

## LOAN PROTECTION POLICY TERMS AND CONDITIONS

Insurer:	CUNA Mutual Life Assurance (Europe) Limited
Policy:	Group Insurance Policy, Credit Union Loans, Life Insurance
Insured:	Glasgow Credit Union

### Overview

This Policy provides insurance on the loans of Members of the Credit Union. This Policy takes effect on its Policy Effective Date. The Sections on the following pages are part of this Policy. This Policy is governed by the laws of the country in which it is delivered.

### Definitions

As used in this Policy, these words and terms shall have the following meanings:

WE, US or OUR means CUNA Mutual Life Assurance (Europe) Limited.

HE, HIS or HIM means also she, hers or her.

YOU or THE CREDIT UNION means the policyholder credit union.

MEMBER means an individual who is a member of the credit union.

LOAN means a loan from the credit union to one of its members.

LOAN DATE means the date the proceeds of a closed-end loan are paid to a member and an irrevocable indebtedness is created or the date of an advance on an open-end loan.

LOAN PAYMENT means an instalment of principal and interest on a loan as required by the terms of the promissory note.

LOAN BALANCE or loan means the unpaid principal balance of a loan, excluding any unpaid

BALANCE OF LOAN interest. If a member has more than one loan, Loan Balance means the sum of all his loans. Loan Balance does not include any unused credit of an open-end loan.

ACCRUED INTEREST means the unpaid interest which has accrued on a loan.

LOAN ACCOUNT means the accounting records of the credit union on which is recorded the loan payments and loan balance of a member.

## **Credit Union Loan Life Insurance**

This group policy provides insurance on the lives of the members of the credit union which is based on the unpaid balances of their loans from the credit union

### **Qualification**

1. Cover is limited to the member whose signature appears on the loan agreement
2. All members who qualify for insurance are automatically included for coverage. They do not need to sign up for their insurance to start.
3. Insurance on a member starts on each separate loan that makes up the balance of his/her loan on its loan date or, if later, on the date he/she qualified for insurance on that loan or on the date this policy starts.
4. Insurance of a member stops when he/she reaches the Age Limit, or, if earlier, on the date his/her loan is repaid or on the date this policy stops.

### **Pre Existing Conditions and Exclusions**

Each member who gets a loan qualifies for insurance on the loan subject to the following pre-existing condition limitations:

1. There shall be no payment of benefit for the loan if his/her death results from an illness or injury for which he/she received medical advice, consultation or treatment within the 6 month period prior to the date he/she got the loan. We will not apply this rule if he/she dies 6 months or more after the loan.
2. A member does not qualify for insurance on his/her loan if it was made on or after age 80. His/her insurance will also stop when he/she reaches this age.
3. A Member is not insured for more than £30,000. If the balance of his/her loan is more than this, he/she does not qualify for insurance on the excess.
4. A member is not insured for any period of time that exceeds 15 years which is the maximum loan duration.

Other exclusion include:

War: Insurance benefits under this policy may not be payable if a Member is injured, becomes ill or dies resulting from an insurrection of any act of war, declared or undeclared, or service in the armed forces of any country.

Suicide: Benefits under this policy are not payable with respect to any loan if a Member commits suicide, while sane or insane, within six (6) months from the date of the loan.

HIV/AIDS: Benefits under this policy are not payable with respect to any loan disbursed to the Member on or subsequent to the effective date of this policy if his/her death results directly or indirectly from Human Immunodeficiency Virus (herein HIV) or Acquired Immune Deficiency Syndrome (herein AIDS) or where HIV/AIDS is a major contributing cause of death.

The Pre-Existing Condition Limitation shall not apply to this HIV/AIDS Exclusion. Exemptions to the HIV/AIDS exclusion are as follows:

- Contraction of HIV/AIDS "in the line of duty" or as part of one's legal profession (e.g. medical personnel/EMTs; police/safety work)
- Contraction of the virus as a result of being the victim of a crime Contraction of the virus through a blood transfusion or legal medical procedure administered by a medical professional in a medical facility
- For the above exemptions to apply, verifiable proof must be provided that the contraction of HIV/AIDS occurred via one of the means highlighted in the exemptions.

Deaths of Insured Persons that occur outside of the United Kingdom are generally excluded. However, a claim may be valid if the death occurs while the Insured Person(s) is on holiday; in such a case, written proof of loss must be submitted demonstrating no suspicion of suicide or criminal activity and that no other Policy Exclusions apply. The definition of a holiday is when the Insured, Insured Member, Member or Insured Person leaves the United Kingdom with documented arrangements to return within thirty (30) calendar days. Jurisdiction is determined by the location where death occurs or where a body is found. Except as permitted by the holiday exception described above, the geographic jurisdiction of the Policy falls within the borders of the United Kingdom.

## **Excluded Loans**

A member does not qualify for insurance on the following class of loans:

1. Mortgages and;
2. Refinanced Loans (Re Written for payment arrangement purposes )

All single payment loans with repayment periods exceeding 18 months are excluded from coverage until refinancing with a repayment period of 18 months or less. All loan balances that are not regularly reducing under the loan agreement and whereby a principal payment is made at least once each six months are excluded.

In the event of refinancing (re writing), any Loan Balance insured under this policy prior to such refinancing which is included in the refinanced Loan shall continue to be covered, even though the new or additional advance of the refinanced Loan is not insured by reason of the terms or conditions of this policy. Any repayment by the member of the refinanced Loan shall apply to the insured portion of the refinanced Loan Balance and such insured portion shall continue to be insured subject to the terms of coverage applicable at the time each Loan was originally advanced. Upon refinancing, any Loan Balance then in existence which was excluded from coverage or not insured for any reason prior to such refinancing, shall be subject to the same terms and conditions for coverage as a new Loan.

### **Payment in event of a claim**

The credit union shall liaise with the insurer for all claims on behalf of the member and or his/her estate.

The amount of a member's insurance is equal to the insured balance of his/her loan on the date of death. We will also pay up to 6 months unpaid loan interest, unless the loan is written-off, from the date of the last payment of principal or interest to the date of death.

If a member dies while he/she is insured under this policy, we will pay the proceeds of his/her insurance to the credit union for credit to his/her loan. If the insurance proceeds exceed the balance of a member's loan and accrued interest, the excess will be paid by the credit union to his/her estate.

Proof of death must be submitted to us within two (2) years of the occurrence of death. If notice and/or proof cannot reasonably be given within the period, the claim will not be invalidated if it is shown to have not been reasonably possible to give notice and/or proof, prior to the date it is first presented. Proof of death must be in the form of a death certificate.

Settlement shall be made not later than 2 months after the receipt of the certified copies and/or any additional medical information required by the insurer to adjudicate the claim.

If a member has misstated his/her age to the credit union, the amount of his insurance will be determined by his/her correct age. If he/she is older than the age limit we will not pay a claim.

### **General Conditions**

This contract may be changed at any time without the consent of the members who are then insured, but a change cannot take away any rights of the members which arose prior to the time the change was made. No change will be valid unless signed by the CEO.

An agent of the Insurer cannot change this contract, waive any of its terms or make any promise that will be binding on the Insurer.

There shall be no duplication of credit life or disability insurance coverage on the lives of members of the credit union for their loans in the credit union. If any other insurance coverage is provided, benefits under this policy shall be reduced by the benefits payable by any other insurance coverage with a proportionate return of premiums.

All statements made by any person relating to his insurability shall be made in utmost good faith. Incorrect or fraudulent information provided by the member may result in a denial or reduction of benefits under this policy.