

[www.pgmutual.co.uk](http://www.pgmutual.co.uk)

# Holloway Income Protection Policy

The provisions of this policy are taken directly from Schedule 1 to the Society's Rules.

In the unlikely event of any discrepancy between this document and Schedule 1, the provisions of Schedule 1 will be applied.

# Table of Contents

## **Schedule 1 (Holloway Income Protection Policy)**

<b>Article 1</b>	Income Membership	1
<b>Article 2</b>	Increased Insurance Cover	2
<b>Article 3</b>	Reduction of Insurance Cover	2
<b>Article 4</b>	Arrears in Contributions	2
<b>Article 5</b>	Distressed Income Members	3
<b>Article 6</b>	Commuted Membership	3
<b>Article 7</b>	Declaration On the Sick Fund	3
<b>Article 8</b>	Declaration Off the Sick Fund	4
<b>Article 9</b>	Sick Fund Assessment	4
<b>Article 10</b>	Division of Surplus	7
<b>Article 11</b>	Terminal Bonus	8
<b>Article 12</b>	Termination of Income Membership and Withdrawals of Capital	8
<b>Article 13</b>	Nominations	10
<b>Article 14</b>	Misrepresentations and Non-disclosure	11
<b>Article 15</b>	General Administration Provisions and Definitions	11
<b>Article 16</b>	Effective Dates and Previous Policies	16

# Schedule 1 (Holloway Income Protection Policy)

## Article 1 Income Membership

- (I) (a) Any Eligible Person may apply to become an Income Member under this schedule and, subject to the Board's approval of his application, Contribute towards Income Benefit insurance of 60p per week per Share and Unit granted. The minimum and maximum number of Shares and Units he may Contribute towards shall be determined by the Board from time-to-time. The Board can at its discretion specify different maxima for different occupational or insurance risk groups. At the Board's discretion, an Income Member can have his Income Benefit based solely on Shares or Units.
- (b) The requirements as to the form of the application an Applicant must complete to become an Income Member, and the due diligence process that he must complete before an offer of Income Membership can be made will be determined by the Board at its discretion from time-to-time. The Board may refuse to accept an application for Income Membership and will not be required to give a reason for any such refusal. At the Board's discretion, an Income Member can hold more than one Policy under this schedule.
- (c) Annual Contributions for Income Membership will fall due on the 1st January each Year and will be calculated in accordance with the Rates to this schedule. An Income Member joining or leaving the Society shall pay in his initial and final Year such proportion of his current annual Contribution as is appropriate according to the number of days he is in Income Membership in those Years. The Board at its discretion may specify the manner and the frequency of Contribution payments under this schedule from time-to-time.
- (d) Any arrears in Contributions outstanding at the end of the Year may, if the Board so decides, be deducted from the provisional balance standing to the credit of the Income Member's ICA.
- (e) The Rates for this schedule that will be used to determine the annual Contributions for Income Members will be determined by the Board from time-to-time. The Rates can be amended by the Board at its discretion.
- (f) When applying for Income Membership, the Applicant must inform the Society whether he wishes to Contribute towards Reducing Income Benefit or Level Income Benefit, and whether or not he would like to select a Claim Deferment Period. If the Society is prepared to make an offer of Income Membership, but not on the Insurance Cover options selected by the Applicant, the Society can make its offer subject to the Applicant's acceptance of different Insurance Cover options.
- (g) When making an offer of Income Membership to an Applicant in accordance with this schedule, the Board can make this offer conditional on the Applicant's agreement to Special Conditions.
- (h) An Income Member shall not be entitled to any Income Benefit after he has reached his Policy Retirement Date.
- (II) (a) Each Income Member will be issued with a Policy Schedule that will confirm his Shares and Units, his long-term income benefit level for the purpose of Article 9 (IV), his Claim Deferment Period, the commencement date of his Income Membership, and his Policy Retirement Date.
- (b) If there is any subsequent change in an Income Members Insurance Cover, an updated Policy Schedule will be issued to confirm his updated Insurance Cover. The commencement date of the changes will be confirmed in the new Policy Schedule.
- (c) If the standard definition of incapacity that would apply to an Income Member in the event of a Declaration is not Own Occupation, then the definition that would apply must be stated in the Policy Schedule.

## Article 2 Increased Insurance Cover

- (I) Applications from an eligible income Member for an increase in his cumulative holding of Shares or Units, a change in the mix of Shares and Units that determine his Income Benefit, a shorter Claim Deferment Period, or to change from Reducing Income Benefit to Level Income Benefit, may be made at any time but acceptance will be at the Board's discretion.
- (II) The application, due diligence, offer and acceptance process under this Article will follow the same process provided for under Article 1 unless the Board applies an alternative process.
- (III) An application for increased Insurance Cover will not be considered from an Income Member whilst making a Declaration.
- (IV) The Board can make the acceptance of an application under this Article subject to the Income Members agreement to Special Conditions.
- (V) The commencement date of an increase in Insurance Cover under this Article will be stated in the updated Policy Schedule issued in accordance with Article 1 (II)(b). The Board may refuse to allow an Income Member to increase his Insurance Cover under this schedule without giving any reason for such refusal.

