

Personal Protection

Policy Conditions IP10

(F3)

Introduction

The Policy Schedule issued along with and referring to this booklet of policy conditions ("Policy Conditions"), the Policy Conditions and subsequent endorsements which are executed by Scottish Equitable, constitutes a Contract of Assurance between Scottish Equitable plc ('Scottish Equitable') and the Policyholder(s) specified in the Policy Schedule and is based on the Application made to Scottish Equitable by the Policyholder(s) and the acceptance of that Application. Scottish Equitable will in respect of the Policy pay the benefits provided by the Policy in accordance with the following Policy Conditions.

The code number for this booklet of Policy Conditions is 'IP10'.

Executed on behalf of Scottish Equitable on the Date of Execution shown in the Policy Schedule.



Director, Scottish Equitable plc

The Policies of Assurance Act 1867

If this Policy is assigned by the Policyholder to any third party, written notice of the date of, the parties to and the effect of the Assignment/Assignation must be given in duplicate to Scottish Equitable's office at Ballam Road, Lytham St Annes, Lancashire FY8 4JZ or to its Registered Office from time to time.

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1. Definitions

In this Policy, unless the context sets out something different:

- (a) words implying the masculine include the feminine, and vice versa;
- (b) words in the singular include the plural, and vice versa;
- (c) where the context allows, words and expressions used in the Policy Schedule shall have the same meaning when used in these conditions;
- (d) the following terms and expressions have the following meanings:

Application shall mean the form whether completed on paper or by electronic means on which the original Policyholder applied for the Policy and for benefits under the Policy.

Additional Benefit shall mean any of the Additional Benefits under the Policy that are described in 6 below.

Benefit Amount shall mean the Benefit Amount specified in the Policy Schedule as varied either pursuant to any of the following conditions or otherwise agreed by Scottish Equitable and the Policyholder.

Benefit End Date shall be the date or dates, referred to in the Policy Schedule, on which the Life Assured will cease to be covered for the specified benefit.

Benefit Start Date shall mean the date or dates on which the Life Assured starts to be covered for a particular benefit.

Children's Critical Illness Protection shall be as detailed in 6(b) below.

Civil Partnership shall mean a partnership which exists under or by virtue of the Civil Partnership Act 2004, as amended or re-enacted from time to time.

Controlling Director shall have the same meaning assigned to it as that contained in the Income and Corporation Taxes Act 1988, as amended or re-enacted from time to time.

Critical Illness shall mean one of the Critical Illnesses as more particularly defined in the Appendix to these Policy Conditions.

Critical Illness Family Income Benefit shall be as described in 4(e) below.

Critical Illness Protection shall be as described in 4(b) below.

Designated Countries shall mean all and any of the following: the European Union member states (excluding the United Kingdom), Andorra, Australia, Canada, Gibraltar, Iceland, Liechtenstein, Monaco, New Zealand, Norway, San Marino, Switzerland, Turkey, the Vatican City State and the United States of America.

Family Income Benefit shall be as described in 4(d) below.

Gift Inter Vivos Benefit shall be as described in 4(g) below.

Guaranteed Insurability Option shall mean each of the individual guaranteed insurability options under the Policy that are described in 5(c) below.

Health Professional shall mean a Consultant Physician, Consultant Psychiatrist, Psychologist, Occupational Therapist, Physiotherapist or any other suitably qualified specialist that Scottish Equitable considers to have expertise relevant to the Life Assured's Incapacity.

Home Countries shall mean the United Kingdom, the Channel Islands and the Isle of Man.

Income Protection shall be as described in 4(k) below.

Index shall mean the index commonly known as the Retail Prices Index (or, in the event that this index ceases to be published, such other index in the United Kingdom as Scottish Equitable may reasonably and in good faith select for this purpose).

Inheritance Tax shall be as described in Inheritance Tax Legislation.

Inheritance Tax Legislation shall mean the United Kingdom Inheritance Tax Act 1984 as amended or re-enacted including any regulations made under this legislation.

Irreversible shall mean a condition which cannot be reasonably improved upon by medical treatment and/or surgical procedures used by the National Health Service in the United Kingdom at the time of making a claim. Irreversibly shall have an equivalent meaning.

Legislation Option shall be as described in 5(b) below.

Life Assured shall mean the Life Assured specified in the Policy Schedule.

Life Protection shall be as described in 4(a) below.

Life with Critical Illness Family Income Benefit shall be as described in 4(f) below.

Life with Critical Illness Protection shall be as described in 4(c) below.

Main Benefit shall mean any of the Main Benefits under the Policy that are described in 4 below.

Material and Substantial Duties shall mean those duties that are normally required for the performance of the Life Assured's own occupation and cannot be reasonably omitted or modified by the Life Assured or his employer.

Permanent shall mean a condition that is expected to last throughout the Life Assured's life, irrespective of when the cover ends or the Life Assured retires. Permanently shall have an equivalent meaning.

Policy shall mean and comprise:

- (i) a Policy Schedule which refers to the Policyholder;
- (ii) these Policy Conditions (the code number of which is referred to in the Policy Schedule); and
- (iii) any endorsement to the Policy Conditions and/or to the Policy Schedule.

Policyholder shall mean the Policyholder or Policyholders named in the Policy Schedule or his or their absolute assignees or, where the Policy is written under trust, the trustees from time to time thereof or their absolute assignees.

Policy Schedule shall mean the Policy Schedule issued herewith.

Policy Start Date shall mean the date when the contract started and is stated in the Policy Schedule.

Proportionate Benefit shall be as described in 4(k)(v) below.

Reducing Critical Illness Protection shall be as described in 4(i) below.

Reducing Life with Critical Illness Protection shall be as described in 4(j) below.

Reducing Life Protection shall be as described in 4(h) below.

Rehabilitation Benefit shall be as described in 4(k)(vi) below.

Renewal Option shall be as described in 5(a) below.

Special Condition shall mean such Special Condition(s) as stated in the Policy Schedule or otherwise intimated to the Policyholder.

Terminal Illness shall be as more particularly defined in the list of Critical Illness Definitions contained in the Appendix to these Policy Conditions.

Total and Permanent Disability Benefit shall be as described in 6(a) below.

Waiver of Premium Benefit shall be as described in 6(c) below.

2. Discretionary Powers

- (a) The provisions of the Policy set out situations where Scottish Equitable has discretionary powers, but do not generally set out the limits, or all the limits, that apply when those powers are used.
- (b) The effect of this condition is to set out the general approach that Scottish Equitable will take for the powers set out below when exercising those powers under the Policy.

(c) Evidence of Health and Other Information

- (i) The provision of benefits under the Policy depends on, among other things, Scottish Equitable receiving clear and material evidence and information such as evidence of health, age and occupation of the Life Assured.
- (ii) Scottish Equitable shall ask for such evidence in good faith and in a reasonable manner. The evidence or information asked for shall not be unreasonably excessive or unreasonably onerous and shall be consistent with the gathering of information which is material to a fair assessment by Scottish Equitable of the risk presented by the contingency on which any benefits are to be payable and bearing in mind the amount of any benefit that may become payable.

(d) Long-Term Business

The Policy is a policy that is regarded as long-term business. Owing to this long-term nature, it is impossible to foresee all the possible changes in legislation or other law that may occur during the term of the Policy. Where there are any changes or new provisions, and these relate to the Policy, Scottish Equitable may amend, in good faith, the Policy to take account of those changes. The amendment may be made by Scottish Equitable without the consent of either the Policyholder or any party having a real or contingent right to benefits under the Policy.

3. Payment of Premiums and Escalation of Benefit Amount

(a) Premium Payment

Premiums shall be due and payable on the dates specified in the Policy Schedule. Premiums shall be paid by direct debit on an account with a bank approved by Scottish Equitable or otherwise as Scottish Equitable may, from time to time, require or agree to.

(b) Premium Review

- (i) A premium review shall be carried out by Scottish Equitable where this is stated in the Policy Schedule. The review shall be done in a fair and reasonable manner.
- (ii) At the Benefit Start Date the premium rates are calculated taking the following factors into account:
 - (a) the number of claims Scottish Equitable expects to pay;
 - (b) the number of benefits Scottish Equitable expects to stop before the end of their term;
 - (c) the level of inflation;
 - (d) the amount of tax Scottish Equitable expects to pay and how H.M.Revenue and Customs would ask Scottish Equitable to calculate this;
 - (e) the level of interest rates;

- (f) the amount of investment income Scottish Equitable expects to receive on premiums received;
- (g) the amount of money Scottish Equitable requires to set aside in order to meet claims as they fall due; and
- (h) the amount of money H.M. Government requires Scottish Equitable to set aside in order to meet claims as they fall due.

(iii) In the event that any factors in (ii) above have changed due to any of the following reasons then Scottish Equitable may vary the premium:

- (a) medical advances which affect Scottish Equitable's view on the expected number and timing of future claims;
- (b) events outside Scottish Equitable's control which may affect the expected number and timing of future claims, for example a global epidemic;
- (c) new data, either from Scottish Equitable's own experience or from external sources, which indicates that the level of historic claims has changed from the last time such data was published and therefore affects Scottish Equitable's view of the expected number of future claims;
- (d) changes to the tax regime that may favour one type of policy over another. This will affect the number of benefits Scottish Equitable expects will stop before the end of their benefit term;
- (e) new data, either from Scottish Equitable's own experience or from external sources, which indicates that the level of benefits stopping before the end of the benefit term has changed from the last time such data was available and therefore affects Scottish Equitable's view of the expected number of benefits stopping before the end of the benefit term in the future;
- (f) changes in inflation from the levels assumed when premiums were calculated. This affects the cost of administering the Policy;
- (g) changes in the tax regime for insurers; and
- (h) changes in the way that H.M. Government wants Scottish Equitable to calculate the amount of money Scottish Equitable has to set aside in order to ensure that claims can be met as they fall due.

