

SCHEDULE 7

New Classic Income Protection Plan INCOME PROTECTION DEFINITIONS

PART A GENERAL PROVISIONS

1. A person may subscribe to the Society for Sickness Benefit in accordance with the terms and conditions relating thereto from time to time in force and a person so subscribing is in this Schedule referred to as a "member." The maximum/minimum number of units for which a member may contribute shall be determined from time to time by the Board.
2. Any person wishing to subscribe for Sickness Benefit shall complete an appropriate form for consideration by or on behalf of the Board, and shall provide such information and documentation, as the Board shall require. The decision of the Board on the terms of acceptance, restriction of benefits, loading of premiums or refusal of any application shall be final. Applicants may be required to undergo an examination by a duly qualified Medical Practitioner.
3. The levels of Sickness Benefit for which a member may subscribe, the terms upon which the benefit is provided and the levels of premiums payable therefor, shall be determined by Tables adopted by the Society from time to time. Any changes in such levels or terms made in accordance with the Rules may apply to existing members and/or to new members.
4. A Table shall be adopted by the Society if it is approved in writing by the Society's actuary for the time being and if approved by a resolution of the Board.
5. Copies of all current Tables adopted by the Society shall be kept at the Registered Office of the Society and made available free of charge to any member or applicant for benefit on request.
6. Each member's premiums shall be calculated to 31st December in each year. Any member not paying his full premiums for the year by the due date may have the balance outstanding, or part thereof, taken from his surplus account at the discretion of the Board.
7. A member of sound mind over 18 years of age and who has not passed his 55th birthday shall be eligible for membership. A member may apply to the Society to change the level of Sickness Benefit for which that member is subscribing, or to change the Table under which the premiums and benefits are payable. In the case of an application for increased benefits or a change of Table, the member shall provide all information and documentation that may reasonably be required by or on behalf of the Board in connection with such application.
8. The decision of the Board on the terms of acceptance, restriction of benefits, loading of premiums or refusal of any application shall be final.
9. Should the nature of a member's occupation change at any time during the period of his membership, he shall inform the Society thereof in writing at the earliest opportunity, and the terms and conditions of his membership may then be reviewed by the Board having regard only to the change of occupation. The Board may at its sole discretion vary the terms and conditions thereafter applicable to the member's entitlement to Sickness Benefit, including the transfer of the member to a different Table and the agreement of the member to any such varied terms or conditions shall not be required. A member failing to inform the Society in writing of a change in his occupation as required above shall forfeit his entitlement to Sickness Benefit but, in the event of a subsequent claim, the Board may at its discretion and subject to the provisions of Part C of this Schedule, authorise the payment of Sickness Benefit at such rate as would have been secured by the premium payable by the member at the commencement of the claim in accordance with the terms, conditions and Table applicable to the occupation in which he was engaged at that date, or such other rate as the Board may at its discretion decide.
10. For the purpose of these Rules, a member shall be deemed to retire on his 65th birthday or on the effective date from which he ceases his employment and receives a pension or other regular income, (such pension or income may arise from the conditions of his

employment or an agreement to early retirement, or ill-health) or on the last day of the month in which he attains the age specified in the Table under which he is contributing, whichever is the earlier and a member shall not be entitled to Sickness Benefit after the last day of the month of his retirement. At any time after the last day of the month of his retirement a member may withdraw the whole or any part of his accumulated funds without forfeiture.