## Article 3 Reduction of Insurance Cover

- (I) An Income Member may reduce his cumulative holding of Shares or Units, lengthen his Claim Deferment Period, or change from Level Income Benefit to Reducing Income Benefit at any time by applying in the manner prescribed by the Board at its discretion.
- (II) A reduction in an Income Members Insurance Cover under this Article will take effect from the commencement date shown in the updated Policy Schedule issued under Article 1 (II)(b).

## Article 4 Arrears in Contributions

- (I) If an Income Member is more than four months in arrears with his Contributions he shall be liable to expulsion from the Society, but if he is unable to pay his Contributions as a consequence of distressed circumstances he may apply to the Secretary in the manner prescribed by the Board for an extension; and the Secretary shall have the power, upon receiving satisfactory evidence of the reason for his inability to pay, to grant such an extension or agree a payment plan. Failure to comply with the extension granted, or the payment plan agreed, will make the Income Member liable to expulsion in the same manner under this paragraph as if no extension or payment plan had been agreed.
- (II) Should an Income Member not be more than fourteen days in arrears with his Contributions and desiring Income Benefit, he may make a Declaration and the Secretary shall be empowered to deduct from the payment of Income Benefit the amount of the arrears, but if he is more than fourteen days in arrears with his Contributions he will not be entitled to make a Declaration. Upon the payment of arrears of more than fourteen days, a period not exceeding 30 days shall elapse, subject to the discretion of the Board, before the Income Member shall be eligible to make a Declaration.
- (III) Any Income Member expelled from the Society under this Article will be treated as if he had voluntarily retired or resigned from Income Membership under Article 12. The Secretary is authorised to deduct and retain from the final balance of the Income Member's ICA, calculated in accordance with Article 12 (V), any arrears of Contributions.

## Article 5 Distressed Income Members

Any Income Member who is unable to pay his Contributions in consequence of distressed circumstances, may apply in writing to the Secretary to have his Contributions paid from his ICA with the Society; and the Secretary shall have the discretion, upon receipt of what he deems to be satisfactory evidence, to allow such Contribution to be paid as aforesaid, provided always that after such remission the amount standing to the Income Member's credit is not reduced below the sum apportioned to him from the latest two years' Income Bonuses. The Secretary's view of what constitutes distressed circumstances and satisfactory evidence shall be final.

## Article 6 Commuted Membership

An Income Member holding Shares may at any time, with the consent of the Board, elect to discontinue as an Income Member, and continue as a Commuted Member under Schedule 2 (Commuted Holloway Policy) in the manner prescribed by the Board from time-to-time.

## Article 7 Declaration On the Sick Fund

- (I) Every Income Member wishing to claim Income Benefit must make a Declaration on the Sick Fund of the Society in accordance with this Article. He must notify the Secretary of his intention to make a Declaration, complete and return a sickness claim form with evidence to support his claim to the Society within twenty-eight days from the date he became eligible to receive Income Benefit under this schedule. The form of the sickness claim form will be determined by the Board from time-to-time. While the Board can at its discretion specify otherwise, the supporting evidence he will be required to provide with the sickness claim form under this paragraph is certification by his attending medical physician confirming his incapacity in accordance with the relevant provision of Article 9 (VI).
- (II) If any Income Member fails to make a Declaration in accordance with paragraph (I) of this Article he shall, at the discretion of the Board, be liable to forfeit any Income Benefit that would have been due under this schedule up to and including the day before the Society received the completed sickness claim form and any required evidence to support his Declaration.
- (III) Income Benefit shall be payable from the date after the completion of the Income Members Claim Deferment Period. The Claim Deferment Period will begin to apply from the date he first met the relevant standard of incapacity in Article 9 (VI).
- (IV) While Declaring, every Income Member shall furnish evidence of incapacity or such other information as the Board may at its discretion request to aid the Society's assessment and monitoring of a Declaration. If he fails to provide such evidence or information within twenty-one days of the request, the terms of paragraph (II) with regards to forfeiture of Income Benefit will apply in the same manner as if his sickness claim form was late.
- (V) An Income Member travelling or residing outside his country of residence as shown in the Society's Register of Members, or if he is on any vacation, shall not be entitled to Declare (or continue to be Declared) from the first date concerned until he has returned to the country in the Register of Members, or completed his vacation, unless the Board at its discretion determines otherwise.
- (VI) If on the evidence available, the Board is satisfied that an Income Member has made an improper, false or fraudulent Declaration, the Board shall have the power at its discretion to expel him from the Society and to order forfeiture of all or any part of his ICA and all claims upon the funds of the Society. Furthermore, he may be required to reimburse to the Society, with interest at such rate as the Board may determine providing it does not exceed 3% above Base Rate, any Income Benefits which he has received but which were the subject of the improper, false or fraudulent Declaration concerned.

## Article 8 Declaration Off the Sick Fund

If an Income Member ceases to be incapacitated in accordance with the relevant part of Article 9 (VI), or if he otherwise becomes ineligible under this schedule, he shall cease to be entitled to claim Income Benefit and must appropriately notify the Secretary, who shall then declare him off the Sick Fund. If he fails to notify the Secretary that he is no longer entitled to Income Benefit he must refund any Income Benefit paid to him after the date on which his eligibility ceased and will, at the Board's discretion, render himself liable to the provisions of Article 7 (VI).

