

Group Protection Guide

For Financial Advisors,
Administrators and
Trustees

Helping people build
better futures



About us

Established in Ireland in 1939, Irish Life is Ireland's leading life and pensions company. Since July 2013 we have been part of the Great-West Lifeco group of companies, one of the world's leading life assurance organisations.

We are committed to delivering innovative products backed by the highest standards of customer service and, as part of Great-West Lifeco, have access to experience and expertise on a global scale, allowing us to continuously enhance our leading range of products and services.

Information correct as at April 2022.

For the latest information, please see www.irishlifecorporatebusiness.ie.

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Introduction | 1

INTRODUCTION

Irish Life's strength in Group Protection

Irish Life has had a constant presence in the group protection market in Ireland over the last 50 years and is the largest provider* of life assurance and Income Protection to companies and affinity groups throughout the country.

*Source: Irish Insurance Federation

This guide explains the key processes involved in the lifecycle of our group protection products, from the new scheme installation process through to the claim payment process and is designed to answer some of the questions we are often asked by brokers and clients along the way. We hope you find it useful.

The guide will be updated from time to time to take account of changes.

Dated: April 2022.

Queries...



If you have any queries on any of this content, please contact your Irish Life Corporate Business Account Manager or our Risk Product Manager Raymond Leonard

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New Business Quotations

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NEW BUSINESS QUOTATIONS

Irish Life is often asked to quote for protection business it does not currently insure. Typically, this is for a brand new company setting up or for a scheme that is insured elsewhere. The broker or client is 're-broking' the business in the market to make sure they continue to get the best value for money.

The cheapest quote does not necessarily win the business as brokers will consider other factors as well such as non-medical limits (see Section 6) and good claims management, but obtaining a quotation is usually a good place to start.

What protection benefits are normally included in a quotation?

The main protection benefits included in the typical employee benefit plan are death in service and Income Protection (also known as IP). The reality is that some people will die prematurely during their working life, making this cover an essential part of any employee benefit package.

Income Protection provides replacement income for employees in the event of long-term sickness or disability. Occasionally employers may include Specified Illness cover in their employee benefit package, though this type of cover is not as common as the previous two.

Specified Illness cover pays a lump sum in the event of a specific illness being diagnosed (such as cancer or Parkinsons Disease). Typically the benefit is payable following a survival period of two weeks after diagnosis.

Multinational Start-up Companies

For start-up companies, enhanced non-medical limits and terms can be made available where there is a multinational parent company and definite growth plans.

Please contact your Irish Life Corporate Business Account Manager for further information.

What information do I need to submit when requesting a new business quotation?

When requesting a quotation, membership data should be submitted on an Excel spreadsheet and include the following detail:

- > Name or reference number of each member to be insured.
- > Date of birth or age next birthday.
- > The member's salary on which the benefits are to be based.
- > Gender.
- > Relationship status if required by the benefit structure (e.g. Dependant's Pension). A dependant is someone who is financially dependent on the scheme member for the ordinary necessities of life (eg living expenses). This could be a widow/ widower, surviving civil partner, co-habiting partner or child of a single parent.
- > A civil partner is where one has entered into a civil partnership under the Civil Partnership and Certain Rights and Obligations of Cohabitants Act 2010.
- > A co-habiting partner is a person who has been living in a spousal type relationship with the scheme member for a minimum of 12 months prior to the date on which application for insurance under this Policy is made to Irish Life.
- > Where there is more than one qualifying dependent, Irish Life will only pay a single dependant's benefit. In the case of children, this benefit may be split between multiple children, with the total payments equaling a single dependant's payment.
- > Category of members if more than one category is being submitted i.e. directors, staff etc.
- > A list of the member's occupations. It is important that these are submitted at the time of the quotation to avoid any possible cost adjustments later on in the event of the scheme going ahead.

- > Details of any claims over the past five years and any current long term absentees.
- > Level of foreign travel by employees (See Section 7).

What information do I not need to submit?

It is not necessary to include the following information:

- > Data relating to members who have left the company.
- > Smoker/non smoker status.

What about benefit descriptions?

So far we have mentioned the individual membership data requirements but we also need to know what benefits are to be provided so the benefit description is important. We need to know:

- > The Normal Retirement Age (NRA) e.g. 60 or 65. This must be the actual NRA under the scheme rules.
- > The level of lump sum death cover required (usually a multiple of salary).
- > Where a dependant's pension death in service benefit is required, the level of benefit or the formula to enable us to calculate the benefit. You should state whether you require the benefits to increase in the course of payment and if so at what rate (e.g. 3% per annum compound). These increases (escalation) can be payable at a fixed rate or restricted to the Common Price Index (CPI). We can quote alternative options.
- > The same type of information for any children's death in service benefit that is accompanying a dependant's pension benefit.

- > The level of benefit required for IP cover or the formula to enable us to calculate the benefit (e.g. 2/3rds of salary less a deduction in respect of the State benefit). The amount of any premium protection (premium waiver) should be included (usually a percentage of salary). The premium protection benefits payable to the employer who uses it to pay any pension contribution (and life assurance costs if required) for the employee whilst he/she is out of work due to illness or injury. You should state whether you require the benefits to increase in the course of payment and if so at what rate. Escalation is normally quoted at a rate of 3% (either fixed or capped at the CPI) or 5% (capped at the CPI only).
- > The deferred period should also be selected. Irish Life's benefit will only commence after the expiration of the deferred period. If the company has a sick pay policy typically the IP benefit is set to commence at the expiration of any sick pay. Options of 13, 26 and 52 weeks are available.
- > If a quotation is being submitted for Specified Illness cover, you will need to confirm the level of benefit to be provided (usually a multiple of salary). Specified Illness is available only to schemes with 50 or more members.