11. At the end of the month in which a member attains the retirement age specified in the previous paragraph, the member may, with the consent of the Board and on having given not less than one month's prior notice, continue to contribute as a commuted member and leave his funds in the Society. Such premiums may be for any number of units determined from time to time by the Board.
12. A commuted member shall not be entitled to claim Sickness Benefit but there shall be added annually to the amount standing to his credit in the books of the Society, in addition to any apportionment to which he may be entitled in accordance with paragraph 6 of Part B of this Schedule, such sum as the Board may decide in commutation or lieu of Sickness Benefit.
13. Subject to giving one month's notice, a commuted member may withdraw the whole or part of his accumulated funds without forfeiture. When the whole of his funds have been withdrawn he shall cease to be a commuted member.
14. a A member no longer wishing to subscribe for Sickness Benefit shall give six months' written notice to the Society and premiums and benefits shall cease from the date of such notification. At the expiration of six calendar months from the date when such notice shall have been given, or earlier if the Board so decide, the member shall be entitled to receive the amount standing to his credit in his surplus account less the sum of £1 for each unit held, subject to a minimum of £25, the number of units to be computed according to the units to which the member has contributed for the two years prior to his notification. All dues shall be payable up to the date of notification and if not paid shall be deducted from any surplus credit due to the member.
14. b In the case of a member taking up permanent residence outside the British Isles, the six months' notice of withdrawal and the requirement as to forfeiture on withdrawal may be waived at the sole discretion of the Board, subject to production of such proof of emigration as may be deemed necessary.
15. Any member owing one calendar month's premium shall be suspended from entitlement to any benefit until all arrears have been paid, and shall suffer the loss of benefit prior to such payment.
16. Any member owing two calendar months' premiums shall not be entitled to any benefit until seven clear days after paying all arrears.
17. Any member owing three or more calendar months' premiums shall not be entitled to any benefit until fourteen clear days after paying all arrears.
18. A member in arrears in respect of premiums for Deferred Sickness Benefit shall not be entitled to any benefit until the expiration of the period of deferment calculated from the expiration of the suspension period.
19. Any member being 12 calendar months in arrear with his premiums shall cease to be a member of the Society.
20. Any member who has not claimed any amount due to him from his surplus account within two years from the date of his last payment of premiums, shall forfeit such amount, and thereafter the Society shall be under no further liability to the member, or any other person, with regard thereto.
21. Upon the death of a member, provided that he has paid all moneys due to the Society, there shall be paid to his widow, nominee, personal representative or next-of-kin, the entire sum standing to his credit in the books of the Society, provided that if a member shall die intestate leaving no next-of-kin, such sum shall be retained in the Sickness Fund of the Society.
22. No money shall be paid by the Society upon the death of a member until there has been produced to the Society such certificate or other documentation as the Board may reasonably require in the circumstances.

23. In the event of the income of the Society from all sources being insufficient in any year to meet all proper claims upon the funds for Sickness Benefit or otherwise in consequence of the prevalence of any epidemic, or from any other cause, the proportion of the surplus fund placed to the credit of the member under these Rules, shall be liable to make good any deficiency by contributing pro rata (i.e. according to rate of premium) thereto.

PART B SICKNESS AND SURPLUS FUNDS

1. All premiums for Sickness Benefit shall be credited to, and all payments of Sickness Benefit shall be debited to, the Sickness Fund, which shall be maintained pursuant to the Provisions of Rule 18.
2. The Sickness Fund shall be valued annually and a balance shall be maintained in the Fund at such level as the Board shall, on the advice of the Society's Actuary consider appropriate.
3. As often as the Board shall deem appropriate, but at least once in every five years, the adequacy of the levels of premium for Sickness Benefit shall be investigated by the Society's Actuary, and the Board shall have the power to amend the Tables in accordance with the advice they receive.
4. A surplus account shall be maintained in the Society's records in respect of each member contributing for Sickness Benefit.
5. The Board may from time to time decide that a bonus shall be added to each member's surplus account at such rate as the Board shall determine, but no bonus shall at any time be credited upon sums which have not remained in the hands of the Society for a whole year since the previous 31st December unless the member retires and withdraws from the Society in accordance with these Rules.
6. The Board shall from time to time determine the amount of any surplus in the Sickness Fund that is available for apportionment under each Table of premiums, which shall then be added to each member's surplus account proportionate to the number of units for which the member is subscribing.
7. In the event of the death of a member, his share of the surplus funds accruing for any part of the year in which the death occurs shall be credited to his surplus account, and may be claimed pursuant to the provisions of paragraph 20 of Part A of this Schedule.
8. The amount from time to time standing to the credit of a member in his surplus account in the records of the Society shall be provisional, and be made only for the purpose of ascertaining the share in the surplus funds to which a member shall become entitled pursuant to the provisions contained in the Rules.
9. As soon as practicable following the end of each financial year, a statement shall be supplied to each member showing the amount of the surplus funds standing to his credit, and the amount shown in such statement may not be disputed by the member more than twelve months after the end of the year to which the statement refers.
10. An application by a member to withdraw money standing to the member's surplus account prior to the member reaching the retirement age specified under the Table of benefits for which the member has been contributing, shall be determined by the Board who at its sole discretion may refuse the application, or allow the application on such terms as the Board shall specify. Any amount withdrawn shall cease to qualify for a bonus from the first day of the month in which the withdrawal takes place.
11. A member may not (other than to the Society) assign, mortgage or charge the amount for the time being standing to his credit in his surplus account or any part thereof.
12. If a member is in breach of paragraph 11 above, or if an administration order is made against him or if he is adjudged bankrupt, or if he suffers anything whereby the credit in his surplus account 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 or persons, then the amount standing to his credit in his surplus account shall be forfeited and may be applied by the Board as in its absolute discretion it thinks fit.