(iv) The reviewed premium is calculated by considering all of the policies sold on the set of premium rates that are being reviewed. These are split into groups that have similar characteristics in line with the way the original premium rates were calculated such as male smokers and female non-smokers. Personal circumstances such as changes in health are not taken into account when the reviewed premium is calculated.

Scottish Equitable will also take into consideration the profit that it expects to make from each group of policies from the review date based on the factors described in (ii) above. The premiums are recalculated taking into account any changes in the factors due to a valid reason for the change as described in (iii) above. The new premiums will be set at a level to ensure Scottish Equitable will not make any more profit than was originally expected.

(v) The Policyholder shall be notified of the results of the premium review two months before the relevant anniversary. In the event that the premium is due to increase then the Policyholder may;

- (a) pay the increased premium and retain the same Benefit Amount; or
- (b) pay the same premium but reduce the Benefit Amount; or
- (c) terminate the benefit.

Scottish Equitable shall require to be informed of the Policyholder's decision 14 days before the anniversary of the Benefit Start Date. In the event that Scottish Equitable is not informed of the Policyholder's decision regarding the reviewed premium then the Benefit Amount will remain unchanged and the reviewed premium, calculated as described in as in 3(b)(iv) above will be payable.

In the event that the premium is due to reduce, this reduction shall be limited so that the new premium to be paid shall be no less than the minimum premium which was available generally to Scottish Equitable policyholders at the Benefit Start Date in respect of benefits of the same class of business as the Policy.

(vi) Premium reviews, where applicable, will take effect on the fifth anniversary of each Benefit Start Date and thereafter every five years.

(c) Days of Grace

- (i) Thirty days of grace will be allowed for payment of any premium due hereunder. If the Benefit Amount becomes payable within the days of grace and before payment of the premium, the amount of such premium will be deducted from the Benefit Amount payable.
- (ii) If any premium is not paid within the days of grace the Policy shall lapse.
- (iii) Scottish Equitable may, at its sole discretion, agree to reinstate a Policy that has lapsed subject to such terms and conditions that it may apply in addition to or in variation of these Policy Conditions and to the payment of all outstanding premiums.
- (iv) In order that Scottish Equitable may assess whether or not to agree to reinstate a Policy, in terms of (iii) above, it will require the Policyholder to provide such information as it may request. This information may

include, but shall not be limited to, evidence of health, employment details and leisure pursuits of the Life Assured. Scottish Equitable will inform the Policyholder of the actual information required by it after receipt of the request for reinstatement.

(d) Escalation of Benefit Amount (Indexation Option)

- (i) Where the Policy Schedule states that the Benefit Amount will escalate, then the Benefit Amount specified in the Policy Schedule shall increase on the first anniversary of the Benefit Start Date and on each following anniversary by the percentage increase in the Index for the period of 12 months ending three months prior to the end of the relevant anniversary of the Benefit Start Date, subject to a maximum increase of 10% per annum.
- (ii) Where Income Protection is shown in the Policy Schedule as having been selected as a Main Benefit, and where the Policy Schedule states that the Benefit Amount for Income Protection will escalate, then during any period in which the Income Protection Main Benefit is in payment in terms of 4(k) below the Benefit Amount for Income Protection will continue to escalate in terms of (i) above.
- (iii) Where the Benefit Amount escalates in terms of (i) above the premium will, at the same time, escalate by the same percentage increase as is applied to the Benefit Amount.
- (iv) If, at any time, the Policyholder requests and Scottish Equitable agrees to remove the right under this condition to escalate the Benefit Amount then, thereafter, these provisions shall not apply unless the Policyholder has made application to recommence and Scottish Equitable has accepted such application in writing after obtaining such financial information from the Policyholder and evidence of good health of the Life Assured as Scottish Equitable may require.

4. Main Benefits

This part of the Policy Conditions details the Main Benefits available to all Scottish Equitable policyholders with a personal protection policy. The Policyholder will only be covered for such Main Benefits that he has applied for, that Scottish Equitable has accepted him for and where the Main Benefit is specifically included in the Policy Schedule issued in connection with these Policy Conditions. In the event that a Main Benefit described in these Policy Conditions is not included in the Policy Schedule then the part of these Policy Conditions relating to that Main Benefit shall not apply to the Policy or to the Policyholder.

Where a claim is paid in relation to any Main Benefit then no further claim for that Main Benefit will be admitted (except for Income Protection) and any Additional Benefits and options relating to that Main Benefit that have not previously terminated shall terminate immediately on payment of the claim.

(a) Life Protection

- (i) In the event that the Life Assured dies prior to the Benefit End Date or, subject to (iii) below, is diagnosed as having a Terminal Illness and where diagnosis is made at least one year before the Benefit End Date, then the Benefit Amount will become payable.
- (ii) For the purposes of this condition, in the event that there is more than one Life Assured, from time to time, then the Benefit Amount will be payable either (a) on the first death, or diagnosis of a Terminal Illness where diagnosis is made at least one year before the Benefit End Date, of the Lives Assured or (b) on the second death of the Lives Assured, or diagnosis of a Terminal Illness in respect of the surviving Life Assured where diagnosis is made at least one year before the Benefit End Date. The basis of the cover will be as applied for and accepted by Scottish Equitable and as shown in the Policy Schedule.
- (iii) Scottish Equitable will not pay the Benefit Amount in respect of any claim based on the Terminal Illness of the Life Assured where written notification of the Terminal Illness is not received by Scottish Equitable prior to either the date of death of the Life Assured in respect of whom the claim relates or the Benefit End Date, whichever is earlier.

(b) Critical Illness Protection

In the event that the Life Assured, or one of the Lives Assured if more than one, is, prior to the Benefit End Date, diagnosed as suffering from a Critical Illness and does not die within 14 days following such diagnosis then the Benefit Amount will become payable.

(c) Life with Critical Illness Protection

- (i) In the event that the Life Assured, or one of the Lives Assured if more than one, dies or, subject to (ii) below, is diagnosed as suffering from a Critical Illness prior to the Benefit End Date then the Benefit Amount will become payable.
- (ii) Scottish Equitable will not pay the Benefit Amount in respect of any claim based on the Critical Illness of the Life Assured where written notification of the Critical Illness is not received by Scottish Equitable prior to the date of death of the Life Assured in respect of whom the claim relates except where death occurs after the Benefit End Date.

(d) Family Income Benefit

- (i) In the event that the Life Assured, or one of the Lives Assured if more than one, dies prior to the Benefit End Date or, subject to (iii) below, is diagnosed as having a Terminal Illness and where diagnosis is made at least one year before the Benefit End Date, then the Benefit Amount will become payable as described in the Policy Schedule.
- (ii) In the event that the Benefit Amount becomes payable in terms of (i) above then, on request in writing to Scottish Equitable by the person having title to the Policy, Scottish Equitable may, at its sole discretion, allow the monthly payments of the Benefit Amount to be commuted to a lump sum payment which sum will be lower than the total of the monthly payments.
- (iii) Scottish Equitable will not pay the Benefit Amount in respect of any claim based on the Terminal Illness of the Life Assured where written notification of the Terminal Illness is not received by Scottish Equitable prior to either the date of death of the Life Assured in respect of whom the claim relates or the Benefit End Date, whichever is earlier.

(e) Critical Illness Family Income Benefit

- (i) In the event that the Life Assured, or one of the Lives Assured if more than one, is, prior to the Benefit End Date, diagnosed as suffering from a Critical Illness and does not die within 14 days following such diagnosis, then the Benefit Amount will become payable as described in the Policy Schedule.
- (ii) In the event that the Benefit Amount becomes payable in terms of (i) above then, on request in writing to Scottish Equitable by the person having title to the Policy, Scottish Equitable may, at its sole discretion, allow the monthly payments of the Benefit Amount to be commuted to a lump sum payment which sum will be lower than the total of the monthly payments.

(f) Life with Critical Illness Family Income Benefit

- (i) In the event that the Life Assured, or one of the Lives Assured if more than one, dies or, subject to (iii) below, is diagnosed as suffering from a Critical Illness prior to the Benefit End Date, then the Benefit Amount will become payable as described in the Policy Schedule.
- (ii) In the event that the Benefit Amount becomes payable in terms of (i) above then, on request in writing to Scottish Equitable by the person having title to the Policy, Scottish Equitable may, at its sole discretion, allow the monthly payments of the Benefit Amount to be commuted to a lump sum payment which sum will be lower than the total of the monthly payments.

- (iii) Scottish Equitable will not pay the Benefit Amount in respect of any claim based on the Critical Illness of the Life Assured where written notification of the Critical Illness is not received by Scottish Equitable prior to the date of death of the Life Assured in respect of whom the claim relates except where death occurs after the Benefit End Date.

(g) Gift Inter Vivos Benefit

- (i) In the event that the Life Assured dies prior to the Benefit End Date then the Benefit Amount will become payable.
- (ii) On the third anniversary of the Benefit Start Date, the Benefit Amount will reduce to 80% of the Benefit Amount at the Benefit Start Date and on the three subsequent anniversaries the Benefit Amount will reduce to 60%, 40% and 20%, respectively, of the Benefit Amount at the Benefit Start Date.

