really rely upon your bank manager?

I've always relied on state benefits:

- As a single person state benefit is currently under £80 per week. Could you manage on that?
- If you are ill your family could suffer just as much as you. The likely state benefit for two adults and two children is £130 per week. Could you support your family on this?

2. How incomeGUARD can protect you?

The aim of **incomeGUARD** is to give you a regular tax-free benefit if you suffer illness or injury leading to a loss of income. Your benefit can replace most, if not all, of the net earnings you lose.

incomeGUARD also has an optional lump sum cover that has been specifically designed to provide you (or your estate) with a tax-free lump sum benefit of up to x5 your income or £100,000 (whichever is smaller) should you die accidentally or after a 12 month deferred period are unable to ever return to your usual or similar occupation if your condition is permanent with no hope of ever improving.

3. Your commitment to incomeGUARD

By taking out **incomeGUARD** you provide the following commitments to us:

- To decide the amount of benefit you require and when you need the benefit to start and for how long.
- To give us all the medical and other information we ask for when applying for your plan and when claiming any benefit. If you don't do this we may not be able to insure you or pay any claim.
- To make all the regular premium payments we need for the duration of the plan.
- To tell us if you change your occupation (not including a change in your job title or a change in your work location if this does not entail a change in your actual duties), if your job or duties change within your existing employer or if you change employer or become unemployed. Any of these changes must be notified to us within 30-days. (Failure to inform us could invalidate any claim you might wish to make and any changes you have notified to us will be confirmed to you, if acceptable, in writing by us. If not acceptable or new terms need to be imposed, you will be specifically advised of this including any applicable loadings or refunds depending on your new details).
- To tell us of any illness or injury within the time limits we set which has stopped you from working.
- To select an appropriate level of cover and review it regularly to make sure you have enough for your needs but no more than we'll pay.
- To tell us if you change address or bank details so that we can keep you properly informed as well as keeping our records up-to-date.

4. Who is eligible for incomeGUARD?

You can apply for **incomeGUARD** if you:

- (a) are aged over 18 but under 64 and are permanently resident within the UK, Channel Islands or Isle of Man,
- (b) are actively working and have been in continuous employment for more than 12 months before the insurance start date or you are self employed,
- (c) are in good health and know of no impending incapacity.

We will then underwrite and assess your application. Your application form will include questions about your medical history, earnings, occupation and other personal circumstances. We may request additional information to support your application at our expense. You should be aware that pre-existing conditions will not be covered unless specifically agreed in writing by us.

Pre-existing medical condition means any sickness, condition, injury, illness, chronic or recurring disease which you:

- a) knew about or in our reasonable opinion should have known about at the start date; or
- b) have received treatment or advice (including regular or routine examinations or consultations to monitor the condition) in the 24-months prior to the start date.

5. How do I select the plan's features so that it meets my needs?

You choose the amount of benefit you need. Remember that tax and National Insurance contributions are deducted from your normal earnings but not from the benefits we pay you. This means that you should not need benefit which is more than 66% of your pre-incapacity income. This is the maximum percentage of your earnings we will pay out. We'll never provide benefit of more than £2,000 per month (including all other similar insurance plans) regardless of your earnings. See also Section 16 re other deductions.

incomeGUARD allows you to select either 14 or 28 consecutive day deferred periods subject to your specific needs and your type of occupation or chosen benefit period. The longer the deferred period the cheaper your policy will be.

When choosing your cover, remember that if you claim, we'll pay benefit based on your pre-incapacity income:

If you're employed these are your pre-tax income for PAYE assessment purposes in the 12 months before you become unable to work. This will include any provable overtime, commission or bonus payments. Suitable evidence will be copies of your pay slips for at least 4-months, tax returns, P60's or full audited accounts.

