Death claims guide

When somebody close to you has died and you need to deal with an insurance company, the last thing you need is to be faced with lots of technical jargon.

Unfortunately, sometimes we have to use technical words in our forms and letters so we can correctly settle your claim. To help you, we have produced a glossary which explains some of these technical words.

We have also produced a set of Questions and Answers. These cover some of the common questions we are asked, and they provide additional guidance on completing our Claim Form.

When claims are made against pension policies, a deceased’s representatives may have some extra duties. Although the majority of people will be unaffected, we have explained these duties at the end of this guide.

We hope you will find this guide useful, but if there is anything you do not understand, or if you need help with your claim, please contact us.

Glossary

Each term shown in bold and italic text is explained in this glossary.

Administrators (also see legal personal representative) If a person has died without making a will, a person close to them (usually a relative) can apply for a Grant of Representation. Once granted, that person is called an Administrator. Administrators claim the assets, including the proceeds of any life and some pension policies, owned by the person who has died, which are not in trust or subject to an assignment. The Grant of Representation issued to administrators is called the Letters of Administration.

In Scotland, the Administrator is called the Executor Dative and the Grant of Representation is called the Confirmation.

Annuity An annuity is a regular income, usually purchased at retirement from the proceeds of a pension policy.

Annuitant The person who receives the regular income from an annuity is known as the annuitant.

Assignee If a policy has been given, or sold, to someone else it will have been done by assigning it (transferring the ownership). The person who receives the policy is called an assignee.

Assignment/Assignation This is the transfer of rights under a policy. It is most commonly seen when an endowment assurance policy is assigned to a lender as security for a mortgage, where the right to the lump sum benefit from the policy is transferred to the lender.

The assignment could be permanent or temporary and for a particular reason, for example, to repay a mortgage. In Scotland, this procedure is called assignation.

Beneficiaries The people entitled to receive the money from the deceased’s estate or the money set aside from the estate by way of a trust arrangement.

Chargeable event Sometimes, when the proceeds of certain types of policies are paid, a chargeable event occurs, meaning that if a gain has been made on the policy it needs to be reported to HM Revenue and Customs (HMRC) by the policyholder(s) on their self-assessment tax return. We send the policyholder(s) a Chargeable Event Certificate containing the information needed for the tax return. We may also send a copy to HMRC dependent on the value of the gain.

Confirmation A Grant of Representation issued by the Sheriff’s Court in Scotland. Every part of the deceased’s estate should be written in the inventory attached to this document. There can be an extra page called an eik, which contains details of any amendments to the inventory.

Continued overleaf
Deceased
The person who has died.

Dependant
This is someone who relied on the deceased for general financial support and other related matters, or whose financial relationship was one of mutual dependence. This may include the deceased’s wife, husband, registered civil partner or children who are under the age of 18 (or 23 in relation to pension policies), someone with whom the deceased resided prior to their death or someone who relied upon the deceased for financial support.

Estate
Everything the deceased owned (except, in most circumstances, anything owned jointly with another person). The estate includes all bank accounts, insurance policies, unit trusts, individual savings accounts (ISAs), personal equity plans (PEPs), annuities (not personal pensions unless we advise you otherwise). When we ask you for the value of the estate, you need to add together the value of all the assets owned by the deceased at their death, including their main residence, and the value of any assets and most money given away by them within seven years before the date they died. More information is available from HMRC – see Useful Contacts below.

Executor Dative
This is the term, used in Scotland, for the person to whom Confirmation is issued when no will was left by the deceased.

Executor Nominate
This is the term, used in Scotland, for the person who administers the estate when a valid will was left by the deceased.

Executors (also see legal personal representative)
If a person who has died left a will, it is probable that they named certain people to look after their affairs after their death. These people are the Executors. If they are still alive when the person dies, they are the people who can apply for a Grant of Representation. Executors can claim the proceeds for the deceased’s estate. Executors will use the assets to carry out the wishes set out in the will. Executors are named on the Grant of Probate or Confirmation. In Scotland, such an Executor is called the Executor Nominate.

Grant of Probate
A legal document issued by the Probate Registry of the High Court as proof that a deceased’s will is the valid last will. This document gives an Executor, named on the Grant of Probate, the authority to deal with the deceased’s estate.

Grant of Representation
This is a general term used to cover the legal documents known as a Grant of Probate, Letters of Administration and Confirmation.

Inheritance tax
If the value of a deceased’s total estate is over the inheritance tax nil rate band, inheritance tax may be payable on the amount over that figure. The current inheritance tax band can be obtained from your local tax office.

Intestate
A person dies intestate if they do not leave a valid will. There are rules, laid down by law, which set out how the deceased’s estate must be handled and who will benefit from it.

Joint life policy
A policy where more than one person is named as a life assured on the policy. Most pay out when the first person dies, but some will only pay out on the death of the last surviving life assured.

Legal personal representative (LPR)
A term used to describe the person, or persons, who manage the deceased’s estate. The LPR could be an Administrator, an Executor or, where no Grant of Representation is being obtained, a relative who can provide proof of their relationship to the deceased.