All the benefit levels should be tabulated on the Excel spreadsheet submitted with the quotation request, rather than providing lengthy benefit descriptions.



Is there a 'standard' benefit description?

Irish Life is often asked to quote a standard benefit plan for clients and in the absence of a specific plan design we normally quote the following market standard.

Normal Retirement Age	65
Lump sum death in service	Typically where employees have financial dependants, a dependant's pension or increased lump sum benefit (e.g 50% of salary) can be provided.
Attaching children's pension	None
Income Protection	2/3rds of salary less a deduction in respect of the State Illness Benefit. No premium protection. Deferred 26 weeks, escalating by 3% per annum in the course of payment to a maximum of Consumer Price Index (CPI).

What are the maximum allowable benefits?

There is no set limit on the amount of death in service cover that can be provided for an individual as long as the amount of cover being requested is reasonably in proportion to the person's earnings. However, Revenue does set a limit on amounts that can be paid out tax-free. The current Revenue maximum limit is four times salary. Details of these restrictions can be seen on the Revenue website, www.revenue.ie.

In respect of IP cover, the table below shows the maximum benefit limits which have been set by Irish Life.

Scheme Size	Maximum Benefit
Schemes with up to 25 lives	€200,000* per annum
Schemes with 25 or more lives	€360,000* per annum

*Premium protection benefit is payable in addition. The maximum premium protection is the lower of €100,000 or 40% of salary. Premium protection is a disability payment made to the pension fund (rather than the company) and is an optional feature.

For salaries in excess of €315,000, the following formula is applied to calculate the maximum allowable benefit up to the maximum given above.

75% of the first €315,000
35% of the balance

Therefore for someone on a salary of
€500,000 the calculation is: 75% of the first €315,000 = €236,250
35% of the balance = €64,750 (500,000 less 315,000 = 185,000 x 35%)

In this example the maximum allowable benefit is €301,000. Premium protection is payable in addition to this. Had the benefit exceeded the maximum allowable benefit of €360,000 then the benefit would be restricted to this amount (with premium protection being paid in addition).

How do I submit a quotation request?

New business quotation requests can be submitted through your Irish Life Corporate Business Account Manager or by emailing them directly to newriskquotes@irishlife.ie



Your request should be accompanied by:

- > Your contact details.
- > The nature of the business being carried out by the company seeking the quotation as well as a list of occupations as mentioned previously.
- > The quotation reference number of any previous quotations carried out for the client by Irish Life.
- > The date the scheme was originally set up.
- > Details of any claims over the past five years and any current long term absentees.
- > Details of any employees currently insured under group arrangements where adverse terms or restrictions apply e.g. extra premiums or special exclusions.

Remember to outline the plan description with your request and submit the employee details on an Excel spreadsheet.

Disclosure Requirements during a re-broke

Unless otherwise specified, when Irish Life is the current provider we will issue fresh three year rate quotations which are valid for acceptance without the need to supply information regarding long term absentees.

In the event that information regarding employees absent on a long term basis is made available to any other insurance providers as part of a market tender, then Irish Life reserves the right to re-assess the premium rates issued in light of this additional information.

If this is brand new business to Irish Life, we will require details of any members absent from work for more than 30 days, before we would accept a transfer of cover on that scheme. Any restrictions or declinations on the previous cover will automatically apply with Irish Life, unless members complete underwriting with us.



Unit Rates | 3

UNIT RATES

A unit rate is a group protection premium rate that is based on the average scheme profile. It is based on the average cost of providing risk across all members.

The same rate is applied equally across all members of the scheme or group irrespective of age or gender. An advantage of a unit rate is that it is generally the same for three years which provides certainty over future protection costs.

The premium paid for each of the three years will be proportional to the insured benefit roll each year (broadly speaking the total salary roll) and will not increase based on the very old/young members joining or leaving the scheme.

A unit rate is generally fixed for three years, after which period the rate is reviewed and a new rate is struck based on the current membership profile at that time.



The scheme's claims experience over the three year period is also considered.

Where the scheme membership has increased or decreased by over 25%* then Irish Life will have the right to review the unit rate applying to the scheme within the three year period.

*50% if a scheme membership is less than 50 lives. A review will also be necessary if the benefit structure is changing within the period.

What factors are taken into account when applying a unit rate?

Unit rates are based on a number of important factors:

- > **The average scheme age.** A large shift in the average scheme age between reviews will likely impact on the rates. For example, if a large number of young members join the scheme, this will lower the average age of the scheme. A lower average age means lower risk and consequently lower costs.
- > **Interest rates** will be a big driver of Income Protection and dependant's pension death in service premium rates as these benefits are paid out over a number of years and the interest earned on reserves influences to cost of benefit provision.
- > **The premium rates applied.** The rates are reviewed regularly by the actuaries to take account of any shifts in current mortality or morbidity trends.
- > **Changes to the benefit structure.** If the benefit structure of the scheme has changed since the previous review was carried out, it is likely to result in the rates either increasing or decreasing depending on the level of change.

- > **Claims experience.** Reviewing a scheme's claims experience constitutes an important element of any review. Actuaries will always look at how a scheme has performed since the previous review was done. It can generally be expected that schemes with a good claims history will receive more favourable discounts at review time.



Documentation

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DOCUMENTATION

Where a quotation has been accepted by the client the next step is to set up the scheme.