PART C PAYMENT OF SICKNESS BENEFIT

1. Any member (subject as hereinafter mentioned) who shall be incapacitated from following his usual, or other employment through illness lasting for more than the deferred period selected by the member, shall be entitled to receive Sickness Benefit at a rate per unit determined by the Tables adopted by the Society from time to time, subject in each case to his not having commuted his right to Sickness Benefit.
2. In respect of a member who is normally and regularly engaged in a remunerative occupation or occupations immediately prior to the commencement of the injury, illness or disease giving rise to the claim, "incapacity" shall mean the total inability of the member to perform all of the essential duties of such occupation or occupations and is not following any other occupation for profit or reward.
3. No member shall be entitled to receive Sickness Benefit from the Society until the expiration of a period of twelve weeks from the time of becoming a member, and three monthly premiums have been paid or such shorter period as the Board in its absolute discretion thinks fit.
4. If a member who has declared on the funds shall continue to be ill, and require Sickness Benefit for a longer period than fifty-two weeks, he shall receive full pay for the first fifty two weeks of such illness, then half pay during the remainder of the incapacity to work.
5.
 - a) Where a member has received, Sickness Benefit for an illness, and has declared, or been declared, off the funds and shall again declare on the funds within six months from such declaration off with the same illness, the claim shall be deemed to be continuous and Sickness Benefit shall be payable according to the provision of paragraph 4 above and paragraph 6 below with any deferred period being waived.
 - b) Where a member has received, or shall be deemed to have received, Sickness Benefit for an illness, and has declared, or been declared, off the funds and shall again declare on the funds within twelve months from such declaration off, such illness or illnesses shall, whether or not Sickness Benefit be claimed in respect thereof, be deemed to be continuous and Sickness Benefit shall be payable according to the provision of paragraph 4 and 5 above. Should a member declare off the funds with intent, in the opinion of the Board, to avoid receiving reduced pay, the Board may, when he again declares on the funds, treat such declaration on as a continuation of the previous illness notwithstanding that the interval of twelve months before mentioned may have expired.
6. Sickness Benefit shall be payable only where the injury was sustained or the illness or disease was contracted, within the following areas:-
 - a) The EU and the European UK territorial waters, or
 - b) any other country or territory in which the member is travelling or is temporarily resident for a period not exceeding twenty six calendar weeks, subject to the member returning to the EU and the European UK territorial waters as soon as he is fit to travel but no later than four calendar weeks after the commencement of payment of benefit by the Society. The failure of the member to satisfy this requirement shall, unless some longer period has been agreed in writing by the Board, result in the termination of payment of benefit.
7. Where a member resides or travels abroad for more than twenty-six consecutive calendar weeks, the Board may, upon written request by the member, grant an appropriate extension of cover notwithstanding paragraphs 6(a) and 6(b) above. In deciding whether to grant such extension of cover the Board shall have regard to the incidence of illness in the country or intended country of visit of residence, the standards of medical care available there the procedures for reporting and any other factor which they consider material. They may also impose any limits on the amount and/or period of entitlement to benefit, or period of payment of such benefit (if any) before the member shall return to EU, the European UK territorial waters, as they consider appropriate.
8. No Sickness Benefit shall be payable in respect of incapacity arising directly or indirectly from, or aggravated by, pregnancy, childbirth or associated medical complications.

9. No Sickness Benefit shall be payable in respect of any condition which results from, or is aggravated by, self-inflicted injury, participation in a criminal act, abuse of drugs or alcohol, sexually transmitted disease or incapacities arising directly or indirectly from voluntary sterilisation.

10. In respect of any period of residence or travel outside the EU and the European UK territorial waters, whether extension of cover has been granted by the Board under paragraph 7 above or not, no Sickness Benefit shall be payable in respect of any injury received as a result of war (whether declared or not) usurped power, riot, civil commotion or any act of terrorism.

11. No Sickness Benefit shall be payable where, in the opinion of the Society, disability is directly or indirectly due to or arising from an acquired immunodeficiency syndrome (AIDS) or infection by any human immunodeficiency virus (HIV).