(h) Reducing Life Protection

- (i) In the event that the Life Assured, or one of the Lives Assured if more than one, dies prior to the Benefit End Date or, subject to (iv) below, is diagnosed as having a Terminal Illness and where diagnosis is made at least one year before the Benefit End Date, then the Benefit Amount will become payable.
- (ii) The Benefit Amount, as at the Benefit Start Date, will reduce each month in line with the reduction in the notional outstanding capital balance on a notional mortgage as if the Benefit Amount, from time to time, is the capital sum outstanding under a capital and interest mortgage where the rate of interest to be charged is 10% per annum compound throughout the term of the notional mortgage.
- (iii) Scottish Equitable shall, on request by the Policyholder, confirm the actual Benefit Amount applicable from time to time.
- (iv) Scottish Equitable will not pay the Benefit Amount in respect of any claim based on the Terminal Illness of the Life Assured where written notification of the Terminal Illness is not received by Scottish Equitable prior to either the date of death of the Life Assured in respect of whom the claim relates or the Benefit End Date, whichever is earlier.

(i) Reducing Critical Illness Protection

- (i) In the event that the Life Assured, or one of the Lives Assured if more than one, is, prior to the Benefit End Date, diagnosed as suffering from a Critical Illness and does not die within 14 days following such diagnosis, then the Benefit Amount will become payable.

- (ii) The Benefit Amount as at the Benefit Start Date will reduce each month in line with the reduction in the notional outstanding capital balance on a notional mortgage as if the Benefit Amount, from time to time, is the capital sum outstanding under a capital and interest mortgage where the rate of interest to be charged is 10% per annum compound throughout the term of the notional mortgage.
- (iii) Scottish Equitable shall, on request by the Policyholder, confirm the actual Benefit Amount applicable from time to time.

(j) Reducing Life with Critical Illness Protection

- (i) In the event that the Life Assured, or one of the Lives Assured if more than one, dies or, subject to (iv) below, is diagnosed as suffering from a Critical Illness prior to the Benefit End Date, then the Benefit Amount will become payable.
- (ii) The Benefit Amount as at the Benefit Start Date will reduce each month in line with the reduction in the notional outstanding capital balance on a notional mortgage as if the Benefit Amount, from time to time, is the capital sum outstanding under a capital and interest mortgage where the rate of interest to be charged is 10% per annum compound throughout the term of the notional mortgage.
- (iii) Scottish Equitable shall, on request by the Policyholder, confirm the actual Benefit Amount applicable from time to time.
- (iv) Scottish Equitable will not pay the Benefit Amount in respect of any claim based on the Critical Illness of the Life Assured where written notification of the Critical Illness is not received by Scottish Equitable prior to the date of death of the Life Assured in respect of whom the claim relates except where death occurs after the Benefit End Date.

(k) Income Protection

- (i) In the event that the Life Assured suffers a loss of Income due to becoming Incapacitated prior to the Benefit End Date then the benefits, as stated in (iii) below, will become payable from the end of the Deferred Period. The benefits, as stated in (iii) below, are payable on a calendar month basis in arrears from the end of the Deferred Period and will cease to be payable on the earliest of:
 - (a) the Benefit End Date;
 - (b) the date of death of the Life Assured;
 - (c) the date the Life Assured no longer satisfies the definition of Incapacity; and
 - (d) the Life Assured no longer suffering a loss of Income.

(ii) Definitions

In this condition the following terms and expressions shall have the following meanings:

Deductions shall mean all and any of the following;

- (a) Any Income that continues to be payable to the Life Assured during his period of Incapacity.
- (b) Benefits payable under any other income protection or ill health/accident type policy (or policies) on the life of the Life Assured.
- (c) Pensions or pension benefits payable from a regulated pension scheme unless this benefit was in payment at the Benefit Start Date.
- (d) Waiver of premium benefits payable on the life of the Life Assured under any policy or creditor insurance where the benefits, at outset, under such contracts are potentially payable for more than two years.

Deferred Period shall mean the continuous period of Incapacity as stated in the Policy Schedule as being the Deferred Period, beginning on the day the Life Assured is Incapacitated in terms of these Policy Conditions.

Incapacity for the purposes of this Main Benefit (and the term Incapacitated shall have an equivalent meaning) shall mean one of the following three definitions as stated in the Policy Schedule:

Own Occupation. The Life Assured is unable to do the Material and Substantial duties of their own occupation as a result of accident or sickness and is not following any other occupation.

Any Suited Occupation. The Life Assured is unable to do their own occupation and unable to do all other occupations to which they are reasonably suited by education, training or experience as a result of accident or sickness.

Activities of Daily Work. The Life Assured will be deemed to be Incapacitated if they are unable to perform three or more of the following activities or if they satisfy either the Mental Incapacity or Mental Ill-health definitions:

Walking – the ability to walk a distance of 200 metres on a level surface without stopping due to breathlessness, angina or severe discomfort and without the assistance of another person but including the use of appropriate aids, eg walking stick.

Climbing – the ability to walk up and down a flight of 12 stairs with the use of a handrail and taking a rest.

Bending – the ability to get into or out of a standard saloon car, or the ability to bend or kneel to pick up a teacup (or similar object) from the floor and straighten up again without the assistance of another person but including the use of appropriate aids.

Communicating – the ability to:

- (a) clearly hear (with a hearing aid or other aid if normally used) conversational speech in a quiet room; or
- (b) understand simple messages; or
- (c) speak with sufficient clarity to be clearly understood.

Reading – having eyesight, even after correction by spectacles or contact lenses, sufficient to read a standard daily newspaper or to pass the standard eyesight test for driving. Failure for this activity would include being certified blind or partially sighted by a registered ophthalmologist.

Dexterity – the physical ability to use hands and fingers, such as being able to communicate effectively using a pen, pencil or keyboard.

Responsibility and independence – the ability to independently make arrangements to see a doctor and take regular medication as prescribed by a medical practitioner, or similarly qualified medical doctor.

Financial competence – the ability to recognise the transactional value of money and the handling of routine financial transactions such as paying bills or checking change when shopping.

Mental Incapacity is defined as: 'Organic brain disease or brain injury (confirmed by neurological investigation) which has affected the ability of the Life Assured to reason and understand and has caused deterioration to an extent that they can no longer look after themselves without the need for continual supervision and assistance of another person.'

Mental Ill-health is defined as: 'Severe Mental Illness Classification ICD-10 Code. To qualify, the Life Assured will be required to be under the supervision of the mental health team Care Programme Approach (CPA) at its highest level (with or without Supervision Register) or equivalent.'

Income, for the employed, means gross taxable earnings in the 12 months before Incapacity. Taxable earnings can include annual salary, bonuses, commission which is part of the Life Assured's normal remuneration, the value of all P11D benefits that the

Life Assured will lose in the event of Incapacity and overtime payments that the Life Assured can prove have formed part of their regular remuneration over the 12 months before Incapacity.

Income, for the self-employed, means the net trading profit from their occupation as reported to H.M. Revenue and Customs on their self-assessment tax return averaged over the three years before Incapacity.

Income, for a company director of their own business, who is also a shareholder, means the salary received and dividends received from profit generated after deduction of corporation tax in the 12 months before Incapacity.

(iii) Benefits Payable

(a) The benefit payable per annum, in terms of

(i) above, will be the lowest of:

- the Benefit Amount stated in the Policy Schedule; and
- an amount equal to 55% of the Life Assured's Income, less any applicable Deductions; and
- £130,000.

Regardless of the above, where the Life Assured is a houseperson or is not in paid employment the benefit payable will be restricted to the lower of £1,250 per month less any applicable Deductions and the Benefit Amount as stated in the Policy Schedule less any applicable deductions.

State benefits will not be deducted from the benefit payable.

- (b) In the event that the Life Assured has two (or more) occupations, Income from both (or all) can be taken into account for the purposes of calculating the benefit payable.
- (c) In the event that the benefit payable in terms of (a) above is less than the Benefit Amount in the Policy Schedule then the Policyholder will not be entitled to a refund of premiums or any proportion of premiums paid.

(iv) Unemployed/Houseperson's Benefit

In the event that the Life Assured, in respect of whom Income Protection benefit is being claimed, is not in paid employment (or their declared occupation, as stated in the Policy Schedule, is that of a houseperson) immediately prior to becoming Incapacitated then the Deferred Period will be a minimum of 13 weeks or such greater period as stated in the Policy Schedule, and the Incapacity definition applicable will be 'Activities of Daily Work' notwithstanding the definition stated in the Policy Schedule.

In such cases the benefit payable will be subject to the limitation described in (iii)(a) above.

(v) Proportionate Benefit

In the event that the Life Assured suffers a reduced Income due to becoming Incapacitated prior to the Benefit End Date, and is following an alternative occupation at a lower Income level, then Proportionate Benefit will become payable from the end of the Deferred Period, or such later date that the Life Assured first starts to follow an alternative occupation. Proportionate Benefit is payable on a calendar month basis in arrears and is calculated according to the following formula:

$$\text{Proportionate Benefit} = \left\{ \frac{A - B}{A} \times C \right\}$$

A = Income

B = reduced Income

C = benefit payable

The benefit payable for the purpose of the above formula, will, for the avoidance of doubt, be as calculated in terms of (iii)(a) above,

Proportionate Benefit will cease to be paid on the earliest of the following:

- (a) the Benefit End Date;
- (b) the date of death of the Life Assured;
- (c) the date the Life Assured is capable of performing either;

- (i) their Own Occupation; or
- (ii) Any Suited Occupation;

depending on the appropriate definition of Incapacity stated in the Policy Schedule. In the event that the Life Assured is able to satisfy the definition of Incapacity due to any other factors including, but not limited to, maternity leave or a career break then Proportionate Benefit shall not be payable; and

- (d) the Life Assured no longer suffering a reduced Income.

