

SCHEDULE 5 - RULES OF THE
INCOME ASSURED ENHANCED CONTRACT

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SCHEDULE 5

(being the Rules of the Income Assured Enhanced contract as registered with the Financial Conduct Authority 20 June 2023)

PART A - GENERAL - DEFINITIONS AND INTERPRETATION

1. DEFINITIONS

In this Schedule the following words and expressions have the meanings set out in the following table:

Accident	An event resulting in any sudden bodily injury visible to the naked eye effected solely through external, violent and accidental means and where the nature of the injury is such that the Member would, subject to the provisions of these Rules, be entitled to receive Accident Sick Pay on sustaining it
Accident Sick Pay	Sick Pay payable to a Member who elects to take Accident Protection
Accident Protection	The part of the Contract under which a Member holds a Deferred Contract may provide for the payment of Accident Sick Pay during the relevant Deferred period
Benefits	Benefits payable to Members
Board	The Board of Directors of the Society as referred to in the General Rules
Bonus Allocation	The bonus based on the Member's Credit , determined by the Board acting on the advice of the With-Profits Actuary , for each complete day the Member's Credit has remained in the hands of the Society during the Financial Year without compounding
Chief Actuary	The actuary appointed by the Society from time to time to perform the function as defined at SIMF20 in the table of controlled functions prescribed by the Prudential Regulation Authority or any successor provision thereto
Commutated Bonus	In the case of a Member who has opted not to receive Sick Pay the percentage of Premiums placed to the Member's Credit
Contract	The Day One Contract or the Deferred Contract , as it applies to the Member under these Rules together with Benefits payable to any Member entitled to claim Houseperson Benefit and Members who have opted to pay Premiums without the right to claim Sick Pay
Contract End Date	The date at which entitlement to all Benefits ceases as specified at the start of the Contract or at Variation subject always to not exceeding the Member's 70th Birthday
Cover	The extent of a Member's entitlement to Benefits under the Contract
Day One	Where Sick Pay can be claimed from the first day of the Disabling Illness , provided the period exceeds 3 consecutive days
Deferred	Where Sick Pay can be claimed from the expiration of the relevant Deferred period of Disabling Illness , provided the duration of the Disabling Illness is continuous and exceeds the Deferred period
Deposit Interest	Interest on the Member's Credit on deposit with the Society pursuant to Rule O5.2
Deposit Interest Rate	The rate or rates of interest fixed from time to time by the Board acting on the advice of the With-Profits Actuary
Disabling Illness	Any illness or injury, incapacity or disease (other than an Excluded Condition) which results in the Member being entitled to Sick Pay so long as such Member continues to satisfy the Own Occupation Disabling Illness or Houseperson Disabling Illness which is appropriate to the Member and for which the Member has opted to receive Benefits

Doctor	A medical practitioner other than the Member or a family member who is registered under the Medical Act 1983 (or any later re-enactment, replacement or amendment thereof) and holds a full licence to practice from the General Medical Council
Earnings	<p>For Members who are employed, pre-tax earnings for PAYE assessment purposes, as shown on payslips, form P60, plus benefits in kind, as shown on form P11D, or equivalent in the case of any earnings in EEA states in the 12 month period immediately preceding the commencement of the Disabling Illness</p> <p>For Members who are employed within a private limited company or limited liability partnership, in which the Member and not more than 3 other shareholders/partners are employed as full time working directors, Earnings shall also include dividends received from the company's Normal Trading Activities during the accounting reference period ending within the 12 month period immediately preceding the commencement of the Disabling Illness and which represent the Member's share in the Taxable Profit.</p> <p>For Members who are self-employed, (alone or in partnership with others), their share of the pre-tax profit arising from the Normal Trading Activities of the business for the purposes of Chapter 2 of Part 2 of the Income Tax (Trading and Other Income) Act 2005, or equivalent in the case of any earnings in EEA states, in the 12 month accounting period ending within the 12 month period immediately preceding the commencement of the Disabling Illness</p> <p>N.B. Drawings from the business, income from savings and investments, except for dividends as described above will not be accepted as earnings</p>
EEA	The European Economic Area consisting of the member states of the European Union and of the European Free Trade Area
Excluded Condition	<p>A condition specifically excluded from Cover under the Contract as set out in the offer of terms of Contract either at application, or Variation, together with any claim directly or indirectly arising from:</p> <ul style="list-style-type: none"> • The misuse of solvents or substances used for other than their stated purposes • The use of illegal substances or drugs not taken under the advice or supervision of the Member's Doctor • The misuse of alcohol • Pregnancy/childbirth and sterilisation, unless on the grounds of medical necessity • Any operation or treatment that is not medically necessary, including cosmetic surgery • The Member's criminal conduct or participation in a criminal act <p>For Members who have applied for Cover on or after 20 June 2023 any Disabling Condition arising from the Member's participation in any form of motor sport (whether competitively or not) shall also be an Excluded Condition.</p>
Excluded Period	For a Member holding a Deferred Contract , the Deferred period and for a Member under a Day One Contract the first 3 or less consecutive days of Disabling Illness if the Disabling Illness only lasts for those 3 consecutive days or less
Financial Year	1 st January to 31 st December inclusive
General Rules	The General Rules of the Society that apply to all the Society's Members
Guaranteed Insurability Option	The Option provided under Part L of these Rules

Houseperson Disabling Illness	Applies where the Member is totally unable, by reason of Disabling Illness to perform by themselves (even with the use of aids or appliances) the core activities of their home, being cooking, cleaning, shopping, washing and ironing and being confined to a hospital, or other such recognised medical establishment, or to their home under medical supervision and is not engaged in any other type of work whatsoever
Houseperson Benefit	The Benefit payable to a Member so long as the Member satisfies the Houseperson Disabling Illness and which shall not exceed 5 Units
Indexation	The Option under Part F of these Rules to have Sick Pay linked to movements in the Retail Prices Index (RPI), or by such other measure of inflation as may be adopted by the Society as provided in Rule F1 and Index shall be construed accordingly
Material Change	The circumstances set out below: <ul style="list-style-type: none"> • any increase or decrease, or series of increases or decreases, which result in the level of the Member's Earnings varying by more than 10% of the level declared in writing to the Society; • any increase in the Member's entitlement to Earnings from their Occupation in the event of a Disabling Illness; • any entitlement or increase in the Member's right to benefit which pays out in the event of incapacity from another insurer; • a change in the country where the Member resides, or in which the Member works, in either case where the change involves taking up residence or employment in a country outside the UK; • any increase, or series of increases, which result in the amount of time spent working outside the UK becoming greater than 8 weeks per calendar year; • a change of Occupation whether the change is by way of alternative employment or a material change in the manner in which the Member undertakes the duties and tasks of their employment or a change from employed to self employed (alone or in partnership) status or vice versa; • unemployment; and/or retirement before reaching the Contract End Date of their Contract
Material and Substantial Duties	The duties that the Member ordinarily performs in their Own Occupation and which cannot reasonably be omitted from their Own Occupation by the Member or their employer N.B. This definition does not apply to Houseperson's, which are provided for under Houseperson Disabling Illness
Member	A person who holds an in-force Contract and Membership shall be construed accordingly
Member's Credit	The amount standing to the credit of a Member in the books of the Society from time to time
Member's Doctor	The Doctor with whom a Member is registered or a Doctor with whom the Member consults for the purpose of obtaining any certificate or other evidence of health pursuant to these Rules
Normal Trading Activities	All activities to do with the customary trade of the Member's business with the exclusion of gains and losses arising from the disposal of assets and investments not part of the customary trade, grants and compensation received or receivable
Occupation	All work engaged in by the Member in the period of 12 months immediately preceding the onset of the Disabling Illness
Own Occupation Benefit	The Benefit payable to a Member so long as the Member satisfies the Own Occupation Disabling Illness

Own Occupation Disabling Illness	Applies where the Member , by reason of a Disabling Illness , is unable to perform the Material and Substantial Duties of the Occupation or Occupations (whether or not the Occupation or Occupations remain available to them following payment of Benefits) and provided the Member is not following any other Occupation or Occupations or activity whatsoever
Option	Each of the following is an Option : <ul style="list-style-type: none"> • Accident Protection • Deferred • Day One • Indexation • Contract End Date
Premium	The amount payable by a Member to the Society to secure Benefits under the Contract
Premium Table	The tables available from the Society on request setting out the rates of Premium payable by the Member to secure Cover and other miscellaneous provisions applicable to the Contract
Prescribed Form	Any form required by the Society to be completed by a Member , as referred to in the General Rules or the Contract
Proportionate Benefit	The Benefit payable under Part H of these Rules calculated in accordance with Rule H4
Regulator	The Financial Conduct Authority, Prudential Regulation Authority or any successor(s) established by legislation to supervise the Society in the UK
Rehabilitation Benefit	The Benefit payable under Part G of these Rules calculated in accordance with Rule G3
Schedule 1 Members	A Society Member under Schedule 1 of the General Rules
Schedule 1 Scheme	The Society's Sickness Benefit Scheme under Schedule 1 of the General Rules
Schedule 2 Members	A Society Member under Schedule 2 of the General Rules
Schedule 2 Scheme	The Society's Sickness Benefit Scheme under Schedule 2 of the General Rules
Selected Retirement Age	The age chosen by a Member or any subsequent choice of retirement age chosen by a Member provided always that the Contract cannot exceed the Contract End Date
Sick Pay	The amount to which a Member is entitled to claim, subject to the Member being engaged in work immediately preceding the commencement of the Disabling Illness (including in the case of a Member whose entitlement to Benefits depends on satisfying the Houseperson Disabling Illness, Houseperson Benefit)
Society	Cirencester Friendly Society Limited at such registered address as may be applicable from time to time
Society's Medical Adviser	Any registered medical practitioner or health professional appointed by the Society
Society Member	A member of the Society under the General Rules (including members of the Society paying Premiums to, and/or entitled to receive Benefits from, the Society under different schedules to the General Rules from this Schedule 5)
Society's Representative	An employee of the Society , the Society's Medical Adviser or other persons authorised to act on behalf of the Society
Surplus Allocation	The amount of bonus placed to a Member's Credit at a rate per Unit determined by the Board acting on the advice of the With-Profits Actuary but which is not earned during any period when the Member has opted only to receive Sick Pay or has commuted the Member's right to receive Sick Pay and Surplus Allocation in favour of Commuted Bonus
Taxable Profit	Net business profit for tax purposes as defined by HMRC

