

Association of British Insurers

Statement of Best Practice

for

Critical Illness Cover

February 2011

Introduction

This Statement of Best Practice for Critical Illness Cover aims to help protect consumers and help them understand and compare critical illness policies through the following:

- Having a common format for the way Critical Illness Cover is described to potential buyers at the point of purchase
- The use of common Generic Terms
- The use of Model Wordings for Critical Illnesses and Exclusions which meet appropriate minimum standards

This latest version of the Statement of Best Practice for Critical Illness Cover has been produced as a result of a Full Review – see section 7. This Statement replaces the previous version published in April 2006. Insurers should adopt the changes as soon as is practical but must do so by no later than the end of 2012.

The main changes to the previous Statement are:

- The introduction of a set of model definitions for total permanent disability to improve clarity about what is, and is not, covered, and to help consumers compare policies.
- Introduced model wording for child cover pre-existing conditions to improve clarity about what is, and is not, covered, and to help consumers compare policies.
- Updated the following model definitions to improve clarity and/or take account of advances in medicine:
 - **Cancer** – *excluding less advanced cases*
 - **Parkinson's disease [before age x]** – *resulting in permanent symptoms*
 - **Terminal illness**

This Statement of Best Practice is mandated for members of the Association of British Insurers (ABI) offering critical illness cover.

Contents

1. General principles
2. Generic terminology
3. Model critical illness definitions
4. Total permanent disability
5. Model exclusions
6. How critical illness cover should be described
7. Review process

Appendix A: Example Policy Summary

Appendix B: Example Key Features

The ABI is the voice of insurance, representing the general insurance, investment and long-term savings industry. It was formed in 1985 to represent the whole of the industry and today has over 300 members, accounting for some 90% of premiums in the UK. The ABI's role is to:

- Be the voice of the UK insurance industry, leading debate and speaking up for insurers.
- Represent the UK insurance industry to government, regulators and policy makers in the UK, EU and internationally, driving effective public policy and regulation.
- Advocate high standards of customer service within the industry and provide useful information to the public about insurance.
- Promote the benefits of insurance to the government, regulators, policy makers and the public.

1 General principles

- 1.1 This Statement of Best Practice applies to critical illness cover offered by insurers who are members of the ABI and is based on the following principles.
- 1.2 Critical illness cover means insurance which pays out on meeting the policy definition of a specified critical illness and where all of the following are included before the application of any individual underwriting decision:
- 1.2.1 **Cancer** – *excluding less advanced cases*
 - 1.2.2 **Heart attack** – *of specified severity*
 - 1.2.3 **Stroke** – *resulting in permanent symptoms*

Clarity

- 1.3 Wherever possible to aid consumer understanding, "Plain English" should always be used in product information, provided that this does not dilute or conflict with the meaning.
- 1.4 The headings form part of the model wordings. If an insurer includes an optional age limit in a particular condition, this should appear in the heading of the condition.
- 1.5 All model wordings should be as robust as possible in differentiating between what is, and is not, covered to:
- 1.5.1 Create a clear expectation of the scope and limitations of the cover.
 - 1.5.2 Allow valid claims to be paid promptly.
 - 1.5.3 Minimise the number of disputed claims to avoid disappointment.
- 1.6 All conditions should be listed in alphabetical order to help consumers compare products.

Generic terminology

- 1.7 For clarity, the generic terminology should be used in all cases where the appropriate generic terms apply. This is to ensure that insurers use common language to describe critical illness product features to help consumers compare different policies. Other terms to describe these features should not be used.

- 1.8 Insurers may use the descriptions of generic terms given in this Statement as definitions – for example, if a generic term is used in a critical illness definition, insurers may wish to add precision and clarity by defining that generic term as a 'sub-definition'. Alternatively, insurers may use the generic terms without defining them providing the terms are used in the appropriate context.

Product information

- 1.9 Critical illness cover is required by regulations to be described in a Policy Summary document carrying the FSA 'Key Facts' logo or a Key Features document, depending on the applicable FSA rules (that is, COBS or ICOBS). In this statement, we refer to these documents generically as the 'product information'.
- 1.10 The product information requirements set out in this document are in addition to (and, in the event of a conflict, are overruled by) any other regulatory or legal requirements.
- 1.11 The product information requirements in this Statement are intended to ensure that critical illness cover is described in the same way, regardless of the underlying product type. This is intended to allow consumers to compare the critical illness cover of different insurers, accepting that the underlying products may be different.
- 1.12 Insurers should give the product information to enquirers and potential customers (via intermediaries as appropriate) at the earliest opportunity to allow them to make meaningful product comparisons before purchase.
- 1.13 The product information requirements in this Statement apply to all individual long-term products featuring critical illness cover with guaranteed or reviewable premiums. This includes (but is not limited to) the following product types where critical illness cover is included as a standard feature or as an optional benefit:
- 1.13.1 Endowment
 - 1.13.2 Whole of Life
 - 1.13.3 Term Assurance
- 1.14 The format is based on the principle that critical illness cover is not usually a product in its own right, but is more frequently a benefit added to an underlying product type.

Group critical illness cover

- 1.15 Insurers offering group critical illness cover should follow the provisions relating to Generic Terminology and model wordings for critical illness definitions and exclusions. The other provisions of this Statement do not apply.

Implementation

- 1.16 The provisions apply to new policies effected on or after the implementation date adopted by the insurer.
- 1.17 An increment or increase to an existing policy effected after that date as a new policy may be excluded if it mirrors the original contract.
- 1.18 Insurers cannot normally apply revised definitions to existing in-force policies unless the policy specifically allows this.

Model wordings

- 1.19 Model wordings for medical conditions, surgical procedures, disabilities and policy exclusions are collectively referred to as the “model critical illness definitions” and “model exclusions”. The constituents will be determined at each full review (and subsequently published) based on the following:
- 1.19.1 “Model critical illnesses” are the conditions for which there is a model wording available. They will normally be any existing model critical illnesses and additionally those conditions included in the policy of at least 75% of critical illness policies on the market at the time of the review.
- 1.19.2 “Model exclusions” are the policy exclusions and limitations where a model wording is available. These will normally be any existing model exclusions and additionally any exclusions and limitations included in the policy of at least 50% of critical illness policies on the market at the time of the review.

Basis of standard for new model wordings

- 1.20 All model wordings are on the basis of an “appropriate minimum standard”. Insurers are free to offer additional cover by including other conditions or by offering additional cover as described in Principle 1.22 below.