For Proportionate Benefit, the Life Assured must satisfy the definition of Incapacity as shown in the Policy Schedule and must be following an alternative occupation and/or have obtained different work at a lower Income level.

Proportionate Benefit will not be payable in the event that the 'Activities of Daily Work' definition of Incapacity is stated in the Policy Schedule.

Income Protection benefits need not have been paid in respect of the Life Assured in order to claim for Proportionate Benefit.

(vi) Rehabilitation Benefit

In the event that the Life Assured suffers a reduced Income due to becoming Incapacitated prior to the Benefit End Date, but returns to work in a reduced capacity, then Rehabilitation Benefit will become payable from the end of the Deferred Period, or such later date that the Life Assured returns to work in a reduced capacity. Rehabilitation Benefit is payable on a calendar month basis in arrears and is calculated according to the following formula:

$$\text{Rehabilitation Benefit} = \left\{ \frac{A - B}{A} \times C \right\}$$

A = Income

B = reduced Income

C = benefit payable

The benefit payable for the purpose of the above formula will, for the avoidance of doubt, be as calculated in terms of (iii)(a) above.

Rehabilitation Benefit will cease to be paid on the earliest of the following:

- (a) the Benefit End Date;
- (b) the date of death of the Life Assured;
- (c) the date the Life Assured is capable of performing either;

- (i) their Own Occupation; or
- (ii) Any Suited Occupation;

depending on the appropriate definition of Incapacity stated in the Policy Schedule. In the event that the Life Assured is able to satisfy the definition of Incapacity due to any other factors including, but not limited to, maternity leave or a career break then Rehabilitation Benefit shall not be payable; and

- (d) the Life Assured no longer suffering a reduced Income.

For Rehabilitation Benefit the Life Assured must satisfy the definition of Incapacity as shown in the Policy Schedule but may have returned to the same occupation as the Life Assured was carrying out before the Incapacity, in a reduced capacity or on different terms which has resulted in reduced Income.

(vii) Career Break Option

- (a) In the event that the Life Assured takes a career break from their employment that they are entitled to in terms of their contract of employment then, during the career break, the Deferred Period will be either 13 weeks or the Deferred Period as stated in the Policy Schedule, whichever is longer. During the career break any benefit that is payable will be the lower of £1,250 per month less any applicable Deductions or the Benefit Amount stated in the Policy Schedule.
- (b) When the option as described in (a) above is exercised, the applicable definition of Incapacity shall be Activities of Daily Work notwithstanding the definition stated in the Policy Schedule.
- (c) Scottish Equitable must be informed in writing where this option is to be exercised. Following receipt by Scottish Equitable of written notification from the Policyholder, the premium payable in respect of Income Protection (and Waiver of Premium Benefit) may be reduced in line with the Benefit Amount payable under this condition.
- (d) Where the Life Assured returns to work within five years of taking a career break, the Benefit Amount, Deferred Period, premium and definition of Incapacity may, as a result of a written request from the Policyholder to be received by Scottish Equitable no later than 3 months after the date on which the Life Assured returns to work, be restored to that applying before the career break without the requirement of further medical underwriting.
- (e) In the event of a reinstatement in terms of (d) above, where the Policy Schedule indicates that the Indexation Option, as described in 3(d) above is applicable to the Policy, the Benefit Amount may be set to the level that it would have reached had the Life Assured not taken a career break, subject to the equivalent increase in premiums.

(viii) Claims in Payment

All provisions of the Policy shall continue when Income Protection is being paid except where otherwise stated to the contrary in these Policy Conditions.

(ix) Linked Claims Benefit

Where there is a recurrence of Incapacity from the same or a related cause, it shall be deemed to be a continuation of the Incapacity and no Deferred Period shall be applicable thereto unless an intervening period of six months has elapsed.

(x) Notification of Incapacity

- (a) No benefits shall be payable in terms of this condition 4(k) in respect of any period occurring before Scottish Equitable receives written notification of the claim and evidence, satisfactory to Scottish Equitable, of Incapacity.

- (b) (i) Where the Policyholder wishes to make a claim for benefits in terms of this condition 4(k), Scottish Equitable must be notified as soon as possible and in any event at least in accordance with the following criteria:

Deferred Period	Notification Period
4 or 8 weeks	by week 2 of the Deferred Period
13 weeks	by week 4 of the Deferred Period
26 weeks	by week 6 of the Deferred Period
52 weeks	by week 12 of the Deferred Period

- (ii) In the event that the Policyholder fails to notify Scottish Equitable within the above time limits, the decision on the claim could be affected and/or any Benefit Amount payable may be subject to delay. Where late notification is received, the Deferred Period will begin on the date of notification.

- (iii) The Policyholder must make notification by telephone on 0845 600 0493 or in writing to Scottish Equitable Claims, Ballam Road, Lytham St Annes, Lancs. FY8 4JZ.

(xi) Evidence of Incapacity

Scottish Equitable shall be entitled to seek and obtain evidence of Incapacity and any other evidence as Scottish Equitable may require from time to time for the purpose hereof and, without prejudice to the foregoing generality, the following provisions shall apply:

- (a) Written evidence of Incapacity and such other evidence as Scottish Equitable may require shall be provided not later than one month after the end of the Deferred Period.
- (b) During any period when benefits, in terms of this condition 4(k), are payable by Scottish Equitable the Policyholder shall submit reports relating to the Incapacity of the Life Assured in a form prescribed by Scottish Equitable and at such intervals as Scottish Equitable may reasonably decide. The Life Assured shall, from time to time, on request by Scottish Equitable submit himself to medical examination by a medical officer appointed by Scottish Equitable.

Where appropriate, Scottish Equitable will arrange a specialist assessment or home visit by a medical or Health Professional relevant to the Life Assured's condition.

- (c) The Policyholder will not be entitled to benefits in terms of this condition 4(k) if the Life Assured fails to seek or follow the advice of his Personal Medical Attendant or Consultant.
- (d) All evidence of Incapacity or other evidence that Scottish Equitable may require in terms of these Policy Conditions shall be produced free of expense to the Policyholder and the Life Assured.

5. Options

When any of the following options are exercised, the premiums for the Main Benefit, to which the option is being applied, will be increased to such a level as Scottish Equitable, based on normal actuarial principles deems appropriate in order to reflect the extension of the Benefit End Date or increase to the Benefit Amount, as applicable. When an option is exercised by the Policyholder, Scottish Equitable shall retain the right to amend, vary or substitute these Policy Conditions with alternative conditions in order to reflect current terms and conditions available to new policyholders at the time of exercise of the option.

(a) Renewal Option

- (i) Where it is stated in the Policy Schedule that a Renewal Option applies to a particular benefit then, at the Benefit End Date, the Policyholder will have the option, without giving any further evidence of health of the Life Assured, to extend cover for a further five years. Scottish Equitable shall retain the right to decline or restrict cover on financial grounds (in relation to the Policyholder) and change of occupation (in relation to the Life Assured).
- (ii) This Renewal Option will terminate, in relation to a particular Life Assured that has the benefit of this Renewal Option, immediately prior to the 60th birthday of that Life Assured.
- (iii) The Benefit Amount applicable after the exercise of this Renewal Option will be no more than the Benefit Amount applicable immediately prior to the exercise of this Renewal Option.
- (iv) The Policyholder must notify Scottish Equitable in writing of the intention to exercise this Renewal Option at least 14 days prior to the applicable Benefit End Date. Failure to do so will result in the option lapsing and the right to exercise this Renewal Option will terminate.

(b) Legislation Option

In the event that it is stated in the Policy Schedule that both Gift Inter Vivos Benefit and the Legislation Option apply to the Policy, then the Policyholder may, on one occasion only, increase the Benefit Amount in respect of Gift Inter Vivos Benefit subject to the following restrictions:

- (i) A change in Inheritance Tax Legislation must have taken place no longer than six months prior to the request to exercise this Legislation Option being received in writing by Scottish Equitable. The change in Inheritance Tax Legislation must have caused a potential increase in the Inheritance Tax liability of the Policyholder in the event of the death of the Life Assured.
- (ii) The increase in the Benefit Amount must be no greater than the amount required to meet the estimated increase in the Inheritance Tax liability as described in (i) above.
- (iii) As a result of the exercise of this Legislation Option the Benefit Amount cannot at any time be increased to more than 200% of the Benefit Amount applicable at the Gift Inter Vivos Benefit Start Date.
- (iv) The Benefit End Date in relation to the increase in the Benefit Amount will be the shorter of the period needed to cover any Inheritance Tax liability or seven years plus the remaining term of the existing Gift Inter Vivos Benefit to the lower number of whole years from the date this Legislation Option is exercised. The Benefit End Date in respect of the existing Gift Inter Vivos Benefit will remain unchanged.
- (v) This Legislation Option shall not be exercisable after the 80th birthday of the Life Assured.