If you are self-employed, these are your share of pre-tax profit from your trade, profession or vocation after deduction of trading expenses, as described in Schedule D Case I and II of the Income and Corporation Taxes Act 1988, in the 12 months before you become unable to work. If you have only just become self-employed we will not pay a claim until you have at least 4-months provable income unless specifically agreed in writing by us prior to your insurance plan starting. We will always ask for detailed evidence of your income which will need to be tax returns agreed by the Inland Revenue or audited accounts. However income received from savings and investments are not taken into account.

You may choose to amend your cover from time to time. You will need to notify us and we will amend your benefit and the new premium will apply from the following month. However in certain circumstances we may not be able to agree to your request and we will inform you of this accordingly. You should note that there will be no automatic increase in your benefits.

However please consider the following information:

- You won't be covered if you stop paying your premium.
- The cover may be less than you need if you don't review it regularly to keep it in line with your income. On the other hand if your income does not support your chosen cover, then your benefit will have to be reduced. We will not give back any of your premium payments if this happens.
- The benefit we pay under the plan may affect your claim to some means tested State Benefits. Your entitlement to State Incapacity Benefit won't be affected. (Please be aware that State Benefit rules may change).
- The benefit we pay under this plan will be affected by any claim you make under other income protection or similar policies.
- The present tax-free treatment of the plan's benefits may change.
- In future once you have had the cover for at least 12-months we may change the premium by giving you at least 30-days notice prior to renewal.
- Certain causes of claim won't be covered. Please see Section 17 (When will **incomeGUARD** not pay out).

6. How much cover can you have?

The amount of cover you select is known as the monthly benefit. The maximum monthly benefit available under **incomeGUARD** is £2,000 or 66% of your gross monthly income* whichever is the lower. The maximum lump sum is x5 your income or up to £100,000 whichever is the lower.

For incapacity and accidental death and permanent total incapacity lump sum sections, you can only receive one lump sum benefit throughout the life of this insurance. If paid it will be in addition to any benefit you receive under the incapacity income protection section.

* Gross monthly income means your monthly salary plus the average of any overtime, commission and/or bonus payments you have received in the 12 months prior to the insurance start date or your claim (as applicable). For self-employed people this means your share of pre-tax profits as more fully described in Section 5.

7. Occupation class descriptions

As you will see from the following section we have divided occupations into 4 groups in order to assist you working out the correct premium that you will pay each month. Though we have tried to keep the premium table as simple as possible the following list of occupations is only an example. If you are unsure what class you would fit in, then please discuss this with your financial advisor.

Class 1: Clerical workers or those purely working in an office

Class 2: Domestic cleaners, post office employees, sales reps, dentists, shop employees, cooks, teachers, site inspectors or factory managers.

Class 3: Domestic electricians, nurses, family veterinary employees, engineers, factory workers, van, licensed taxi or train drivers.

Class 4: Builders, bricklayers, plumbers, PSV or HGV drivers, physiotherapists, gardeners, joiners, labourers, painters, decorators, carpenters or window cleaners.

Certain occupations are not suitable for this product and you will need to refer back to your advisor: i.e. miners, military personnel, firefighters, cabin crew, couriers, pilots, divers, professional or semi-professional sports, surgeons or doctors.

Key features

8. What is the cost of cover?

The rates detailed below will show you the normal illustrative cost of the cover you have chosen. In some cases either the premium or conditions may be amended to reflect your occupation, medical history or other personal circumstances. Monthly payments will always be through your direct debit mandate.

The longer the deferred period the cheaper your policy will be.

The costs of income protection cover are expressed as a rate per £100 of monthly benefit. Whereas the costs of permanent total incapacity are expressed as a rate per £10,000 of lump sum benefit. All premiums include Insurance Premium Tax at the current rate.

