



dg mutual's Income Protection Plan

dg mutual: Protecting our members' incomes since 1927



The Society

dg mutual was founded in 1927 based upon the principles of George Holloway which were to provide income protection incorporating a lump sum on retirement, hence the generic term 'The Holloway Contract'.

The Society specialises in offering long term income protection insurance and is owned entirely by its members, who all enjoy the benefits of mutuality.

About Income Protection Insurance

Income Protection Insurance provides your client with a replacement tax free weekly income if they become unable to work due to illness or injury. If your client is self-employed, they have the option to be covered from their first day of illness – with no waiting period. If your client is employed, we can work with their sick pay arrangements to provide maximum salary continuance. We will develop a personalised policy to suit their specific financial situation and requirements.

The conditions covered range from trivial self-limiting injuries (such as viral infections, cold or flu) up to conditions that stop people working indefinitely (such as cancer, M.S. or chronic back problems); no matter what the nature of your client's incapacity, they will be covered.

Income Protection Insurance pays your client a weekly income for as long as they are unable to work due to illness or injury. There is no maximum length of any claim, therefore we can pay your client up to a maximum age of 65, if needed.

By protecting your client's income through using the Society, your client is covering the loss of income they would receive through not being able to work and covering also a wider range of circumstances than under Critical Illness cover.

Benefits of Income Protection from dg mutual

dg mutual's tailored Income Protection contract provides you with the peace of mind that your client will be covered if they become unable to work due to accident or illness:

- The option to take day one cover with no deferred period – so your client could even opt for cover for loss of earnings because of colds or stomach bugs.
- If your client does not require day one cover, they have the option of taking deferred cover with a range of different deferment periods from 4 weeks to 52 weeks
- Cover of up to a maximum of two-thirds of your client's taxable income, up to a maximum benefit amount of £5,200 per month/£1,200 per week
- Definition of disability of 'own occupation' which stays the same throughout the duration of claim, no matter how long the claim lasts for
- Retirement ages of 55, 60 or 65
- All sickness benefit is paid tax free under current legislation
- Immediate eligibility for benefit payment, with no qualifying period
- All accidents and illnesses covered
- A quality of service which is second to none – both you and your client will deal at all times with people with the authority to help you, not a call centre
- No premium loading for smokers or occupation, leading to very low premiums
- Constant or reducing benefit (reducing benefit is available for Day One cover only)
- A flexible product that can easily be amended to suit any changes in your client's future circumstances
- The option of a tax free lump sum at the end of the policy*
- Over 99% of all claims paid for each of the last 9 years

* Option is available for retirement ages of 55 and 60 only and benefit is free from tax under current legislation

Types of Cover

dg mutual offers 2 types of long term Income Protection contract, a Holloway With-Profits contract and also a Pure Protection contract.

As well as providing Income Protection cover, the Holloway contract also lets your client have a share of the Society's profits which they can access upon policy maturity. This option is available to ages 55 or 60. The Society also offers a Pure Protection contract which simply offers income protection cover only without the with profits option. This option gives your clients cover up to a maximum age of 65.

Both of these contracts are available on a constant or reducing basis.

On the constant basis, the sickness benefit entitlement remains the same throughout the duration of the incapacity. This option is available on either a day one basis, or on a deferred basis instead. We offer deferment periods of 4, 8, 13, 26 or 52 weeks.

On the reducing basis, full benefit is payable for the first 26 weeks of incapacity, reducing to 50% of the original amount thereafter. This is a low cost option and your client would receive the security that should they be off work long term, they would receive benefit until the expiry age of their policy, rather than just for 2 years as they would under a short term protection policy instead. The reducing scheme can be run as either a stand-alone policy for your client or as a hybrid policy with other protection insurers.

Definition of Incapacity

In order to claim, your client must be totally unable to perform the essential duties of their own occupation and are not following any other occupation for profit or reward.

Age Limits

Applications can be made as long as your client is between 16 and 55 years of age.

Maximum Benefit Level

Cover is available in £20.00 increments from £60.00 per week (£3,120 per annum) to £1,200 per week (£62,400 per annum). The maximum benefit payable is 66% of your client's gross annual earnings, less any other continuing income and is based on pre-incapacity earnings.

- If your client is employed, their income is their pre-tax earnings for PAYE
- If your client is self-employed, their income is calculated as their share of pre-tax profits from their business

Income received from state benefits, savings and investments are not taken into account, but continuing income from employment or other health related insurance payments will be.

Claims

Whilst, all being well, your client will never need to make a claim, we fully appreciate that being ill can be a very traumatic time, therefore we try to ensure that all claims are dealt with as quickly as possible. Upon receipt of your client's claim form, our claims team will begin assessing their claim immediately and they pride themselves with the speed in which they process claims.