In order to do this the appropriate documentation needs to be established, so the following items will be required:

- > A fully completed Employer Application Form to include the employer's tax reference number (available online at www.irishlifecorporatebusiness.ie/document-download-centre).
- > Written confirmation that the quotation has been accepted and that the scheme should proceed.
- > Confirmation that the assumptions made at the time of the quotation in relation to claims experience, absentees etc. are correct and remain so.
- > A payment on account as specified at the time of quote.
- > Membership data. This may have been submitted at the time of the quotation but it is important that any changes to it in the meantime have been included in an up-to-date listing.
- > The detail should include:
 - Name.
 - Date of birth.
 - Salary (at the commencement date of the scheme).
 - Gender.

- Relationship status (if relevant to the schemes benefit structure).
- The member's occupations.
- Category of benefit for each member if members of the scheme are included for differing levels of benefit.

How do I get Revenue approval?

Revenue approval of a scheme allows the employer to claim tax relief on the premiums payable. Revenue approval is not required for IP arrangements, but a tax benefit may be available to the employer by deducting the contributions as a business expense.

To receive Revenue approval, schemes must be set up under Trust. If a scheme has not been set up under Trust then Irish Life cannot accept premiums or pay claims. Moreover the scheme will not be in a position to receive tax relief on the contributions paid.

Irish Life can provide documentation for the life assurance policy or the customer may use documentation that is in place for an existing pension arrangement and the requirements associated with this, including the responsibilities of the Trustees registered administrator.

For as long as Irish Life continues to underwrite benefits for the scheme, Irish Life will provide any necessary ongoing maintenance on the Trust as required by the broker or client (e.g. amendments to deeds etc). Trustees will have to rely on their documentation provider to ensure that these matters are kept up to date.

Where a scheme is being set up for the first time and there is no previous underwriter, then Irish Life Corporate Business will arrange for the scheme to receive Revenue approval. This will be done with reference to the Declaration of Trust that the employer and (if different from employer) the Trustee(s) would have signed when completing the Employer Application Form. We will also register the scheme with the Pensions Authority.



If a scheme was previously insured with another underwriter or is part of a pension arrangement administered by another provider, then approval will have been already arranged by that company. In those circumstances before the scheme can be set up Irish Life will require:

- > A copy of the Trust documents.
- > A copy of the Revenue letter of approval.
- > The Pensions Authority Registration Number.

These should be readily available from the Documentation department area of the previous insurer.

If the benefits are to form part of a Trust that is already in place, then we will also need to know the name of the Registered Administrator for the Trust.

The Trustees should also notify the Registered Administrator of their intention to provide these benefits under an existing Trust so that they can make arrangements to include details in the Trustee Annual Report as well as ensure arrangements are in place for members to receive an annual benefit statement showing the amount of life assurance benefits for which they are covered.

There is no requirement to use an existing Trust which may already exist for pension benefits or for a combined pension and life assurance scheme. Instead a 'standalone' Trust can be used for the new life assurance scheme.

Who can be a Trustee?

Trustees must be appointed when a scheme is set up under Trust. The Trustees can be:

- > The Employer.
- > A Corporate Trustee paid to act in this role.
- > Master Trust.
- > A combination of the above options.

The Trustees must be named in the Trust Deed for the scheme.

When is the policy document issued?

We will provide policy documents within 5 working days of receiving all relevant information listed above and cover being underwritten.



Renewing a Scheme

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RENEWING A SCHEME

A scheme is renewed every year to take account of changes in membership.

Scheme membership can shift significantly from one year to the next so it is important that these changes are reflected in the annual costs. The scheme renewal date usually falls on the anniversary of the 'on risk' date. For example, if cover commenced on 1 January it is normal for the scheme renewal to occur every year thereafter on 1 January. However, it is possible to change the renewal date at any time or for Irish Life to go on risk at any time.

What data is required to complete a scheme renewal?

The following individual member detail is required before we can carry out a renewal:

- > Name.
- > Date of birth.
- > Gender.
- > Salary at the renewal date.
- > Civil status (where any of the scheme benefits are dependant on it).
- > A note of Pension Expectation (if any benefits are based on this).

- > When premium protection is being provided, the premium protection funding rate (PPFR). Premium protection is an additional income to fund pension contributions for employees when they are unable to work due to illness. It is usually expressed as a percentage of the employee's salary.

Membership data should be submitted in Excel format to code@irishlife.ie within six weeks of the renewal date. It takes around 15 working days to complete a renewal from the date of receipt of the final data.

Scheme Name: ABC Ltd						
Renewal Date: 01/01/2011						
Forename	Surname	Date of Birth	Gender	Marital Status	Salary 01/01/2011	
Joe	Murphy	01/01/1980	Male	Single	€	35,000
Mary	O'Brien	01/01/1975	Female	Married	€	40,000
John	Smith	01/01/1970	Male	Married	€	40,000

Scheme Name: ABC Ltd							
Renewal Date: 01/01/2011							
Forename	Surname	Date of Birth	Gender	Marital Status	Salary 01/01/2011	Premium Protection	
						Employer's Contributions	Employee's Contributions
Joe	Murphy	01/01/1980	Male	Single	€ 35,000	10%	0%
Mary	O'Brien	01/01/1975	Female	Married	€ 40,000	10%	5%
John	Smith	01/01/1965	Male	Married	€ 40,000	10%	5%

How are arrears charged?

Charges for arrears normally occur whenever new entrants join a scheme between renewal dates or where there have been mid-year salary increases. Where charges apply they are charged in the next renewal year.

New Entrants

For new entrants who join a scheme immediately upon satisfying the eligibility conditions, charges are only made where there has been at least a 7.5% increase in membership since the previous renewal year.

The calculation is based on the average member benefit multiplied by the number of new entrants. Where the increase in membership is less than 7.5%, mid-year new entrants are covered without charge. Where risk is immediate we do not need to be advised of new entrants until the next renewal.