MONTHLY PREMIUM TABLE					
Benefit type		Occupational Classes			
		Class 1 Non-manual work	Class 2 Light manual work	Class 3 Manual work	Class 4 Heavy manual work
INCOME PROTECTION price per £100 of monthly benefit					
For 12 months	14-day deferred	£2.60	£3.25	n/a	n/a
	28-day deferred	£2.00	£2.70	£3.60	£4.25
For 24 months	28-day deferred	£2.60	£3.25	£4.40	£5.50
PERMANENT TOTAL INCAPACITY Accidental Death and Permanent Total Incapacity					
Price per £10,000 up to a maximum of x5 your gross annual salary.		£3.15	£4.95	£8.90	£10.40

Important Note: Minimum monthly premium under incomeGUARD is £5.25

If the collection date is missed we will spread the cost of the missing amount evenly across the remaining payments.

Calculating the cost of cover

So you want to protect your net salary?

If you earn, say **£20,000** per year - the maximum you can protect including all other similar benefits or products is **66%** (or £1,100) per month.

So **£20,000** times by **66%** divided by **12 months** = approximate net monthly salary of **£1,100**.

If you work in **Class 2** and want a deferred period of **28-days** with a **1-year benefit** - this is a rate of **£2.70** per month.

So to calculate your premium take **£1,100** divide by **100 x £2.70 = £29.70 per month** including insurance tax that you have to pay.

And if you want the additional lump sum benefit?

If you have chosen this optional lump sum benefit (which you can have with or without the income protection), based on your earnings of **£20,000**, in **Class 2**, you can buy up to x5 times your annual gross income (or a smaller amount is you so choose).

So if you decide to just buy x1 your salary = **£20,000** at a rate of **£4.95** per **£10,000** of benefit.

So again divide your selected benefit of **£20,000** by **£10,000 = 2 x £4.95 = £9.90** per month including tax that you have to pay.

If you have selected both options - then it will be **£29.70 for the income protection** plus **£9.90 for the lump sum** giving you a total of **£39.60 per month** to be paid.

9. How long are benefits paid for in the event of a claim?

You can choose to receive up to a maximum of 12 or 24 monthly benefit payments for any separate incapacity claim under incomeGUARD. If you choose the lump sum benefit, payment of this amount will be paid if you die from an accident or if within 12 months of an accident or sickness being diagnosed, you are considered to never be able to return to your normal employment (classed as your own employment or similar for which you are qualified and suitably experienced). You can only receive one lump sum benefit although it will be in addition to any benefit you receive under the Income Protection section.

10. When can you make a claim under incomeGUARD?

You can make a claim under incomeGUARD at any time during the period of insurance as long as the accident or illness first occurred during the policy period and resulted in you being incapacitated within 12-months of the condition first showing itself. You must write to us about a claim, within 30 days from when you first became unable to work or as soon as reasonably possible. Write to our claims department at Compass Underwriting Limited, 40 Lime Street, London EC3M 7AW or phone our customer service desk on 020 7398 0100 or go to www.compassuw.co.uk to get a claim form.

We will send you the claim form. You will then need to fill this form in and return to us as soon as reasonably possible (or within 30 days you must write to us with the information or an explanation as to the reasons for the delay), giving us all the information we ask for so we can process your claim. This should include wage slips, or if you are self-employed audited annual accounts or Inland Revenue and National Insurance records or tax returns. You must declare to us all other income or relevant and similar insurance plans that may provide a benefit for this claim. You will be responsible for giving us the proof we need. If you delay in sending in a claim to us, it may make your claim harder to confirm. It could also lead to a delay in paying your claim or not paying your claim at all.

You must allow us access to your medical records as defined by the Medical Reports Act 1988. If we want you to have a medical(s), as often as necessary, you must attend or we may refuse to pay your claim. We will pay any costs involved for the medical(s).

You must, if necessary, meet with our appointed representative, consultant or adjuster. We will pay the benefit when we receive satisfactory evidence of your entitlement to claim, usually within 21-working days.