Use of model wordings

- 1.21 Insurers are free to omit any condition (other than those listed in 1.2 above) or exclusion and may include any other conditions or exclusions as they see fit. While insurers are free to decide on the conditions and exclusions applicable to their products, where a model wording is available, it should be used.
- 1.22 Insurers will be deemed to be using the model wording (for a condition or exclusion) where it is modified to provide at least equivalent cover in the following ways:
- 1.22.1 By using the model wording and showing separately the additional cover offered.
- 1.22.2 By omitting a specific limitation or exclusion contained within the model wording for any condition or exclusion, while leaving the remaining words unchanged. For example, this could be by omitting the words “off-piste skiing” from the Hazardous sports & pastimes exclusion to cover incidents that would otherwise be excluded.
- 1.22.3 By using or omitting specified optional age limits.
- 1.23 Insurers should set out any additional specific claim requirements in their policy, for example in a general heading along the following lines:

Example Policy Condition

All diagnoses and medical opinions must be given by a medical specialist who:

- is a Consultant at a hospital in the UK; and
- is acceptable to our Chief Medical Officer; and
- is a specialist in an area of medicine appropriate to the cause of the claim.

Reviews of existing model wordings

- 1.24 No changes should be made to any existing agreed wordings without both the following:
- 1.24.1 A clear issue that has resulted (or is expected to result) in industry-wide problems for customers and/or insurers.
- 1.24.2 Agreement that the proposed change will address the issue.

2 Generic terms

- 2.1 When generic terms are used they should have the meanings shown and other terms should not be used in their place. This is to ensure that the terms always have the same meaning.
- 2.2 Not all the terms will apply to the critical illness cover contained in all products. Insurers should only use those terms that are applicable.
- 2.3 The Generic Terms and associated descriptions as set out below are intended to establish the context in which each term should be used. Insurers are free to use them as definitions or as part of a glossary of terms.

Critical illness cover

- 2.4 Critical illness cover
- Insurance which pays out on meeting the policy definition of a specified critical illness and where all of the following are included before the application of any individual underwriting decision:
- **Cancer** – *excluding less advanced cases*
 - **Heart attack** – *of specified severity*
 - **Stroke** – *resulting in permanent symptoms*

Product features

- 2.5 Assessment period
- The period during which we will assess a condition before we make a decision on whether or not to accept a claim. The assessment period will typically start on receipt of the claim and will not normally be longer than 12 months, as long as we have all the evidence we need. Also, the assessment period should only apply to claims for the conditions which must be permanent for cover to apply.
- 2.6 Deferred period
- The period during which an insured person must be ill or disabled before we will pay any benefit.
- 2.7 Model critical illnesses
- The critical illnesses for which model wordings are available.
- 2.8 Model exclusions
- The exclusions to cover for which model wordings are available.

- 2.9 Survival period
- The period after an insured event that the insured person has to survive before a claim becomes valid. A survival period normally applies to stand-alone critical illness cover or where the death benefit is a different amount from the critical illness benefit.

Terms that are used in definitions

- 2.12 Irreversible
- Cannot be reasonably improved upon by medical treatment and/or surgical procedures used by the National Health Service in the UK at the time of the claim.
- 2.13 Occupation
- A trade, profession or type of work undertaken for profit or pay. It is not a specific job with any particular employer and is independent of location and availability.
- 2.14 Permanent
- Expected to last throughout life with no prospect of improvement, irrespective of when the cover ends or the insured person expects to retire.
- 2.15 Permanent neurological deficit with persisting clinical symptoms
- Symptoms of dysfunction in the nervous system that are present on clinical examination and expected to last throughout the insured person's life.
- Symptoms that are covered include numbness, hyperaesthesia (increased sensitivity), paralysis, localised weakness, dysarthria (difficulty with speech), aphasia (inability to speak), dysphagia (difficulty in swallowing), visual impairment, difficulty in walking, lack of coordination, tremor, seizures, lethargy, dementia, delirium and coma.
- The following are not covered:
- An abnormality seen on brain or other scans without definite related clinical symptoms
 - Neurological signs occurring without symptomatic abnormality, e.g. brisk reflexes without other symptoms
 - Symptoms of psychological or psychiatric origin.

3 Model critical illnesses

3.1 For each condition, a heading, an extended heading (where applicable) and a definition are given.

3.2 The extended headings (including the descriptions given in italics after a “–”) should be used where the critical illnesses are listed without the accompanying full definitions, for example in marketing material.

Marketing Material Examples: how headings should be used in marketing material:

- **Blindness** – *permanent and irreversible*
- **Cancer** – *excluding less advanced cases*
- **Heart attack** – *of specified severity*
- **Parkinson’s disease before age 60** – *resulting in permanent symptoms*
- **Stroke** – *resulting in permanent symptoms*
- **Terminal illness**

3.3 Where the full definition is given, for example in policy documents, the descriptions associated with the headings may be omitted.

Policy Document Example: how headings may be presented with their definitions in policy documents:

Blindness

Permanent and irreversible loss of sight to the extent that even when tested with the use of visual aids, vision is measured at 3/60 or worse in the better eye using a Snellen eye chart.

or

Blindness – *permanent and irreversible*

Permanent and irreversible loss of sight to the extent that even when tested with the use of visual aids, vision is measured at 3/60 or worse in the better eye using a Snellen eye chart.

3.4 In this section, the use of [square brackets] means that the wording shown may vary as follows:

- The age limits for Alzheimer’s disease, motor neurone disease and Parkinson’s disease are optional. However, if an age limit is included in the definition, it should also be included in the heading (as shown in the policy, product information and other material).
- If insurers cover HIV, they should include any geographical limits and eligible occupations as appropriate.

The model critical illness definitions

3.5 **Alzheimer’s disease [before age x]** – *resulting in permanent symptoms*

A definite diagnosis of Alzheimer’s disease [before age x] by a Consultant Neurologist, Psychiatrist or Geriatrician. There must be permanent clinical loss of the ability to do all of the following:

- remember;
- reason; and
- perceive, understand, express and give effect to ideas.

For the above definition, the following are not covered:

- Other types of dementia.

3.6 **Aorta graft surgery** – *for disease*

The undergoing of surgery for disease to the aorta with excision and surgical replacement of a portion of the diseased aorta with a graft.

The term aorta includes the thoracic and abdominal aorta but not its branches.

For the above definition, the following are not covered:

- Any other surgical procedure, for example the insertion of stents or endovascular repair.
- Surgery following traumatic injury to the aorta.

3.7 **Benign brain tumour** – *resulting in permanent symptoms*

A non-malignant tumour or cyst in the brain, cranial nerves or meninges within the skull, resulting in permanent neurological deficit with persisting clinical symptoms.

For the above definition, the following are not covered:

- Tumours in the pituitary gland.
- Angiomas.

3.8 **Blindness** – *permanent and irreversible*

Permanent and irreversible loss of sight to the extent that even when tested with the use of visual aids, vision is measured at 3/60 or worse in the better eye using a Snellen eye chart.

3.9 **Cancer** – *excluding less advanced cases*

Any malignant tumour positively diagnosed with histological confirmation and characterised by the uncontrolled growth of malignant cells and invasion of tissue.

The term malignant tumour includes leukaemia, sarcoma and lymphoma except cutaneous lymphoma (lymphoma confined to the skin).