Late Entrants

It is a requirement of Irish Life that members join group protection schemes at their first available opportunity. For stand-alone protection schemes this means members must be returned in renewal data on the first renewal following the date they become eligible for protection benefits.

In the event that protection benefits are contingent on a member joining a pension scheme the member must join the pension scheme within 12 months of becoming eligible to join. They must also be included on the following renewal schedule. If the member

joins the pension scheme more than 12 months after becoming eligible, Irish Life reserves the right to underwrite the member for protection benefits.

Mid Year Salary Increase

Where benefits are based on salary at the date of death or date of disability, Irish Life automatically assumes risk for the increase in benefits arising from any salary increases that occur during the year subject to the scheme Non-Medical Limit. Arrears are always charged in these circumstances based on the average salary increase over the last renewal period.

What about scheme credits?

Credits arise where members leave a scheme during the renewal year. However, a credit is only applied if there has been a 7.5% or more decrease in the membership since the prior scheme renewal. The calculation is based on the average member benefit multiplied by the number of withdrawals.

Premium Payments

Each year a provisional invoice is issued to the client or broker six weeks prior to the scheme renewal date. For example, if a scheme renews on 1 January the pre-renewal is issued mid-November. The provisional premiums are calculated with reference to premiums of previous years. The previous year's premiums are uplifted by a set percentage that reflects expected salary roll growth.

The provisional premiums should be paid in full within a few days of the renewal date, pending the completion of the final account.

If they remain outstanding after three months then an off-risk letter is issued to the client. The following table outlines the full sequence.

Reminder Process	January Renewal Date
Provisional invoice issued 6 weeks prior to the renewal date.	Issued mid November.
1st Reminder issued 3 to 4 days after renewal date.	Issued in early January.
2nd Reminder issued 1 month after renewal date.	Issued in February.
Final reminder issued 2 months after renewal date (4 weeks notice).	Issued in March.
Off-risk letter issued 3 months after renewal date.	Issued in April.

After an off-risk letter is issued the scheme is terminated and passed to our external credit control company to pursue the outstanding payments due to Irish Life for time on risk.

Once the renewal is completed any remaining balance of premiums due must be paid within eight weeks of the completion date. Premiums can be paid in two ways:

Direct Debit	Certain discounts are available (see table on the right).
Electronic Fund Transfer	Where payment is being made by electronic fund transfer it is important that the 'Beneficiary Narrative' states the scheme name and policy number so that it is correctly processed.

Frequency Loadings

Our risk premium rates assume that premiums are payable yearly in advance. Where premiums are paid other than yearly the following loadings/discounts apply:

Scheme Size	Electronic Fund Transfer	Variable Direct Debit
Yearly	No Loading	-2.5%
Monthly	1.8%	-1.0%

60 day rule on transfer of cover away from Irish Life

Typically Irish Life will issue unit rates on a scheme which are guaranteed for 3 years at a time. At the end of a rate guarantee period, under circumstances where a scheme decides to transfer the protection benefits to an alternative insurer, Irish Life will naturally charge for the time on risk. Our policy on the rate to use here is as follows:

- > If a scheme transfers group protection benefits cover from Irish Life to another provider within 60 days of the expiration of the old rate Irish Life will complete the proportional renewal on the expiring unit rate.
- > If the transfer occurs 60 days or more after the expiration of the old guarantee period then the newly issued rates by Irish Life will apply. The implementation of the rule will be the same for cases where rates are increasing or decreasing.



Non-Medical Limits

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NON-MEDICAL LIMITS

The non-medical limit is the maximum sum assured that an insurer will underwrite on an individual without seeking medical evidence.

This means that when joining a group protection scheme, a member will be automatically insured up to an agreed limit without having to complete any health questionnaire or undergo a medical examination.

The amount of the non-medical limit will vary from scheme to scheme depending on scheme size and the level of benefits.

Irish Life Corporate Business regularly reviews non-medical limits in order to keep pace with ongoing salary increases in the employment market. We see this as a sensible and flexible approach in providing consistency and stability in the way we underwrite our risk business. Carrying out regular reviews ensures that more and more senior people are not caught in the underwriting trap due to general salary escalation.

Non-medical limits are always calculated by Corporate Business so there is no need for the brokers or consultants to calculate these limits.

Note: Non-medical limits are not granted to employees over age 65.

How are non-medical limits calculated?

A scheme must have at least 4 members in order to qualify for non-medical limits. Please see next page for examples.

Death Benefits

For death benefits the formula is:

The total value of death benefits <hr/> N	plus	10% of the total death benefits
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Where

- (i) **N** is the number of members included for benefit (subject to a minimum of 4).
- (ii) **The total value of death benefits** is the total lump sum benefit plus, if applicable, the total capitalised* dependant's death-in-service pension.

The overall maximum non-medical limit allowable is €1,800,000 but non-medical limits for schemes participating in multinational pooling arrangements may be higher (see Section 9 for more details).

*For schemes providing a dependant's pension, the amount of benefit is 'capitalised' to convert it to its equivalent lump sum value. A factor is applied to the member's benefits in order to do this. The factor varies depending on whether a children's pension is included or if an element of escalation is being provided. Typically the factor will be somewhere between 25 and 50+. For example, the capital value of a flat dependant's pension benefit of €10,000 with no attaching children's pension would be €250,000 based on a capitalisation factor of 25.