Indeed, in 2016, we paid 96% of all new claims received within 2 weeks of receipt, with 75% being paid within 1 week of receipt. Knowing that your client won't have to wait long to receive benefit and that their financial circumstances are being taken care of, will be one less thing for them to worry about.

Finally and perhaps most importantly, our definition of disability is being unable to perform the essential duties of your client's 'own occupation'. Therefore as long as your client is not following any other occupation for profit or reward, you can rest assured that should they become unable to work in their current occupation, we would not insist that your client could perform the essential duties of any suitable occupation instead, or insist that they could perform the duties of a lower status occupation, such as a car park attendant, for example. This means that as long as your client is unable to work due to illness or incapacity, we will honour our obligations upon receipt of a claim.

Dividends

If your client is in receipt of dividend payments as part of their income, these can be included in our maximum benefit payable calculations.

Evidence of Earnings

We will require the following proof of earnings for all applications above £800 per week:

Employed	Original payslips or most recent P60
Self-Employed	Most recent business accounts or Inland Revenue Return.

Occupational Classes

There are no occupational premium loadings. We cover a wide range of occupations; please find below a sample of the occupations we cover. Please note that the list is not exhaustive so please contact us to confirm whether or not your client's occupation is acceptable.

Accountant, Administrator, Architect, Barrister, Computer Consultant, Chiropractor, Dental Hygienist, Dentist, Engineer, General Practitioner, Manager, Nurse, Osteopath, Plumber, Solicitor, Surgeon, Vet.

Underwriting

The application form contains medical questions that your client must fully complete. All material facts which would affect our decision to accept your client or the amount of subscription payable should be disclosed, even if the application form has not asked specific questions about it. If your client is unsure whether a fact is material or not, it must be included on the application form.

In order to make a fair and accurate assessment, we will consider your client's health, occupation, family health history and lifestyle. We pride ourselves in our claims record. To maintain that record we may contact your client's doctor for a medical report, attend a medical examination or request additional tests, which will be carried out at our expense. We may also ask your client to complete additional questionnaires.

If, subsequently we find that information which would have affected our decision was not included on the application form, we may reject the application or the policy could become invalid when a claim is made and no benefit would be payable.

Standard Policy Exclusions

Your client will not be entitled to claim, if the claim is due in any way to;

Drug or alcohol misuse

Disorderly conduct

Wilful self-inflicted injury

Hazardous pursuits

Sterilisation other than on medical grounds

Any surgery or treatment not certified to be necessary on health grounds

War invasion, riot or usurped power

Flying other than as a fare paying passenger on a recognised air route

AIDS or HIV and any related condition

Pre-existing Medical Condition Exclusions

If there are any pre-existing medical conditions, we may apply exclusions to the policy; this means that claims relating to that condition will not be paid. Any exclusions applied to the policy will be detailed in the acceptance documents.

We try to take a common sense approach as to whether exclusions need to be imposed. For example if your client suffers from mild asthma, whilst we would need to exclude it on a day one basis, we would almost certainly disregard the condition if your client applied for deferred cover instead.

The maximum number of exclusions we can impose on a policy is 5.

Certain exclusions can be reviewed in the future - if the policy holder is no longer suffering with the condition concerned and no further medical treatment is required. However a review does not necessarily mean that the exclusion will be removed. It is the responsibility of your client to contact us if they would like an exclusion to be removed as this does not happen automatically, and your client may incur the costs for any additional medical reports or examinations required.

Subscription Loadings

It is not always possible to impose exclusions for particular medical conditions and as such, a loading may be applied to the subscription.

Medical conditions that warrant automatic loadings include hypertension, raised cholesterol and obesity.

Hazardous Pursuits

If your client undertakes any hazardous pursuits, these must be disclosed on the application with as much supporting information as possible.

Exclusions may be applied; this decision would be based upon the nature of the activity, how often it is pursued, the deferment period requested and whether the applicant has previously sustained any injuries from the activity. Please note that the following conditions are routinely excluded;

- Any form of Diving
- Private Flying
- Competitive Horse Riding
- Competitive Motor Sports
- Martial Arts
- Mountaineering and/or Rock Climbing

Please be aware that this list is not exhaustive and other pursuits may also be excluded.

Tax Free Cash Sum – applies to Holloway Product only*

If your client applies for cover to expire at either ages 55 or 60, a tax free cash sum will be paid at your client's chosen retirement age. The amount is not guaranteed and depends upon our investment performance, administration and claims expenditure during membership. The tax free cash sum is not affected by the number of claims your client makes.