Terminal Illness	Advanced or rapidly progressing incurable Disabling Illness which is in the opinion of the Member's attending Consultant and the Society's Medical Adviser likely to result in death within 12 months of the initial diagnosis of the Disabling Illness
Terminal Illness Benefit	A single lump sum payment equivalent to 6 months Sick Pay assessed as payable under Part I of these Rules
UK	The United Kingdom of Great Britain and Northern Ireland
Underwriting	The process whereby the Society determines whether or not and on what basis it will accept any application made to it (as to which the Society will be entitled to exercise its absolute and unfettered discretion and shall not be required to provide any reasons for any particular exercise of its discretion, which may include, in the case of applicants, varying the terms of admission, or Variation , to an existing Contract by way of excluding and/or restricting the extent of Cover or charging additional Premiums)
Unit	A measure used to determine Premiums and Benefits
Unitholding	The number of Units held by a Member
Variation	A change or amendment to the Contract
With-Profits Actuary	The actuary appointed by the Society from time to time to perform the function as defined at SMF20a in the table of controlled functions prescribed by the Regulator

2. INTERPRETATION

In these Rules, unless the context requires otherwise, reference to one gender shall include all genders and references to the singular shall include the plural, and words in the plural include the singular

The contractual terms and conditions and other information relating to the **Contract** will be construed in accordance with the Laws of England. The **Member** submits to the exclusive jurisdiction of the English Courts

Reference in this Schedule to a Part means a Part of this Schedule and any reference to the Rules means, unless the context requires otherwise, to the Rules contained in this Schedule

PART B - TERMS OF ADMISSION, MEMBER'S OPTIONS AND GENERAL DUTIES OF MEMBERS

- 1 to be eligible to apply for the **Contract** the applicant must:
 - 1.1 be at least 16 years of age, but have not yet attained age 60;
 - 1.2 be resident in the **UK** with no immediate intention to live or work abroad;
 - 1.3 elect to pay **Premiums**, in accordance with the relevant **Premium Table**, which secure either an entitlement to **Sick Pay** only or confer a right to claim **Sick Pay** and to participate in the receipt of any **Surplus Allocation** and **Bonus Allocation**;
 - 1.4 specify the **Day One Contract** or which of the **Deferred Contracts** apply;
 - 1.5 specify which of the **Own Occupation Disabling Illness** or **Houseperson Disabling Illness** definitions set out above shall apply so as to determine whether the **Sick Pay** available under these Rules shall become payable in the event of the **Member** satisfying the specified definition;
 - 1.6 be able to supply a minimum of 3 years medical history from a **Doctor** or such other period of medical history that the **Society** may apply from time to time; and
 - 1.7 not be awaiting any medical referrals, tests, investigations or the results of these
- 2 Any application for **Membership** or **Variations** of existing **Membership** must be made in writing.
- 3 On acceptance into **Membership** the **Contract** must be capable of running for a minimum of 5 years to **Selected Retirement Age**. On **Variation** to **Contract** the remaining term on the **Contract** to the date of **Selected Retirement**

Age must be 5 years.

- 4 The applicant must ensure that the **Cover** selected is appropriate to their needs and circumstances subject to the maximum **Sick Pay** payable being not more than:
- (1) 60% of **Earnings** or such other percentage of **Earnings** as may be determined by the **Society** from time to time less the cumulative value of:
- 4.1 any continuing **Earnings** assessable by HMRC (including P11D benefits or equivalent);
 - 4.2 any income protection benefit from other providers;
 - 4.3 any early retirement pensions payable through ill health to the **Member**;
 - 4.4 any DWP benefits, provided that these may be included at the discretion of the **Society**;
 - 4.5 any other insurance against incapacity by illness or accidental injury which provide regular payment to the **Member** or waiver of premium or similar payment due to the **Member**, provided that these may be included at the discretion of the **Society**;
- OR if lower than the above;
- (2) the level of **Cover** selected by a **Member** from time to time.
- 5 The **Society** shall have the right to require from applicants for the **Contract**:
- 5.1 a medical report from the applicant's **Doctor**;
 - 5.2 a birth certificate;
 - 5.3 such evidence of employment or **Occupation** and **Earnings** as may be required to the satisfaction of the **Society** that the applicant is in employment at the time of application and has **Earnings** to insure;
 - 5.4 such evidence as may be required to enable the **Society** to discharge its regulatory duties, including compliance with the Money Laundering , Terrorist Financing and similar regulations from time to time in effect.
- 6 Each application for **Membership** or **Variation** of existing **Membership** shall:
- 6.1 unless the application is to decrease **Benefits**, be subject to **Underwriting**; and
 - 6.2 be considered by the **Society** in the exercise of its absolute and unfettered discretion as to which it shall not be required to provide any reasons for any particular exercise of its discretion, which may include, in the case of applicants, declination or postponement of **Cover** or restricting the extent of **Cover** or charging additional **Premiums**.
- 7 In the event that an application for **Membership**, or **Variation** of existing **Membership** is declined or postponed or of an applicant exercising their cancellation rights in accordance with regulatory requirements any **Premium** paid by them to the **Society** in respect of the application for **Membership**, or **Variation**, or amendment of existing **Membership** as applicable prior to the cancellation shall be refunded in full.
- 8 Upon admission to **Membership** each **Member** shall subject to the provisions of these Rules:
- 8.1 be granted **Cover** in accordance with the level of **Premiums** payable by the **Member** and the level of **Sick Pay** receivable and as set out in the **Premium Table** issued by the **Society** and prevailing at the date of the application, subject to such minimum and maximum **Cover** at commencement of the **Contract** as shall be determined by the **Society** from time to time;
 - 8.2 in the case of a **Member** who either:
 - opts to pay **Premiums** conferring a right to claim **Sick Pay** only, or; who opts to claim **Sick Pay** and to participate in the receipt of any **Surplus Allocation** and **Bonus Allocation** the **Member** shall thereafter be entitled to apply to the **Society** to opt to pay **Premiums** in accordance with the relevant **Premium Table** so as either (in the case of the former) to receive any **Bonus Allocation** payable to the **Member** without maintaining a right to claim **Sick Pay** or (in the case of the latter) to secure an entitlement to **Sick Pay** and **Bonus Allocation** only;