Capitalisation Factors

Capitalisation Factors		
Escalation Rate	Dependant's Pension Only	Dependant's & Children's Pension
0%	25	28
3%	44	48
5%	68	73

CPI Linked Escalation Rates		
Escalation Rate	Dependant's Pension Only	Dependant's & Children's Pension
0%	25	28
3%	39	42
5%	43	47

Income Protection

For IP benefits the formula is:

The total value of Income Protection benefits	plus	10% of the total Income Protection
<u>N</u>		

Where

- (i) **N** is the number of members included for benefit (subject to a minimum of 4).
- (ii) **The IP benefit** = total basic benefit plus premium protection.

The non medical limit is capped at €200,000 for schemes with membership of less than 200 lives.

For large IP schemes, Irish Life offers the following enhanced non-medical limits:

For schemes with 200 or more lives	€460,000
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Effectively large schemes (200+ lives) will get a non-medical limit equal to our maximum IP benefit (including premium protection). This is called The Freedom Plan (see Section 7).



Underwriting | 7

UNDERWRITING

Irish Life Corporate Business operates a two-tier system of underwriting. 'Once and Done' underwriting applies where the membership is 50 or over. Where the membership is below 50 lives, standard underwriting applies.

Once and Done is an innovative method of underwriting. It involves a person completing underwriting 'once' and then they are 'done' for life. It applies to qualifying Corporate Business group life and group IP schemes with over 50 lives. This product feature is now common in the market. It is especially appealing because it greatly reduces the underwriting burden for both clients and consultants as senior executives in companies get the cover they need without excessive time-consuming medical and health questions.



Detailed analyses of past claims and underwriting results show that this approach does not significantly increase claim rates. The potential for anti-selection is lower in large organisations so we have set a qualifying scheme size. Healthy members are more likely to complete underwriting, which means a positive effect on experience.

We feel this approach to underwriting is highly valued by clients and consultants.

What if salary increases are very big

Regardless of the member's salary increases, the level of cover is automatically indexed in line with this. For example, if a member gets a 50% salary rise as a result of a big promotion then the benefits will rise automatically in line with the increase.

What type of schemes does it apply to?

Once and Done applies to any scheme with benefits for 50 or more members insured for either life or IP benefits. As long as there are 50 or more members insured for either Life or IP, the scheme gets Once and Done for all benefits.

Is Once and Done tougher then?

No. The philosophy behind the approach is that the appropriate way to measure mortality and morbidity risks is independent of the sums at risk. There is no automatic referral for medical tests simply because the sum assured is large. A medical interview with a trained nurse (from MorganAsh, a specialist underwriting agent) over the phone will result in the majority of applications being granted cover at high levels with no further tests required.

Are there any exceptions?

The increases are linked to salary increases regardless of their level. In other areas however, where underwriting would naturally be triggered, because of say a benefit definition enhancement or optional working beyond NRA, a member will still be subject to underwriting to prevent selection.

With life cover, if a member passes through a very high threshold level (€6m) they will be subject to underwriting again with future underwriting on a case by case basis. Effectively, a member has a €6m non-medical limit once they have passed Once and Done underwriting.

The Freedom Plan

Under the Freedom Plan, IP schemes with 200 or more members are granted full benefits, with no requirements for normal underwriting.

In effect the non-medical limit will be set to €460,000 per annum (which is our maximum benefit level, including our maximum premium protection). Members will not have to complete any underwriting on joining a company or if their salaries increase.

How does this interact with Once and Done?

- > All schemes with 200+ members covered for IP benefits will get the Freedom Plan on IP and Once and Done on life benefits.
- > Schemes with between 50 and 200 members will get Once and Done for both benefits.

- > Schemes with less than 50 members will get our standard underwriting (with forward underwriting bars) for both.

Under the Freedom Plan related schemes under the same employer can be combined for the purposes of assessing member numbers.



Standard underwriting

Underwriting is only carried out for benefits that exceed the non-medical limits. Where a member's benefit falls below these limits, no underwriting is required and the member is automatically accepted at ordinary rates of premium.

With standard underwriting, a life is underwritten at the non-medical point. A 'forward bar' is applied allowing some limited scope for increases in benefit (if the outcome is positive). Some examples of circumstances under which a member is automatically underwritten are:

- > When a member exceeds the non-medical limits for the first time.
- > At least every 5 years.
- > Where a member passes normal retirement age (NRA) and wishes (with the employer's consent) to remain on risk for death cover. Non-medical cover is not available beyond a person's NRA. Income Protection cover cannot extend beyond NRA.

The above is just a general explanation of the process. Details will vary scheme by scheme. For full details of, or queries in relation to our underwriting limits please contact cbunderwriting@irishlife.ie

Underwriting decisions

By and large most lives are accepted at ordinary rates, but where somebody has been accepted on special terms it is usually on the following conditions:

- > Acceptance is subject to an exclusion (e.g. a particular illness or injury or vocational pursuit).
- > Acceptance is postponed and reviewed at a later date with updated medical evidence.
- > Acceptance is declined. This is usually for medical reasons. In this instance the member remains on cover for his existing benefit, but is declined for any increases above that benefit.

Irish Life no longer apply premium loadings so our pricing reflects the true cost of risk. Things like minor ailments, travel abroad or extensions of cover beyond Normal Retirement Age (NRA) are covered at no extra cost.



Occupational Loadings

Occupational loadings usually apply to IP premiums to reflect an increased risk as a result of occupations carried on by scheme members. For example, clerical workers are regarded as a safe risk and no premium loadings would apply here but non-clerical workers, such as shop assistants, may attract a loading of say 25%. Heavy manual workers like fitters would be loaded at a higher rate, maybe by as much as 100%. Occupational loadings are reviewed with reference to the claims experience of the particular occupations being reviewed.

Occupational loadings are calculated at scheme level. This means that an average loading is applied across the scheme as opposed to separate loadings being applied individually.

These loadings will be implicit in any unit rate quoted.