## Article 9 Sick Fund Assessment

- (I) An Income Member incapacitated in accordance with the relevant part of paragraph (VI) of this Article shall be entitled to Income Benefit. Providing he has complied with the terms of Article 7, and is not more than fourteen days in arrears in accordance with Article 4, he shall be entitled to receive Income Benefit from and including the date of commencement determined under Article 7 (III) until he Declares-Off.
- (II) In the event an Income Member's Income Benefit under paragraph (III) would exceed 70% of his Earnings when Declaring, or if he continues to receive any income from his occupation or from other sources of income (excluding any state benefits) while Declaring, the amount of Income Benefit he is entitled to receive shall be proportionately reduced to ensure the total Income Benefit payable, including any aforementioned continuing income, will not exceed 70% of his Earnings. If at the time of his last application for Income Benefit he was granted a level of Income Benefit based on a proportion of Earnings other than 70%, or on some other basis agreed with the Society, the other limit will be applied. He will not be entitled to any refund of premium if his Income Benefit is reduced under this paragraph, but he will be allowed to reduce his Income Benefit under Article 3 if he wishes.
- (III) Income Benefit shall be at the rate prescribed in Article 1 for each week (beginning on a Monday and ending on the following Sunday) per Share and Unit the Income Member Contributes for. If Income Benefit is not due in respect of the whole of such a week, a proportion of one sixth of the weekly rate shall be paid to him for each day (subject to a maximum of six days) during that week that Income Benefit is due. At the Board's discretion, the proportion of the weekly rate can be divided by the number of days in the week he would normally work to support the Earnings his Income Benefit is based on.
- (IV) If an Income Member Contributes for Level Income Benefit, then Income Benefit will be paid in full throughout a Declaration. If he Contributes for Reducing Income Benefit, then throughout a Declaration, unless his Policy Schedule specifies otherwise for the stages that follow, Income Benefit shall be paid in full for an initial period of one hundred and four weeks (first stage); then at 30p per week per Share and Unit held for the following fifty-two weeks (second stage); and thereafter, at 18p per week per Share and Unit held (final stage). This provision will apply until he is Declared-Off or reaches his Policy Retirement Date.
- (V) In the case of an Income Member who received Income Benefit for less than six months before Declaring-Off then within three months makes a new Declaration, the second Declaration shall be deemed to be a continuation of the former for the purpose of paragraph (IV) of this Article. Alternatively, if he received Income Benefit for six months or more before Declaring-Off, a second Declaration within nine months shall also be deemed to be a continuation of the former. In either case, if he provides the Board with appropriate medical evidence to demonstrate that the cause of the second Declaration arose from causes wholly unconnected with the first, the Board will waive this paragraph. However, nothing in this paragraph shall prohibit the Board from finding a second Declaration to be a continuation claim for the purpose of paragraph (IV) of this Article if it has

reasonable grounds to believe that an Income Member subscribing for Reducing Income Benefit has attempted to avoid or unreasonably delay the prescribed reduction in his Income Benefit. A Claim Deferral Period would not be applied to a Declaration that was determined to be a continuation of a previous claim under this paragraph.

- (VI) (a) Income Benefit shall be paid by the Society only in respect of the injury to, illness or disease of, the Income Member which results in his incapacity. "Incapacity" will be defined by sub-paragraph (b) unless, in accordance with Article 1 (II)(c), sub-paragraph (c) or sub-paragraph (d) are specified in the Income Member's Policy Schedule.

#### Own Occupation

- (b) In respect of an Income Member who is normally and regularly engaged for profit or reward in an occupation or occupations immediately prior to his Declaration, "incapacity" shall mean his total inability to perform all of the essential duties of such occupations; and that he is not following any other occupation for profit or reward. If he was NOT normally and regularly engaged for profit or reward in an occupation or occupations immediately prior to the Declaration, "incapacity" will be determined in accordance with sub-paragraph (d).

#### Any Suitable Occupation

- (c) In respect of an Income Member who is normally and regularly engaged for profit or reward in an occupation or occupations immediately prior to his Declaration, "incapacity" shall mean his total inability to perform all of the essential duties of such occupations and the essential duties of such other occupations as his skills, training or qualifications would reasonably make him suitable for; and that he is not following any other occupation for profit or reward. If he was NOT normally and regularly engaged for profit or reward in an occupation or occupations immediately prior to the Declaration, "incapacity" will be determined in accordance with sub-paragraph (d).

#### Activities of Daily Living

- (d) "Incapacity" under this sub-paragraph shall mean either the necessary permanent confinement of the Income Member to his normal place of residence, a hospital/ medical establishment, or to such other premises as may be agreed by the Board; or it shall mean his total inability to perform unaided three or more of the following activities of daily living: dressing and undressing; washing and bathing; eating and drinking; preparing and cooking food; cleaning and laundering clothes; climbing stairs; shopping. In the first part of this paragraph, "permanent" may, at the Board's discretion, be interpreted to include cases where recovery is possible but such a recovery is likely to be prolonged.
- (e) Without prejudice to the sub-paragraphs of this paragraph (VI), an Income Member who is only partially incapacitated may at the discretion of the Board be allowed to follow any employment, or occupation, or training to assist in procuring a livelihood or developing a suitable alternative career, whilst still receiving such proportion of the Income Benefit for which he Contributes towards as the Board may specify in the exercising of its discretion.
- (f) When interpreting "occupation" under this paragraph, the occupation or occupations an Income Member was normally and regularly engaged in for profit or reward will be defined objectively as "profession" or "professions". For instance "pharmacist", "accountant" etc. If when making a Declaration his profession or professions are difficult to ascertain, or if he can demonstrate to the Board's satisfaction that there are exceptional reasons why this definition of profession would be too broad and unreasonable to him, then the essential occupational duties he must be totally unable to perform will be those common to occupational roles similar to his own.