For the purposes of this exclusion: -

- a) the definition of AIDS shall be that used by the World Health Organisation at any time or that used by any successor body or other such governmental or international organisation as the Society shall decide; and
- b) infection shall be deemed to have occurred where blood tests indicate, in the opinion of the Society, either the presence of any human immunodeficiency virus or antibodies to such a virus, to establish the presence or absence of which the member claiming benefit shall undergo examination, including the taking and testing of blood samples, by a qualified Medical Practitioner appointed by the Society for this purpose as frequently as the Society shall deem necessary.

In any case where disability is directly due to infection by HIV acquired in the course of an approved occupation the Board may upon appeal, at its sole discretion and having regard to the circumstances of the claim, allow payment of benefit to be made.

12. Following admission of a claim, Sickness Benefit shall be payable at a weekly rate equivalent to the greater of (a) the rate appropriate to the premium being paid as specified in the Table under which the member contributes, or (b) the maximum amount permissible by reference to paragraph 13 below. Payment shall be made in sterling by Direct Credit to the member's bank account or by cheque drawn upon the Society's UK bankers, not more frequently than once every two calendar weeks, in arrears. Subject to the requirements of the Rules continuing to be met to the satisfaction of the Board, payment shall be maintained throughout the currency of each period of certified incapacity (following the expiry of any deferment period applicable) until the date of recovery or the termination of the membership under the Provisions of part A, paragraph 9, whichever shall first occur. A week shall be regarded as six days and there shall be no entitlement to benefit in respect of Sundays.

13. The maximum rate of weekly Sickness Benefit payable to any member shall not exceed such sum as, when added to: -

- a) earnings, profit, commission or any other income from the member's normal or any other occupation, and
- b) benefits payable (whether claimed or not) under any other contract of insurance where payment thereunder is dependent upon the member's inability to work due to injury, illness or disease, and
- c) any pension payable as a result of the current or any previous incapacity does not exceed 60% (or such other proportion as may have been agreed between the Society and the member) of the total average weekly earned income derived from the member's normal occupation or occupations during the twelve months immediately prior to the commencement of certified incapacity. In this context "income" shall be deemed to be gross of taxation but net of all business expenses unless the Board, at its sole discretion, shall otherwise allow.

No refund of premiums paid in respect of insurance benefit in excess of the maximum payable in accordance with this paragraph shall be allowed.

Any member who is incapacitated by the actions of a third party and institutes proceedings against such third party is required to include a claim for loss of income due to such incapacity and upon successful conclusion shall refund to the Society all benefits paid by the Society to the member during such period of incapacity.

14. In respect of a member not normally and regularly engaged in a remunerative occupation, the rate at, and the period of time for which Sickness Benefit (if any) may be payable shall be determined by the Board at its sole discretion.

15. Any member claiming benefit shall be required to submit, prior to admission of the claim, evidence acceptable to the Board of his income during the relevant period but, at the discretion of the Board: -

- a) this requirement may be waived where the insured benefit is deemed to be a trivial amount, or
- b) a proportion of the insured benefit may be paid on account where the production of such evidence is unavoidably delayed

subject to the right of the Board at any time to request the submission of evidence of income, whether received prior to the commencement of, or during the currency of, any period in respect of which Sickness Benefit is paid or payable, and to recover from the member any sums paid found to be in excess of the maximum to which the member is entitled by deduction from any sum due or to become due to the member from the Society either by way of appropriation or otherwise.

16. Each claim for benefit must be notified to the Society within 14 days of the commencement of incapacity, in respect of deferment periods up to and including 4 weeks and within 56 days of the commencement of incapacity for all other deferred periods. At the discretion of the Board, any claim notified later than aforesaid may be considered for admission upon production of a reason, acceptable to the Board, for such late notification, but the payment of benefit due in respect of any part of the period of incapacity prior to the date of notification may be withheld.

17. As soon as possible after notification of the claim, the member shall complete in full such claim form as may be supplied to him by or on behalf of the Society, and shall submit such form to the Society together with a certificate of incapacity signed by a duly qualified Medical Practitioner, and/or such other evidence of incapacity as may be acceptable to the Board. The certificate or other evidence must specify the nature of incapacity from which the member is or has been suffering, and the date of commencement of the incapacity. Any costs incurred in relation to the completion of these forms and the provision of certificates of incapacity will be at the expense of the member.