For the above definition, the following are not covered:

- All cancers which are histologically classified as any of the following:
 - pre-malignant;
 - non-invasive;
 - cancer in situ;
 - having borderline malignancy; or
 - having low malignant potential;
- All tumours of the prostate unless histologically classified as having a Gleason score greater than 6 or having progressed to at least clinical TNM classification T2N0M0.
- Chronic lymphocytic leukaemia unless histologically classified as having progressed to at least Binet Stage A.
- Any skin cancer (including cutaneous lymphoma) other than malignant melanoma that has been histologically classified as having caused invasion beyond the epidermis (outer layer of skin).

3.10 **Coma** – *resulting in permanent symptoms*

A state of unconsciousness with no reaction to external stimuli or internal needs which:

- requires the use of life support systems for a continuous period of at least 96 hours; and
- results in permanent neurological deficit with persisting clinical symptoms.

For the above definition, the following is not covered:

- Coma secondary to alcohol or drug abuse.

3.11 **Coronary artery by-pass grafts** – *with surgery to divide the breastbone*

The undergoing of surgery requiring median sternotomy (surgery to divide the breastbone) on the advice of a Consultant Cardiologist to correct narrowing or blockage of one or more coronary arteries with by-pass grafts.

3.12 **Deafness** – *permanent and irreversible*

Permanent and irreversible loss of hearing to the extent that the loss is greater than 95 decibels across all frequencies in the better ear using a pure tone audiogram.

3.13 **Heart attack** – *of specified severity*

Death of heart muscle, due to inadequate blood supply, that has resulted in all of the

following evidence of acute myocardial infarction:

- Typical clinical symptoms (for example, characteristic chest pain).
- New characteristic electrocardiographic changes.
- The characteristic rise of cardiac enzymes or Troponins recorded at the following levels or higher;
 - Troponin T > 1.0 ng/ml
 - AccuTnl > 0.5 ng/ml or equivalent threshold with other Troponin I methods.

The evidence must show a definite acute myocardial infarction.

For the above definition, the following are not covered:

- Other acute coronary syndromes including but not limited to angina.

3.14 **Heart valve replacement or repair** – *with surgery to divide the breastbone*

The undergoing of surgery requiring median sternotomy (surgery to divide the breastbone) on the advice of a Consultant Cardiologist to replace or repair one or more heart valves.

3.15 **HIV infection** – *caught [in the UK] from a blood transfusion, a physical assault or at work in an eligible occupation*

Infection by Human Immunodeficiency Virus resulting from:

- a blood transfusion given as part of medical treatment;
- a physical assault; or
- an incident occurring during the course of performing normal duties of employment [from the eligible occupations listed below]¹;

after the start of the policy and satisfying all of the following:

- The incident must have been reported to appropriate authorities and have been investigated in accordance with the established procedures.
- Where HIV infection is caught through a physical assault or as a result of an incident occurring during the course of performing normal duties of employment, the incident must be supported by a negative HIV antibody test taken within 5 days of the incident.
- There must be a further HIV test within 12 months confirming the presence of HIV or antibodies to the virus.

- [The incident causing infection must have occurred in the UK]².
- For the above definition, the following is not covered:
- HIV infection resulting from any other means, including sexual activity or drug abuse.
- ¹Note: include specified occupations if applicable
²Note: include geographic limits as applicable
- 3.16 **Kidney failure – requiring dialysis**
- Chronic and end stage failure of both kidneys to function, as a result of which regular dialysis is necessary.
- 3.17 **Loss of speech – permanent and irreversible**
- Total permanent and irreversible loss of the ability to speak as a result of physical injury or disease.
- 3.18 **Loss of hands or feet – permanent physical severance**
- Permanent physical severance of any combination of 2 or more hands or feet at or above the wrist or ankle joints.
- 3.19 **Major organ transplant**
- The undergoing as a recipient of a transplant of bone marrow or of a complete heart, kidney, liver, lung, or pancreas, or inclusion on an official UK waiting list for such a procedure.
- For the above definition, the following is not covered:
- Transplant of any other organs, parts of organs, tissues or cells.
- 3.20 **Motor neurone disease [before age x] – resulting in permanent symptoms**
- A definite diagnosis of motor neurone disease [before age x] by a Consultant Neurologist. There must be permanent clinical impairment of motor function.
- 3.21 **Multiple sclerosis – with persisting symptoms**
- A definite diagnosis of Multiple Sclerosis by a Consultant Neurologist. There must be current clinical impairment of motor or sensory function, which must have persisted for a continuous period of at least 6 months.
- 3.22 **Paralysis of limbs – total and irreversible**
- Total and irreversible loss of muscle function to the whole of any 2 limbs.
- 3.23 **Parkinson’s disease [before age x] – resulting in permanent symptoms**
- A definite diagnosis of Parkinson’s disease [before age x] by a Consultant Neurologist.
- There must be permanent clinical impairment of motor function with associated tremor, muscle rigidity and postural instability.
- For the above definition, the following are not covered:
- Parkinson’s disease secondary to drug abuse
 - Other Parkinsonian syndromes
- 3.24 **Stroke – resulting in permanent symptoms**
- Death of brain tissue due to inadequate blood supply or haemorrhage within the skull resulting in permanent neurological deficit with persisting clinical symptoms.
- For the above definition, the following are not covered:
- Transient ischaemic attack.
 - Traumatic injury to brain tissue or blood vessels.
- 3.25 **Terminal illness**
- A definite diagnosis by the attending Consultant of an illness that satisfies both of the following:
- The illness either has no known cure or has progressed to the point where it cannot be cured; and
 - In the opinion of the attending Consultant, the illness is expected to lead to death within [the earlier of] 12 months [and the remaining term of the cover].
- 3.26 **Third degree burns – covering 20% of the body’s surface area**
- Burns that involve damage or destruction of the skin to its full depth through to the underlying tissue and covering at least 20% of the body’s surface area.
- 3.27 **Traumatic head injury – resulting in permanent symptoms**
- Death of brain tissue due to traumatic injury resulting in permanent neurological deficit with persisting clinical symptoms.

4 Total permanent disability

Clarity of total permanent disability definitions and headings

- 4.1 Insurers are free to use any one or more of the five definitions of total permanent disability set out below. To make it clear to customers and potential customers what cover is available, the following provisions apply to the use of the definitions and their headings.
- 4.2 Where insurers offer only one definition of total permanent disability, or where referring to a specific total permanent disability definition, insurers should use the full heading of the specific definition.
- 4.3 Where insurers are referring to total permanent disability in circumstances where more than one definition may apply, insurers should use the following general heading:
- **Total permanent disability – of specified severity**
- 4.4 In this section, the use of [] means that the wording shown may vary as follows:
- The age limits are optional. However, if an age limit is included in the definition, it should also be included in the heading (as shown in the policy, product information and other material).
 - For the total permanent disability definitions based on occupation (set out below), the words 'material and substantial' may be replaced by 'essential'. Either of these may be defined in the policy as insurers wish.

