

# Employee Life Cover



Be safe. Be sure. We've got you covered.

# What you need to know about Employee Life Cover

We've created this employer guide to help you understand how Employee Life Cover (ELC) works. It also gives employers answers to the most commonly asked questions.

This guide is explanatory. It is not intended to replace the 'Trust Deed' and 'Rules of the Scheme'. It's important you check that ELC meets your employees' needs. If you have any additional questions please call us on **01293 586666** or email **support@bandce.co.uk**.

Please call us on **01293 586666** or email **EAC.ELC@bandce.co.uk** if you have any questions or would like to take our Employee Accident Cover with ELC.

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# ELC allows you to provide essential financial protection for your employees.

## How does it work?

To make life easy, we've kept the administration and management simple and straightforward:

- you tell us which employees will benefit from the cover. We'll then enrol them
- we calculate costs payable in arrears, based on the amount of cover you choose. We ask you to make payments within 90 days of the period of cover. If you don't maintain payments, we will cancel the cover
- each month you'll need to log in to your account to check that we have the correct employees for that month. You can also tell us about anyone joining or leaving. We'll revise the charges to reflect any changes made
- if a claim is made, we'll confirm with you the member's entitlement and then deal directly with their beneficiaries and if necessary, keep you updated
- exclusions are kept to a minimum. See 'What isn't covered by ELC'
- you can cancel cover for ELC at any time
- a member's cover for ELC will cease if you fail to make payments when they are due.

Once employees are included for ELC cover, they are entitled to:

- a lump sum (normally tax free) of £40,000 payable on death while employed by you
- a lump sum (normally tax free) of up to £40,000 payable on the death of a member if death occurred during a period of continuous unemployment or incapacity ('death in unemployment' cover and 'death in incapacity' cover) and the member was under the State Pension age at the date of death
- a further sum (normally tax free) if their death is due to an accident at work or while travelling to or from work.

As an employer, our ELC helps you:

- protect your most valuable asset – your workforce
- reassure staff that their dependants will be more financially secure if they die
- build your reputation as a caring employer
- attract quality staff as part of a comprehensive benefits package.



**protect** your most  
valuable asset –  
your workforce

# Deciding what benefits to provide

## 1 Who can it cover?

### Eligibility

Cover is available to anyone aged 16 or over, employed full time or part time in construction or related industries. There is no upper age limit for joining except that 'death in unemployment' cover and 'death in incapacity' ELC cover is not available for employees over the State Pension age.

### Actively at work

An employee must be 'actively at work' at the time you want cover to start.

Actively at work means fully active employment (but not necessarily full time if the employee is contracted to work less hours than normal full time employees), in which the individual is physically and mentally able to perform all the duties associated with the individual's normal job and is doing so.

Employees on authorised leave are considered 'actively at work'. You must provide confirmation that employees meet the 'actively at work' requirement when they join or when you upgrade their cover and declare you have no knowledge of the employee having been diagnosed with a terminal illness (an illness where the expectation of life is less than 1 year from the date of diagnosis).

You must confirm that the individual has not been absent from work due to an accident or ill health in the preceding 4 weeks; and has not reduced their working hours due to an accident or ill health in the preceding 3 months.

Where an employee is rejoining as a member after a period of absence, the 'actively at work' requirements must be re-confirmed.

### Membership category

You decide which employees to provide cover for, and define with B&CE the membership eligibility rules. This definition should cover one or more categories, such as employee role, occupation, or length of service. It must also state their entry date.

Examples of membership categories could be:

- all employees of A&B Builders Ltd with over 3 months' service
- all employees of A&B Builders Ltd employed as tradesmen
- all manual workers employed with A&B Builders Ltd with over 6 months' service.

Defining the right membership category at the start is important, as we use it as a validity check during the claims process.

All members in a category must have the same level of benefits and you must apply the definition consistently to all employees when they first join. You must also include at least 95% of all employees within a defined category. You can set up cover with more than one membership category if you want to offer different levels of life cover to different groups of employees. You can find out more about this in the Levels of life cover section.