(VII) Any Income Member who is incapacitated by reason of:

- (a) Intentional self-injury;
- (b) Surgical procedures carried out solely for cosmetic purposes;
- (c) The misuse of alcohol or drugs (other than drugs taken as directed or administered by a registered medical or dental practitioner);
- (d) Any disorderly conduct, or criminal act or omission;
- (e) Wilful participation in riot or civil commotion;
- (f) By accidents arising from or during participation in any Hazardous Activity other than those declared to and accepted on risk by the Society;
- (g) War, invasion of or act of a foreign enemy or any enemy foreign to the country in which the incapacity was caused or civil war (in each case whether war is declared or not);
- (h) Any mental, nervous psychotic or psychoneurotic deficiencies or disorder, including all neurosis, depression or anxiety;
- (i) Reactive disorders consequent upon or arising from the illness, death, injury or other misfortune of whatsoever nature of another person; or
- (j) The direct or indirect effects of radiation or radioactive contamination;

shall not be entitled to Income Benefit in respect of such incapacity or any disease, illness or injury consequent thereon.

(VIII) Income Members shall not be entitled to Income Benefit during any illness or infirmity arising from

- (a) Pregnancy, although while the condition of pregnancy cannot be an illness under this schedule, complications arising from the pregnancy can be considered as an illness when considering a Declaration ; or
- (b) Abortion, fertilisation or sterilisation procedures.

(IX) The Society may require an Income Member who has made a Declaration to undergo an examination by a doctor or other appropriate examiner appointed by the Society and if he refuses to be so examined he shall be Declared-Off and will not be entitled to receive Income Benefit. The Society may at its discretion suspend payment of Income Benefit pending provision of the examination report. If, in the opinion of the Society's appointed doctor or examiner, the Income Member is not entitled to Declare, the Secretary shall have the power to decline his Declaration, or to treat him as Declared-Off as appropriate, and may require him to pay part or all of the cost of the examinations.

(X) Any Income Member who has made a Declaration and whose incapacity is subsequently found to have arisen from any of the causes specified in paragraphs (VII) or (VIII) of this Article may, at the discretion of the Board, be subject to Article 7 (VI) save that the Board shall only have the power to order any forfeiture if he knowingly claimed in respect of incapacity arising from any of the causes specified in paragraphs (VII) or (VIII) of this Article.



- (XI) If any Income Member whilst Declared does any work for profit or reward, whether in his own occupation or otherwise, except in accordance with the provisions of paragraph (VI)(e) of this Article, the Board shall have the power to order the repayment of part or all of the Income Benefit paid to him for the period they were working, together with interest thereon at such a rate as the Board may determine, though not to exceed 3% above Base Rate. Such an Income Member shall also at the discretion of the Board be subject to Article 7 (VI).
- (XII) The Board may at any time make such enquiries into the circumstances of any Declaration in whatever manner it deems appropriate including, but not limited to, authorising the Secretary to investigate such Declared Income Members as he may deem expedient. Investigation of such Income Members may be carried out by any lawful and reasonable means including, but not limited to, visits to an Income Member by an officer or agent or employee of the Society, or by another appropriate person instructed by the Secretary on behalf of the Society.
- (XIII) Any Income Member whilst Declared and during any relevant period prior to Declaring shall:
  - (a) Refrain from any behaviour likely to retard his recovery; and
  - (b) Comply with the advice or counsel of any qualified medical adviser entrusted with his care, and not to unreasonably refuse to undergo any treatment or surgery recommended by any such medical adviser.

## Article 10 Division of Surplus

- (I) At every 31st December, the Board shall ascertain and set aside the sum of all Contributions received into the Revenue Account from Income Members under Schedule 1 (Holloway Income Protection Policy), Commuted Members under Schedule 2 (Commuted Holloway Policy), and Income Plus Members under Schedule 3 (Holloway Income Protection Plus Policy) during that Year, together with such proportion of interest yielded on the invested funds of the Society during that Year as the Board may deem equitable, less deductions during that Year for:
  - (a) All Income Benefit claims made by Income Members under Schedule 1 (Holloway Income Protection Policy) and Income Plus Members under Schedule 3 (Holloway Income Protection Plus Policy);
  - (b) The costs of management of the Society as met from the Revenue Account; and
  - (c) Any sum which the Board may consider prudent to transfer to a Reserve Fund.
- (II) The amount set aside under paragraph (I) of this Article (excluding any interest yielded on the invested funds of the Society that are to be apportioned in accordance with paragraph (IV) below) shall be allocated as Income Bonuses to the credit of the ICA of each Income Member, Income Plus Member or Commuted Member in the books of the Society in proportion to the number of Shares held by him during that Year ended 31st December.
- (III) An Income Member, Income Plus Member or Commuted Member paying less than a full year's Contributions to the funds of the Society, or who varied his holding of Shares during that Year ended 31st December, shall be entitled to a part only of the Income Bonus under paragraph (II) of this Article for the days in which the appropriate Contribution has been paid.
- (IV) Interest shall be calculated on the balance standing to an Income Member's, Income Plus Member's or Commuted Member's credit in his ICA at the commencement of that Year. This interest shall be adjusted as appropriate in proportion to the number of days before and after any withdrawals or deductions made during the year from an Income Member's, Income Plus Member's or Commuted Member's ICA. Interest shall be apportioned at such a rate as the Board shall decide at its discretion and shall be placed to the credit of each Income Member's, Income Plus Member's and Commuted Member's ICA.