The model total permanent disability definitions

- 4.5 **Total permanent disability – unable [before age x] to do your own occupation ever again**
- Loss of the physical or mental ability through an illness or injury [before age x] to the extent that the insured person is unable to do the [material and substantial]* duties of their own occupation ever again. The [material and substantial]* duties are those that are normally required for, and/or form a significant and integral part of, the performance of the person's own occupation that cannot reasonably be omitted or modified.
- Own occupation means your trade, profession or type of work you do for profit or pay. It is not a specific job with any particular employer and is irrespective of location and availability.
- The relevant specialists must reasonably expect that the disability will last throughout life with no prospect of improvement, irrespective of when the cover ends or the insured person expects to retire.

For the above definition, disabilities for which the relevant specialists cannot give a clear prognosis are not covered.

- 4.6 **Total permanent disability – unable [before age x] to do a suited occupation ever again**

Loss of the physical or mental ability through an illness or injury [before age x] to the extent that the insured person is unable to do the [material and substantial]* duties of a suited occupation ever again. The [material and substantial]* duties are those that are normally required for, and/or form a significant and integral part of, the performance of a suited occupation that cannot reasonably be omitted or modified.

A suited occupation means any work the insured person could do for profit or pay taking into account their employment history, knowledge, transferable skills, training, education and experience, and is irrespective of location and availability.

The relevant specialists must reasonably expect that the disability will last throughout life with no prospect of improvement, irrespective of when the cover ends or the insured person expects to retire.

For the above definition, disabilities for which the relevant specialists cannot give a clear prognosis are not covered.

- 4.7 **Total permanent disability – unable [before age x] to do any occupation at all ever again**

Loss of the physical or mental ability through an illness or injury [before age x] to the extent that the insured person is unable to do the [material and substantial]* duties of any occupation at all ever again. The [material and substantial]* duties are those that are normally required for, and/or form a significant and integral part of, the performance of the occupation that cannot reasonably be omitted or modified.

Any occupation means any type of work at all, irrespective of location and availability.

The relevant specialists must reasonably expect that the disability will last throughout life with no prospect of improvement, irrespective of when the cover ends or the insured person expects to retire.

For the above definition, disabilities for which the relevant specialists cannot give a clear prognosis are not covered.

- 4.8 **Total permanent disability – unable [before age x] to do 3 specified work tasks ever again**

Loss of the physical ability through an illness or injury [before age x] to do at least 3 of the 6 work tasks listed below ever again.

The relevant specialists must reasonably expect that the disability will last throughout life with no prospect of improvement, irrespective of when the cover ends or the insured person expects to retire.

The insured person must need the help or supervision of another person and be unable to perform the task on their own, even with the use of special equipment routinely available to help and having taken any appropriate prescribed medication.

The work tasks are:

- **Walking** – the ability to walk more than 200 metres on a level surface.
- **Climbing** – the ability to climb up a flight of 12 stairs and down again, using the handrail if needed.
- **Lifting** – the ability to pick up an object weighing 2kg at table height and hold for 60 seconds before replacing the object on the table.
- **Bending** – the ability to bend or kneel to touch the floor and straighten up again.
- **Getting in and out of a car** – the ability to get into a standard saloon car, and out again.
- **Writing** – the manual dexterity to write legibly using a pen or pencil, or type using a desktop personal computer keyboard.

For the above definition, disabilities for which the relevant specialists cannot give a clear prognosis are not covered.

4.9 **Total permanent disability** – *unable [before age x] to look after yourself ever again*

Loss of the physical ability through an illness or injury [before age x] to do at least 3 of the 6 tasks listed below ever again.

The relevant specialists must reasonably expect that the disability will last throughout life with no prospect of improvement, irrespective of when the cover ends or the insured person expects to retire.

The insured person must need the help or supervision of another person and be unable to perform the task on their own, even with the use of special equipment routinely available to help and having taken any appropriate prescribed medication.

The tasks are:

- **Washing** – the ability to wash in the bath or shower (including getting into and out of the bath or shower) or wash satisfactorily by other means.
- **Getting dressed and undressed** – the ability to put on, take off, secure and

unfasten all garments and, if needed, any braces, artificial limbs or other surgical appliances.

- **Feeding yourself** – the ability to feed yourself when food has been prepared and made available.
- **Maintaining personal hygiene** – the ability to maintain a satisfactory level of personal hygiene by using the toilet or otherwise managing bowel and bladder function.
- **Getting between rooms** – the ability to get from room to room on a level floor.
- **Getting in and out of bed** – the ability to get out of bed into an upright chair or wheelchair and back again.

For the above definition, disabilities for which the relevant specialists cannot give a clear prognosis are not covered.

Change of occupation

4.10 If the definition used relies on the occupation of the person covered, this occupation may be disclosed and underwritten at the outset of the policy. Where this applies, subsequent changes of occupation may vary the initial underwriting assessment. Insurers normally deal with this issue in one or a combination of the following ways:

4.10.1 Notification is required. The new occupation is re-underwritten and if necessary the terms of the contract are adjusted. The customer's ability to perform an occupation (or one that is suited, depending on the definition) is judged against the occupation most recently notified (if all changes have been notified as required).

4.10.2 Notification is not required. The customer's ability to perform an occupation (or one that is suited, depending on the definition) is judged against the occupation being followed immediately before the claim. In this case, the insurer accepts the risk of changes in occupation.

4.10.3 Alternatively, the insurer judges the claim against the occupation declared in the application, regardless of subsequent changes.

4.11 Insurers should make it clear in their product information which procedure is adopted in relation to occupation together with the potential consequences.

4.12 If insurers require notification of changes in occupation, they should periodically remind the policyholder.

5 Model exclusions

- 5.1 Insurers are free to omit any of the model exclusions and may include additional exclusions.
- 5.2 Insurers may offer additional cover whilst still being deemed to use the model wordings, subject to doing so as set out above (see General Principles section 1.22).
- 5.3 The headings form part of the model wording.
- 5.4 Insurers may define European Union as a list of EU Countries as at the start of the contract.
- 5.5 Insurers should state which exclusions apply to which conditions in their policy (and other benefits as appropriate, e.g. waiver of premium benefit) and should use an introductory policy wording to suit their individual policy wording style (see the example below).

Example introductory wording for model exclusions

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

The model exclusions

- 5.6 **Alcohol or drug abuse**
Inappropriate use of alcohol or drugs, including but not limited to the following:
- Consuming too much alcohol.
 - Taking an overdose of drugs, whether lawfully prescribed or otherwise.
 - Taking Controlled Drugs (as defined by the Misuse of Drugs Act 1971) otherwise than in accordance with a lawful prescription.
- 5.7 **[Child cover – pre-existing medical conditions]**
[A claim will not be covered for children's critical illness cover if:]
- The child's condition was present at birth;
 - The symptoms first arose before the child was covered; or
 - The child dies within [28 days] of meeting our definition of the critical illness.
- 5.8 **Criminal acts**
Taking part in a criminal act.
- 5.9 **Flying**
Taking part in any flying activity, other than as a passenger in a commercially licensed aircraft.