## 2 Levels of cover?

ELC provides life cover to the member's beneficiaries or estate in four instances:

- should death occur while employed by you
- should death occur as a result of an accident while at work or travelling to and from work, an additional amount, equal to the life cover payment (called accidental death benefit) is paid
- should death occur under State Pension age during a period of continuous incapacity within 3 years of the last contribution being paid (called 'death in incapacity' cover)
- should death occur under State Pension age during a period of continuous unemployment within 2 years of the last contribution being paid (called 'death in unemployment' cover).

You can also set the plan up to pay a higher amount of ELC (and accidental death benefit), but the amount of 'death in unemployment' cover and 'death in incapacity' cover is limited to a maximum of £40,000. See 'Entitlement to benefits when no longer employed by you' section for more details.

## 3 Setting up the cover

To set up the cover, just complete the application form and member schedule with:

- your details
- defined membership categories
- employees' details (eg name, address, date of birth, National Insurance number)
- level of cover
- start date
- written confirmation of 'actively at work' status
- confirmation that you are not aware of any employee to be included having been diagnosed with a terminal illness.

The application form is available at [www.bandce.co.uk/apply-for-etc](http://www.bandce.co.uk/apply-for-etc)

## 4 How do you calculate costs?

We calculate costs based on the level of cover you choose.

The costs for our ELC cover:

ELC Level	Minimum payment made if a member dies*	Payment made if a member dies because of an accident at work	Weekly cost per employee ELC
Standard	£40,000	£80,000	£1.38 (Includes 12p admin fee)
Double	£80,000	£160,000	£2.51 (Includes 12p admin fee)
Triple	£120,000	£240,000	£3.64 (Includes 12p admin fee)

\*This may be lower in the case of ill health or unemployment.

The costs are reviewed from time to time and may be increased. We will let you know about any changes in advance.

Payment for ELC premiums are made by Direct Debit. B&CE process payment schedules on the 23rd of each month and payment is taken approximately 10 days after the schedule is processed automatically by Direct Debit.

If no payment is made when it's due, then the cover is stopped until we receive the payment.

## 5 When does the cover start?

Cover starts from the date you specify on the application form, provided we've received all the necessary information. If a claim is made while we're processing your application, you'll need to pay any outstanding contributions before we can process it.

## 7 Cancelling the cover

You or B&CE can cancel the cover at any time. Once cancelled, you won't be liable for contributions after that date. Please note, you cannot backdate a cancellation. A member's cover will cease if you fail to pay contributions when they are due.

You may want to consider getting advice before cancelling your cover.

This cover doesn't have a renewal date, it will stop if:

- a member leaves your employment (unless it was due to unemployment or incapacity)
- a member no longer satisfies the agreed membership criteria
- you fail to pay any contributions due for the period of cover (claims won't be processed unless all contributions are up to date)
- you choose to terminate your cover with us.

We'll pay any valid claims after the cover ends if they arose during the period of cover.

## 6 When will the cover stop?

This cover doesn't have a renewal date, it will stop if:

- a member leaves your employment (unless it was due to unemployment or incapacity)
- a member no longer satisfies the agreed membership criteria
- you fail to pay any contributions due
- you choose to terminate your cover with us.

We will pay any valid claims after the cover ends if they arose during the period of cover.

# Employee Life Cover (ELC)

ELC provides a lump sum (normally tax free) to a member's beneficiaries if the member dies for any reason while employed by you.

## What it is

Employee Life Cover from (ELC) is a death in service registered scheme in accordance with Chapter 2 of Part 4 of the Finance Act 2004.

As a registered scheme, Building and Civil Engineering Benefits Scheme Trustee Limited is appointed as Trustee, and B & C E Financial Services Limited is appointed to administer it.

As ELC is a trust-based arrangement, the Trustee must ensure it is operated within the Rules fairly and in the interests of all members. As such, all benefits payable under ELC are made at the discretion of the Trustee.

Further details are available in the 'Trust Deed' and 'Rules of the Scheme', available on request.

## What it does

This scheme is designed to meet the needs and demands of an employer wishing to provide their employees with employee life cover.

The standard cover provides life cover of £40,000. If death occurs due to an accident at work or travelling to or from work, an extra sum, equal to the life cover amount, is payable. For example, if a member dies while employed by you of a heart attack, the cover will pay out £40,000. However, if the member dies in an accident on-site, the cover will pay £40,000 life cover plus £40,000 accidental death benefit, so the total amount payable is £80,000.