- (V) The division of surplus funds and interest calculations directed under this Article shall be made only provisionally and for the purpose of ascertaining the share in the surplus funds of the Society which an Income Member, Income Plus Member or Commuted Member would be entitled to have paid to him upon his ceasing to belong to the Society in accordance with the relevant provisions of Schedule 1 (Holloway Income Protection Policy), Schedule 2 (Commuted Income Protection Policy) or Schedule 3 (Holloway Income Protection Plus Policy) respectively.
- (VI) Each Income Member, Income Plus Member and Commuted Member will be entitled to an annual interest and Income Bonus statement confirming the interest and Income Bonuses declared for the 31st December under this Article by no later than the 30th June of the following Year.

## Article 11 Terminal Bonus

- (I) The Board may, if in its opinion the relevant funds of the Society so permit, declare on 1st May, or on such other date or dates as it may select, in each Year a terminal bonus which will apply for the following twelve months or until the date of its next terminal bonus declaration. A terminal bonus shall be an amount calculated as a percentage addition to the amounts withdrawn by retiring Income Members under Article 12 (I)(a).
- (II) When determining the percentage level of a terminal bonus the Board shall give consideration to the relationship of the balance of the Reserve Fund at the previous 31st December to the provisional total balances of all the ICAs of Income Members, Income Plus Members and Commuted Members as at the same date. For the purpose of this comparison the Board shall make such adjustments to the balance of the Reserve Fund as it thinks equitable, particularly with regard to the valuation of the Society's investments at that time.
- (III) The Board at its discretion may declare more than one terminal bonus percentage under paragraph (I) of this Article based on objective criteria and the eligibility of an Income Member, an Income Plus Member or a Commuted Member for a particular percentage level declared will be determined by that same criteria.

## Article 12 Termination of Income Membership and Withdrawals of Capital

- (I) (a) From his sixtieth birthday an Income Member may, and upon reaching his Policy Retirement Date shall, elect for commutation under Article 6 or shall terminate his Policy and cease to Contribute to, or receive any Income Benefit from, the Society. He shall thereupon be entitled to receive the whole amount then standing to the credit of his ICA, calculated in accordance with paragraph (V) of this Article, subject however to such deduction (if any) as the Board may decide in respect of actual or anticipated losses on the realisation of investments not fully covered by any Reserve Fund set up for the purpose of meeting such losses.
- (b) An Income Member electing for commutation under paragraph (I)(a) of this Article may elect to leave part or all of the amount standing to the credit of his ICA with the Society in accordance with Schedule 2 (Commuted Holloway Policy).
- (c) Upon the death of an Income Member at any age, his Policy under this schedule will terminate from the date of his death in the same manner as if he retired under paragraph (I)(a) of this Article, save that payment of the final amount due shall be subject to the terms of paragraph (VII) of this Article.

- (II) If any Income Member is forced to retire from his occupation or occupations on ill health grounds before attaining his sixtieth birthday or Policy Retirement Date, he may with the consent of the Board, be permitted to retire under paragraph (I)(a) of this Article. To gain the consent of the Board the Income Member must produce reasonable evidence that he has ceased to be engaged in the work he had previously undertaken, is incapable of engaging in that kind of work by reason of ill health, and is likely to remain so incapable.
- (III) In the event of any Income Member wishing to terminate his Policy before attaining the age of sixty or his Policy Retirement Date, whichever is sooner, at the Board's discretion he shall give thirty days' notice to the Secretary in the form prescribed from time-to-time. If the Income Member resigns after less than two years of Membership from the date his Policy commenced he shall forfeit any funds accumulated in his ICA and any surplus Contributions made. Otherwise he will be entitled to the amount standing to the credit of his ICA calculated in accordance with paragraph (V) of this Article, subject to the deduction of the last two Years of Income Bonuses credited to his ICA and such deduction (if any) as the Board may decide in respect of actual or anticipated losses on the realisation of investments not fully covered by any Reserve Fund set up for the purpose of meeting such losses.
- (IV) Any Income Member may once a Year apply to the Secretary in the manner prescribed from time-to-time for a partial withdrawal from the funds provisionally allocated to his ICA under one or more of the circumstances listed below. Unless otherwise determined at the discretion of the Board, a withdrawal request from an Income Member under this paragraph can be for a maximum of five hundred pounds at any one time, subject always to the balance of his ICA, less the cumulative value of the last two Income Bonuses to his ICA substantiating his request.
- (a) Medical treatment: to meet exceptional expenditure incurred as a result of an operation or special treatment to an Income Member, his spouse or dependent child. Satisfactory medical evidence of the necessity for such operation or special treatment must be submitted to, and be approved by, the Secretary.
- (b) Necessitous circumstances: to alleviate the financial situation of an Income Member finding himself in necessitous circumstances and in need of urgent funds. Satisfactory evidence of the necessity and full details of the circumstances must be submitted to, and be approved by, the Secretary.
- (c) Death of spouse or relative: to meet the funeral or other costs arising upon the death of an Income Member's spouse, child, adopted child, stepchild, father, mother, brother, sister, nephew, niece or orphan ward. A certificate of death (and a marriage certificate or evidence of adoption when applicable) must be produced to, and be approved by, the Secretary before the sum can be withdrawn.
- (V) Upon termination of Income Membership in accordance with this Article, subject to any forfeiture or adjustment conditions that may be applicable under this schedule, there shall be paid the following:
- (a) The balance of the Income Member's ICA as at 31st December of the Penultimate Year, less any withdrawals from the ICA made since that time;
- (b) Interest calculated on the total of the balance under paragraph (V)(a), less a deduction calculated for the appropriate number of days for any withdrawals made since the 31st December of the Penultimate Year, plus an Income Bonus in proportion to the Shares the Income Member Contributed towards since the 31st December of the Penultimate Year.