(c) Guaranteed Insurability Options

The following Guaranteed Insurability Options will only be exercisable in the event that:

the Life Assured has not been medically rated. For joint life cases; if one Life Assured is medically rated then these Guaranteed Insurability Options will only be available on the non-medically rated Life Assured for any single life benefits in respect of which he is insured; and

the Life Assured is no older than 55 on his next birthday at the date the increased Benefit Amount starts or, if there is more than one Life Assured, the elder of the Lives Assured is no older than 55 years on his next birthday; and

the Benefit End Date, for the Main Benefit in respect of which the Guaranteed Insurability Option is being exercised, is at least one year after the date on which the increase in the Benefit Amount is due to become effective in respect of the Main Benefits detailed in 4(a), (d) and (h) above,

and five years after the date on which the increase in the Benefit Amount is due to become effective in respect of the Main Benefits detailed in 4(b), (c), (e), (f), (i), (j) and (k) above.

(i) The Policyholder shall have the option of increasing the Benefit Amount in respect of an existing benefit (unless these Guaranteed Insurability Options have been excluded in whole or in part, as stated in the Policy Schedule), by application in writing to be received by Scottish Equitable within six months of the happening of any of the following relevant events:

(a) Birth or legal adoption of a child

This Guaranteed Insurability Option may be exercised on the birth or adoption of a child of the Life Assured. The Policyholder will be required to produce an extract copy of the birth or adoption certificate (from the Registrar of Births, Deaths and Marriages) of the child born or adopted before the increase in the Benefit Amount can be effected. A photocopy of the certificate is not acceptable.

(b) Marriage or Civil Partnership

This Guaranteed Insurability Option may be exercised on the marriage or Civil Partnership of the Life Assured. The Policyholder will be required to produce an extract copy of the marriage or Civil Partnership certificate (from the Registrar of Births, Deaths and Marriages) of the Life Assured before the increase in the Benefit Amount can be effected. A photocopy of the certificate is not acceptable.

(c) Change of Home, Home Improvement or Home Extension

- (i) This Guaranteed Insurability Option may be exercised in the event that the Life Assured increases his mortgage over his main residence as a result of either changing home, making home improvements or carrying out a home extension only.
- (ii) The Policyholder will be required to produce written evidence from the Life Assured's lender and previous lender (if applicable), that is satisfactory to Scottish Equitable, which clearly shows the increase in the mortgage of the Life Assured before the increase in the Benefit Amount can be effected.
- (iii) As a result of exercising this Guaranteed Insurability Option, the Benefit End Date for the additional Benefit Amount must be before the 70th birthday of the Life Assured or, where there is more than one Life Assured, the 70th birthday of the older of the Lives Assured.

(d) Career change/promotion

- (i) This Guaranteed Insurability Option may be exercised in the event that the Life Assured changes his employer, or is promoted by his existing employer, and as a direct result of such change in employer or promotion the Life Assured receives an increase of at least 10% per annum to his basic salary (ie salary before deduction of income tax and National Insurance contributions but excluding any other taxable benefits that may be payable and any employer contributions to any pension arrangements). The Benefit Amount may be increased, subject to 5(c)(ii) below, by no more than four times the increase in basic salary.
- (ii) The Policyholder will be required to produce written evidence from the employer and/or previous employer of the Life Assured, that is satisfactory to Scottish Equitable, which clearly shows the increase in the basic salary of the Life Assured before the increase in the Benefit Amount can be effected.

- (iii) This option cannot, under any circumstances, be exercised where at the time of exercise the Life Assured is self-employed, is a Controlling Director of the company in which he is employed or where the Life Assured has control over setting the rate of his basic salary.

(e) Increase in Partners/Shareholding Director's Interest or Key Person's Value or Increase in Business Loan

- (i) Where the Life Assured is either an equity partner in a partnership or a shareholding director in a company then this Guaranteed Insurability Option may be exercised where, at the time of exercising this Guaranteed Insurability Option, there has been an increase in the percentage amount of equity, or value of such an interest, that the Life Assured holds in the partnership or company.
- (ii) In cases where (i) above applies then, subject to 5(c)(ii) below, the Benefit Amount may be increased by no more than the amount of the increase in capital that the Life Assured has invested in the partnership or company as appropriate.
- (iii) Where the Life Assured is a key person in a business then this Guaranteed Insurability Option may be exercised where, at the time of exercising this Guaranteed Insurability Option, there has been an increase in the value of the Life Assured to the business based on an increase to the Life Assured's basic salary (ie salary before deduction of income tax and National Insurance

contributions but excluding any other taxable benefits that may be payable and any employer contributions to any pension arrangements).

- (iv) In cases where (ii) above applies then, subject to 5(c)(ii) below, the Benefit Amount may be increased by no more than five times the increase in the basic salary, as described in (iii) above, of the Life Assured.
- (v) In cases where either the Policyholder or the Life Assured increases a business loan that it has effected then, subject to 5(c)(ii) below, the Benefit Amount may be increased by no more than the amount of the increase in the business loan.
- (vi) The Policyholder will be required to produce any financial underwriting information that Scottish Equitable may request that is relevant to this Guaranteed Insurability Option. No increase to the Benefit Amount will be effected unless Scottish Equitable confirms in writing to the Policyholder that the financial information provided is satisfactory and that Scottish Equitable is prepared to go on risk for the increased Benefit Amount.

(f) Sole Trader

- (i) This Guaranteed Insurability Option to increase the Benefit Amount may be exercised in the event that the annual net relevant earnings of the Life Assured have increased or the Life Assured has increased the amount of a business loan. The Benefit Amount may be increased, subject to 5(c)(ii) below, by no more than either five times the increase in net relevant earnings or the amount of the increase in a business loan as appropriate.
- (ii) The Policyholder will be required to produce relevant financial accounts for the business of the Life Assured or written evidence from the Life Assured's lender and previous lender (if applicable), that is satisfactory to Scottish Equitable, which clearly shows the increase in the business loan of the Life Assured before the increase in the Benefit Amount can be effected.
- (ii) The Guaranteed Insurability Options may be exercised on more than one occasion but the total aggregate increase in the Benefit Amount as a result of exercising these Guaranteed Insurability Options, shall be restricted to the lowest of:
 - (a) 50% of the Benefit Amount (excluding any part of the Benefit Amount that has arisen from the previous exercise of any Guaranteed Insurability Options) as at the date of receipt by Scottish Equitable of the application to exercise the Guaranteed Insurability Option;

(b) 50% of the Benefit Amount as at the Benefit Start Date as escalated in terms of 3(d) above, if applicable; and

(c) £150,000 (£10,000 per annum for Family Income Benefit, Critical Illness Family Income Benefit, Life with Critical Illness Family Income Benefit and Income Protection, subject always to the maximum benefit payable in 4(k)(iii) above).

(iii) Where Guaranteed Insurability Options are exercised on more than one occasion then the percentage increases in Benefit Amount on each occasion shall be added together. When the combined percentages reach 50% then no further exercise of the Guaranteed Insurability Options is permitted.

(iv) The Benefit End Date for the additional benefit cannot be after the Benefit End Date of the original benefit.

(v) Guaranteed Insurability Options are available on all Main Benefits except Gift Inter Vivos Benefit.

(vi) No evidence of the good health of the Life Assured shall be required when exercising Guaranteed Insurability Options. Scottish Equitable reserves the right to obtain from the Life Assured, prior to the exercise of the Guaranteed Insurability Option becoming effective, such evidence as to the residency, occupation, smoking activity and leisure pursuits of the Life Assured as Scottish Equitable deems necessary in order to calculate the additional premium required in relation to the exercise of the Guaranteed Insurability Option.

(vii) On diagnosis of a Critical Illness or Total and Permanent Disability, in respect of which a claim for a Main Benefit is subsequently paid, the right to exercise any of the Guaranteed Insurability Options shall terminate immediately on such diagnosis. On the date of Incapacity, in respect of which a claim for Income Protection or Waiver of Premium is subsequently paid, the right to exercise any of the Guaranteed Insurability Options shall terminate immediately on that date; however, the Guaranteed Insurability Options shall be reinstated in the event that the Life Assured ceases to suffer from the Incapacity.

6. Additional Benefits

(a) Total and Permanent Disability Benefit

- (i) Where it is shown in the Policy Schedule that Total and Permanent Disability Benefit applies to a particular Main Benefit then, in the event that a Life Assured becomes Totally and Permanently Disabled as defined in the Policy Schedule, and provided that that Life

Assured survives for six months after the date on which Total and Permanent Disability is diagnosed, the Benefit Amount in relation to the Main Benefit will become payable.

For the purposes of this condition, Total and Permanent Disability (the term Totally and Permanently Disabled shall have an equivalent meaning) shall mean one of the three following definitions as stated in the Policy Schedule:

Own Occupation. The Life Assured must be Permanently and Irreversibly disabled and unable to carry out the Material and Substantial Duties of their occupation and there must be no reasonable prospect of there ever being any improvement sufficient to enable a return to their occupation, despite optimal appropriate medical and rehabilitation intervention. This disability must have already existed for a continuous period of six months.

Any Occupation. The Life Assured must be Permanently and Irreversibly disabled and unable to carry out any occupation and there must be no reasonable prospect of there ever being any improvement sufficient to enable a return to any occupation of any kind at all despite optimal appropriate medical and rehabilitation intervention. This disability must have already existed for a continuous period of six months.

Activities of Daily Living. The Life Assured has been unable, by reason of bodily injury or mental or physical illness, to carry out any three of the following five activities of daily living, because of Total and Permanent Disability lasting for a continuous period of six months and is, and will continue to be, unable to perform any three of these activities without the use of special equipment or the physical assistance of another person throughout the entire activity:

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.