In addition, ELC will pay an amount if death occurred after a period of continuous unemployment or continuous ill health, up to the State Pension age. You can provide different amounts of life cover to different categories of employee. See the ELC benefits section for more details.

## Levels of life cover

ELC provides standard life cover of £40,000. If death occurs due to an accident, an additional amount of cover called accidental death benefit (ADB) equal to the life cover amount, will be payable. You can set it up to provide double or triple the standard life cover and ADB amount.

## Important factors

- Cover stops if you fail to comply with the Rules of the Scheme or you don't pay contributions when they are due.
- Accidental death benefit (ADB) is only payable for accidents at work or travelling to and from work.
- ELC does not have a surrender value.
- B&CE has the right to investigate any claims to check their validity. We may stop claim payments and cover if we find claims or cover are not within the Rules.
- The claim must be submitted within 12 months of death and final settlement will normally be made within 12 months of submission.
- We aim to pay valid claims as quickly as possible but see 'What isn't covered by ELC' section.

## ELC benefits

Cover type	Life cover	Accidental death benefit	Total
Standard	£40,000	£40,000	£80,000
Double	£80,000	£80,000	£160,000
Triple	£120,000	£120,000	£240,000

You can also set up ELC to provide higher levels of cover for different categories of employee. For example, you may want to provide standard cover for all operatives, but double cover for managers. To do so, you must clearly define each membership category separately at the outset (see membership category below).

For example, A&B Builders Ltd has 35 employees comprising 20 skilled tradesmen, 5 manual workers, 5 clerical staff and 5 senior managers/owners of the business. The company wants to provide different levels of cover for the following categories of employee:

Membership category	Category definition	Cover type
E	All clerical staff employed at A&B Builders	Standard
K	All skilled tradesmen employed at A&B Builders	Double
L	All senior managers employed at A&B Builders	Triple

Note that in this example A&B Builders Ltd has chosen not to provide cover for its manual workers through B&CE.

All members in a category must have the same level of benefits and the definition must apply consistently to all employees when they first become eligible to join for that level of cover.

In the example above, it would not be possible to include an individual skilled tradesman into membership category E (clerical staff). Neither would it be possible to have different eligibility or joining criteria for the skilled tradesmen. If the category definition for joining the scheme is 'over 3 months' service', then this would apply to all the skilled tradesmen. Please note if you employ under the Construction Industry Joint Council Working Rule Agreement (CIJC WRA), cover must start immediately for your employees.

You must include at least 95% of all employees within a defined category into the cover, and if you've defined more than one membership category, each must contain a minimum of 5 members.



**You must include at least 95% of all employees within that defined category**



## Entitlement to benefits when no longer employed by you

Benefits may be payable to members no longer employed by you, if this is due to unemployment or long-term incapacity and they have had at least 1 year's continuous membership of ELC. To qualify for payment, the following criteria apply:

### Death during unemployment

- The member has been continuously absent from any work through unemployment and is under State Pension age.
- The member died within 2 years of the last contribution being paid.
- The member had at least 1 year's continuous membership of ELC. This may include previous membership with different employers.

### Death during incapacity

- The member has been absent from work through incapacity and is under State Pension age.
- The member died within 3 years of the last contribution being paid.
- The member had at least 1 year's continuous membership of ELC. This may include previous membership with different employers.

The amount of benefit payable depends on when the member was last actively employed. The table below shows the percentage of the standard amount of life cover of £40,000 payable:

Period of absence	% for incapacity absence	% for unemployment absence
0 – 6 months	100	90
6 – 12 months	100	70
12 – 18 months	60	50
18 – 24 months	60	30
24 – 36 months	30	nil
36 month >	nil	nil

## What isn't covered by ELC

There are no specific exclusions applicable to payments under ELC. However, claims may not be paid where all the relevant provisions of the Rules are not complied with. This includes if we become aware that:

- the member was not actively at work; or
- you knew that the member was suffering from a terminal illness (an illness where the expectation of life is less than 1 year from the date of diagnosis)

when you arranged cover for them.