If an interest and Income Bonus declaration has not been made under Article 10 for the 31st December of the Penultimate Year at the time of the retirement or resignation, a declaration will be made in accordance with Article 10 at the interest and Income Bonus level declared for the Year prior to the Penultimate Year, and the interim interest and Income Bonuses calculated under this sub-paragraph will also be made on the interest and Income Bonus levels declared for the Year before the Penultimate Year; and

- (c) If an Income Member qualifies for retirement in accordance with paragraph (l)(a), then a terminal bonus will be applied in accordance with Article 11 on the cumulative amount of sub-paragraphs (a) and (b) of this paragraph.
- (VI) Prohibition of charges: An Income Member may not (other than to the Society) assign, mortgage, charge or otherwise dispose of his interest in his ICA or any part thereof. If an Income Member shall, or attempts to, assign, mortgage or charge his ICA or any part thereof; or if he becomes bankrupt or suffers anything whereby his ICA or any part thereof would, if belonging to him absolutely, be liable by operation or process of law to become vested in or payable to some other person; his ICA shall be forfeited, and the funds provisionally apportioned to that ICA may be applied by the Society for the benefit of any relative or dependant of the Income Member, or be transferred to the Reserve Fund or general funds of the Society, as the Board may decide at its discretion, subject to any abatement in respect of losses on the realisation of investments not fully covered by any Reserve Fund set up for the purpose of meeting such losses.
- (VII) Any sum due from the Society on the death of an Income Member in accordance with paragraph (l)(a) of this Article, less such amount as may be due under a valid nomination made under Article 13, shall be due to the person entitled once all proper legal requirements have been duly complied with. No money shall be paid by the Society (except as otherwise provided by legislation) upon the death of an Income Member until the Secretary is in receipt of an official certificate of death, and then receives either the Grant of Probate relating to his estate, or letters of administration to his estate, or of a certificate of confirmation to his estate.
- (VIII) In the event an Income Member has his membership of the Society terminated under Rule 8 of the Society's Rules, any Policy he holds under this schedule will be treated as a voluntary retirement or resignation under this Article unless the Board determines that the circumstances in which Rule 8 has been applied make the relevant provisions of Article 4, Article 7 or Article 14 the most suitable to ensure the Society's membership is not financially prejudiced by the adverse or irresponsible behaviour of the Income Member.

## **Article 13 Nomination of Persons to Receive Monies Payable on the Death of an Income Member**

- (I) Any Income Member who has attained the age of sixteen may nominate a person or persons to whom the money payable by the Society on his death, or any part of the money so payable as he may specify, shall be paid following his death. The total amount which may be so nominated shall be limited to such sum as may be permitted by legislation.
- (II) A nomination, variation or revocation shall be in the form prescribed by the Secretary from time-to-time.
- (III) The person or persons so nominated must not at the date of the nomination be an officer or an employee of the Society, unless that officer or employee is the husband, wife, child, father, mother, brother, sister, nephew or niece of the Income Member.

- (IV) A nomination so made may be revoked or varied by a subsequent nomination in accordance with paragraph (II) of this Article, but a nomination will not be revoked by a subsequent will. A nomination will automatically be revoked if a nominee predeceases the Income Member.
- (V) The marriage or divorce of an Income Member shall operate as a revocation of any nomination previously made by him.
- (VI) The Society shall keep a record of every such nomination, revocation or variation.
- (VII) On receiving satisfactory proof of the death of an Income Member, the Society shall pay the amount due to the duly appointed nominees under this Article. Receipt by the persons so nominated shall be a complete discharge to the Society. The Society shall not be concerned with the application of the monies paid.