- 5.10 **Hazardous sports and pastimes**
Taking part in (or practising for) boxing, caving, climbing, horse-racing, jet skiing, martial arts, mountaineering, off-piste skiing, pot-holing, power-boat racing, under-water diving, yacht racing or any race, trial or timed motor sport.
- 5.11 **HIV/AIDS**
Infection with Human Immunodeficiency Virus (HIV) or conditions due to any Acquired Immune Deficiency Syndrome (AIDS).
- 5.12 **Living abroad**
Living outside of the European Union for more than 13 consecutive weeks in any 12 months.
- 5.13 **Self-inflicted injury**
Intentional self-inflicted injury.
- 5.14 **Unreasonable failure to follow medical advice**
Unreasonable failure to seek or follow medical advice.
- 5.15 **War and civil commotion**
War, invasion, hostilities (whether war is declared or not), civil war, rebellion, revolution or taking part in a riot or civil commotion.

6 How critical illness insurance should be described

6.1 These provisions are intended to supplement the regulatory disclosure requirements which, for example, already require insurers to disclose significant or unusual exclusions. In the event of a conflict, any legal or regulatory requirement would take precedence.

6.2 In the following guidelines, the text shown in [square brackets] and in the examples is illustrative and may be omitted or amended from that shown. Otherwise, the actual wording shown should be used. Insurers are free to adopt any layout for their product information documents to suit their corporate style (eg 2 columns).

Description of critical illness cover

6.3 To help consumers get a consistent, accurate description of the cover, including when accelerated benefits pay out only once, insurers should always include the following generic description in all marketing material, adapted depending on the type of cover offered:

“[Life and critical illness cover] pays out [a lump sum/a monthly income until the end of the policy term]if you [either die or]are diagnosed with a critical illness that meets our policy definition[and then survive for at least x days]. We only cover the critical illnesses we define in our policy and no others.”

Examples:

Stand-alone cover

Critical illness cover pays out a lump sum if you are diagnosed with a critical illness that meets our policy definition and then survive for at least 28 days. We only cover the critical illnesses we define in our policy and no others.

Accelerated cover

Life and critical illness cover pays out a lump sum if you either die or are diagnosed with a critical illness that meets our policy definition. We only cover the critical illnesses we define in our policy and no others.

Explanation of critical illness cover

6.4 In product information, insurers should list the critical illnesses covered. The following guidelines apply:

6.4.1 The opening question should refer to what is included in “critical illness [insurance/cover]”.

6.4.2 It must be unambiguous that the list of conditions covered is exhaustive.

Phrases such as “We cover the following:” and “The following are included:” should not be used.

6.4.3 Insurers should state:

“The complete list of conditions we cover is set out below. These headings are only a guide to what is covered. The full definitions of the illnesses covered and the circumstances in which you can claim are given in the policy. These typically use medical terms to describe the illnesses but in some cases the cover may be limited. For example:

- Some types of cancer are not covered.
- To make a claim for some illnesses, you need to have permanent symptoms.

[Please let us know if you would like to see a copy of the policy. The definitions are also available on our website at www.abc-insurance.co.uk/ci-definitions.]

6.4.4 Insurers should list all the conditions covered in alphabetical order to help consumers compare products.

6.4.5 If an insurer includes age limits in certain conditions, these should be shown in the heading of the condition.

Example: How critical illness cover might be described in product information

What conditions does critical illness insurance cover?

The complete list of conditions we cover is set out below. These headings are only a guide to what is covered. The full definitions of the illnesses covered and the circumstances in which you can claim are given in the policy. These typically use medical terms to describe the illnesses but in some cases the cover may be limited. For example:

- Some types of cancer are not covered.
- To make a claim for some illnesses, you need to have permanent symptoms.

Please let us know if you would like to see a copy of the policy. The definitions are also available on our website at www.abc-insurance.co.uk/ci-definitions.

- **Alzheimer’s disease before age 60** – *resulting in permanent symptoms*
- **Aorta graft surgery** – *for disease*
- **Benign brain tumour** – *resulting in permanent symptoms*

- **Blindness** – *permanent and irreversible*
- **Cancer** – *excluding less advanced cases*
- **Coma** – *resulting in permanent symptoms*
- **Coronary artery by-pass grafts** – *with surgery to divide the breastbone*
- **Deafness** – *permanent and irreversible*
- **Heart attack** – *of specified severity*
- **Heart valve replacement or repair** – *with surgery to divide the breastbone*
- **HIV infection** – *caught in the UK from a blood transfusion, a physical assault or at work in an eligible occupation**
- **Kidney failure** – *requiring dialysis*
- **Loss of hands or feet** – *permanent physical severance*
- **Loss of speech** – *permanent and irreversible*
- **Major organ transplant**
- **Motor neurone disease before age 60** – *resulting in permanent symptoms*
- **Multiple sclerosis** – *with persisting symptoms*
- **Paralysis of limbs** – *total and irreversible*
- **Parkinson’s disease before age 60** – *resulting in permanent symptoms*
- **Stroke** – *resulting in permanent symptoms*
- **Terminal illness**
- **Third degree burns** – *covering 20% of the body’s surface area.*
- **Total permanent disability** – *of specified severity*
- **Traumatic head injury** – *resulting in permanent symptoms*

*The eligible occupations for HIV caught at work are:

- The emergency services – police, fire, ambulance
- The medical profession – including administrators, cleaners, dentists, doctors, nurses and porters
- The armed forces

General information about critical illness cover

- 6.5 Any obligations on the customer should be stated, together with the consequences of not meeting the obligation. For example:
- 6.5.1 To answer all questions on the application form carefully, to the best of the applicant’s knowledge and belief
- 6.5.2 Note: See the ABI guidance “Application Form Design for Life and Health Protection Insurances” for examples.
- 6.5.3 To tell the insurer about health and occupation changes that happen between completing the application form and the policy starting.
- 6.5.4 Note: See the ABI guidance “Application Form Design for Life and Health Protection Insurances” for examples.
- 6.5.5 To maintain premiums

Example: If you stop paying your monthly premium, your cover will end 28 days after the due date of the last premium you paid.

- 6.5.6 To tell the insurer about any changes in personal circumstances (for example, changes in smoking status, residence or occupation).

Examples:

You must tell us if you change your job. This could change your cover and/or your premium.

You must tell us if you start living abroad. This could change your cover.

Further information

- 6.6 The product information should inform customers of the availability of the ABI Guide to Critical illness cover, which may be obtained from the insurer or the ABI.
- 6.7 Insurers should state that their product information complies with this Statement of Best Practice.