10. When can you make a claim under incomeGUARD (cont'd)?

Throughout the period for which you claim under this contract we will need you to provide evidence of your continued incapacity by filling in a monthly claim continuation form and providing sick-notes signing you off-work as provided by your doctor or medical consultant. Sick-notes will only be accepted for individual periods of up to 1-month, if longer we will need detailed written evidence from your doctor as to the reasons why a longer period has been determined. We will not pay benefit for any period of incapacity for which you do not provide evidence. We may ask you to produce your insurance certificate as proof. Once we have accepted a claim, we will pay your benefit for the month passed, as soon as we have received and assessed all the necessary information that you have provided, usually within 10 working days.

However if you have already made a claim, under which you have received monthly benefit payments up to the maximum benefit period you must have returned to work and been in good health for more than 3 months before you will be entitled to claim again. A claim, which occurs less than 3 months after a previous claim, will be treated as one and the same claim unless you have already received the maximum monthly benefit allowed.

11. Additional support and help

Should you at any time require help in dealing with stress, anxiety or need advice on any medical questions that you might have - qualified stress counsellors and nurses are on hand to help you - 24 hours a day, 7 days a week.

This service is completely confidential and is independent of the insurer.

12. Eligibility for benefits

You are eligible for benefits under incomeGUARD if you:

- have suffered a loss of income due to an accident or sickness during the policy period which resulted in you being incapacitated within 12-months of the condition first showing itself and is certified by a doctor in the UK (other than you or a relative) which totally prevents you from doing any part of your normal work, as stated in your certificate of insurance, or any similar work for which you are reasonably qualified, and
- are not actively working or doing any other job for payment or reward,

total incapacity

It is important to understand that the word "totally" does not mean that you have to be 100% incapacitated but is to distinguish between being unable to work in your declared occupation and that partial incapacity is not covered and that we will always use a reasonable, non-literal interpretation to determine whether or not you meet this criteria.

Your "normal work" means your specific duties currently being performed by you, but only as far as you have declared your specific duties in the proposal form. "Not doing any other job" means that you will not receive any benefit from us if you are able to find alternative employment and suffer no reduction in your earnings. You should note that the availability, or lack of, suitable employment is not a factor in assessing your ability to work.

13. When do claims become payable?

If you are actively working and become incapacitated for at least 14 or 28 consecutive days, subject to your chosen option, then incomeGUARD will pay 1/30th of your monthly benefit for each day that you remain continuously incapacitated and will continue to pay you monthly in arrears until the earliest of the following events:

- the last consecutive day that you remain continuously incapacitated,
- you no longer suffer a loss of earnings,
- you have received the maximum number of monthly benefit payments allowed for any one incapacity,
- the cessation date of incomeGUARD (as detailed in section 19).
- the termination date of incomeGUARD (see section 20).

After that if you become permanently incapacitated from your stated occupation, or similar for which you are qualified and suitably experienced, for longer than 12-months with no hope of improvement we will pay out your selected lump sum benefit. Should you die your lump sum benefit, if selected, will be paid to your estate.

14. How long do you wait before receiving your first benefit payment?

There will be a period when you're first unable to work for which we don't pay benefit. This is known as the deferred period. You will have chosen between 14 or 28 continuous days. So if you are actively working and become continuously incapacitated for at least 14 or 28 days and you meet the conditions as set out in section 12, then we will pay you for the month passed once we have received and assessed all the necessary information. If all your information is acceptable then we expect to settle your claim within 21-working days or we will write to you with the progress and status of your claim. You are also deemed to have given us permission to undertake any necessary investigations to ensure the validity and accuracy of your claim. We will continue to pay you monthly in arrears, subject to the conditions as set out in Section 12, usually within 10-working days, until the earliest of the following events:

- the last consecutive day that you remain continuously incapacitated,
- the date you cease to provide evidence that you remain continuously incapacitated,
- the date on which you have received maximum benefit payments for any separate period of claim,
- the cessation date of incomeGUARD (as detailed in section 19).

Please Note: An additional deferred period of 7 days is applied in respect of any injury sustained as a result of participating in any sporting activity in addition to the standard deferred periods.