## Article 14 Misrepresentations and Non-disclosure

- (I) An Income Member shall be under a duty to take reasonable care, before and during his time as an Income Member, not to fail to disclose or make any misrepresentations to the Society in response to a request for information.
- (II) If an Income Member is found to have failed in his duty under paragraph (I) of this Article, at the Society's discretion:
  - (a) His Policy may be treated as either never having started, or he may be deemed to have retired or resigned in accordance with Article 12;
  - (b) He may be required to agree to Special Conditions as a condition of his Policy not being brought to an end under paragraph (II)(a); and/or
  - (c) He may be required to forfeit any Declaration he has made for Income Benefits.
- (III) If an Income Member receives any benefits as a result of a breach of paragraph (I) of this Article he can be ordered to repay such benefits to the Society. Unless an alternative repayment arrangement is agreed with the Board, the Income Member must repay such benefits within 8 Weeks of the Society's request.
- (IV) If the Income Member fails to repay benefits in accordance with paragraph (III) of this Article, he will make himself liable to Article 7 (VI).

## Article 15 General Administration Provisions and Definitions

- (I) Unless determined otherwise by the Board at its discretion, an Income Members Policy is subject to the Law of England and the exclusive jurisdiction of the English Legal System; all communications in connection with his Policy will be in English; and all Contributions, and any benefits payable under his Policy, are payable in English Sterling (£).
- (II) An Income Member must advise the Society of any change in his occupation or Earnings. If a new occupation is considered to be a greater insurance risk to the Society, the Society will have the right to either: require the Income Member to agree to Special Conditions in order to continue the Insurance Cover; or require the Income Member to elect to commute his Income Membership in accordance with Article 6, or resign in accordance with Article 12 (II). If an income Member fails to inform the Society of a change in occupation the Society will not be obliged to accept a request from him to Declare.

- (III) In this schedule, unless the context requires otherwise, references to one gender shall include the other gender and references to the singular shall include the plural and vice versa.
- (IV) Unless the context requires otherwise, words and expressions which are defined by legislation or in the Appropriate Regulator Handbooks, shall have the same meanings in this schedule.
- (V) Headings in this schedule are for convenience only and shall not affect its interpretation.
- (VI) In the event of any discrepancy between the Society's Rules and an Income Members Policy, the Society's Rules will be applied. In the event any part of his Policy is found to be invalid, the rest of the Policy will continue to apply.
- (VII) The Board may make alterations to this schedule in accordance with Rule 4.2 of the Society's Rules, except that an adjustment made only to this schedule will not require the approval of the Membership at the next Annual General Meeting following the change.
- (VIII) In the event an Income Member is dissatisfied or finds himself in dispute with the Society, the provisions of Rule 12 and Rule 13 of the Society's Rules will apply.
- (IX) Rule 2 of the Society's Rules will apply with regards to the terms of any notices under this schedule, unless a provision under this schedule prescribes, or gives the Board or the Secretary the authority to prescribe, a different procedure for that purpose.
- (X) If an Income Member changes his country of residence from the one stated in the Register of Members, he must inform the Secretary at the earliest opportunity. At its discretion, the Board can require such an Income Member in these circumstances to either commuted his Income Membership in accordance with Article 6 or retire from Income Membership under Article 12 (I)(a).

(XI) In this schedule the following words and expressions have the following meanings:

<b>Activities of Daily Living</b>	describes the definition of incapacity described in Article 9 (VI)(d).
<b>Any Suitable Occupation</b>	describes the definition of incapacity described in Article 9 (VI)(d).
<b>Applicant</b>	means an individual who applies for Income Membership in accordance with Article 1.
<b>Base Rate</b>	means the official dealing rate as defined in Article 2 of the Late Payment of Commercial Debts (Rate of Interest) Order 1998.
<b>Board</b>	means the Board of Directors of the Society.
<b>Claim Deferment Periods</b>	if selected under Article 1 (I)(f), means the number of days an Income Member must wait under Article 7 (III) until they become eligible to receive Income Benefit. The Board will at its discretion determine the range of Claim Deferment Periods available to Income Members and, in accordance with Article 1 (I)(e), may amend the Rates as considered appropriate.
<b>Contributions</b>	means the contributions or premiums payable by an Income Member in accordance with this schedule.
<b>Declaration</b>	(including Declare, Declared and Declaring) means an Income Member has applied for, and been accepted on to, the Sick Fund in accordance with Article 7.
<b>Declared-Off</b>	means an Income Member, in accordance with Article 8, is no longer eligible for Income Benefit.