- 8.3 be issued with written confirmation of **Membership** that shall include details of the choice of **Cover**.
- 9 A **Member** may at any time up to not less than 5 years before their **Selected Retirement Age** increase their **Sick Pay** up to the maximum permitted by the **Society** from time to time. The following will apply:
- 9.1 an application to increase **Sick Pay** will be subject to additional **Underwriting** and may, at the discretion of the **Society**, be at cost to the **Member** in respect of any medical report(s) in support of such application; and
- 9.2 any increase in **Sick Pay** which results directly from **Indexation** referred to in Part F of these Rules will not be subject to additional **Underwriting**. The **Sick Pay** to which a **Member** may be entitled in respect of any additional **Units** added shall not commence until the expiry of the relevant **Deferred** period and shall be changed according to the **Premium Table** in force at the date of admission.
- 10 A **Member**, who has a **Member's Credit** may reduce their choice of **Selected Retirement Age** subject to there remaining a minimum period of 5 complete years.
- 11 At any time after the second anniversary of the date of admission to **Membership** a **Member** who opted to pay **Premiums** conferring a right to claim **Sick Pay** only or who opted to claim **Sick Pay** and to participate in the receipt of any **Surplus Allocation** and **Bonus Allocation**, may apply to the **Society** by completion of the **Prescribed Form** to give up the right to receive and claim **Sick Pay** in the event of **Disabling Illness** and pay **Premiums** in accordance with the relevant **Premium Table** in order to participate in any **Commuted Bonus** which shall be added to the **Member's Credit**. Such **Member** shall then have no right to **Sick Pay** unless and until the **Member** applies to the **Society** to receive such **Benefits**.
- 12 A **Member** who:
- 12.1 has exercised the option provided under Rule 11 above; or
- 12.2 elected on admission to pay **Premiums** conferring a right to claim **Sick Pay** and to participate in any **Surplus Allocation** and **Bonus Allocation**, may at any time apply to the **Society** by completion of the **Prescribed Form** to pay **Premiums** in accordance with the relevant **Premium Table** so as to provide for an entitlement to **Sick Pay** only (save that any **Member** already entitled to **Member's Credit** at the date of exercising such option shall remain eligible to receive **Bonus Allocation**).
- 13 A **Member** opting on admission to pay **Premiums** conferring a right to claim **Sick Pay** only may at any time apply to the **Society** by completion of the **Prescribed Form** to opt to pay an increased **Premium** in accordance with the **Premium Table** so as thereafter to be entitled to have any **Surplus Allocation** and **Bonus Allocation** added to the **Member's Credit** in addition to maintaining a right to claim **Sick Pay**.
- 14 A **Member** may at any time up to a date not later than the earlier of 5 years before **Selected Retirement Age** increase their **Unitholding** up to the maximum at any time during the **Financial Year**. A **Member** who wishes to increase their **Units** to a larger holding shall pay **Premiums** at the rate applicable to their increased **Unitholding** on the **Premium Table** applicable immediately before the increase. They may also be required at their own expense to produce a medical report at the discretion of the **Society** unless such increase results directly from the **Indexation** referred to in Part F of these Rules. The **Sick Pay** to which a **Member** may be entitled in respect of any additional **Units** added shall not commence until the expiry of the relevant **Deferred period** and shall be changed according to the **Premium Table** in force at the date of admission.
- 15 A **Member** may at any time during the **Financial Year** reduce their **Units**, subject to the minimum of 5 **Units** and the **Premiums** payable by the **Member** shall be reduced accordingly.
- 16 Any **Member** who has specified **Own Occupation Disabling Illness** pursuant to Rule B15 above may opt to substitute **Houseperson Disabling Illness** and vice versa provided, in either case, that they have not submitted a claim to receive **Sick Pay** or are not receiving **Sick Pay** at the time. A **Member** may exercise this option in the manner indicated on any number of occasions.
- 17 A **Member** may apply to the **Society** to opt to substitute a **Day One Contract** with a **Deferred Contract** (or, if the **Member's Contract** commenced before 30th March 2020, vice versa) or a **Deferred Contract** with another **Deferred Contract** provided they are not claiming or receiving **Sick Pay** at the time and no circumstances have occurred at that time that would entitle the **Member** to claim **Sick Pay**. A **Member** may exercise this option in the manner indicated on any number of occasions but shall not be permitted to reduce the period of deferment in the 5 years before their **Selected Retirement Age**.

- 18 In the event of a **Member** applying for a **Variation** to their terms of **Membership** of the **Society**, such application will be rejected by the **Society** where in the opinion of the **Society, Underwriting** would result in an increase in the likelihood or value of claim on the funds of the **Society**; or:
- 18.1 where the **Member** has made total claims in excess of 6 weeks during the 3 years immediately preceding the date of the application;
 - 18.2 during any period when the **Member** is claiming or in receipt of **Sick Pay** or not in an **Occupation**;
 - 18.3 during any period where a **Member** is not working due to a **Disabling Illness** whether or not a claim has been made to the **Society**.
- 19 Each **Member** shall:
- 19.1 inform the **Society**, as soon as reasonably possible (and in any event within 8 weeks), of any **Material Change** in their circumstances, which may affect entitlement under the terms of the **Contract**;
 - 19.2 co-operate at all times in good faith with the **Society** in relation to all aspects of the administration of the **Contract**;
 - 19.3 except in the case of **Members** subscribing only for **Houseperson Benefit**, provide on request by the **Society** proof of **Earnings** together with such evidence as the **Society** may reasonably require as to any entitlement to income from their **Occupation** in the event of any **Disabling Illness**;
 - 19.4 forthwith on demand repay to the **Society** and indemnify the **Society** against any overpayment of **Benefit** if paid in error or as a result of an incorrect claim by the **Member** together with interest at 2% over the Bank of England bank rate prevailing from time to time from the date of any request for repayment if not re-paid within four weeks;
 - 19.5 ensure their **Cover** is appropriate to their needs and not in excess of their entitlement to **Sick Pay**. The **Society** reserves the right from time to time to request proof of **Earnings** from **Members** and evidence of a **Member's** entitlement to income from their **Occupation** in the event of **Disabling Illness** in order to verify that the limit prescribed in these Rules remains appropriate and that the commencement of **Sick Pay** remains applicable to a **Member's** circumstances. To prevent over insurance the **Society** reserves the right to reduce a **Member's Unitholding** or alter a **Member's Contract** to an appropriate **Deferred Contract** to reflect any **Material Change** in the **Member's** circumstances.

NEXT SECTION: PART C - PREMIUMS



PART C - PREMIUMS

- 1 The **Premiums** payable for **Cover** under the **Contract**, including the **Options**, where a **Premium** applies, shall be at such rate as shall apply from time to time. The **Premiums** payable by the **Member** throughout the **Contract** will not exceed the rate published in the **Premium Table** at the time the **Member** was admitted to **Membership** subject always to the choice of **Benefits** selected by the **Member**.
- 2 The **Premiums** due and payable shall be calculated by the **Society** and paid according to the terms and conditions set out under the **Contract** and relevant **Premium Tables** adopted by the **Society** from time to time, subject to approval by the **Board**.
 - 2.1 Once adopted a **Premium Table**, including any of the terms or provisions thereof may only be altered by:
 - 2.1.1 a resolution at a General Meeting of the **Society** in accordance with the **General Rules**; or
 - 2.1.2 a resolution of the **Board**.
 - 2.2 Any resolution to alter a **Premium Table** or any part thereof, including the **Options**, where a **Premium** applies, shall only apply to **Members** admitted after a specified date, which shall not be retrospective, and shall in any event only become effective from the date of registration of the amendment as may be required by the **Regulator**.
 - 2.3 if a **Premium Table** or any of the terms or provisions thereof, is altered by a resolution of the **Board** a resolution to approve the alteration shall be put to the next General Meeting of the **Society**. If the resolution is not passed, the alteration shall cease to be acted upon from the conclusion of that General Meeting, but the failure to pass such a resolution shall not invalidate any act or policy of the **Society** which is effected under the altered **Premium Table** prior to that General Meeting.
- 3 Copies of all current **Premium Table** shall be kept at the Registered Office of the **Society** and are available free of charge to any **Member** on request.
- 4 For the purpose of determining the Annual Escalating rate of **Premiums** payable, every **Member** shall, upon admission to **Membership**, be registered at their age attained, which age shall thereafter be increased by 1 year on 1st January after the date of their admission and thereafter on 1st January each year. The **Society** reserves the right to amend this basis of determining the rate of **Premiums** payable in consultation with the **Chief Actuary**.
- 5 Where a **Member** varies their **Contract** after admission the **Premium** applicable to the **Option** or **Variation**, where a **Premium** applies, must be on the same basis as that applied from the commencement of the **Contract**.
- 6 **Premiums** are due to be paid on the dates set out in the **Member's Contract**. If a **Premium** has not been received by the **Society** by the due date the **Member** shall be deemed to be in arrears.
- 7 A **Member** in arrears with their **Premiums** shall be sent a notice of arrears as soon as practicable. Any such **Member** being 3 calendar months in arrears shall have a final notice sent warning that if all the arrears are not paid within 1 calendar month of receipt of the notice and the **Premiums** brought up to date their **Membership** shall be subject to the provisions of Rule Q2. Any notice of arrears sent by pre-paid post shall be deemed to have been received in accordance with the **General Rules**.
- 8 Where a **Member** is in arrears **Premiums** received shall be applied first in paying **Premiums** (or any part thereof) which have been outstanding for the longest time. Subject to the provisions of Part J of these Rules entitlement to all **Benefits** shall cease until all arrears have been received by the **Society**.
- 9 If there is a dispute as to whether or not the **Society** has received a **Premium** or **Premiums** or any part thereof the **Member**, when required, shall produce to the **Society** any premium notice, **Prescribed Form**, copy bank statement or such other evidence of payment as the **Society** may reasonably require.
- 10 Unless otherwise agreed **Members** shall pay **Premiums** by Direct Debit by completing the **Prescribed Form**. The **Society** will not be responsible for the acts or defaults of the **Member's** Bank in not carrying out any instructions on the completed **Prescribed Form**.

- 11 If a person, not being the **Member** to whom it shall belong, shall come into or take possession of any premium notice, voucher, certificate or other document, and shall as a result receive any payment from the **Society**, neither the **Society** nor any officer shall be liable to the true owner, unless notice of the loss of the premium notice or other document shall have been previously given to the **Society** in writing, but the payment so obtained shall be deemed to have been paid to the **Member** whose premium notice or other documents shall have been so produced.
- 12 For the avoidance of doubt, any references herein to receipt of any payment by the **Society** due from a **Member** refers to the crediting of the **Society's** account with such payment by way of unreversed cleared funds.