Notification of Foreign Travel

At the initial quote stage, Irish Life expects to see at that point the level of foreign travel involved. This covers the countries travelled to and the length of stay. Beyond this, Irish Life does not require notification when members are sent abroad for work purposes during the year. The vast majority of work based travel attracts no additional loading. However for the very few schemes which do have travel to dangerous countries, Irish Life will reflect this in the scheme unit rate. Individual loadings are never charged for members who travel abroad. Irish Life feel we are very flexible and adopt a sensible approach in these situations. We have no specific exclusions in respect of any countries.

Extension of death cover on redundancy

Where there are ten or more redundancies at one time in a scheme (can be staggered over one year), death benefit cover for these redundant members can be offered (at Irish Life's discretion) for up to one year after the date of redundancy. Where there are less than ten redundancies at the one time, cover can be continued (again at Irish Life's discretion) for up to six months after redundancy. Cover is full death cover i.e. life assurance, dependant's pension death in service and children's pension.

This extended cover for redundancies is subject to the following conditions:

- (i) All members made redundant must be covered.
- (ii) The period for which extended cover is required must be the same for all redundant members.
- (iii) If and when a redundant member is covered under another scheme, cover is reduced by the benefit under that scheme.
- (iv) Cover is not extended for members who have taken early retirement.

Dependant's Pension remarriage rules no longer apply

It was traditional for some dependant's cover to cease if the dependent widow/widower re-married. However, if a recipient of a dependant's pension remarries the pension benefit will continue regardless. This update of rules reflects Irish Life's desire to have only sensible conditions in place and support Irish families in making life transitions.

Schemes transferring from another insurer

Where a scheme is being transferred from another insurance company to Irish Life, we will cover the members of that scheme up to the monetary amount with the same underwriting terms that was provided for each member prior to the change.

This is subject to the following conditions and exceptions:

- > There is no increase in benefit levels (i.e. same formula applied to calculate benefits as was in place with the previous insurer).
- > If a member was declined or excluded above a particular amount Irish Life will only take across the benefit they had with the previous insurer regardless of whether they are now below our non-medical limits.
- > For members absent on the date of transfer, for death benefits, there are no requirements, i.e. Irish Life will assume risk for the member's death benefits without formality but we must be informed of any long term absentees at the time of the quotation (including the nature of any illness).
- > For members absent on the date of transfer, for IP benefits, Irish Life will not assume risk as it is taken that the member is in the course of his or her deferred period and it would be the responsibility of the other underwriter should they make a claim.
- > Existing claimants are the responsibility of the previous insurer.
- > For members who are absent but return to work without going on IP claim, Irish Life will assume risk for IP immediately on the member's date of return to work.
- > If an existing claimant returns to work but subsequently goes back out on claim due to a linked disability clause, the claim may not be the responsibility of Irish Life. Any queries to this effect are referred to the Corporate Business IP Claims area.

- > Before issuing underwriting terms for a transferring scheme, we will require a copy of the underwriting terms from the previous insurer. If any member's benefits exceed our non-medical limits, we will also require details of the monetary amount of cover they had with the previous insurer. A completed employer's declaration confirming attendance at work at the on-risk date will also be required.

Why is a member being interviewed?

To offer our customers the best possible terms for their protection benefits, it is essential that we have a clear understanding of the present state of health and any conditions the employee may have suffered in the past. We use this information in our risk assessment, prior to considering the levels of cover.

If we need further information to complete our underwriting on particular members, we may have to set up tele-interviews with these members to get more detailed information. The objective is to gain as much relevant information as possible in an easy way without requiring the member to attend a medical centre for assessment.

The information provided will be treated in the strictest confidence and only used in the assessment of the application.



What is a tele-interview?

A tele-interview is an interview conducted over the telephone by a nurse who will gather details of the employee's health and medical history. The interview is carried out by a company called MorganAsh.

They are the leading tele-interviewing provider in Europe, having pioneered the introduction of tele-interviewing in the UK, Ireland and Germany.

All MorganAsh tele-interviewers are qualified and experienced nurses and the interview is conducted in a confidential and professional manner.

These nurses will ask a series of questions about the health, lifestyle and the immediate family medical history.

The duration of the interview will vary greatly depending on the answers but it takes at least 30 minutes to complete this call.

Arranging an interview?

To process the application as smoothly and as quickly as possible, Irish Life can arrange for a specialist nurse to call and interview the employee.

The employee does not have to do anything; our specialist partners MorganAsh can arrange an interview within a few days. If a person is called at an inconvenient time, they will be happy to arrange a more suitable time. Please note that all calls will be recorded.



Continuation Options

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CONTINUATION OPTIONS

One of the features of death in service cover when an employee leaves the company is the provision for that member to replace their life cover with a term life policy without further evidence of health.

A number of conditions apply

This is subject to the following conditions and exceptions:

- > The member must be under age 50 when exercising the option.
- > They must not have been granted an immediate retirement benefit (i.e. an early retirement option).
- > Written notice of intent must be given within 31 days of the group cover ceasing.
- > If the withdrawing member joins another Irish Life scheme or is granted a paid up pension upon withdrawal, then the available benefit upon exercising the option will be reduced by the benefits from these sources.
- > The amount of cover under the option will be restricted to the lower of 4 times the employee's salary at the date the option is exercised, and €1.5m.
- > Any dependant's pension death in service benefits will be excluded from the calculation.
- > Cover will be continued by effecting a term life policy through the Irish Life Retail division.

- > The term of the new policy will extend to the employee's Normal Pension Age as specified under the provisions of the main scheme.

A continuation option is not available for IP benefits.