7 Review process

7.1 Industry-wide provisions, such as the product information format set out in this document, and model wordings based on market practice, legislation and medical science should be reviewed regularly to ensure that they remain up to date. The ABI will therefore make provision for reviews as follows.

7.9 The normal process for establishing an Intermediate Review will be:

7.9.1 An issue is raised with the ABI.

7.9.2 The ABI decides on whether to carry out the Intermediate Review - otherwise the issue is recorded for the next Full Review.

Types of review

7.2 There will be 2 types of review:

7.2.1 Full Reviews (normally every 3 years);
and

7.2.2 Intermediate Reviews.

7.3 The ABI will arrange to carry out all Full and Intermediate Reviews.

Full reviews

7.4 Full Reviews will normally be carried out 3 years after the implementation of the preceding review, unless the ABI decides not to carry out the Full Review in which case it will be deferred for up to 1 year.

7.5 At a Full Review, the scope will be to review the product information format and all model wordings in line with the principles set out above. This will take into account changes in medical science, relevant "events" (such as changes in legislation since the last Full or Intermediate Review), experience, available research, and current market practice. The process should use the expertise of ABI members and appropriate liaisons.

7.6 At a Full Review, the recommendations will include a recommended process for implementing any changes and the review process itself should be reviewed and any changes put forward for the next review.

Intermediate reviews

7.7 An Intermediate Review may be held where a compelling issue is raised that is, for example, of a legal or regulatory nature. Less compelling issues will normally be dealt with at a Full Review.

7.8 The scope of Intermediate Reviews will be limited to the agreed impact of the issue raised and recommendations for implementing any changes. Other issues will be outside the scope of the Intermediate Review.

keyfacts

ABC

Life Assurance Company Limited

about our Term Assurance Plan

ABC Life Assurance Company Limited is registered in England No 01234567. The company is authorised and regulated by the Financial Services Authority and has its registered office at Our Road, Any Town, County AB1 2CD.

What is a Term Assurance Plan?

A Term Assurance Plan is a long term insurance policy which can be tailored to meet your needs by allowing you to choose:

- **The type of cover you need** – your plan can include one of the following:
 - **Life cover** – pays out a lump sum if you die; or
 - **Critical illness cover** – pays out a lump sum if you are diagnosed with a critical illness that meets our policy definition and then survive for at least 28 days. We only cover the critical illnesses we define in our policy and no others; or
 - **Life and critical illness cover** – pays out a lump sum if you either die or are diagnosed with a critical illness that meets our policy definition. We only cover the critical illnesses we define in our policy and no others.
- **The level of cover you need** - the amount of the lump sum we pay out after a valid claim
- **How long the cover lasts** – the period of cover can be from 5 to 25 years provided the cover ends before age 70

After the lump sum is paid, your policy ends and you pay no more premiums.

The full list of critical illnesses we cover is shown on page 2 overleaf. There are also some circumstances when the plan will not pay out – these are shown on page 3 below.

How much does the plan cost?

You pay a premium every month by direct debit to keep your cover in force.

Your premium depends on the following:

- Your personal circumstances – for example, your age, health, sex, occupation and whether you

smoke.

- The amount and type of cover you choose.
- How long you decide you want the cover to last.

If you stop paying your monthly premiums, your cover will end 30 days after the due date of the last premium you paid. The plan has no cash-in value at any time.

How much does the plan pay out?

The plan pays out a lump sum. You decide how much you would like this to be when you take the plan out.

Other than critical illness payments for children which do not affect your cover, the plan only pays out the main benefit once and then all cover ends. The attached personal illustration shows the period of cover, the type and amount of cover you have chosen and your monthly premium.

Completing your application

You must do the following or your plan will not pay out:

- Disclose all relevant information we ask for when you take out your plan. You should not assume that we will write to your doctor – it is your responsibility to complete the application form properly.
- Tell us about any of the following changes that happen between completing the application form and when your plan starts:
 - Your health
 - Family history
 - Occupation
 - Travel or residence
 - Hazardous pastimes
 - Alcohol consumption
 - Start smoking
 - Use of drugs (for example, cocaine or heroin)

Who can the plan cover?

You can apply for the plan to cover:

- you alone;
- you and another person; or
- one or two people not including you.

If the plan covers two people it will only pay out once if either an insured person dies or has a valid critical illness claim during the period of cover, whichever is first – depending on the cover you choose.

Can children have critical illness cover?

If you choose critical illness cover, the children of each insured person also have critical illness cover, as long as the policy remains in force. The cover for each child starts when the child is three years old and ends when they become 18.

The amount we pay for a child meeting our definition of a critical illness is £10,000.

We will only pay one claim for each child. If we pay a claim for a child being diagnosed with a critical illness, cover for that child will end. However, cover will continue for the insured person and their other children (if any).

What conditions are covered by critical illness cover?

The complete list of conditions we cover is set out below. These headings are only a guide to what is covered. The full definitions of the illnesses covered and the circumstances in which you can claim are given in the policy. These typically use medical terms to describe the illnesses but in some cases the cover may be limited. For example:

- Some types of cancer are not covered.
- To make a claim for some illnesses, you need to have permanent symptoms.

Please let us know if you would like to see a copy of the policy. The definitions are also available on our website at www.abc-insurance.co.uk/ci-definitions.

- **Alzheimer's disease before age 60** – *resulting in permanent symptoms*
- **Aorta graft surgery** – *for disease*
- **Benign brain tumour** – *resulting in permanent symptoms*
- **Blindness** – *permanent and irreversible*
- **Cancer** – *excluding less advanced cases*
- **Coma** – *resulting in permanent symptoms*
- **Coronary artery by-pass grafts** – *with surgery to divide the breastbone*
- **Deafness** – *permanent and irreversible*

- **Heart attack** – *of specified severity*
- **Heart valve replacement or repair** – *with surgery to divide the breastbone*
- **HIV infection** – *caught in the UK from a blood transfusion, a physical assault or at work in an eligible occupation**
- **Kidney failure** – *requiring dialysis*
- **Loss of hands or feet** – *permanent physical severance*
- **Loss of speech** – *permanent and irreversible*
- **Major organ transplant**
- **Motor neurone disease before age 60** – *resulting in permanent symptoms*
- **Multiple sclerosis** – *with persisting symptoms*
- **Paralysis of limbs** – *total and irreversible*
- **Parkinson's disease before age 60** – *resulting in permanent symptoms*
- **Stroke** – *resulting in permanent symptoms*
- **Terminal illness**
- **Third degree burns** – *covering 20% of the body's surface area.*
- **Total permanent disability** – *of specified severity*
- **Traumatic head injury** – *resulting in permanent symptoms*

*The eligible occupations for HIV caught at work are:

- The emergency services – police, fire, ambulance
- The medical profession – including administrators, cleaners, dentists, doctors, nurses and porters
- The armed forces

When will the plan not pay out?

We will not pay a claim for life cover:

- If an insured person commits suicide in the first year of the policy.