PART D - BENEFITS OF SICK MEMBERS

1.1 **Members** other than:

1.1.1 a **Member** who has exercised the option specified under Rule B 11;

1.1.2 a **Member** who is retired; or

1.1.3 a **Member** who is unemployed or if self employed (alone or in partnership with others) is not deriving any **Earnings** from such self employment;

shall be entitled for so long as they satisfy the relevant **Disabling Illness**, specified for the purposes of Rule B1.5, as varied under Rule B16 and subject always to Rules 2.1, 2.2 and 3 below, to claim **Sick Pay** at the rate under their **Contract** with the **Society** and will be eligible to receive **Sick Pay** for the duration of the claim, provided that no such claim shall be met during any **Excluded Period**. **Members** who have subscribed for **Houseperson Benefit** shall be entitled for so long as they satisfy the **Houseperson Disabling Illness** and will be eligible to receive **Sick Pay** for the duration of the claim notwithstanding that they may have been disqualified from claiming for **Disabling Illness** under rules 1.1.2 or 1.1.3 above.

1.2 Any change in the amount of **Sick Pay** payable under the **Premium Table** shall be subject to the same procedure as set out in Part C of these Rules.

1.3 In accordance with the above and depending upon the **Disabling Illness** for payment of **Sick Pay** specified by the **Member** and prevailing at the date of any claim, the **Member** will be eligible under and subject to the other provisions of these Rules to receive:

1.3.1 in the case of a **Member** who has specified the **Own Occupation Disabling Illness**, **Sick Pay** at a level rate calculated in accordance with Rule B 4 so long as the **Member** continues to satisfy the **Own Occupation Disabling Illness**;

1.3.2 in the case of a **Member** who has specified the **Houseperson Disabling Illness** or is treated as entitled to claim **Benefits** pursuant to Rule J 5, at the rate calculated in accordance with the **Houseperson Benefit** and for so long as they continue to satisfy the **Houseperson Disabling Illness**.

2 In order to claim **Members** are required to:

2.1 Subject to Rule 2.2 below in order to claim **Sick Pay** a **Member** holding a **Day One Contract** or a **Deferred Contract** where the **Deferred** period is 4 weeks or less shall give notice by letter or telephone within 7 days to the Registered Office of the **Society** and substantiate their claim by:

2.1.1 forwarding to the **Society** a satisfactory original **Doctor's** certificate from the first day of **Disabling Illness** and by completing the **Prescribed Form** which shall be sent to the **Society** within 14 days of the date of commencement of **Disabling Illness**, and

2.1.2 within the same time period of 14 days forwarding to the **Society** documentary proof of the **Member's Earnings** current at the date of claim complying with the requirements of Rule 2.6 below. The **Society** reserves the right to waive the requirement to submit a medical certificate for those **Members** holding no more than 5 **Units** for claims not exceeding 7 days.

2.2 For a **Member** holding a **Deferred Contract** where the **Deferred** period exceeds 4 weeks any claim for **Sick Pay** shall be subject to the **Member** giving notice to the **Society** in the manner prescribed above of any **Disabling Illness** which is likely to give rise to a claim within 1 calendar month of its commencement. In order to substantiate the claim the **Member** must forward to the **Society**:

- 2.2.1 a satisfactory original **Doctor's** certificate from the first day of **Disabling Illness** and the completed **Prescribed Form** not less than 1 calendar month before the expiry of the relevant deferred period together with;
- 2.2.2 documentary proof of the **Member's Earnings** current at the date of the claim complying with the requirements of Rule 2.6 below.
- 2.3 subject to Rule D2.4 in cases where the **Society** is satisfied that delay in promptly sending in the **Prescribed Form** and supporting evidence or otherwise complying with the requirements of Rule D2.1 is clearly due to the relevant **Member's** sudden **Disabling Illness**, removal to hospital, serious accident or other exceptional cause, it may (but shall not be obliged to) grant an extension of time, not exceeding 2 weeks in addition to the time permitted pursuant to Rule D2.1, in order that the **Member** or someone on their behalf may forward the **Prescribed Form** and supporting evidence without incurring loss of **Benefits** for late delivery to the **Society**.
- 2.4 If any **Member** who is entitled to claim **Sick Pay** by virtue of contributing for it fails to notify the **Society** (in accordance with any of the above provisions) of their eligibility to claim **Sick Pay** or fails to supply a **Doctor's** certificate or complete the **Prescribed Form** or fails to provide documentary evidence of their **Earnings** they shall, unless the **Society** otherwise determines, not be entitled to payment of **Sick Pay** in respect of any period during which they were in default and so that any entitlement during such period shall lapse.
- 2.5 The **Society** shall always have the right to have any **Member** claiming or in receipt of **Sick Pay** independently examined by the **Society's Medical Adviser**.
- 2.6 For the purposes of providing satisfactory evidence of **Earnings** pursuant to the above Rules, the **Member** shall supply the following:
- 2.6.1 in the case of an employed **Member**, original documentary evidence covering the 12 month period immediately preceding onset of **Disabling Illness** in the form of printed payslips, most recent Form P60 and form P11D and/or equivalent in the case of any **Earnings in EEA**
- 2.6.2 in the case of a self employed **Member**, original documentary evidence covering the 12 month period immediately preceding onset of **Disabling Illness** in the form of most recent business accounts and latest tax computation (not statement); and
- 2.6.3 in the case of **Members** who are employed within a private limited company or limited liability partnership in which the **Member** and not more than 3 other shareholders or partners are employed as full time working directors original documentary evidence covering the 12 month period immediately preceding onset of **Disabling Illness** in the form of printed payslips, most recent Form P60 and form P11D and/or equivalent in the case of **Earnings in EEA states** and such other original documentary evidence of **Earnings** that the **Society** may require.
- 3 The payment of **Sick Pay** shall be made on such days in the month as the **Society** may from time to time determine. Where a **Member** fails to comply with Rule B 19.4 the **Society** shall be entitled to recover the amount of any unreturned overpayment by deduction from and set-off against a **Member's Credit** or any **Benefits** due to such **Member**.
- 4 **Sick Pay** shall not be paid in respect of an **Excluded Condition**, in the offer of terms of **Contract** or in relation to any **Variation** to the **Contract**.
- 5 A **Member** wishing to claim any **Benefit** under any part of the **Contract** or who is in receipt of **Sick Pay** or any other **Benefit** under any part of the **Contract**.
- 5.1 shall whenever requested by the **Society's Representative** provide:
- 5.1.1 an original **Doctor's** certificate of continued **Disabling Illness** which must be received at the Registered Office of the **Society** within 2 weeks of expiry of any previous certificate to avoid any loss of **Benefit**;
- 5.1.2 a written authority in order that the **Society** can obtain a medical report or any medical information from the **Doctor** of the **Member** as to such continued **Disabling Illness** and any past illness, injury, incapacity or disease whether or not the same is of a similar nature;

- 5.1.3 a medical report as to the **Member's** ability to carry on their **Occupation** or in the case of a **Houseperson** their ability to undertake the core activities of their home.
- 5.2 shall obey the instructions of their **Doctor** and shall answer any reasonable enquiries made by the **Society**, or the **Society's Representative**, as to the instructions given by the **Member's Doctor** and as to whether and how the same are being obeyed;
- 5.3 shall not conduct themselves in a manner which, in the opinion of the **Society's Medical Adviser**, is likely to retard their recovery;
- 5.4 shall permit the **Society's Representative** to visit and interview them at any reasonable times;
- 5.5 subject to Parts G and H shall not undertake any work, including for the avoidance of doubt any unpaid or voluntary work;
- 5.6 shall comply with the reasonable requirements of the **Society's Representative**;
- 5.7 shall provide, at their expense, and in English, any report and documentary evidence the **Society** requests the **Member** to provide (or, where the original was not written in English, accompanied by a translation into English certified as an accurate translation by the translator who has been accepted by the English High Court as competent to undertake similar translation work in the past).
- 6 Should a **Member** be guilty of a breach of any of the provisions of Rules D2.5 or D 5 the **Society** may suspend the payment of **Benefits** and may refuse the payment of **Benefits** or, if **Benefits** have already been paid, may demand their repayment and if not remedied by the **Member** within 14 days of being asked to do so, the **Member** shall cease to be eligible to claim **Sick Pay** and any entitlement during such period in which the **Member** was in default, shall lapse.
- 7 No **Member** shall be entitled to receive **Sick Pay** from the **Society** during the following periods:
- 7.1 the **Excluded** period;
- 7.2 if **Premiums** are in arrears prior to a claim being admitted, for the period in which the **Member** was in default. After the **Member** has paid all their arrears, the **Society** will pay any **Benefit** to which the **Member** would have been entitled but for this Rule D7.2.
- 8 In cases where a **Member** holds a **Deferred Contract**, and suffers a re-occurrence of the same **Disabling Illness** within a period of 12 months of returning to work, then where it can clearly be shown to the satisfaction of the **Society** that the subsequent **Disabling Illness** is the same, or directly related to the initial claim, the **Member** shall not be required to serve the relevant **Deferred** period again from the start.
- 9 Any **Member** suffering from any mental disease or affliction shall be entitled to the same **Benefits** and privileges and shall be subject to the same restrictions and conditions as if they were suffering from some bodily illness or incapacity.
- 10 Where a **Member** is suffering from any mental disease or affliction, the **Society** may pay **Benefit** to any spouse or children dependant on them for maintenance (subject to them producing to the **Society** such authorities as it may require) or in default to the person legally responsible for the affairs of such **Member**.
- 11 As a further requirement of these Rules entitlement to payment of **Sick Pay** shall be dependent upon:
- 11.1 the **Society** being satisfied that the **Member** is permanently resident within the **UK** (the **Society** having taken into account for this purpose the evidence provided pursuant to this Rule); and
- 11.2 the **Society** being further satisfied that the **Member** is for so long as any claim for **Sick Pay** subsists spending each night at an address in the **UK** or within the **EEA**
- Claims arising from **Disabling Illness** incurred or contracted while outside the **UK** or **EEA** shall be paid only from the date and so long as the **Member** meets the conditions of this Rule.
- A **Member** shall provide such information as the **Society** may reasonably require to enable the **Society** to determine whether or not a **Member** meets the conditions of this Rule and shall include original documentary evidence providing proof of the day to day address at which the **Member** is sleeping, tax assessments for the year before the date of any claim, the address of the **Member's** then current **Doctor** and bank account through which day to day living expenses are defrayed.