18. Sickness Benefit shall not be paid in respect of any illness or disease contracted by, or any injury suffered by, the member prior to the date of his admission to membership of the Society unless such illness or injury had been fully disclosed to the Society and cover granted in respect thereof. No increased benefit (other than that resulting from indexation under the provisions of the particular Table) shall be paid in respect of any illness or disease contracted by, or any injury suffered by, the member prior to the effective date of commencement of such increased benefit unless such illness, disease or injury had been fully disclosed to the Society and increased cover granted in respect thereof.

19. Evidence of continued incapacity must be submitted at such regular intervals as may be required by the Board.

20. The Board may at any time enquire into the circumstances of any claim in whatever manner and from whatever source they may deem appropriate, including the employment of a physician or surgeon to examine the member, and the payment of benefit may be suspended during the currency of any such enquiries.

21. With regard to any claim arising from travel or residence outside the EU and the European UK territorial waters in respect of which benefit may be payable, all certificates or other evidence of incapacity shall be submitted in such form as is acceptable to the Board. If the Society shall incur additional expense in relation to such claim, these expenses may be deducted from the amount of benefit payable.

22. A member shall upon recovery from incapacity advise the Society thereof immediately by the submission of a medical certificate or other evidence acceptable to the Board showing the date of recovery.

23. Any member, whilst claiming Sickness Benefit, shall: -

- a) refrain from behaviour calculated to retard his recovery;
- b) comply with the advice or counsel of any qualified medical adviser entrusted with his care, and not unreasonably refuse to undergo any treatment or surgery recommended by any such medical adviser;
- c) save for the currency of any period of admission to a hospital or other recognised medical establishment, not leave his place of residence for any period exceeding fortyeight hours without first notifying the Society of his intention and the address at which he may be contacted. The Board may, at its discretion, terminate or suspend the payment of benefit upon such removal of the member;



- d) not perform any work for which remuneration is or would ordinarily be payable without first notifying the Society in writing, on receipt of which notification the claim may be reassessed.
- e) permit the Society's Representative to visit and interview him at all reasonable times;
- f) produce a written authority so that the Society can obtain a Medical Report from the member's Doctor as to such continued illness and any past illness whether or not the same is of a similar nature.

24. Premiums must be paid regularly whilst the member is on the funds or Sickness Benefit shall cease, but should a member, whilst in receipt of Sickness Benefit, owe to the Society in aggregate more than one month's contributions, such contributions shall be deducted from any Sickness Benefit accruing to him.

25. Should a member, other than of his own free will, become an inmate of a registered psychiatric hospital, his premiums and benefits shall be suspended until the day next following the date of discharge unless there are dependants of that member when, subject to the continued payment of premiums on behalf of the member and all requirements of the Society being met to the satisfaction of the Board, payment of Sickness Benefit may be made to the persons providing dependency.

26. In any case where payment of benefit to a member is excluded, whether under the foregoing provisions or otherwise, the Board may upon appeal, at its sole discretion and having regard to the circumstances of the claim, allow payment of benefit to be made to the member out of the funds of the Society. The decision of the Board as to whether or not such payment may be made, the rate of benefit payable and the period of payment shall be final.

27. A member who is receiving Sickness Benefit may apply to the Board for a lump sum payment to be used in or towards the cost of a specified medical operation or treatment that in the opinion of the member's Doctor will lead to a faster recovery of the member. The Board shall decide what, if any, contribution shall be made from the funds of the Society after consultation with the Society's medical advisor and the appointed Actuary.

28. Where a member is receiving Sickness Benefit from the Society and either: -

- a) returns to the occupation in which he was engaged prior to the incapacity but on a part-time or other reduced capacity basis only, or
- b) commences training for or enters employment in a lesser remunerative occupation during his period of incapacity.

Then the Board may at its own discretion authorise payment to the member of such proportionate part of the Sickness Benefit, as it deems appropriate.

29. A member in receipt of Sickness Benefit who is diagnosed with an incurable illness which in the opinion of the Society's Chief Medical Officer may cause death within 18 months of the initial diagnosis, may within one month of the initial diagnosis: -

- a) Elect to withdraw the money standing to the members surplus account without forfeiture when no further Sickness Benefit will be paid and
- b) Claim terminal illness benefit equivalent to 6 months Sickness Benefit less any Sickness Benefit paid since the member was initially diagnosed.