

Employee Life Cover – a guide for beneficiaries



If you've been nominated as a beneficiary by an Employee Life Cover (ELC) member, you may have some questions.

So, we've put together this short guide to help you understand:

- **what a beneficiary is**
- **how beneficiaries are decided for ELC payments**
- **how ELC works**
- **how to make an ELC claim as a beneficiary.**

What is a beneficiary?

A beneficiary is a person or organisation that's been **chosen to receive money or benefits when someone dies**.

With ELC, beneficiaries could receive a payment if they make a valid claim after the member has passed away. This could help to reduce the financial burden at an already difficult time.

Members can nominate as many beneficiaries as they like, and can change their beneficiaries at any time by sending us a new nomination form.

Who decides which beneficiaries receive a payout?

ELC is paid from a Trust, and **the Trustee decides who receives the payment**.

This means that a member's beneficiary nomination isn't legally binding – although it will be **considered by the Trustee** when a claim is made.

Other considerations for potential beneficiaries include:

- anyone who was financially dependent on the member. This could include a spouse, partner, children or any other relatives
- whether there's a spouse or children
- the member's will.

How ELC works

ELC provides a lump sum payment if the member sadly dies at any time - not just at work - while they're covered.

The member can **nominate beneficiaries** they'd like to receive this payment, although this isn't legally binding – see '**Who decides which beneficiaries receive a payout?**'.

The payout depends on the level of cover their employer chose for them – standard, double or triple. There's also an additional payment if they die because of an accident at work.

We'll have confirmed the level of cover in the letter we sent the member when they joined.

Level of cover	Minimum payout if member dies*	Total payout if member dies from an accident at work
Standard	£42,500	£85,000
Double	£85,000	£170,000
Triple	£127,500	£255,000

*Except in the case of ill health or unemployment, where the payment amount is decided by how long the member has been out of work. See '**What happens if the member had left their employer?**'.

What happens if the member had left their employer?

Members could still have some financial protection if they die after leaving their employer.

This could apply if:

- they've been absent from work through ill health, and they die **within 3 years** of their employer paying their last contribution (known as **death in incapacity**), or
- they've been absent from work, they were unemployed, and they die **within 2 years** of their employer paying their last contribution (known as **death in unemployment**).

In both cases, they must've also:

- been continually absent from any work since their cover stopped
- had **at least 1 year's continuous ELC membership** at the date their cover stopped
- been **under State Pension age** when they died.

The payout will depend on how long the member has been off work – the longer they've been absent, the less the payout will be.

It's also based on the standard level of cover, regardless of what level their employer took out for them. The following tables show how this works.

Death in incapacity

Period of absence	% of standard cover payment	Payment amount
0 – 12 months	100	£42,500
> 12 – 24 months	60	£25,500
> 24 – 36 months	30	£12,750
> 36 months	nil	nil

Death in unemployment

Period of absence	% of standard cover payment	Payment amount
0 – 6 months	90	£38,500
> 6 – 12 months	70	£29,750
> 12 – 18 months	50	£21,250
> 18 - 24 months	30	£12,750
> 24 months	nil	nil

How to make an ELC claim

We understand that making a claim after someone close to you has died can be difficult.

Our **dedicated bereavement team** will guide you through the claims process and support you through every step. A member of the team will make notes about your case, so you don't have to explain the same thing more than once.

We've outlined the process below, so you know what to expect.

What you'll need to do:

Notify us of the member's death

Please tell us within 12 months of their date of death, otherwise your claim may not be valid.

You can let us know in whichever way is easiest for you:

By email: b&a@bandce.co.uk

By post: People's Partnership, Manor Royal, Crawley, West Sussex, RH10 9QP

By phone: **0300 2000 555**. We're here Monday to Friday, 8:30am to 6pm.

Gather key documents

Firstly, you'll need to provide:

- The death certificate or coroner's interim certificate
- Proof of the beneficiary's identity.

Complete an information form

We'll send you a bereavement information form to complete, asking for details about the member at the time of their death.

We'll also send the member's previous employer a form to complete.

Provide requested evidence

Potential beneficiaries may need to provide evidence such as a marriage or civil partnership certificate or proof of financial dependence (e.g. shared bills, mortgage, rental agreement, evidence of maintenance payments).

The information we'll ask for will depend on the member's situation. We may also ask for other evidence/information during the claims process.

If the claim isn't completed within two years of us receiving notification of the member's death, then the payment may be subject to tax.

What we'll do:

Review the claim

Once we have all the information we need, we'll review the claim and identify the potential beneficiaries.

Pay the claim

If a claim is due, we'll make a **lump sum payment to beneficiaries** - usually by bank transfer. If the beneficiary is under 18, we may discuss payment options with their parent/guardian before paying.

In most situations, this payment won't be taxed.

However, if the member was over 75 when they died, or it's taken more than two years to pay the claim, then it may be taxable. We'll let you know if that's the case.

Why we might reject a claim

Being told you won't be receiving a payment you were expecting can be upsetting. If we're not able to approve your claim, we'll explain why. Potential reasons include:

- The death wasn't reported within 12 months of date of death
- The member's cover wasn't valid – this could be because their employer missed payments, or the member didn't meet the ELC rules
- The member was no longer employed by the employer providing the cover, and 'death in incapacity' and 'death in unemployment' don't apply
- The Trustee made the decision to award the payment to another beneficiary

You can challenge our decision if you don't think it's right, and we'll consider any new evidence you provide to support this.

Useful information

Find out more information about ELC on our website: bandce.co.uk/life-and-accident-cover

You can also get in touch if you have any questions.

By email: b&a@bandce.co.uk

By phone: 0300 2000 555. We're here Monday to Friday, 8:30am to 6pm.