Dressing – the ability to put on and take off all garments and/or braces, artificial limbs or other surgical appliances, and to secure and unfasten the garments or devices.

Feeding – the ability to feed oneself once food has been prepared and made available.

Toileting – the ability to use the lavatory or otherwise manage bowel and bladder function so as to maintain a satisfactory level of personal hygiene.

Mobility – the ability to move indoors from room to room on level surfaces.

In addition, Activities of Daily Living shall be deemed to include the Permanent and Irreversible mental impairment, as defined below, of the Life Assured. Permanent and Irreversible mental impairment will be determined by clinical evidence and recognised tests of mental capacity and shall mean material deterioration in or loss of mental capacity which results from an identifiable organic cause evidenced by deterioration in the ability to think, perceive, reason and remember, which results in a requirement for continual care and supervision.

- (ii) In the event that the Life Assured is either not in paid employment (including self employment where regular drawings are being taken) at any time during the term of the Policy or has reached age 60, then the definition of Total and Permanent Disability for the purposes of this condition shall be deemed to be the Activities of Daily Living definition. In the event that the Life Assured recommences paid employment (including self employment where regular drawings are being taken), prior to age 60, then the definition of Total and Permanent Disability will revert to the definition in place prior to the definition being changed to Activities of Daily Living.
- (iii) In the event that the survival period of six months, as described in (i) above, commences within the period of six months prior to the relevant Benefit End Date, then Scottish Equitable will make payment of the Benefit Amount, subject to the conditions stated in (i) above, at the end of the survival period and the relevant Benefit End Date will be extended accordingly for that purpose and for no other purpose.
- (iv) When a claim is paid for Total and Permanent Disability Benefit then no further claim for this benefit, or the Main Benefit to which it is related, will be admitted.

(b) Children's Critical Illness Protection

- (i) Where the Policy includes as a Main Benefit any cover for Critical Illness, as detailed in 4(b), (c), (e), (f), (i) and (j) above, then Children's Critical Illness Protection will apply to the Policy.
- (ii) In the event that any natural or legally adopted child of the Life Assured suffers from a Critical Illness between the age of 30 days and his 18th birthday inclusive, then Scottish Equitable will pay to the Policyholder a sum amounting to the lower of 50% of the total of all Benefit Amounts (relating to Main Benefits that include Critical Illness cover) applicable to the Policy or £20,000. This benefit can be paid for more than one child of the Life Assured.
- (iii) This benefit will only be paid on one occasion in relation to any particular child, although where both

parents of the child are each the Life Assured under separate single life benefits under this Policy, this benefit may be paid on no more than two occasions. If, at any time, the Life Assured is the life assured under more than one policy with Scottish Equitable that contains Children's Critical Illness Protection, then this condition **6(b)** will be deemed to apply to all such policies as if they were, together, one single policy.

(iv) In the event that a claim is paid in respect of any of the Main Benefit(s) to which this benefit relates then Children's Critical Illness Protection will terminate immediately after the claim for the Main Benefit is paid.

(v) No claim will be admitted in relation to this benefit where, in the opinion of a medical adviser appointed by Scottish Equitable, the Critical Illness in respect of which the claim is made has resulted directly or indirectly from a condition that the child was suffering from before the date on which the child was covered under this Policy.

(c) Waiver of Premium Benefit

(i) Where it is shown in the Policy Schedule that Waiver of Premium Benefit applies then the following conditions in respect of Waiver of Premium Benefit shall apply in respect of the Life or Lives Assured stated in the Policy Schedule as having this Waiver of Premium Benefit applied to them. Where the Policyholder wishes to make a claim for Waiver of Premium Benefit the Policyholder must notify Scottish Equitable as soon as possible and in any event at least in accordance with the following criteria:

Deferred Period	Notification Period
4 or 8 weeks	by week 2 of the Deferred Period
13 weeks	by week 4 of the Deferred Period
26 weeks	by week 6 of the Deferred Period
52 weeks	by week 12 of the Deferred Period

(ii) In this condition **6(c)** the following terms and expressions shall have the following meanings:

Benefit Period shall mean a continuous period of Incapacity of the Life Assured commencing at any time after the relevant Benefit Start Date and ending no later than the relevant Benefit End Date but excluding:

(a) any Deferred Period or part of any Deferred Period; and

(b) any period of Incapacity on or after the 65th birthday of the Life Assured.

Deferred Period shall mean the continuous period of Incapacity as stated in the Policy Schedule as being the Deferred Period.

Incapacity shall mean (and the term Incapacitated shall have an equivalent meaning), in respect of the Life Assured, one of the following definitions as stated in the Policy Schedule:

Own Occupation. The Life Assured is unable to do the Material and Substantial Duties of their own occupation as a result of accident or sickness and is not following any other occupation.

Any Suited Occupation. The Life Assured is unable to do their own occupation and unable to do all other occupations to which they are reasonably suited by education, training or experience as a result of accident or sickness.

Activities of Daily Work. The Life Assured will be deemed to be incapacitated if they are unable to perform three or more of the following activities if they satisfy either the Mental Incapacity or Mental Ill-health definitions:

Walking – the ability to walk a distance of 200 metres on a level surface without stopping due to breathlessness, angina or severe discomfort, and without the assistance of another person but including the use of appropriate aids, eg walking stick.

Climbing – the ability to walk up and down a flight of 12 stairs with the use of a handrail and taking a rest.

Bending – the ability to get into or out of a standard saloon car, or the ability to bend or kneel to pick up a teacup (or similar object) from the floor and straighten up again without the assistance of another person but including the use of appropriate aids.

Communicating – the ability to:

(a) clearly hear (with a hearing aid or other aid if normally used) conversational speech in a quiet room; or

(b) understand simple messages; or

(c) speak with sufficient clarity to be clearly understood

Reading – having eyesight, even after correction by spectacles or contact lenses, sufficient to read a standard daily newspaper or to pass the standard eyesight test for driving. Failure for this activity would include being certified blind or partially sighted by a registered ophthalmologist.

Dexterity – the physical ability to use hands and fingers, such as being able to communicate effectively using a pen, pencil or keyboard.

Responsibility and independence – the ability to independently make arrangements to see a doctor and take regular medication as prescribed by a medical practitioner, or similarly qualified medical doctor.

Financial competence – the ability to recognise the transactional value of money and the handling of routine financial transactions such as paying bills or checking change when shopping.

Mental Incapacity is defined as: 'Organic brain disease or brain injury (confirmed by neurological investigation) which has affected the ability of the Life Assured to reason and understand and has caused deterioration to an extent that they can no longer look after themselves without the need for continual supervision and assistance of another person.'

Mental Ill-health is defined as: 'Severe Mental Illness Classification ICD-10 Code. To qualify, the Life Assured will be required to be under the supervision of the mental health team Care Programme Approach (CPA) at its highest level (with or without Supervision Register) or equivalent.'

In the event that the Life Assured in respect of whom Waiver of Premium Benefit is being claimed is not in paid employment (including self-employment where regular drawings are being taken) at the start of a Benefit Period then the definition of Incapacity for the purposes of this condition shall be deemed to be the Activities of Daily Work definition.

- (iii) During any Benefit Period all monthly premiums due for payment under the Policy, for Main Benefits and Additional Benefits that Waiver of Premium Benefit is being claimed for, shall be provided and credited as paid by Scottish Equitable.
- (iv) (a) Where premiums are payable annually, one twelfth of the amount of each annual premium shall be provided and credited as paid by Scottish Equitable on the first day of each calendar month during the Benefit Period.
 - (b) When an annual premium falls due during a Benefit Period, the Policyholder may withhold payment of the premium on the due date but will pay, at the end of the Benefit Period, the amount, if any, by which the annual premium or annual premiums due during said Benefit Period exceeds or exceed the aggregate amount so provided by Scottish Equitable during such Benefit Period.
 - (c) Where no annual premium falls due during a Benefit Period (or the sums provided by Scottish Equitable, as aforesaid, exceed the annual premium or premiums falling due) the sums so provided (or such excess if applicable) shall be deducted from the annual premium next due after termination of the Benefit Period.

- (v) All provisions of the Policy shall continue during any Benefit Period except where otherwise stated to the contrary.
- (vi) Where there is a recurrence of Incapacity from the same or a related cause, it shall be deemed to be a continuation of the Incapacity and no Deferred Period shall be applicable thereto unless an intervening period of six months has elapsed.
- (vii) Waiver of Premium Benefit shall not be provided, and premiums will continue to be payable, in respect of any period occurring before Scottish Equitable receives written intimation of the claim and evidence, satisfactory to Scottish Equitable, of Incapacity.
- (viii) Where there is a variation in premiums, there shall be a corresponding variation in the amount of the premium that is required for the provision of Waiver of Premium Benefit at the revised premium level.