15. How long are benefits paid for in the event of a claim?

You can choose at the time of purchase to receive up to a maximum of either 12 or 24 monthly benefit payments for any separate incapacity claim under **incomeGUARD** payable once you have completed your chosen deferred period of either 14 or 28 consecutive days. You must continue to pay the monthly premium for as long as you make a claim.

16. Are any deductions made from the monthly benefit?

We will reduce the benefit we pay you if any of the following take you over the maximum allowable under this plan:

- all monies you receive from this or other similar incapacity insurances that either make regular payments to you or on your behalf (such as credit card cover, mortgage payment protection, other income protection plans, employee group benefits or loan protection) that exceeds 66% of your normal gross monthly income. This excludes any lump sum payments,
- all monies you receive from any work, either part time, or from an alternative employer or business during or relating to any period whilst you remain incapacitated. You do need to have our prior permission as any work could worsen your condition and invalidate your claim,
- any monies from other benefits including any pension, commissions, bonuses, or other incomes but excluding state benefits such as Incapacity Benefit, disability related awards such as Industrial Injuries Benefits and Disability Living Allowance and means tested benefits such as Income Support. We also do not take into account any compensation payments or court awards or income from savings or investments or dividends received.

If you already have another similar income protection plan you should consult with your current insurer or financial advisor to clarify what, if any, impact this policy may have against your existing plan to ensure that you are properly protected.

17. When will **incomeGUARD** not pay out?

We will not pay a claim for incapacity if it is caused directly or indirectly from any of the following:

- you knew at the start date that you would become incapacitated or you had any reason to believe that you might become incapacitated;
- you taking part in any flying activity, other than as a passenger in a commercially licensed aircraft;
- you taking part in a criminal act;
- alcohol, solvent abuse or drugs (other than drugs taken under the direction of a doctor or consultant and not to treat drug addiction);
- you taking part in, or practicing for, boxing, caving, climbing, horse-racing, jet skiing, martial arts, mountaineering, winter sports, pot-holing, bunjee jumping, hunting on horseback, parachuting, power boat racing, under water diving, yacht racing or any race, trial or timed motor sport event;
- suicide or attempt thereof or you deliberately injuring yourself or exposing yourself to danger (except in an attempt to save human life);
- stress, anxiety or depression or any mental or nervous disorder unless a consultant certifies that your condition solely prevents you from working;
- a pre-existing condition; (as more fully described in section 4);
- pregnancy, childbirth, miscarriage or abortion other than a medical complication which directly occurs as a result of your pregnancy or pregnancy-related conditions, as diagnosed by your doctor or consultant;
- a back-related condition unless there is radiological evidence of a medical abnormality or visible wound, contusion, or a consultant certifies that the condition solely prevents you from working;
- medical operations or treatments, which are not medically necessary to sustain or maintain your quality of life, including cosmetic or beauty treatments;
- war, civil commotion, revolution, terrorism, riot, radioactive contamination from ionizing radiation or contamination or any similar event; or
- you failing to follow the advice of your doctor or consultant.

18. How are premiums paid?

This plan will renew every 12-months as long as you continue to pay your monthly premium and meet the conditions set out in this document and your insurance wording. Any premium due under **incomeGUARD** is payable monthly in advance by Direct Debit.

If you are claiming monthly benefit, you must continue to pay your premium as it falls due in order to ensure continuous cover under **incomeGUARD**. If the collection date is missed we will spread the cost of the missing amount evenly across the remaining payments. Any alterations or amendments to your cover or your premium during the lifetime of your plan will take effect from the following month. In future once you have had the cover for at least 12-months we may change the premium by giving you at least 30-days notice in writing prior to the annual renewal.

If there are any changes to the current level of Insurance Premium Tax or any new taxation levies are imposed, your premium will be amended from the date any such taxation changes are implemented.

The premium payments shown include all the costs of administration, including underwriting, claims handling, as well as commission and the fees payable for any medical examinations, which we may ask you to attend. However you will have to pay the cost of asking your doctor to complete the initial claim form.