Each year we make an allocation of profits in the form of bonus apportionment to members at a rate agreed by the Committee of Management*.

To maximise investment returns, a Terminal Bonus is paid at the chosen retirement age. A Terminal Bonus is not guaranteed and is not payable if the policy is terminated early.

- Free from tax under current UK legislation

Investment of Funds

The Society has a fully documented investment strategy to maximise returns within an acceptable level of risk.

Our current practice is to invest funds in:

- Deposit Accounts
- Fixed Interest securities
- Long date government stocks
- Equities – UK and Overseas

Residence/Working Abroad

Your client must be resident in the UK to be eligible to join. Cover will continue if the member subsequently moves to or works in the European Union.

If your client subsequently moves elsewhere in the world, we may be able continue their cover. Please contact the office for more information.

Subscriptions

Subscriptions increase in 5 year age bands and are calculated at the age of your client as at 31st December next.

When your client has accepted the terms offered, cover will commence on the first of the month. Please note that start dates cannot be backdated. Subscriptions must be paid in Pound Sterling by either Direct Debit, credit card, cheque, standing order or Bankers Draft. Direct Debits are collected on or around the 2nd of each month.

Declined Applications

If an application is declined, this decision will be based upon information received from the applicant and their GP. Unfortunately we may be unable to disclose the reasons for declining to either you or your client; however we can disclose the reasons to their GP if requested. The client may then make arrangements with their GP to view the information that was sent by us.

The following conditions are automatically declined as a matter of course:-

Diabetes Mellitus, Multiple Sclerosis, Breast Cancer stage 2 or above, Bowel Cancer, Extreme Obesity (BMI > 35), Being on immuno-suppressant treatment ie Methotrexate, Heart Attack, Gastric Band Surgery, Coronary Artery Disease and Motor Neurone Disease.

Change of Circumstances

At dg mutual, we fully understand that your client's circumstances can change during the term of their Policy, for example their earnings may increase or they may change their employment status from being employed to self-employed, or vice-versa.

Our policies are designed to be flexible in that should your client's circumstances change in future, we can work with them to amend their existing cover to one which better meets their needs. For example, we can amend the deferment period on your client's policy should their sick pay arrangements change or your client can apply to increase their cover, should their earnings increase significantly. Members can apply to increase their cover up to a maximum age of 55 and any increase will be subject to further underwriting.

Alternatively your client may need to take a period of absence from work in future, if they decide to take a career break or need parental leave, for example. If this occurs, they can place their policy in temporary suspension and then easily reinstate their policy once they are in a position to return to work. There is no time limit on the period that their policy can be placed in temporary suspension.

We need to be informed immediately of any changes to the following circumstances as this could result in amended terms or withdrawal of cover.

- Change of residence
- Decrease in earnings
- Changes of occupation
- Any changes to employer sick pay arrangements
- Unemployment
- Retirement

Arrears

Subscriptions need to be paid to maintain cover and also entitlement to the annual allocation of profits towards the tax free lump sum (if applicable). If your client becomes 3 months in arrears, the policy will lapse and entitlement to benefit will cease

Tax

Under existing legislation, the bonus apportionment, sickness benefit paid during claim period (provided the benefit is replacing a loss of income) and the cash sum paid at retirement age will be tax free.

Death Benefit – for With-Profits policy holders only

If your client dies before the chosen retirement age, the value of the fund will be paid to their next of kin or personal representative without penalty.

This option does not apply to members on the Pure Protection scheme.

How to Claim

Notify Us

If your client has day one cover, we need to be notified about the incapacity within 72 hours by telephone, letter, fax, e-mail or via the website. For potential claims under our deferred schemes of 4, 8, 13, 26 or 52 weeks, your client must notify us when there is the possibility that the duration of the incapacity may exceed the length of the deferment period.

The Claim Form

The claim form must be completed and signed by your client's medical attendant before returning it to us at the earliest opportunity in order that the assessment process can begin. A claim form can be requested by calling us on 0121 452 1066 or downloaded from our website www.dgmutual.co.uk

How we process the claim

We will consider the nature and length of the claim, whether the member would receive continuing income and from what source, and ability to practise their occupation. We will require evidence that your client is under medical care from a registered medical practitioner and that all recommended investigations and treatments are being carried out. In addition, please note that certified proof of earnings may be required.

Payment of Benefit

A benefit week is 6 days and payments will continue until recovery, subject to progress medical reports and examinations deemed necessary. Benefit is paid in Pound Sterling on a weekly or monthly basis by direct credit or cheque.