(ix) Evidence of Incapacity

Scottish Equitable shall be entitled to seek and obtain evidence of Incapacity and any other evidence as Scottish Equitable may require from time to time for the purpose hereof and, without prejudice to the foregoing generality, the following provisions shall apply:

- (a) Written evidence of Incapacity and such other evidence as Scottish Equitable may require shall be provided not later than one month after the end of the Deferred Period.
- (b) If entitled to Waiver of Premium Benefit, the Policyholder shall submit reports relating to the Incapacity of the Life Assured in a form prescribed by Scottish Equitable at such intervals as Scottish Equitable may reasonably decide and the Life Assured shall submit himself from time to time to medical examination by a medical officer appointed by Scottish Equitable. Where appropriate, Scottish Equitable will arrange a specialist assessment or home visit by a medical or Health Professional relevant to the Life Assured's condition.
- (c) The Policyholder will not be entitled to any Waiver of Premium Benefit hereunder if the Life Assured fails to seek or follow the advice of his Personal Medical Attendant or Consultant.
- (d) All evidence of Incapacity or other evidence as Scottish Equitable may require in terms of this provision shall be produced free of expense to the Policyholder and the Life Assured.

7. Exclusions

(a) General Exclusions

(i) Scottish Equitable will not pay the Benefit Amount, in respect of any claim based on the Critical Illness of the Life Assured, for any of the following Main Benefits – Critical Illness Protection, Life with Critical Illness Protection, Critical Illness Family Income Benefit, Life with Critical Illness Family Income Benefit, Reducing Critical Illness Protection, Reducing Life with Critical Illness Protection – in the event that the Critical Illness in respect of which the Main Benefit is being claimed is caused directly or indirectly from any of the following:

Unreasonable failure to follow medical advice: unreasonable failure to seek or follow medical advice;

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.

(ii) Scottish Equitable will not pay the Benefit Amount, in respect of any claim for Income Protection (which shall include Proportionate Benefit and Rehabilitation Benefit), Waiver of Premium Benefit or Total and Permanent Disability Benefit in the event that the Incapacity or Total and Permanent Disability in respect of which the benefit is being claimed was caused directly or indirectly by any of the following:

Alcohol or drug abuse: alcohol or drug abuse;

War and civil commotion: as defined in (i) above

In addition, Scottish Equitable will not pay the Benefit Amount in respect of any claim for Total and Permanent Disability Benefit in the event that Total and Permanent Disability was caused directly or indirectly by:

Unreasonable failure to follow medical advice: as defined in (i) above.

(b) Suicide Exclusion

Scottish Equitable will not pay the Benefit Amount, in respect of any claim based on the death of the Life Assured, for any of the following Main Benefits – Life Protection, Reducing Life Protection, Life with Critical Illness Protection, Reducing Life with Critical Illness Protection, Family Income Benefit, Life with Critical Illness Family Income Benefit and Gift Inter Vivos – in the event that the Life Assured has died as a result of their own actions (whether or not at the time of such action they were sane or insane):

(i) within 12 months of the Benefit Start Date of the Main Benefit in respect of which the claim relates; and/or

(ii) within 12 months of the date on which the Policy is reinstated in terms of 3(c)(iii) above, where the Policy has previously lapsed in terms of 3(c)(ii) above; and/or

(iii) within 12 months of the date on which the Benefit Amount increased, where the Benefit Amount for the Main Benefit in respect of which the claim relates has, at any time, increased from that applicable at the Benefit Start Date, but only in relation to the increased Benefit Amount.

(c) HIV and AIDS Exclusions

(i) Scottish Equitable will not pay the Benefit Amount, in respect of any claim for Income Protection (which shall include Proportionate Benefit and Rehabilitation Benefit), Waiver of Premium Benefit or Total and Permanent Disability Benefit if the Incapacity or Total and Permanent Disability in respect of which the benefit is being claimed, is caused directly or indirectly from infection with Human Immunodeficiency Virus (HIV) or conditions due to any Acquired Immune Deficiency Syndrome (AIDS).

(ii) The exclusion in (i) above will not apply in the event that infection by Human Immunodeficiency Virus was caused by one of the following:

(a) a blood transfusion given as part of medical treatment;

(b) physical assault;

(c) an incident occurring during the course of performing normal duties of employment from eligible occupations listed below;

Hospital doctors, surgeons and consultants; Hospital nurses; Hospital laboratory technicians; Hospital porters; Hospital caterers; Hospital cleaners; General practitioners and nurses employed by them; Fire brigade workers; Dental surgeons; Dental nurses; District nurses; Midwives; Paramedics; Ambulance workers; Hospital laundry workers; Policemen and policewomen; Prison officers.

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

(a) The incident must have been reported to appropriate authorities and have been investigated in accordance with the established procedures.

(b) 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.

(c) There must be a further HIV test within 12 months confirming the presence of HIV or antibodies to the virus.

(d) The incident causing infection must have occurred in the UK, Channel Islands or Isle of Man.

(d) Residency Exclusions

- (i) Residency exclusions for Critical Illness benefits and Total and Permanent Disability Benefit
 - (a) The exclusion detailed in (b) below will apply to Critical Illness Protection, Life with Critical Illness Protection, Critical Illness Family Income Benefit, Life with Critical Illness Family Income Benefit, Reducing Critical Illness Protection, Reducing Life with Critical Illness Protection and Total and Permanent Disability Benefit.
 - (b) In the event that a Life Assured (in the case of a joint policy either of the Lives Assured) travels or lives outside of either the Home Countries or the Designated Countries for a period of more than 13 consecutive weeks in any 12-month period then Cover for the benefits detailed in (a) above for that Life Assured will cease.
 - (c) Where the Life Assured travels or lives outside of either the Home Countries or the Designated Countries and Cover has ceased then Cover will resume 39 consecutive weeks after that Life Assured has returned to the Home Countries or Designated Countries.
 - (d) If the Life Assured is diagnosed with a Critical Illness or Total and Permanent Disability during a period where there is no cover in place then the Benefit Amount shall not be paid.
 - (e) The exclusion detailed in (b) above shall not apply to Life with Critical Illness Protection, Life with Critical Illness Family Income Benefit and Reducing Life with Critical Illness Protection in the event of the death of the Life Assured unless the Policy Schedule states otherwise.
 - (f) Scottish Equitable may, at its sole discretion, agree to extend the 13-week period stated in (b) above subject to such terms and conditions that it may apply in addition to or in variation of these Policy Conditions.
- (ii) Residency exclusions for Income Protection and Waiver of Premium Benefit
 - (a) The exclusion detailed in (b) below will apply to Income Protection and Waiver of Premium Benefit.
 - (b) In the event that a Life Assured (in the case of a joint policy either of the Lives Assured) travels or lives outside of the Home Countries or the Designated Countries for a period of more than

13 consecutive weeks in any 12-month period then cover for the benefits detailed in (a) above for that Life Assured will cease. Where the Life Assured travels or lives within the Designated Countries then Cover for that Life Assured will cease after a period of 26 consecutive weeks in any 12-month period.

- (c) (i) Where the Life Assured travels or lives outside of the Home Countries or the Designated Countries and Cover has ceased then Cover will resume 39 consecutive weeks after that Life Assured has returned to the Home Countries.
 - (ii) Where the Life Assured travels or lives within the Designated Countries and Cover has ceased then Cover will resume 26 consecutive weeks after that Life Assured has returned to the Home Countries.
- (d) In the event that the Life Assured suffers Incapacity when cover is not in place then a claim may only be made when cover resumes and the Deferred Period would begin on that date.
- (e) Scottish Equitable may, at its sole discretion, agree to extend the periods stated in (b) above subject to such terms and conditions that it may apply in addition to or in variation of these Policy Conditions.

8. Special Circumstances

If, during the term of the Policy, legislation (including delegated legislation and statutory instruments) or other circumstances make it impractical or impossible to give full effect to these Policy Conditions and the provisions of the Policy or if the basis of taxation applicable to Scottish Equitable is altered, Scottish Equitable may make such alterations to the Policy and the Policy Conditions as it deems appropriate in the circumstances.

9. Claims

(a) Benefit Payment

Before paying the Benefit Amount Scottish Equitable will require to be satisfied of:

- (i) the occurrence of the event or contingency on which the Benefit Amount is to become or remain payable, as appropriate;
- (ii) the title of the person(s) claiming the Benefit Amount; and
- (iii) the age or ages of the Life Assured or Lives Assured named in the Policy Schedule.

(b) Evidence of Critical Illness, Terminal Illness or Total and Permanent Disability

Where the Policyholder wishes to make a claim for benefits in connection with either the Critical Illness, Terminal Illness or Total and Permanent Disability of the Life Assured, Scottish Equitable shall be entitled to seek and obtain from the Policyholder evidence of the Critical Illness, Terminal Illness or Total and Permanent Disability and any other evidence as Scottish Equitable may reasonably require and, without prejudice to the foregoing generality, the following provisions shall apply:

- (i) Written evidence of Critical Illness, Terminal Illness or Total and Permanent Disability and such other evidence as Scottish Equitable may reasonably require shall be produced not later than one month after written notification of the Critical Illness, Terminal Illness or Total and Permanent Disability is received by Scottish Equitable.
- (ii) The Policyholder shall submit reports relating to the Critical Illness, Terminal Illness or Total and Permanent Disability of the Life Assured in a form approved by Scottish Equitable and the Life Assured shall submit himself to a medical examination by a medical officer appointed by Scottish Equitable. All evidence of Critical Illness, Terminal Illness or Total and Permanent Disability or other evidence as Scottish Equitable may require shall be produced free of expense to the Policyholder and the Life Assured.
- (iii) In the event that the Policyholder fails to comply with (i) and (ii) above, Scottish Equitable reserves the right to refuse to pay the Benefit Amount being claimed.