<b>Earnings</b>	means the financial basis on which an Applicant or Income Member's maximum Income Benefit will be based on. Unless a different basis is determined by the Board, for self-employed occupations the financial basis will be his share of pre-tax profits in the last full UK tax year completed; for employed occupations the financial basis will be his pre-tax income for PAYE purposes.
<b>Eligible Person</b>	means an individual who meets the criteria defined by the Board from time-to-time for Income Membership at its discretion.
<b>Hazardous Activities</b>	means, but is not limited to, participating in (or practicing for) mountaineering, climbing, caving, pot-holing, powerboat racing, underwater diving, yacht racing, jet skiing, boxing, horse-racing, martial arts, off-piste skiing, any race, parachuting or flying (other than as a passenger on a scheduled flight), or any other activity which presents a similar risk of injury or disability.
<b>ICA</b>	means Individual Capital Account, the Policy mechanism into which funds provisionally apportioned to an Income Member in accordance with Article 10 are accumulated.
<b>Income Benefits</b>	the sum payable to an Income Member if they are Declared on the Sick Fund in accordance with Article 7.
<b>Income Bonus</b>	means a bonus per Share made in accordance with Article 10 to the ICA of an Income Member.
<b>Income Member</b>	an individual who becomes a member of the Society under Rule 7 in accordance with this schedule.
<b>Income Plus Member</b>	an individual who becomes a member of the Society under Rule 7 in accordance with Schedule 3 (Holloway Income Protection Plus Policy).
<b>Insurance Cover</b>	refers to the insurance benefits provided by an Income Member's Policy in accordance with the cover options stated in his Policy Schedule.
<b>Own Occupation</b>	means the definition of incapacity described in Article 9 (VI)(b).
<b>Penultimate Year</b>	means the calendar year preceding that of the Year concerned.
<b>Policy</b>	means the terms contained in this schedule, the accompanying Policy Schedule, any Special Conditions the Income Member agreed to in accordance with this schedule, and any declarations made as part of any application for Income Benefit.
<b>Policy Retirement Date</b>	means an Income Member's 65th birthday unless an alternative date is agreed and stated in the Income Member's Policy Schedule.
<b>Policy Schedule</b>	A document issued by the Society in accordance with Article 1 (II) confirming an Income Members Insurance Cover and such other information as the Board may, at its discretion, wish to include.

<b>Rates</b>	the pricing structure and methodology determined by the Board at its discretion for the purpose of calculating the annual Contributions for Income Members starting from 1st January each Year. Unless the Board determines otherwise, an Income Member's annual Contributions will be calculated based on his age as of each 1st January, his long-term benefit level (Reducing Income Benefit or Level Income Benefit), his Claim Deferment Period, his holding of Shares and Units, any loadings that apply to his insurance risk, and any other loadings or discounts that may apply.
<b>Register of Members</b>	means the membership register the Society is required to maintain in accordance with Rule 9 of the Society's Rules.
<b>Reserve Fund</b>	means any account or other allocation of the Society's funds established by the Board at its discretion to make funds available for a particular purpose.
<b>Resignation</b>	describes the circumstances of an Income Member who terminates his Policy under Article 12 (III).
<b>Retirement</b>	describes the circumstances of an Income Member who terminates or commutes his Policy in accordance with Article 12 (I)(a).
<b>Revenue Account</b>	means an account established by the Society for the purpose of receiving all revenue to the Society under Rule 32 of the Society's Rules.
<b>Rules</b>	means the Rules of the Society
<b>Secretary</b>	means the Secretary of the Society appointed under Rule 21.1 of the Society's Rules.
<b>Shares and Units</b>	each share and unit an Income Member Contributes towards will provide a level of Income Benefit in accordance with Article 1 (I)(a). Shares will also be the mechanism the Board will use when declaring Income Bonuses to the ICA's of Income Members under Article 10.
<b>Sick Fund</b>	means the list of Income Members currently Declared and entitled, under this schedule, to receive Income Benefits from the Society's Revenue Account, or from a Reserve Fund established for the payment of claims, or both.
<b>Society</b>	means Pharmaceutical and General Provident Society Limited.
<b>Special Conditions</b>	a special term or terms proposed by the Society, and accepted by an Income Member, as a condition of making an offer of Income Membership in accordance with Article 1, or increased Insurance Cover in accordance with Article 2. A special term can be, but is not limited to: loadings to the Income Member's Contributions towards his Insurance Cover (not the Income Member's Contribution towards the surplus of the Society); specified medical condition exclusions; an alternative Claim Deferment Period in respect to a specified medical condition; a duration limit on any Declaration made in respect to a specified medical condition; and an alternative definition of incapacity under Article 9 (VI) in respect to a specified medical condition.
<b>Year</b>	means the calendar year.



## Article 16 Effective Dates and Previous Policies

- (I) For Income Members whose Policy commenced before the 1st March 2008, this schedule will replace all previous policy terms with effect from the 1st June 2015. The policy terms applying to such Income Members before the effective date under this paragraph shall remain in force until the end of the day before the effective date for this schedule under this paragraph. If any such Income Member makes a Declaration before the effective date for this schedule under this paragraph, Article 9 (II) will not apply for the duration of that Declaration.
- (II) For Income Members whose policy commenced on or after the 1st March 2008 but before the 1st June 2015, this schedule will replace all previous policy terms with effect from the 1st August 2015. The policy terms applying to such Income Members before this date shall remain in force until the end of the day before the effective date for this schedule under this paragraph.
- (III) All Applicants admitted to Income Membership from the 1st June 2015 onwards shall be subject to the terms of this schedule.

Secretary of the Society.....

Tel: **01727 840095** Fax: **01727 832710** Email: **info@pgmutual.co.uk**

PG Mutual is the trading name of Pharmaceutical and General Provident Society Ltd.  
Registered office: 11 Parkway, Porters Wood, St Albans, Hertfordshire AL3 6PA.  
Incorporated in the United Kingdom under the Friendly Societies Act 1992,  
Registered Number 462F. Authorised by the Prudential Regulation Authority and  
regulated by the Financial Conduct Authority and the Prudential Regulation Authority,  
Firm Reference Number 110023.

January 2017 HOLLOWAY INCOME PROTECTION POLICY