Your plan has no cash-in value at any time.

19. When does the cover and benefits under **incomeGUARD** cease?

The cessation date of **incomeGUARD** is the day on which any of the following occur:

- you die,
- or reach the age of 65, whichever is the earlier,
- you stop being resident in the United Kingdom, Channel Islands or Isle of Man,
- you or the insurer cancel **incomeGUARD** (as detailed in section 20),
- you cease to pay your monthly premium.

20. Can you or the insurer cancel **incomeGUARD**?

Once you have received your documentation you have 14-days in which you can change your mind and cancel the plan without any penalty and any premium we have collected will be returned to you, unless you have made a claim. After that you can cancel this insurance at any time by writing to us. We will cancel your insurance from the date we receive your letter and refund you any unused premium unless you have made a claim.

We or the insurer can cancel your cover by giving you 30 days written notice. This will not affect your right to receive benefit for any incapacity which occurs prior to the cessation date.

21. What documentation do you receive?

These key features give a summary of **incomeGUARD**. They don't include all the definitions, exclusions, terms and conditions. If you'd like a copy of the full terms and conditions, please either ask your financial advisor or Berkeley Alexander. We have the right to change these terms and conditions but we will always write to explain if this happens. We'll also send you a copy of anything that's changed, if applicable.

Once your application has been accepted, you will receive the following documentation:

- A personalised certificate of insurance.
- A copy of the insurance terms and conditions.
- Details of your free stress and medical 24-hour help-line.

22. Complaints procedure

We always try to provide a first-class standard of service. However, if you have any question or complaint, either about your insurance or about a claim, you should first contact the Managing Director of Berkeley Alexander at the address shown in Section 23.

If you are still not happy, please write to the Managing Director, Compass Underwriting Limited, 40 Lime Street, London, EC3M 7AW, fax 020 7398 0109 or e-mail complaints@compassuw.co.uk detailing clearly and concisely the reason(s) for your complaint. Please also ensure that you give us all your contact details and your policy or claim number.

If we cannot resolve your complaint or you remain dissatisfied, then you can take the issue further. You will need to write to the Head of Customer Care, AXA Insurance UK Plc, Civic Drive, Ipswich, IP1 2AN. Telephone: 01473 205 926, fax: 01473 205 101 or e-mail customer-care@axa-insurance.co.uk who will arrange for an investigation on behalf of AXA Insurance's Chief Executive.

If AXA Insurance UK Plc have given you their final response and you are still not satisfied, you may refer your case to the Financial Ombudsman Service (FOS), Insurance Division, South Quay Plaza, 183 Marsh Wall, London, E14 9SR. Phone: 0845 080 1800 or fax: 020 7964 1001. The FOS is an independent organisation that arbitrates on complaints about general insurance products. It will consider complaints after the insurer has given you written confirmation that they have been through their full complaints procedure. You have six months from the date of the insurer's final response in which to refer your complaint to the FOS. This does not affect your right to take legal action.

23. How to contact us if you require further information

If you require any further information regarding **incomeGUARD**, or you would like a copy of the full insurance terms and conditions, you should contact:

Berkeley Alexander, Temple House, 25-26 High Street, Lewes, East Sussex, BN7 2SD.

Telephone: 01273 477784

Facsimile: 01273 478994

Email: info@baonline.co.uk

Please note that your financial advisor or Berkeley Alexander will normally be your first point of contact. Neither Compass nor the insurer will be able to give you financial advice.

Should you want benefits or deferred periods that are not shown here or work in a different occupation or need another type of cover then please contact Berkeley Alexander, who will approach Compass on your behalf. Please note that in some instances Compass may not be able to help.

However if you do have any questions, you can contact Compass at:

Office address: 40 Lime Street, London, EC3M 7AW

Telephone: 020 7398 0100 during Monday to Friday 9am to 5pm.

We may monitor or record calls to improve our service.

Facsimile: 020 7398 0109

Email: london@compassuw.co.uk

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