(c) Notification of Occupation prior to Claim

- (i) This condition shall apply in the event that the Policyholder is at any time covered for any of Income Protection, Total and Permanent Disability Benefit and Waiver of Premium Benefit.
- (ii) In the event that the Life Assured changes his occupation, from that disclosed to Scottish Equitable on the Application for any of the benefits stated in (i) above, then the Policyholder shall be under an obligation to notify Scottish Equitable, in writing, at the time of making a claim for any of these benefits of the precise details of the occupation that he was carrying out immediately prior to the claim being made for any of these benefits.
- (iii) Scottish Equitable will assess claims for any of the benefits stated in (i) above on the occupation that the Life Assured was doing immediately prior to the claim being made.

10. Miscellaneous

(a) Notices

Scottish Equitable will not be required to accept or act upon any claim under the Policy or request or instruction validly made under these Policy Conditions until it has received at its office at Ballam Road, Lytham St Annes, Lancashire FY8 4JZ or at its Registered Office from time to time, written notification thereof and all documentation and information which Scottish Equitable may require.

(b) Agreement of Scottish Equitable

Where under the Policy, the agreement, consent or approval of Scottish Equitable is required, such agreement, consent or approval shall not be deemed given unless and until same is confirmed in writing by Scottish Equitable.

(c) Payments made under the Policy

All payments of premiums and of benefits under the Policy shall be made in the currency of the United Kingdom from time to time and payments of benefits shall not be made to a bank account outside the United Kingdom unless Scottish Equitable agrees otherwise with the Policyholder.

(d) Law and Jurisdiction

- (i) With regard to this Policy and all matters connected with it, the Policyholder and Scottish Equitable shall be subject to the jurisdiction of the courts of law in the part of the United Kingdom in which it is deemed to have been effected.
- (ii) The applicable law in respect of the Policy shall be determined by the residence of the Policyholder as at the date of the Application. If the Policyholder is resident at the date of the Application in:
 - (a) England or Wales, the law of England shall apply;
 - (b) Scotland, the law of Scotland shall apply; or
 - (c) Northern Ireland, the law of Northern Ireland shall apply.

Where the Policyholder is resident elsewhere at the date of the Application then the law of Scotland shall apply.

- (iii) If the Policyholder is, as at the date of the Application, more than one person then the applicable law will be determined by the residence of the first Policyholder named on the Application.

Appendix

Critical Illness Definitions

Alzheimer's disease – resulting in permanent symptoms

A definite diagnosis of Alzheimer's disease 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.

Aorta graft surgery – for disease or traumatic injury

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

Aplastic anaemia – with permanent bone marrow failure

A definite diagnosis of aplastic anaemia by a Consultant Haematologist. There must be permanent bone marrow failure with anaemia, neutropenia and thrombocytopenia.

Bacterial meningitis – resulting in permanent symptoms

A definite diagnosis of bacterial meningitis by a Consultant Neurologist. There must be permanent neurological deficit with persisting clinical symptoms.

For the above definition, the following are not covered:

- Meningococcal septicaemia
- Any other form of meningitis.

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.

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.

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, lymphoma and sarcoma.

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 either borderline malignancy; or
 - having low malignancy 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 other than malignant melanoma that has been histologically classified as having caused invasion beyond the epidermis (outer layer of skin).

Cardiomyopathy – of specified severity

A definite diagnosis of cardiomyopathy by a Consultant Cardiologist that has resulted in permanent damage to the heart muscle and function resulting in both of the following:

- A reduced ejection fraction of 35%
- Impairment to the degree of class IV New York Association classification of cardiac impairment

For the above definition, the following are not covered:

- Cardiomyopathy directly related to alcohol or drug abuse
- All other forms of heart disease, heart enlargement and myocarditis.

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 drug abuse.

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.

Creutzfeldt-Jakob disease – resulting in permanent symptoms

A definite diagnosis of Creutzfeldt-Jakob disease by a Consultant Neurologist. There must be permanent clinical impairment of motor function and 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.

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.

Dementia – resulting in permanent symptoms

A definite diagnosis of dementia, due to progressive degenerative brain disease, 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:

- Non organic psychiatric illnesses.

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 $>1.0\text{ng/ml}$
 - AccuTnI $>0.5\text{ng/ml}$ 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.

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.

HIV infection – caught in the UK, Channel Islands or Isle of Man, from a blood transfusion, a physical assault or at work in an eligible occupation

Infection by Human Immunodeficiency Virus was caused by one of the following:

- (a) a blood transfusion given as part of medical treatment;
- (b) physical assault;

- (c) an incident occurring during the course of performing normal duties of employment from eligible occupations listed below:

Hospital doctors, surgeons and consultants; Hospital nurses; Hospital laboratory technicians; Hospital porters; Hospital caterers; Hospital cleaners; General practitioners and nurses employed by them; Fire brigade workers; Dental surgeons; Dental nurses; District nurses; Midwives; Paramedics; Ambulance workers; Hospital laundry workers; Policemen and policewomen; Prison officers.

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, Channel Islands or Isle of Man.

For the above definition the following is not covered:

- HIV infection resulting from any other means, including sexual activity or drug abuse.

Kidney failure – requiring dialysis

Chronic and end stage failure of both kidneys to function, as a result of which regular dialysis is necessary.

Liver Failure – advanced stage

Advanced stage liver failure due to cirrhosis and resulting in all of the following:

- Permanent jaundice
- Ascites
- Encephalopathy

For the above definition, the following is not covered:

- Liver disease secondary to alcohol or drug abuse.

Loss of hands or feet – permanent physical severance

Permanent physical severance of any combination of two or more hands or feet at or above the wrist or ankle joints.

Loss of speech – permanent and irreversible

Total permanent and irreversible loss of the ability to speak as a result of physical injury or disease.

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The term malignant tumour includes leukaemia, lymphoma and sarcoma.

For the above definition, the following are not covered:

- All cancers which are histologically classified as any of the following:
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 - non-invasive;
 - cancer in situ;
 - having either borderline malignancy; or
 - having low malignancy 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
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- A reduced ejection fraction of 35%
- Impairment to the degree of class IV New York Association classification of cardiac impairment

For the above definition, the following are not covered:

- Cardiomyopathy directly related to alcohol or drug abuse
- All other forms of heart disease, heart enlargement and myocarditis.

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- Reason; and
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For the above definition, the following are not covered:

- Other types of dementia.

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.

Dementia – resulting in permanent symptoms

A definite diagnosis of dementia, due to progressive degenerative brain disease, 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:

- Non organic psychiatric illnesses.

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 Tropionins recorded at the following levels or higher:
 - Troponin T $>1.0\text{ng/ml}$
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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.

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.

HIV infection – caught in the UK, Channel Islands or Isle of Man, from a blood transfusion, a physical assault or at work in an eligible occupation

Infection by Human Immunodeficiency Virus was caused by one of the following:

- (a) a blood transfusion given as part of medical treatment;
- (b) physical assault;

(c) an incident occurring during the course of performing normal duties of employment from eligible occupations listed below:

Hospital doctors, surgeons and consultants; Hospital nurses; Hospital laboratory technicians; Hospital porters; Hospital caterers; Hospital cleaners; General practitioners and nurses employed by them; Fire brigade workers; Dental surgeons; Dental nurses; District nurses; Midwives; Paramedics; Ambulance workers; Hospital laundry workers; Policemen and policewomen; Prison officers.

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, Channel Islands or Isle of Man.

For the above definition the following is not covered:

- HIV infection resulting from any other means, including sexual activity or drug abuse.

Kidney failure – requiring dialysis

Chronic and end stage failure of both kidneys to function, as a result of which regular dialysis is necessary.

Liver Failure – advanced stage

Advanced stage liver failure due to cirrhosis and resulting in all of the following:

- Permanent jaundice
- Ascites
- Encephalopathy

For the above definition, the following is not covered:

- Liver disease secondary to alcohol or drug abuse.

Loss of hands or feet – permanent physical severance

Permanent physical severance of any combination of two or more hands or feet at or above the wrist or ankle joints.

Loss of speech – permanent and irreversible

Total permanent and irreversible loss of the ability to speak as a result of physical injury or disease.

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.

Motor neurone disease – resulting in permanent symptoms

A definite diagnosis of motor neurone disease by a Consultant Neurologist. There must be permanent clinical impairment of motor function.

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.

Paralysis of limbs – total and irreversible

Total and Irreversible loss of muscle function to the whole of any two limbs.

Parkinson's disease – resulting in permanent symptoms

A definite diagnosis of Parkinson's disease by a Consultant Neurologist. There must be permanent clinical impairment of motor function with associated tremor, rigidity of movement and postural instability.

For the above definition, the following is not covered:

- Parkinson's disease secondary to drug abuse.

Progressive Supranuclear Palsy – resulting in permanent symptoms

A definite diagnosis of progressive supranuclear palsy by a Consultant Neurologist. There must be permanent clinical impairment of eye movements and motor function.

Respiratory failure – of advanced stage

Advanced stage emphysema or other chronic lung disease, resulting in all of the following:

- The need for continuous daily oxygen therapy on a permanent basis
- The permanent impairment of lung function tests as follows:

Forced Vital Capacity (FVC) and Forced Expiratory Volume at 1 second (FEV1) being less than 50% of normal.

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.

Terminal Illness

Advanced or rapidly progressing incurable illness where, in the opinions of an attending Consultant and Scottish Equitable's Chief Medical Officer, the life expectancy is no greater than 12 months.

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.

Traumatic head injury – resulting in permanent symptoms

Death of brain tissue due to traumatic injury resulting in permanent neurological deficit with persisting clinical symptoms.