We will not pay a claim for critical illness cover:

- If you have an illness that does not meet our definition of one of the critical illnesses we cover. For example, some types of cancer are not covered.
- If your plan is for critical illness cover only and you die within 28 days of meeting our definition of the critical illness.
- If your claim arises within three months of reinstating a plan that has previously ended.
- If the cause of the claim results from alcohol or drug abuse, criminal acts, flying, hazardous sports and pastimes, HIV/AIDS, self-inflicted injury, unreasonable failure to follow medical advice or war and civil commotion.
- If the claim is for children's critical illness cover and:

- The child's condition was present at birth;
- The symptoms first arose before the child was covered; or
- The child dies within 28 days of meeting our definition of the critical illness.

Full details of what is covered, and any standard exclusions and restrictions to the cover are given in sections 2 and 4 respectively of the policy document. You can ask us for a sample copy of the policy document.

We may apply specific exclusions when we accept your policy. These will be shown in your acceptance letter and policy schedule.

What other options are available?

You can choose to include Waiver of Premium Benefit. This benefit pays your premiums if you are too ill to work for six months or more as a result of illness or injury. Full details of this extra benefit are given in section 6 of the policy document. You can ask us for a copy of this.

Your personal illustration shows whether Waiver of Premium Benefit is included in your plan and, if so, the cost.

How do I take out a plan?

You can take out a Term Assurance Plan by sending us a filled in application form.

After the plan starts, is there anything I need to do?

If your plan includes critical illness cover, you must tell us if you do any of the following or your plan will not pay out:

- Change your job. This could change your cover and your premium.
- Start living abroad. This could change your cover.

Further Information

Your cancellation rights

When we accept your application for the plan, we will send you a notice explaining your right to cancel. You will then have 30 days in which you can cancel the policy. If you do this, we will refund any premiums you have paid.

Making a claim

To make a claim, you should contact our Claims Department at:

ABC Life
Our Road
Any Town
County
AB1 2CD

Phone: 01234 56789

Complaints

If you have any complaint about this plan, or about any part of our service, contact our Customer Service

Manager at:

ABC Life
Our Road
Any Town
County
AB1 2CD

Phone: 01234 56789

If you are not satisfied with the way we deal with your complaint, you can contact the Financial Ombudsman Service at:

South Quay Plaza
183 Marsh Wall
London E14 9SR

Phone: 020 7964 1000

Making a complaint will not affect your right to take legal action. You can ask us for details of our compensation arrangements.

Law

The Law of England applies to this plan.

The Financial Services Compensation Scheme (FSCS)

The plan is covered by the FSCS. You 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. You can get more details from us or from the Financial Services Authority.

Tax

The proceeds from this plan are free from UK income tax and capital gains tax. However, if we pay the proceeds after the death of an insured person, inheritance tax may be due on the benefit paid. You may be able to avoid inheritance tax by using an appropriate trust. Ask your financial adviser for more details.

The Government may change the tax position described above.

A Guide to Critical illness cover

The ABI (Association of British Insurers) give general information about critical illness cover in their booklet 'A Guide to Critical illness cover'. You can ask us for a copy or you can get a copy at www.abi.org.uk or by writing to:

The Association of British Insurers
51 Gresham St
London
EC2V 7HQ.

Please Note

This leaflet complies with the ABI Statement of Best Practice for Critical illness cover. It is a guide to our Term Assurance Plan and is based on our understanding of current laws and tax rules. Further details are given in the plan schedule and the policy document. You should get expert advice about the legal and tax information in this leaflet.

keyfacts

ABC

Life Assurance Company Limited

Key Features of the Term Assurance Plan

Its aims

The plan aims to do the following.

- To provide the amount of cover you choose.
- To provide cover for the period you choose.
- To provide the type of cover you choose. Your plan can include one of the following:
 - **Life cover** – pays out a lump sum if you die; or
 - **Critical illness cover** – pays out a lump sum if you are diagnosed with a critical illness that meets our policy definition and then survive for at least 28 days. We only cover the critical illnesses we define in our policy and no others; or
 - **Life and critical illness cover** – pays out a lump sum if you either die or are diagnosed with a critical illness that meets our policy definition. We only cover the critical illnesses we define in our policy and no others.
- After the lump sum is paid, your policy ends and you pay no more premiums.
- The full list of critical illnesses we cover is shown on page 3 overleaf. There are also some circumstances when the plan will not pay out – these are shown on page 3 below.

Your commitment

You must do the following or your plan will not pay out:

- Disclose all relevant information we ask for when you take out your plan. You should not assume that we will write to your doctor – it is your responsibility to complete the application form properly.
- Tell us about any of the following changes that happen between completing the application form and when your plan starts:
 - Your health
 - Family history
 - Occupation
 - Travel or residence
 - Hazardous pastimes
 - Alcohol consumption
 - Start smoking
 - Use of drugs (for example, cocaine or heroin)
- Pay the premium by direct debit every month during the period of cover.

Risk factors

The plan carries the following risks.

- If you stop paying your monthly premiums your cover will end 30 days after due date of the last premium you paid.
- We will not pay out in the circumstances described under “When will the plan not pay out” on page 3.
- The plan has no cash-in value at any time.

What is a Term Assurance Plan?

A Term Assurance Plan is a long term insurance policy which can be tailored to meet your needs by allowing you to choose:

- **The type of cover you need** – your plan can include one of the following:
 - **Life cover** – pays out a lump sum if you die; or
 - **Critical illness cover** – pays out a lump sum if you are diagnosed with a critical illness that meets our policy definition and then survive for at least 28 days. We only cover the critical illnesses we define in our policy and no others; or
 - **Life and critical illness cover** – pays out a lump sum if you either die or are diagnosed with a critical illness that meets our policy definition. We only cover the critical illnesses we define in our policy and no others.
- **The level of cover you need** - the amount of the lump sum we pay out after a valid claim
- **How long the cover lasts** – the period of cover can be from 5 to 25 years provided the cover ends before age 70

After the lump sum is paid, your policy ends and you pay no more premiums.

The full list of critical illnesses we cover is shown on page 2 below. There are also some circumstances when the plan will not pay out – these are shown on page 3 below.

How much does the plan cost?

You pay a premium every month by direct debit to keep your cover in force.

Your premium depends on the following:

- Your personal circumstances – for example, your age, health, sex, occupation and whether you smoke.
- The amount and type of cover you choose.
- How long you decide you want the cover to last.

If you stop paying your monthly premiums, your cover will end 30 days after the due date of the last premium you paid. The plan has no cash-in value at any time.

How much does the plan pay out?

The plan pays out a lump sum. You decide how much you would like this to be when you take the plan out.

Other than critical illness payments for children which do not affect your cover, the plan only pays out the main benefit once and then all cover ends. The attached personal illustration shows the period of cover, the type and amount of cover you have chosen and your monthly premium.

Who can the plan cover?

You can apply for the plan to cover:

- you alone;
- you and another person; or
- one or two people not including you.