In the event that no verifiable medical treatment is available for the **Disabling Illness** within the **UK** or **EEA** the **Society** may, at its sole discretion, permit the payment of **Sick Pay** during the course of the medical treatment outside the **UK** and **EEA**.

- 12 If the **Member** has failed, within 26 weeks of the date of submission of a completed **Prescribed Form** for **Benefit**, to provide supporting evidence as required by the **Society** for the purposes of determining whether to admit or to decline the claim the **Society** will be entitled to reject the claim and any entitlement to **Benefit** for that claim will be forfeited.

PART E - ACCIDENT PROTECTION

- 1 A **Member** holding a **Deferred Contract** under these Rules may elect to take **Accident Protection** in order to claim **Accident Sick Pay** at the rate per **Unit** determined by the **Premium Table** adopted by the **Society** from time to time under which the **Member** is contributing for the relevant **Deferred** period applicable to their **Deferred Contract** with the **Society** by completing the **Prescribed Form** and subject to acceptance by the **Society** of such **Member** to **Accident Protection**.
- 2 In the event of an **Accident** a **Member** who is entitled to claim **Accident Sick Pay** shall follow the same procedure for claim as set down in Part D.
- 3 In order to be eligible to claim **Accident Sick Pay** the **Member** must satisfy the **Own Occupation Disabling Illness** or **Houseperson Disabling Illness** definition for which the **Member** has opted.
- 4 **Accident Sick Pay** shall not be paid for the first 3 or less consecutive days of **Disabling Illness** resulting from an **Accident** if such incapacity only lasts for those 3 consecutive days or less.
- 5 **Accident Sick Pay** shall not be paid in the event of claims resulting from any **Excluded Condition**.
- 6 **Premiums** paid for **Accident Protection** will not entitle **Members** to any additional **Surplus Allocation** to those detailed in Part M of these Rules.
- 7 A **Member** may cancel **Accident Protection** by giving notice to the **Society**. Entitlement to **Accident Sick Pay** under this option shall cease immediately upon receipt of such notice by the **Society**.
- 8 Any change in the amount of **Accident Sick Pay** payable under the **Premium Table** shall be subject to the same procedure as set out in Part C of these Rules.

NEXT SECTION: PART F - INDEXATION



PART F - INDEXATION

- 1 Save as specified in Rules 1.1 to 1.3 below, unless the **Member** has elected not to have Indexation by giving notice to the **Society**, the **Member's Unitholding** will be linked to the Retail Prices Index published by the Office for National Statistics (or in the event of the discontinuance of that **Index** a replacement of that measure adopted for that purpose by the **Society**), **provided that the Society may in its discretion apply a lower rate of Indexation from time to time**;
 - 1.1 A **Member** holding a **Contract** under the **Houseperson Disabling Illness** shall not be entitled to **Indexation** under Rule 1 above;
 - 1.2 A **Member** who has opted to commute their entitlement to receive **Sick Pay** pursuant to Part B of these Rules shall not be entitled to **Indexation** under Rule 1 above so long as they remain ineligible to claim **Sick Pay**, but unless the **Member** gave notice under Rule 1 above, **Indexation** shall recommence in the event that the **Member** becomes entitled at a later date to claim **Sick Pay**;
 - 1.3 A **Member** who has reduced their **Unitholding** pursuant to Part B or who has been subject to a reduction in their **Unitholding** pursuant to Rule B19.5 must apply using the **Prescribed Form** to have it re-instated.
- 2 Unless the **Member** has served notice as required pursuant to Rule 1 above, they shall have their **Unitholding** reviewed annually on 1st January (the review date) and in the event of an increase in the Index occurring in the 12 month period ending on 30th September in the year previous to the review date (the base date) such **Member's Unitholding** shall be increased on a pro rata basis provided that such increase shall result in the addition of at least 1 complete **Unit** to a **Member's Unitholding**.
- 3 Fractions of **Units** resulting from the application of the **Indexation** shall be placed to a **Member's** name and shall be aggregated with a **Member's** current **Unitholding** at the review date for the purposes of calculating the **Unitholding** to apply from 1st January based on the increase in the applicable Index in the 12 month period ending on the base date in the previous year.
- 4 Complete **Units** added to a **Member's Unitholding** as a result of the **Indexation** shall:
 - 4.1 result in an increase in the level of **Premiums** payable by the **Member** in accordance with the **Premium Tables** adopted by the **Society** from time to time;
 - 4.2 qualify for **Surplus Allocation** in accordance with the provisions of Part M of these Rules.
5. Entitlement to claim and receive **Sick Pay** in respect of the additional **Units** allotted to a **Member** under this **Indexation** commences on expiry of the relevant **Deferred** period, if applicable.
6. A **Member** may cancel the **Indexation** by giving notice to the **Society** that they no longer wish the **Indexation** to apply or that they no longer wish **Units** to be added. On receipt of such notice no further **Units** shall be added to the **Member's Unitholding** thereafter and the **Indexation** shall likewise cease to apply. A **Member** who has cancelled **Indexation** under this rule may apply to reinstate it and there is no limit to the number of occasions on which a **Member** may cancel the **Indexation**.
7. Any **Member** who has given notice pursuant to Rules 1 and 6 above, may apply to the **Society** to benefit from **Indexation** and so that the provisions of this Part F shall then apply to such **Member** provided that:
 - 7.1 at the date of the application the **Member** is neither claiming nor receiving **Sick Pay**; and
 - 7.2 any such application shall be subject to the **Society's Underwriting**.
- 8 In all cases where a **Member's Benefits** are subject to any special provisions or restrictions any claim to payment of **Benefits** based in part on any increase in the **Member's Unitholding** as a result of **Indexation** shall be subject to the same special provisions or restrictions.

PART G - REHABILITATION BENEFIT

- 1 Any **Member** (other than a **Member** whose entitlement to **Sick Pay** depends upon them satisfying the **Houseperson Disabling Illness**) who immediately following a **Disabling Illness** for which **Sick Pay** or **Accident Benefit** has been paid who:
 - 1.1 has returned, or is able to return, to the **Occupation** or **Occupations** engaged in the period of 12 months immediately preceding the onset of the **Disabling Illness** but continues, or will continue, to be restricted in the scope of their occupational activities; and
 - 1.2 as a result of the circumstances described in Rule 1.1 suffers a consequential reduction in **Earnings**; and
 - 1.3 requires regular ongoing supervision and treatment by the **Member's Doctor** shall be entitled to claim **Rehabilitation Benefit**.
- 2 Subject to the provisions of Rule O 1.1 and O 6, qualification for **Rehabilitation Benefit** under this Rule shall be subject to a **Member's Doctor** certifying that in the case of a **Member** whose entitlement to **Sick Pay** depends upon satisfying the **Own Occupation Disability Illness** definition, they could nonetheless carry out otherwise than on a fulltime basis some aspect of their **Occupation**.
- 3 Subject to Rule 4 below, the **Rehabilitation Benefit** payable under this Rule will be based on the following formula:

Earnings on which **Sick Pay**
entitlement based (less) new
restricted **Earnings**

—————
Earnings on which **Sick Pay**
entitlement based

\times **Sick Pay** entitlement = **Rehabilitation Benefit**

- 4 Entitlement to **Rehabilitation Benefit** will be subject to the **Member** being able to produce, to the satisfaction of the **Society**, evidence of a consequential reduction in **Earnings** as a result of restricted occupational activities and will not be paid **Rehabilitation Benefit** in addition to **Sick Pay** and such **Benefit** shall continue only for as long as the requirements of this Part G are met.
- 5 Any application for **Rehabilitation Benefit** shall be made by completion and submission of the **Prescribed Form**.