Factors that will reduce benefit

Benefit will be reduced if any of the following will take your client over the 66% maximum benefit allowed:-

Earnings or sick pay your client may be receiving

Benefit payments your client is receiving from protection or sickness plans with other companies

Pension payments, unless your client received these whilst still working

Proportionate Benefit

If your client is receiving benefit from us as a result of illness or accident and could return to the occupation which they were doing prior to the incapacity on a part-time or other reduced capacity basis, they may be eligible to receive proportionate benefit. This is a part payment of sickness benefit from us to assist your client.

Linked Claims

If your client claims again for the same incapacity within 13 weeks of returning to work then any deferment period will not apply.

Cancellation of the policy

It is important for your client to be aware before cancelling that if they wish to restart the policy at a later date, they will have to complete a new application form. Full medical underwriting will be required and the same terms may not be offered. If they feel that they may wish to restart their policy at a later date, they may prefer to place their policy in temporary suspension instead (see above for more details).

If your client is subscribing for the With-Profits option and cancels their policy before their chosen retirement date, there may be a cash sum payable to your client. The length of membership will determine whether your client is entitled to this sum and if any forfeiture penalty needs to be applied.

Document Library

Many useful forms and sales aids can be found in the document library available on our website at www.dgmutual.co.uk including Product Guide, Key Features/Key Information Document, Subscription Rates, Application Form, Claim Form, Annual Report and sales aids regarding our Income Protection plan.

Quotations

Client specific quotations can be obtained by either telephone, email or through our website www.dgmutual.co.uk

IFA Registration

All IFA Firms authorised and regulated by The Financial Conduct Authority will be required to complete an IFA Registration Form. This form can be downloaded from our website or can be requested direct.

Please note that applications will be processed but the payment of commission may be delayed if registration has not been completed.

Commission

Calculating your commission could not be easier.

We pay an indemnity commission equal to 190% of your client's initial annual premium, which is paid in the month that your client becomes a member of the Society. This commission rate remains the same irrespective of the age of your client, or the type of cover your client requires.

Here are 3 examples to show how much commission could be paid when you introduce your client to us.

- Example 1 Client with a monthly premium of £80.00. Commission payable of £1,824
- Example 2 Client with a monthly premium of £130.00. Commission payable of £2,964
- Example 3 Client with a monthly premium of £200.00. Commission payable of £4,560

Alternatively, if you work on a fee basis or do not wish to receive commission, the commission due will be adjusted towards your client's subscriptions so they will pay a reduced premium for the first 2 years of their membership with us.

Commission Terms

Commission is paid at the end of the month your client joins or increases their benefit. All new entrants and increases are made on the first day of the month. Commission is paid on an indemnity basis; should a membership or increase be terminated within 24 months of joining or increasing benefit, a pro-rata claw back will be implemented.

Money Laundering

Terms will not be offered until a Money Laundering Certificate or suitable proof of identity has been received in support of the application.

Cancellation Rights

After your client's application has been accepted, they will receive a 'Cancellation Notice' which confirms they will have 30 days in which they can change their mind.

Law

In legal disputes, the law of England and Wales will apply.

Charges

The subscription shown in your client's illustration includes the cost of administration, underwriting, claims and commission as well as any fees incurred in obtaining further medical information.

Complaints

If your client is unhappy about any aspects of our service, they can contact the Chief Executive at our registered address or email us at complaints@dgmual.co.uk. Copies of our internet complaints handling procedure are available on request. Complaints we cannot settle may be referred to the Financial Ombudsman Service. Making a complaint will not prejudice the right to take legal proceedings.

The Financial Services Compensation Scheme

dg mutual is covered by the Financial Services Compensation Scheme (FSCS). Your client may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. Most insurance contracts are covered for 100% of the value of the claim. Further information is available from the FSCS.

Terms & Conditions

The Society's Rule Book is available upon request.

The information in this guide is based on current legislation and Inland Revenue practice which may change in the future.

You may find it beneficial if this guide is read in conjunction with the relevant Key Features document. The amount of tax free cash sum on the With-Profits illustration is an example and will depend on the Society's investment performance, its administration costs and the level of claims made by its members.

We do not give advice. It is important, therefore, that you client understands how this policy works and what the risks are before they buy.

How to Contact us

If you or your clients have any questions or require any further information about our products, you can contact us at:

dg mutual

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Stonebridge

Warwickshire

CV7 7TL

t: 0121 452 1066

f: 0121 452 1077

e: underwriting@dgmual.co.uk

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dg mutual

dg mutual is the trading style of The Dentists' & General Mutual Benefit Society Limited, founded in 1927. We are registered and incorporated in the United Kingdom under the Friendly Societies Act 1992. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.



David Mason
Underwriting and New Business Manager

www.dgmutual.co.uk

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