

## Auto enrolment – How it affects our products

Circumstances in which employees join		Group life/DISP	Group critical illness	Sick Pay
The first time an employee is auto enrolled	Employees joining pension scheme for the first time, AND it is their first opportunity to do	Covered automatically*	Pre-existing illnesses exclusion applies*	Must satisfy our actively at work conditions*
	Employees joining pension scheme for the first time, but could have done so previously	If an employee is absent due to ill health and has been: <ul style="list-style-type: none"> <li>in schemes with up to 50 members, for one week or longer;</li> <li>in schemes with between 51 and 500 members, for four weeks or longer; or</li> <li>in schemes with 501 or more members, for 12 weeks or longer; we may require them to be individually assessed.</li> </ul>	Pre-existing illnesses exclusion applies*	Must satisfy our actively at work conditions*
Afterwards	Employees re-joining pension scheme within 12 months of their first opportunity to join the scheme	Covered automatically*	Pre-existing illnesses exclusion applies*	Must satisfy our actively at work conditions*
	Employees joining pension scheme at re-enrolment, but could have done so previously	If an employee is absent due to ill health and has been: <ul style="list-style-type: none"> <li>in schemes with up to 50 members, for one week or longer;</li> <li>in schemes with between 51 and 500 members, for four weeks or longer; or</li> <li>in schemes with 501 or more members, for 12 weeks or longer; we may require them to be individually assessed.</li> </ul>	Pre-existing illnesses exclusion applies*	Subject to individual assessment
	Employees joining pension scheme, but could have joined more than 12 months earlier	Subject to individual assessment		

\*Up to the automatic acceptance limit. Benefits above the limit are subject to individual assessment/evidence of previous underwriting decisions

## Notes on the table

### New entrants

Generally, members joining in accordance with a scheme's eligibility conditions at their first opportunity are unaffected. However, those who have been auto enrolled, but subsequently opted out, represent a potentially higher risk if they subsequently are re-enrolled. This is because they may have decided not to opt out this time around because their health has worsened and they now feel a need for the cover we provide that they hadn't before. We have to allow for this possibility and the table sets out the approach we take in various different circumstances.

### Rate reviews

As well as the regular review of terms and underlying premium rates at the end of the guarantee period, we can review them in the interim in certain circumstances, including if the number of employees covered has changed by more than a certain percentage (50% for group life policies, 30% for Sick Pay or group critical illness ones). If a lot of employees suddenly gain entitlement to cover as a result of auto enrolment, it could trigger a review. However, it would be premature to carry out such a review until the auto enrolment window had closed, in case any employees had subsequently opted out. Therefore, if a data refresh indicates a sudden influx of employees, and if the auto enrolment window is still open, we will defer the review and request a further data refresh three months after the start of the auto enrolment. This later refresh will determine if a review is actually required. If it is, and a change in the terms or rates is needed, these will be applied from three months after the start of the auto enrolment. (If the window had closed before we received a data refresh, and a review was triggered, any change in terms required would apply from the date of the data refresh.)

### Time on risk charges

The next aspect of auto enrolment we have to consider is how we charge – if at all – for people who technically were covered as soon as they were auto enrolled, but then decided to opt out before the period in which they could do so had closed.

Time on risk charging	Where opt-out window precedes or straddles the data refresh date			Where opt-out window is after the data refresh date	
Member's decision	Stays in	Opts out before the auto enrolment	Opts out after the auto enrolment	Stays in	Opts out
When cover is charged for	From the auto enrolment date	No charge	From the auto enrolment date until they opt out	From the date the auto enrolment window opens	From the date the auto enrolment window opens until the date they opt out



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