NEXT SECTION: PART H - PROPORTIONATE BENEFIT



PART H - PROPORTIONATE BENEFIT

- 1 Entitlement to **Proportionate Benefit** shall be discretionary on the part of the **Society**.
- 2 Any **Member** (other than a **Member** whose entitlement to **Sick Pay** depends upon them satisfying the **Houseperson Disability** definition) who:
 - 2.1 as a result of the **Disabling Illness** is forced or willing to follow a different **Occupation** or **Occupations** to those engaged in the period of 12 months immediately preceding the onset of the **Disabling Illness**; and
 - 2.2 suffers a consequential reduction in **Earnings** as a result of Rule 2.1 above shall be entitled to claim **Proportionate Benefit**.
- 3 Qualification for benefit under Rule 2 above shall be subject to a **Member's Doctor** certifying that the **Member** is capable of work but not in the **Occupation** or **Occupations** being performed in the 12 months immediately preceding the **Disabling Illness**. The **Member** must also produce, to the satisfaction of the **Society** evidence of **Earnings** from the new **Occupation**.
- 4 Subject to Rule 5 below of this Part H the **Proportionate Benefit** payable under this Rule will be calculated using the following formula:

$$\frac{\text{Earnings on which Sick Pay entitlement based (less) new restricted Earnings}}{\text{Earnings on which Sick Pay entitlement based}}$$

\times Sick Pay entitlement = **Proportionate Benefit**

- 5 Entitlement to **Proportionate Benefit** will not be paid in addition to **Sick Pay** and shall only continue for as long as the requirements of this Part H are met.
- 6 Any application for **Proportionate Benefit** shall be made by completion and submission of the **Prescribed Form**.

PART I - TERMINAL ILLNESS BENEFIT

- 1 A **Member** who has a valid claim for **Sick Pay** under Part D of these Rules who is diagnosed with a **Terminal Illness** may, on completion of the **Prescribed Form** within 8 weeks of notification of such diagnosis, apply to the **Society** for **Terminal Illness Benefit**.
- 2 In the event of a difference of opinion between the attending Consultant and the **Society's Medical Adviser**, the **Society** shall retain the right to base its final decision on the opinion of the **Society's Medical Adviser**.
- 3 A **Member's** entitlement to be paid **Terminal Illness Benefit** is without prejudice to any other entitlement of the **Member** to any additional or further **Benefit** properly payable under the **Contract**.

NEXT SECTION: PART J - CAREER BREAK AND
SUSPENSION OF PREMIUMS



PART J - CAREER BREAK AND SUSPENSION OF PREMIUMS

- 1 Subject to Rule 2 below a **Member** who has paid **Premiums** for a minimum of 12 months or who has a **Member's Credit** may on written application to the **Society** suspend the payment of further **Premiums** for up to 12 months at a time during which no claims or **Benefits** shall be admitted or paid with the exception of **Bonus Allocation** which shall continue to be added to a **Member's Credit**.
- 2 No **Member** can apply to suspend **Premiums** under this Part J for more than 24 months in total during their **Membership** save with the consent of the **Society** and subject to its sole and unfettered discretion.
- 3 At the end of the **Financial Year** in which a **Member** selects the career break a proportion of the **Surplus Allocation** and/or **Commutated Bonus** shall be added to their **Member's Credit** based upon each complete month the **Member** has opted to pay **Premiums**, under the relevant **Premium Table**, and to participate in **Surplus Allocation** and/or **Commutated Bonus**.
- 4 Where a **Member** who has not passed their **Selected Retirement Age** returns to work within 12 months of the suspension of **Premiums** first taking effect, they will, following the date of submission to the **Society** of the **Prescribed Form** be entitled to recommence the payment of **Premiums** from the time the application to resume the payment has been agreed by the **Society** and shall thereafter be entitled to claim the same **Benefits** as were available to them prior to the career break in respect of any Disabling Illness commencing after that time
- 5 Where a **Member** does not return to work within 12 months of the date of the commencement of the career break under Rule 1 above:
 - 5.1 their **Unitholding** shall be reduced to 5 **Units**; and
 - 5.2 they shall upon the recommencement of the payment of **Premiums** thereafter only be entitled to the **Benefits** which would be payable as if he had opted to receive **Benefits** under the **Houseperson Disability Illness** definition alone unless and until he successfully apply for a **Variation** to terms of **Membership** in accordance with Part B of these Rules. (The provisions of this Rule 5 are without prejudice to such **Member's** right to apply to the **Society** to claim different **Benefits** thereafter in the event of any application being made by the **Member** for such **Benefits** in accordance with the provisions of these Rules, which shall then be subject to the **Society's Underwriting**).
- 6 Where a career break is taken within a period of 12 months of the cessation of an earlier one then it shall be treated as being a continuation of the former to determine its duration for the purposes of applying the provisions of Rules 4 and 5 above.
- 7 If at the time of the application to cease payment of **Premiums** under this Rule the **Member** is in arrears then subject to the provisions of Part Q of these Rules the **Society** may, at its discretion, waive the collection of those **Premiums** and permit the career break to proceed on the understanding that as regards any such **Member** no **Surplus Allocation** or **Bonus Allocation** shall accrue or be applied for the period covered by the arrears. In such circumstances the **Member** shall not be required to clear these arrears when the career break expires or when payment of the **Premiums** recommences.
- 8 In the event of a **Member** being 4 or more months in arrears with **Premiums** and not having given notice to the **Society** to select the career break option the **Society** may, at its discretion, apply the provisions of Rule 1 above on behalf of any such **Member** so that such **Member** may benefit from **Bonus Allocation** on the **Member's Credit**.
- 9 **Members** transferring to the **Contract** from the **Schedule 1 Scheme** or **Schedule 2 Scheme** applicable prior to 1 October 2006 shall not be subject to the time limit stipulated in Rule 1 above provided that the **Member** has, at the time the application is made, a **Member's Credit** with the **Society**.
- 10 A **Member** suspending the payment of **Premiums** under this Rule shall be entitled to be present and vote at a general meeting of the **Society**.

PART K - REFUND OF PREMIUM BENEFIT

- 1 **Members** who are contributing to receive **Sick Pay** and whose claim to **Sick Pay** is admitted shall be entitled to refund of **Premium**, in accordance with the **Premium Tables** adopted by the **Society** from time to time.
- 2 Following admittance of a claim **Members** will be entitled to refund of **Premium** from the 29th day of **Disabling Illness** or after the expiry of the **Deferred** period, whichever is the later and their **Membership** will remain in force during such period.
- 3 Where the **Society** is paying **Rehabilitation Benefit** under Part G of these Rules or **Proportionate Benefit** under Part H of these Rules, it will pay the same proportion of the refund of premium benefit.
- 4 All **Premiums** must continue to be paid throughout the claim and refund of **Premium** shall be paid with the **Sick Pay, Rehabilitation Benefit** or **Proportionate Benefit**.
- 5 In the event of a claim the **Member** must follow the same procedure as set down in Part D of these Rules.
- 6 The daily refund of premium shall be defined as 1/30th of the monthly **Premium** for each qualifying day of **Disabling Illness**.
- 7 **Premiums** refunded under this Part will not accrue any entitlement to **Surplus Allocation** other than as set out in Part M of these Rules.
- 8 Entitlement to refund of premium will cease from the day the **Member** ceases to be entitled to **Sick Pay, Rehabilitation Benefit** or **Proportionate Benefit**.

PART L - GUARANTEED INSURABILITY OPTION

- 1 The **Guaranteed Insurability Option** provides the **Member** with an opportunity to increase **Cover** without being subject to the **Society's Underwriting** when one of the following events occurs:
 - 1.1 every 5th anniversary of the start date of the **Contract**;
 - 1.2 on marriage or entry into a civil partnership;
 - 1.3 birth of a child to the **Member** or **Member's** partner;
 - 1.4 legal adoption of a child;
 - 1.5 on receipt of an increase in **Earnings**;
 - 1.6 on taking out or increasing a mortgage on the **Member's** primary residence.The first opportunity to increase **Benefits** will not be until 12 months following commencement of the **Contract**.
- 2 The **Premium** will increase in line with an increase in **Sick Pay** and will be costed at the **Member's** age when the change is actioned. The **Member** does not have to exercise the **Guaranteed Insurability Option**. If the **Guaranteed Insurability Option** is exercised, it will be subject to the following conditions:
 - 2.1 submission of the completed **Prescribed Form**;
 - 2.2 application must be received within 3 months of the occurrence of one of the above events and evidence of the event, to the **Society's** satisfaction, must be supplied within that time period;
 - 2.3 this option does not apply after the **Member's** 55th birthday;
 - 2.4 all existing contract terms such as **Deferred** period, **Selected Retirement Age, Indexation** will apply to any **Guaranteed Insurability Option**;
 - 2.5 any **Excluded Conditions** or loaded **Premiums** that were applied to the **Contract** when it first commenced, will also be applied to any increases under the **Guaranteed Insurability Option**, unless they have been removed or revised in the meantime;
 - 2.6 this option does not apply if the **Member** is incapacitated, is claiming **Sick Pay** or their **Premiums** are in arrears. In addition, the **Member** must not have claimed for more than 6 weeks in the past 3 years;

- 2.7 the **Member** cannot apply for any increase if they are unemployed or are subscribing only for **Houseperson Benefit** or are contributing for **Commuted Bonus** only;
- 2.8 the maximum **Guaranteed Insurability Option** that can be applied is limited to 10% of current **Sick Pay**, per event, subject always to remaining within 60% of **Earnings**, and an overall limit of 20% of the current **Sick Pay** in any rolling 3 year period.