Continuation options in a redundancy situation

In cases where an employer had asked for (and Irish Life have agreed to) an extension of cover following a redundancy situation (see the Section 7 for more information) the employee can exercise the continuation option at the end of the extended cover period within 31 days of the cover's end.

So if any employer decides to offer extended cover to all employees and Irish Life agrees to this, an individual wanting to select a continuation option will be covered by the employer's extension and can only exercise the continuation option (within 31 days of that cover ceasing and subject to the other rules) at the end of that cover. So there is no question of double cover.



Multinational Pooling (MNP)

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MULTINATIONAL POOLING (MNP)

The basic concept behind multinational pooling (MNP) is to provide multinational companies with a coordinated approach to the placement of their global protection business by linking together their worldwide insured benefits under a single contract.

What are the advantages of MNP?

The pooling of contracts in this way has many advantages for the international client:

- > A significant reduction in overall costs through economies of scale.
- > Pooling can provide the means to offer improved underwriting. Irish Life schemes which participate in a pooling arrangement usually benefit from higher than normal non-medical limits.
- > The parent company can avail of improved service and facilities and the provision of a valuable annual financial statement detailing the costs of employee life cover of each subsidiary.

MNP is a service offered internationally through a group of insurers who operate together as a network. There are a number of such networks and each one is usually identified by the name of the organisation coordinating the pool.

How does MNP work?

The following example demonstrates the cost savings that a company can achieve from pooling.

A multinational company has subsidiaries in three foreign locations A, B, and C. Before pooling, the company's group risk premiums in a given year are as follows (ignoring all other expenses):

Country	A	B	C	Total
Premiums Paid	200,000	150,000	100,000	450,000
Claims	50,000	75,000	150,000	275,000
Balance	150,000	75,000	-50,000	175,000

In this situation, countries A and B are in surplus whilst country C, with poorer claims experience, has generated a deficit. Nevertheless, the overall result is positive and in this situation where no pool exists, the insurers retain the surplus arising out of its contract. Had this company been participating in a pool the results would be different:

Country	A	B	C	Total
Premiums Paid	200,000	150,000	100,000	450,000
Claims	50,000	75,000	150,000	275,000
Expenses & Risks	30,000	20,000	15,000	65,000
Balance	120,000	55,000	-65,000	110,000

Premiums and claims are the same as before but now the balance changes. In countries A and B the balance has reduced whereas the deficit from country C has actually increased. The overall result is smaller than before but is still positive nevertheless.

The significant difference now is that the surplus no longer goes to the insurers. These contracts are now participating in a multinational pool, the surplus is now paid back to the parent company in the form of an international dividend.



If a deficit had been generated, the company would not be paid a dividend. It would not be asked to pay anything in addition to the premiums already paid either. The member insurers of the pooling network would cover the deficit.

The column Expenses and Risk which appears in the second example is the amount that the insurers now get from the transaction. They no longer retain any of the surpluses but they obviously still need to cover their overheads. The expenses usually include administration costs as well as any commissions paid locally to brokers. The risk charge covers the insurers exposure to losses that it will be expected to insure in years when the experience has been poor.

Loss-Carry-Forward or Stop-Loss?

Pooling contracts usually operate on a Loss-Carry-Forward or Stop-Loss basis. Loss-Carry-Forward means that any losses arising in a given year through negative claims experience are not written off in that year. Instead they are carried forward into the following year's account to be met from future surpluses. If the losses are not recouped after 5 years they are usually written off. In a Stop-Loss contract, the participating insurers cover any losses arising in a given year. The risk charge on a Stop-Loss contract will usually be higher than for a Loss-Carry-Forward contract.

How is a pool established?

A multinational company currently has a variety of networks to choose from when setting up a pool. The approach is usually made by the consultant either directly to the network or through the network's representative insurer. Different networks have different requirements which must be satisfied before a pool can be established. Generally a company will need to have contracts in at least two countries, with at least 10 employees in one location. Some networks may impose a minimum premium and/or minimum life requirement.

Each network prepares a pooling illustration, outlining the likely benefits for the multinational company. The illustration will usually include details on the range of services they provide as well. A multinational company will study the illustrations to see which is the most appropriate for its organisation. When the choice is made, an agreement is signed between the multinational company and

the network. In some instances a multinational company may choose to pool its business with more than one network.

Each year the multinational company will receive a comprehensive profit and loss account from the network detailing the financial contribution from each subsidiary in the pool.

What are the implications for the subsidiary?

After a pool has been established, a multinational company will usually invite its subsidiary companies to join the pool. If the subsidiary agrees to join, it may mean switching its group risk contracts away from its existing insurer over to the representative insurer of the network. Before doing this, the subsidiary will usually satisfy itself that the new insurer is at least as competitive as the existing carrier and that service levels will not be diminished.

Being part of a pool means that the underwriting of the subsidiary's group risk benefits will be based on world-wide employee numbers rather than the local position. This usually means that higher than normal non-medical limits can be offered to the client locally.



Does the pooling relationship affect the role of the local broker or consultant?

Pooling does not affect the relationship between the consultant or broker and the local client. The client will continue to deal through its appointed consultant or broker in the normal way. Setting up a pool can be quite an involved and complex process.

A multinational company is likely to seek the advice of its consultant or broker in deciding the most appropriate type of pool for its needs. It is usually the consultant or broker who arranges the pooling illustrations initially on behalf of the client. The consultant or broker, however, will not be involved in the day-to-day operation of the pool. This responsibility is shared between the insurance company and the network.

Which networks are Irish Life associated with?

Irish Life is associated with three of the leading pooling networks – IGP, Swiss Life and Allianz. For more information about these networks, their products and services please log on to their websites:



<http://www.igpinfo.com/>



<http://www.swisslife.lu>



<https://www.agcs.allianz.com>

Are non-medical limits improved if a scheme is part of a multinational pool?