# How to claim

To process a claim the member will need to provide:

- for all claims, a completed claim form, consent form and employer form
- for all claims, bank details and proof of bank details (as specified in our prescribed 'claim notice')
- for all claims, proof of identity – for example a driving licence, or passport. Please visit [thepeoplespension.co.uk/confirming-your-identity-leaflet](https://www.thepeoplespension.co.uk/confirming-your-identity-leaflet) for a full list of the documents we can accept
- for ELC claims, an original copy of the member's death certificate, Grant of Probate or Letters of Administration
- for ELC claims, evidence the member sought Jobseeker's Allowance (or acceptable equivalent) where a claim is made in respect of death in unemployment and medical evidence for death in incapacity

We may also need other documents, medical evidence, or other information to process the claim.

We may also use an electronic verification service to help us verify the member's identity. This check will be visible on their credit file but will not affect their credit rating. If the electronic check does not provide us with satisfactory evidence, we may ask for further proof, such as a recent utility bill. This evidence is required by law to ensure we comply with anti-money laundering regulations.

We may also ask you (the employer) for evidence that the member was covered.

The person claiming must submit the claim within 12 months of the date of death/qualifying accident and final settlement will normally be made within 12 months of submission.

For a claim form, we can be contacted at:

**Address:** People's Administration Services Limited, Manor Royal, Crawley, West Sussex RH10 9QP  
**Telephone no:** 0300 2000 500  
**Email:** [info@bandce.co.uk](mailto:info@bandce.co.uk)

Calls may be recorded for training and monitoring purposes.

## Taxation

### For ELC

Employees – Your employees are not taxed on the amount you pay for them to be covered by ELC as a benefit in kind.

Benefits – As ELC is a registered scheme, payments made in respect of death claims are normally tax free if the deceased member was under age 75 and has sufficient lifetime allowance available.

### Law

HM Revenue & Customs (HMRC) rules regarding taxation of benefits, contributions and premiums may change in the future.

This document is a guide only and does not replace the associated 'Rules of ELC'. You can obtain this by contacting us on 01293 586666 or [info@bandce.co.uk](mailto:info@bandce.co.uk)

Our standard policy provides that employees do not have any rights under the Contracts (Rights of Third Parties) Act 1999. This means there is no requirement to involve employees in day-to day decisions on administration.

# Complaints and compensation

Any complaint about any aspect of our activities in relation to the operation of the policy, should be sent to:

**Address:** People's Administration Services Limited,  
Manor Royal, Crawley, West Sussex RH10 9QP

**Telephone no:** 01293 586 666

**Email:** [complaints@bandce.co.uk](mailto:complaints@bandce.co.uk)

If a member is not happy with how we've responded to their complaint, they can (or their employer can on their behalf) refer their complaint to the Financial Ombudsman Service at the following address:

**Address:** Financial Ombudsman Service, Exchange Tower,  
Harbour Exchange Square, London E14 9SR

**Telephone no:** 0800 023 4567 or 0300 123 9123

[financial-ombudsman.org.uk](http://financial-ombudsman.org.uk)

In the event we are unable to pay a valid claim against us, there may be an entitlement to receive compensation from the Financial Services Compensation Scheme. This will depend on the type of business and the circumstances of the claim.

Further information about compensation arrangements can be obtained by contacting the Financial Service Compensation Scheme at:

**Address:** Financial Services Compensation Scheme, 10th Floor,  
Beaufort House, 15 St Botolph Street, London, EC3A 7QU

**Telephone no:** 0800 678 1100

[fscs.org.uk](http://fscs.org.uk)

## Data protection

Data protection law says that we are allowed to use personal information only if we have a proper reason to do so. As an employer, you may be asked to provide information to us about your company, your administration contacts and your employees. To manage our relationship with you and your business and for the purposes of providing this product and providing your employees with the benefits for which you apply, we are required to collect and process personal information.

We're committed to ensuring that all personal data is processed in accordance with the Data Protection Act 2018 and all associated legislation. All personal data is treated in confidence and will be dealt with in a secure manner.

For further details of how we processes and looks after personal data please see our privacy policy [www.bandce.co.uk/privacy-policy](http://www.bandce.co.uk/privacy-policy)