PART M - APPLICATION AND APPORTIONMENT OF FUNDS

- 1 Total **Premiums** received from all **Members** under this **Contract** together with the allocated investment income, applicable to this Schedule, shall be credited to the income and expenditure account (or such other term to describe the Technical Account, as may apply from time to time). The amount of the investment income so allocated shall be determined by the **Board** after taking advice from the **Chief Actuary**.
- 2 All the monies so credited in accordance with Rule 1 above, in each **Financial Year**, together with such other income of the **Society** as the **Board** may determine on the advice of the **Chief Actuary**, shall be available:
 - 2.1 firstly to meet such proportion of management expenses as the **Board** shall decide after taking advice from the **Chief Actuary**;
 - 2.2 secondly in payment of **Benefits** and benefits payable to other **Society Members**; and
 - 2.3 thirdly in establishing such reserves for future **Sick Pay** other **Benefits** and benefits payable to other **Society Members** as the **Board** shall decide after taking advice from the **Chief Actuary**.
- 3 Such part of any balance as the **Board** acting upon the advice of the **With-Profits Actuary** may determine of such monies remaining at the end of the **Financial Year** may be distributed and added to the **Member's Credit** as a final rate of **Surplus Allocation**, **Bonus Allocation** and **Commuted Bonus** and/or such other form of bonus as may be determined by the **Board** acting upon the advice of the **With-Profits Actuary**, but subject to the following Rules 3.1 – 3.9. inclusive, and at such rate or rates as the **Society** may specify from time to time. Bonus distributions may be made under this Schedule 5 and under the other schedules to the **General Rules** so that different rates may apply in relation to different bonuses and different kinds of benefits to which the **Society Member's** may be entitled.
 - 3.1 Until such time as the final results for the **Financial Year** are known, the **Board**, acting on the advice of the **With-Profits Actuary** may declare an interim rate of **Surplus Allocation**, **Bonus Allocation** and **Commuted Bonus** and/or such other form of bonus as may be determined by the **Board** acting upon the advice of the **With-Profits Actuary**. Such bonuses shall (as appropriate) be added to a **Member's Credit** in the event of the death or withdrawal of the **Member** during the **Financial Year** and the **Member's** entitlement shall not then be subject to any adjustment resulting from any difference between the interim and final bonus pursuant to Rule 3 above.
 - 3.2 **Bonus Allocation** shall be calculated on the **Member's Credit** at the end of the previous **Financial Year** less any deductions or set-offs during the current **Financial Year**.
 - 3.3 Unless the provisions of Part J of these Rules apply no **Bonus Allocation** shall be credited to a **Member's Credit** while their **Premiums** are 4 or more months in arrears and/or where Membership has lapsed. Provided that **Membership** has not lapsed, the Society will credit the Member after the Member has paid all their arrears with any Member's Credit to which they would have been entitled but for this Rule M3.3.
 - 3.4 No **Surplus Allocation** shall be added to a **Member's Credit** unless the **Member** has opted to pay **Premiums** which secure an entitlement to participate in **Surplus Allocation**.
 - 3.5 Subject to Rule 3.6 and 3.7 below any **Surplus Allocation** added to a **Member's Credit** (being a **Member** who has opted to pay **Premiums** which secure an entitlement to participate in **Surplus Allocation**) shall be in proportion to the number of **Units** held by such **Member**. The **Surplus Allocation** may be at a different rate for the **Day One Contract** and **Deferred Contracts** carrying a right to participate in **Surplus Allocation** and for each of the **Deferred Contracts**.
 - 3.6 A **Member**, who elects to pay **Premiums** in accordance with the relevant **Premium Table** which secure an entitlement to **Sick Pay** and to participate in any **Surplus Allocation**, will not receive, or be entitled to receive a **Surplus Allocation**, for the first 24 months on those **Units**.

- 3.7 In the case of a **Member** described at Rule 3.6 above who elects to pay **Premiums** in accordance with the relevant **Premium Table** so as to be entitled to **Sick Pay** only, and/or a **Member** who has opted to commute their entitlement to **Sick Pay** so as to be eligible to receive **Commuted Bonus** only but who successfully re-applies to pay to the **Society Premiums** which secure an entitlement to **Sick Pay** and to participate in any **Surplus Allocation**, will not be entitled to a **Surplus Allocation** until the **Society** has received all **Premiums** due for the first 12 months following any such successful re-application.
- 3.8 A **Member** entitled to **Surplus Allocation** by virtue of having paid **Premiums** in accordance with the relevant **Premium Table** to participate in **Surplus Allocation** who has become entitled to participate for part only of a **Financial Year** shall be entitled to a proportionate part of the **Surplus Allocation** for each complete month the **Member** has contributed under the **Contract**.
- 3.9 The amount of **Commuted Bonus** added to **Member's Credit** shall not exceed 100% of the **Premiums** paid by the **Member** to the **Society** during the relevant **Financial Year** under the **Premium Tables**.
- 4 An account shall be opened in the books of the **Society** for each **Member** entitled at any time to receive **Surplus Allocation, Bonus Allocation** and **Commuted Bonus** and/or such other form of bonus as may be determined by the **Board** acting upon the advice of the **With-Profits Actuary**.
- 5 In the event of the monies referred to in Rule 2 above being insufficient to meet management expenses and **Sick Pay** and other **Benefits**, in consequence of an epidemic, or from any other cause, the surplus funds previously placed to the **Member's Credit** under these Rules may be applied to make good any deficiency by contributing pro rata (i.e. according to rate of **Premium**) thereto and each **Member's Member's Credit** may be reduced (or eliminated) accordingly.
- 6 For a **Member** transferring to this **Contract, Surplus Allocation** or dividends at the prevailing rate applicable for the **Schedule 1 Member** or **Schedule 2 Member** shall be allocated at the date of transfer on a proportionate basis for each complete month the **Member** has contributed under Schedule 1 or Schedule 2 of the General Rules.
- 6.1 Subject to the **Member** opting to pay **Premiums** under the relevant **Premium Table** to participate in **Surplus Allocation** the 24 month waiting period for **Surplus Allocation** on **Units** held at the date of admission shall not apply to a **Schedule 1 Member** or **Schedule 2 Member**. At the end of the **Financial Year** in which transfer occurs such **Member** shall be entitled to a proportionate part of the **Surplus Allocation** to which they would have been entitled as if they had contributed for the previous 24 months on a proportionate basis for each complete month the **Member** has contributed under this **Contract**.
- 6.2 On a transfer from the **Scheme a Member's** shareholding (which must be sufficient to acquire not less than 5 **Units**) shall be converted to **Units** on the basis set down in the Tables. This **Unitholding** shall form the basis of the opening **Unitholding**.

PART N - TERMINAL BONUS

The **Board** may at their discretion and on the advice of the **With-Profits Actuary** declare each year a terminal bonus for the following 12 months. The rate of this bonus may be changed at any time during the relevant 12 months by the **Board** on the advice of the **With-Profits Actuary**. This bonus shall be determined and applied in such manner as the **Board**, acting on the advice of the **With-Profits Actuary** may determine from time to time. The terminal bonus so calculated shall be added to the sum due to be paid in accordance with the provisions of Part O and Part P.

PART O - WITHDRAWAL OF FUNDS - TERMINATION OF MEMBERSHIP

- 1 Any **Member** may, subject to giving the **Society** not less than 1 month's prior written notice, terminate their **Contract** with the **Society** before they attain their **Selected Retirement Age**. From the date of receipt of such notice the **Member** shall not be required to pay **Premiums** and shall as a consequence not be entitled to claim or receive **Sick Pay** or any other **Benefits of Membership**.
- 2 Where notice pursuant to Rule 1 above is given and the **Member** has a **Member's Credit** the following will apply:
 - 2.1 In respect of **Members** admitted to the **Contract** by direct application or by transfer from the **Schedule 2 Scheme**:
 - 2.1.1 the **Members Credit** shall be returned to them subject to a deduction of 10% thereof unless Rule 2.1.2 below applies;
 - 2.1.2 this Rule 2.1.2 applies to any such **Member** who gives notice pursuant to Rule 1 above at any time during the period of 5 years before their **Selected Retirement Age**, when the sum then standing to their credit shall be returned less a deduction of 2% of the value thereof multiplied by each year or part year remaining between the date of the application and the **Selected Retirement Age** up to a maximum of 10%.
 - 2.1.3 should such **Member** have changed their **Selected Retirement Age** during any part of the 2 years last preceding the date of their notice to withdraw, the foregoing deduction shall be calculated by reference to the **Selected Retirement Age** during such 2 year period, unless the **Society** otherwise determines.
 - 2.2 In respect of **Members** who transfer to the **Contract** admitted to the **Society** prior to 1st October 2006:
 - 2.2.1 the sum standing to the credit of such **Member** shall be returned to them subject to a deduction of the lower of £25 per **Unit** or 10% of the sum standing to the **Member's Credit** (or such other sum as may be determined from time to time by the **Board** acting upon the advice of the **Chief Actuary**);
 - 2.2.2 any such **Member** who gives notice pursuant to Rule 1 above at any time during the period of 5 years before their **Selected Retirement Age**, when the sum then standing to the **Member's Credit** shall be returned to them less a deduction of 2% of the value thereof multiplied by each year or part year remaining between the date of the application and the **Selected Retirement Age** up to a maximum of £25 per **Unit**;
 - 2.2.3 should such **Member** have changed the number of **Units** held during any part of the 2 years last preceding the date of their notice to withdraw, the foregoing deduction shall be calculated by reference to the highest number of **Units** held during such 2 year period, unless the **Society** otherwise determines.
 - 2.2.4 should such **Member** have changed their **Selected Retirement Age** during any part of the 2 years last preceding the date of their notice to withdraw, the foregoing deduction shall be calculated by reference to the **Selected Retirement Age** during such 2 year period, unless the **Society** otherwise determines.
- 3 If a **Member** satisfies the **Society** that they have taken up permanent residence outside the **UK** the **Member** may with the consent of the **Society** withdraw the **Member's Credit** without penalty.
- 4 After withdrawal under Rule 2 above a **Member** may re-apply for **Membership** as prescribed under the applicable provisions of Part B of these Rules subject to **Underwriting**
- 5 On attaining their **Selected Retirement Age**, a **Member** with a **Members Credit** may without penalty:
 - 5.1 Withdraw the whole or any part of the **Member's Credit** from the **Society** on completion of the **Prescribed Form**; or