Yes, pooling can provide the means to offer improved underwriting. Schemes insured with Irish Life included in a multinational pooling arrangement usually benefit from higher than normal non-medical limits.

For IGP pooled schemes, additional non-medical limits of €500,000 above the norm is provided for death in service cover. For example, a scheme with normal non-medical limits of €400,000 which joins an IGP pool will have non-medical limit increased to €900,000. The maximum IGP non-medical limit is therefore €2.3m (€500,000 over the standard €1.8m max). IGP does not generally pool IP benefits so the non-medical limits here are the normal ones.

For schemes pooled with Swiss Life the non-medical limit benefit is €2.2m for death benefits and €200,000 for IP. This is irrespective of the number of members in the scheme.



Claims | 10

CLAIMS

Paying death and income protection claims is an essential part of the group protection insurance business. We pride ourselves on our ability to process death claims as quickly as possible, in what can be a distressful time for families.

Income Protection

For full details on our income protection claims please see our income protection claims guide **Income Protection - A guide to claims for Employers**

Death Claims

What evidence is required?

When a member of a group death in service plan dies the following information is required in order to process the claim:

- > A completed Death Claim Form (this form will detail our requirements as summarised below).
- > A copy of the Death Certificate.

Where there is an attaching dependant's pension (i.e. spouse/civil partner/co-habiting partner and/or children) then in addition to the above the following is also required:

- > A copy of the dependant's birth certificate.
- > A copy of the marriage certificate (if applicable).
- > The dependant's bank account details.
- > The dependant's home address.
- > The dependant's Personal Public Service (PPS) number.
- > If there are children's pensions payable then a copy of the birth certificates for each child should be submitted together with their PPS numbers and proof of full-time education, if applicable.

Who is the benefit payable to?

For Revenue approved schemes payment is made to the scheme Trustees. For non-Revenue approved schemes i.e. voluntary schemes, benefits are usually paid directly to the Executor or the Administrator. A copy of Probate or Letters of Administration should accompany these claims.

What are actuarial deductions?

Actuarial deductions are made to the dependant's pensions where the spouse/civil partner or co-habiting partner of the deceased is considerably younger than the deceased. The deduction is made because the dependant's pension is likely to be paid for a considerably longer period than was assumed when the premiums were calculated. Irish Life will apply an adjustment in the case of any age gap over 10 years.

How are death benefits taxed?

Lump sum death benefits up to 4 times final remuneration are payable by Irish Life as tax free income under approved plans. Dependant's pensions are treated as income and taxed under PAYE (we deduct the relevant tax). Where a lump sum of over 4 x Salary is insured the surplus must be used to provide an annuity or an approved retirement fund (ARF).



Death in Service and
Income Protection
Cover while on leave

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DEATH IN SERVICE AND INCOME PROTECTION COVER WHILE ON LEAVE

Leave type	Death in Service Covered	Income Protection Covered
Statutory parental leave	Yes	Yes
Statutory maternity/adoptive leave	Yes	Yes
Sick leave (paid/unpaid)	Yes	Yes*
Disability claimant	Yes	N/A
Career break	Yes - see note 1	Yes - see note 2
Sabbaticals	Yes - see note 1	Yes - see note 2
Special unpaid leave	Yes - see note 1	Yes - see note 2
Carer's leave	Yes - see note 1	Yes - see note 2
Suspended on full pay	Yes - see note 1	No
Gardening leave/administration leave	Yes - see note 1	No
Paid leave of absence	Yes - see note 1	No
Secondment	Yes - see note 1	Yes - see note 3

*Unless a claim has been refused/ceased.

Note 1 - Death in Service

We can maintain Death In Service cover on the following conditions:

- > We need to know if the member will be travelling and if so where they will be travelling to.
- > We need to know will the member be taking up other employment and if so what type of employment.
- > If the member is covered for Death in Service cover with a new employer the amount we are on risk for will be reduced by this amount.
- > The Death In Service cover for members on leave is for a term of up to two years, this can be reviewed on case by case basis.
- > We need to know the date the member is expecting to return to work (if known).
- > Member details must continue to be submitted on the annual renewal data.

Note 2 - Income Protection

We can maintain IP on the following conditions:

- > Leave is covered for a term of up to twelve months, this can be reviewed on case by case basis.
- > We need to know if the member will be travelling and if so where they will be travelling to.
- > We need to be notified of any new occupation undertaken and if it differs from the current members occupation.
- > IP benefit will be based on the salary the member would have had in their original occupation had they not gone on leave.
- > If a member claims IP, the member must return to Ireland within six months so that the claim can be paid and managed.
- > We need to know the date the member is expected to return to work.
- > In the event of an IP claim, the deferred period would commence on the scheduled date of return to work.
- > Member details must continue to be submitted on the annual renewal data.

Note 3 - Secondment

In order to maintain Death In Service and IP cover for members while on secondment the following rules must be complied with:

- > We can continue to cover members on secondment for a term of up to 5 years.
- > The seconded role must be in a similar occupational class to the original role.
- > If a member makes an IP claim they must return to Ireland within 6 months of making the claim.
- > Member details must continue to be submitted on the annual renewal data.
- > We can continue cover so long as the person remains a member of the Irish Life Assurance/IP scheme.
- > Irish Life must be notified of the Secondment and agree to provide cover.

Information correct as at April 2022.

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Irish Life Assurance plc is regulated by the Central Bank of Ireland.

In the interest of customer service we will monitor calls.

Irish Life Assurance plc, Registered in Ireland number 152576, VAT number 9F55923G.