If the plan covers two people it will only pay out once if either an insured person dies or has a valid critical illness claim during the period of cover, whichever is first – depending on the cover you choose.

Can children have critical illness cover?

If you choose critical illness cover, the children of each insured person also have critical illness cover, as long as the policy remains in force. The cover for each child starts when the child is three years old and ends when they become 18.

The amount we pay for a child meeting our definition of a critical illness is £10,000.

We will only pay one claim for each child. If we pay a claim for a child being diagnosed with a critical illness, cover for that child will end. However, cover will continue for the insured person and their other children (if any).

What conditions are covered by critical illness cover?

The complete list of conditions we cover is set out below. These headings are only a guide to what is covered. The full definitions of the illnesses covered and the circumstances in which you can claim are given in the policy. These typically use medical terms to describe the illnesses but in some cases the cover may be limited. For example:

- Some types of cancer are not covered.
- To make a claim for some illnesses, you need to have permanent symptoms.

Please let us know if you would like to see a copy of the policy. The definitions are also available on our website at www.abc-insurance.co.uk/ci-definitions.

- **Alzheimer's disease before age 60** – *resulting in permanent symptoms*
- **Aorta graft surgery** – *for disease*
- **Benign brain tumour** – *resulting in permanent symptoms*
- **Blindness** – *permanent and irreversible*
- **Cancer** – *excluding less advanced cases*
- **Coma** – *resulting in permanent symptoms*
- **Coronary artery by-pass grafts** – *with surgery to divide the breastbone*
- **Deafness** – *permanent and irreversible*

- **Heart attack** – *of specified severity*
- **Heart valve replacement or repair** – *with surgery to divide the breastbone*
- **HIV infection** – *caught in the UK from a blood transfusion, a physical assault or at work in an eligible occupation**
- **Kidney failure** – *requiring dialysis*
- **Loss of hands or feet** – *permanent physical severance*
- **Loss of speech** – *permanent and irreversible*
- **Major organ transplant**
- **Motor neurone disease before age 60** – *resulting in permanent symptoms*
- **Multiple sclerosis** – *with persisting symptoms*
- **Paralysis of limbs** – *total and irreversible*
- **Parkinson's disease before age 60** – *resulting in permanent symptoms*
- **Stroke** – *resulting in permanent symptoms*
- **Terminal illness**
- **Third degree burns** – *covering 20% of the body's surface area.*
- **Total permanent disability** – *of specified severity*
- **Traumatic head injury** – *resulting in permanent symptoms*

*The eligible occupations for HIV caught at work are:

- The emergency services – police, fire, ambulance
- The medical profession – including administrators, cleaners, dentists, doctors, nurses and porters
- The armed forces

When will the plan not pay out?

We will not pay a claim for life cover or for critical illness cover and all cover under the plan may be cancelled:

- If you do not disclose relevant information we ask for when you take out your plan. You should not assume that we will write to your doctor, it is your responsibility to complete the application form properly.
- If you do not tell us about any of the following changes that happen between completing the application form and when your plan starts:
 - Your health
 - Family history
 - Occupation
 - Travel or residence
 - Hazardous pastimes
 - Alcohol consumption
 - Start smoking
 - Use of drugs (for example, cocaine or heroin)

We will not pay a claim for life cover:

- If an insured person commits suicide in the first year of the policy.

We will not pay a claim for critical illness cover:

- If you have an illness that does not meet our definition of one of the critical illnesses we cover. For example, some types of cancer are not covered.
- If your plan is for critical illness cover only and you die within 28 days of meeting our definition of the critical illness.
- If your claim arises within three months of reinstating a plan that has previously ended.
- If the cause of the claim results from alcohol or drug abuse, criminal acts, flying, hazardous sports and pastimes, HIV/AIDS, self-inflicted injury, unreasonable failure to follow medical advice or war and civil commotion.
- If the claim is for children's critical illness cover and:
 - The child's condition was present at birth;
 - The symptoms first arose before the child was covered; or
 - The child dies within 28 days of meeting our definition of the critical illness.

Full details of what is covered, and any standard exclusions and restrictions to the cover are given in sections 2 and 4 respectively of the policy document. You can ask us for a sample copy of the policy document.

We may apply specific exclusions when we accept your policy. These will be shown in your acceptance letter and policy schedule.

What other options are available?

You can choose to include Waiver of Premium Benefit. This benefit pays your premiums if you are too ill to work for six months or more as a result of illness or injury. Full details of this extra benefit are given in section 6 of the policy document. You can ask us for a copy of this.

Your personal illustration shows whether Waiver of Premium Benefit is included in your plan and, if so, the cost.

After the plan starts, is there anything I need to do?

If your plan includes critical illness cover, you must tell us if you do any of the following or your plan will not pay out:

- Change your job. This could change your cover and your premium.
- Start living abroad. This could change your cover.

Further Information

Your cancellation rights

When we accept your application for the plan, we will send you a notice explaining your right to cancel. You will then have 30 days in which you can cancel the policy. If you do this, we will refund any premiums you have paid.

Making a claim

To make a claim, you should contact our Claims Department at:

ABC Life
Our Road
Any Town
County
AB1 2CD

Phone: 01234 56789

Complaints

If you have any complaint about this plan, or about any part of our service, contact our Customer Service Manager at:

ABC Life
Our Road
Any Town
County
AB1 2CD

Phone: 01234 56789

If you are not satisfied with the way we deal with your complaint, you can contact the Financial Ombudsman Service at:

South Quay Plaza
183 Marsh Wall
London E14 9SR

Phone: 020 7964 1000

Making a complaint will not affect your right to take legal action. You can ask us for details of our compensation arrangements.

Law

The Law of England applies to this plan.

The Financial Services Compensation Scheme (FSCS)

The plan is covered by the FSCS. You 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. You can get more details from us or from the Financial Services Authority.

Tax

The proceeds from this plan are free from UK income tax and capital gains tax. However, if we pay the proceeds after the death of an insured person, inheritance tax may be due on the benefit paid. You may be able to avoid inheritance tax by using an appropriate trust. Ask your financial adviser for more details.

The Government may change the tax position described above.

A Guide to Critical illness cover

The ABI (Association of British Insurers) give general information about critical illness cover in their booklet 'A Guide to Critical illness cover'. You can ask us for a copy or you can get a copy at www.abi.org.uk or by writing to:

The Association of British Insurers
51 Gresham St
London
EC2V 7HQ.

Please Note

This leaflet complies with the ABI Statement of Best Practice for Critical illness cover. It is a guide to our Term Assurance Plan and is based on our understanding of current laws and tax rules. Further details are given in the plan schedule and the policy document. You should get expert advice about the legal and tax information in this leaflet.

ABC Life is registered in England no 01234567.
The registered office is ABC Life, Our Road, Any Town, County AB1 2CD.
ABC Life is authorised and regulated by the Financial Services Authority.