- 5.2 Leave the whole or any part (being not less than such minimum amount set by the **Society** from time to time) of the **Member's Credit** on deposit with the **Society**. **Deposit Interest** shall be credited at the applicable **Deposit Interest Rate** on such deposit in such manner and on such terms as the **Society** may determine from time to time. **Deposit Interest** may either be added to the **Member's Credit**, or may be paid directly to the **Member** yearly on 31st December or half-yearly on 30th June and 31st December or such other date or dates as may be determined by the **Society** from time to time.
- 5.3 Such **Member** may at any time, subject to giving to the **Society** not less than 1 month's prior written notice, withdraw the whole or a part of the **Member's Credit** by completion of the **Prescribed Form**. On partial withdrawal the **Member** shall be required to leave a balance which is not less than such minimum amount set by the **Society** from time to time.
- 5.4 A **Member** leaving the **Member's Credit** on deposit in accordance with the provisions of Rules 5.1, 5.2 and 5.3 above shall be entitled to be present and vote at a general meeting of the **Society**, but shall not be entitled to claim **Sick Pay** or to receive any other **Benefits** save for **Deposit Interest** pursuant to Rule 5.2 above.
- 6 No **Member** admitted to **Membership** after the date these Rules are registered with the applicable **Regulator** shall be paid **Sick Pay** after reaching their **Selected Retirement Age**. A **Member** admitted to **Membership** by transfer from the **Schedule 1 Scheme** may:
- 6.1 continue to pay **Premiums** after their **Selected Retirement Age** until the end of the **Financial Year** in which they attain their **Selected Retirement Age** to participate in **Bonus Allocation** and **Surplus Allocation** but shall not be entitled to claim **Sick Pay**;
- 6.2 commute their right to claim **Sick Pay** in favour of **Commuted Bonus** and **Bonus Allocation** whether they are working or not.
- 7 Unless the provisions of Part J of these Rules apply a person ceasing for any reason to be a contributing **Member**, may at the sole discretion of the **Society** any time within 12 months from the date of their last payment to the **Society**, apply to withdraw their **Member's Credit** subject to the remaining provisions of Part O, but without any addition for **Surplus Allocation**, **Commuted Bonus** or terminal bonus as provided for under Part N. Any sum not withdrawn within such period of 12 months shall accrue to the Reserve Fund of the **Society** and in this event the **Society** shall not thereafter be liable to the **Member** or any other person in respect thereof.
- 8 No notice of withdrawal given pursuant to any of the above Rules shall be cancelled without the consent of the **Society**. At the expiration of 1 calendar month from the date when such notice shall have been received or earlier if the **Society** so decide, the due amount of the **Member's Credit** shall be paid to them.
- 9 A **Member** may not assign, mortgage, or charge the **Member's Credit** or any part thereof and any attempt so to do shall be void against the **Society**. If a **Member** shall or shall attempt to assign, mortgage, or charge the **Member's Credit** or any part thereof, or if they shall become bankrupt or suffer anything whereby the **Member's Credit** or any part thereof would, if belonging to the **Member** absolutely, be liable, by operation or process of law, to become vested in or payable to some other person or persons, the **Member's Credit** shall be forfeited, and may be applied at the absolute discretion of the **Society** to or for the benefit of any relative or relatives of the **Member**, or be transferred to the Reserve Fund of the **Society**.

NEXT SECTION: PART P - PROCEEDINGS ON DEATH



PART P - PROCEEDINGS ON DEATH

- 1 On the death of a **Member**, any sum due from the **Society**, as to which no valid nomination is then registered, shall be paid to the personal representative of such **Member**, or such sum not exceeding the limit of amount for the time being prescribed by law, shall be distributed among such persons as appear to the **Society** to be entitled by law to receive the same, and in the case of any dispute may be retained by the **Society** until such dispute is decided in accordance with the law. Where it is established there is no legal claimant to any sum payable at death of a **Member**, then such sum shall be transferred to the Reserve Fund.
- 2 On the death of a **Member** there shall be paid to the person entitled such **Member's Credit** at the date of death, together with **Bonus Allocation** at the rate referred to in Rule M 3.1 up to and including the date of death and, where the **Member** has opted to pay **Premiums** under the relevant **Premium Table** to participate in **Surplus Allocation** or **Commutated Bonus**, such **Surplus Allocation** or **Commutated Bonus** at the rate referred to in Rule M 3.1 for each complete month the **Member** has paid **Premiums** subject to any nomination under the **General Rules**. At the sole discretion of the **Society Bonus Allocation** may be paid from the date of death to the date of payment.
- 3 On the death of a **Member** the person entitled shall be paid the **Member's Credit**, provided the application for payment is made within 1 year of their death. If no such application is made the Society may, at its sole discretion, transfer the **Member's Credit** to the Reserve Fund and in this event the Society shall not thereafter be liable to any person in respect thereof.
- 4 No sums shall be paid out unless and until there is produced to the **Society** such evidence of death and title as shall be required by law and by the **Society**.

NEXT SECTION: PART Q - DISQUALIFICATIONS
AND FORFEITURES FROM MEMBERSHIP



PART Q - DISQUALIFICATIONS AND FORFEITURES FROM MEMBERSHIP

- 1 The **Society** may expel any **Member**:
 - 1.1 who has knowingly made any false statement or declaration to the **Society**, whether in connection with an application for **Membership** or **Variation** to their terms of membership under this **Contract** or in connection with a claim for **Benefits**, or otherwise deceives or attempts to deceive the **Society** whether by any fact or failing to disclose any fact which ought to have been disclosed;
 - 1.2 if in its absolute discretion it considers that (a) the **Member** is or has been in material or persistent breach of any of this Schedule; or (b) that person's continued membership of the **Society** is or may be detrimental or prejudicial to the interest of the members of the **Society** generally;
 - 1.3 A **Member** shall be treated as in persistent breach of this Schedule in the event that the relevant rule has been breached on 2 or more successive occasions by the **Member** or in the event of a single breach of a rule remaining unremedied for a period of four weeks or more;
 - 1.4 A **Member** shall be treated as in material breach of a rule in the event that the breach constitutes a persistent breach or where the breach is anything other than trivial.
- 2 A **Member** who is expelled from the **Society** shall forfeit all **Premiums** paid in respect of the **Member's Contract**, together with the **Member's Credit** as at the date of their expulsion.
- 3 Any amount forfeited under Rule 2 above shall be transferred to the Reserve Fund of the **Society**.
- 4 Notwithstanding the provisions of Rule 1 above the **Society** shall have authority to vary the terms of admission, or **Variation**, or amendment of existing **Membership** in the event of a **Member** making an inadvertent or innocent statement or declaration, resulting in more beneficial terms being offered by the **Society** to the **Member** than would have pertained had a full disclosure been made at application. The **Member** shall be informed of such change in writing and, in the event of a dispute with the **Society**, shall retain the right to have the matter referred to arbitration under the **General Rules**, or considered by the Financial Ombudsman Service or any successor or other service replacing the same.
- 5 Every **Member** whose **Premiums** under their **Contract** or the **Premiums** payable by them under and other Schedule to the **General Rules** are 3 or more months in **Arrears** shall be considered to have terminated their **Membership** and their **Membership** shall automatically lapse. A **Member** whose **Membership** has lapsed may no longer reinstate any entitlement to **Benefits** they may previously have had by clearing their Arrears
- 6 Where it can be shown that the non-payment of **Premiums** is of no fault of the **Member**, then the **Member** may continue in **Membership** provided the **Member** pays up all **Arrears**. Such **Member** may then continue and will be eligible for **Benefits** from the 1st day of the month following that in which all due **Premiums** have been received by the **Society**.



SCHEDULE 5

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