The LPR has special responsibilities in relation to the deceased’s pension arrangements, as explained in the Pensions – Responsibilities of the legal personal representative(s) section within this pack.

Letters of Administration
If a deceased does not leave a valid will a legal document is issued by the Probate Registry of the High Court, which names one or more people as the administrator(s) of the estate. These are usually people entitled to claim some or all of a deceased’s estate, and the person entitled to act as Administrator is prescribed by law.

Life assured
The person upon whose death the sum assured will be paid out on a life policy.

Nominated beneficiary
A person, named by the policyholder, as someone they would like to receive lump sum benefits from a pension policy following the policyholder’s death.
Non-protected rights (also known as ordinary rights)
This is a generic term used for all of the funds under a money purchase pension scheme, such as a personal pension, which were not protected rights.

These funds are normally built up from personal and employer contributions, and from transfers between pension schemes. They do not usually form part of the deceased's estate, and the choice of beneficiary will be at the discretion of the pension scheme administrator or trustees.

Notary Public
An individual who is authorised to swear oaths, certify the execution of deeds and who can authenticate signatures, documents and facts with such authentication being relied upon.

Ordinary rights
This is an alternative name for non-protected rights.

Paid-up value
When premiums stop early on certain types of policy, the policy is regarded as being made paid up. Depending on the type of policy, the death benefit will either be reduced in line with the premiums actually paid, or will be maintained and paid for out of the value of units held. In this case, once the units have all been used to pay for the cost of life cover and any other charges, the policy will lapse without any value.

Policyholder
This is usually the person who originally took out the policy, although it will include any trustees or assignees, if the ownership of the policy has been transferred by the original policyholder.

Proposer
This is the person who originally took the policy out. For pension policies, the proposer will usually be the original policyholder.

Protected rights
Payments made into a pension scheme by the Department of Work and Pensions (DWP) (formerly the Department of Social Security). These consist of a rebate of part of the National Insurance contributions made by a scheme member and their employer, plus a small tax refund. The protected rights may also have been transferred in from another pension arrangement.

Where death occurred before 6 April 2012, protected rights may form part of the deceased's estate depending on their circumstances at the time of death. Regulations issued by the DWP and HMRC tell us how these funds must be used.

Protected rights were abolished with effect from 6 April 2012. We still show these funds separately but we now refer to them as former protected rights. Where death occurred on or after 6 April 2012, former protected rights funds will be treated in the same way as non-protected rights.

Sealed copy
A sealed copy is an extra copy of a Grant of Probate, Letters of Administration or Confirmation that you can obtain from the Probate Registry of the High Court or the Sheriff's Court, in Scotland, which is endorsed with an original stamped seal by the court official.

Sheriff's Court
The office in Scotland responsible for issuing Confirmation, the type of Grant of Representation issued in Scotland.

Sum assured
This is the basic guaranteed benefit we pay from an assurance policy when the life assured dies, provided all premiums due have been paid.

Trust
A trust is a way of arranging for an asset to benefit other people without giving them full control over it. This may be done for reasons of convenience, for example where the beneficiaries are minor children, for inheritance tax planning purposes or for reasons of protection (such as if the beneficiary is to be someone who is mentally incapable).

Trust deed
The trust deed is a legal document that creates the trust and transfers the legal ownership of the policy to the trustees to hold subject to the terms of the trust.

Trustees
The appointed trustees are the people who hold the legal ownership of the trust property, but cannot use it as their own personal property. The trustees must use the trust property for the benefit of the beneficiaries. The trustees will be the legal owners and will be the people entitled to make the claim under the policy. The trustees have the duty to make sure that the proceeds are paid to the named beneficiaries, or are managed on their behalf.

Will
A legal document that allows an individual to specify how their assets are to be handled following their death, and naming the person, or persons, responsible for carrying out those wishes.
Questions and Answers

1. **Who can payment be made to?**
   For most policy types, except pension policies, we will normally make payment to the policyholder or, if the deceased was the policyholder, the deceased's legal personal representative. This may be the person named as executor in the deceased's will, or administrator of the deceased's estate where a Grant of Representation has been obtained.

   If no Grant of Representation is being obtained we may pay to the person administering the estate if the value of the estate is under £25,000. If the policy is subject to a trust, payment will be made to the trustees or a solicitor nominated by all the trustees.

   Under some pension arrangements, such as personal pensions, payment of the death benefits is made at the scheme administrator's or trustee's discretion. So, as scheme administrator or trustee, we may pay to a person in accordance with the pension scheme rules. We will consider all relevant information received before we exercise our discretion and make payment.

2. **Who can apply for a Grant of Representation?**
   This depends on whether there is a valid will. If there is, the executors named in the will, if they are able to, would normally apply for a Grant of Probate. Where no will exists, the next of kin would apply for Letters of Administration.

   The list below, often called the chain of succession, determines the order in which someone can apply for Letters of Administration.

   1. Spouse/Registered civil partner
   2. Children
   3. Parents
   4. Brothers and sisters
   5. Grandparents
   6. Other blood relatives
   7. The State

   We normally expect a Grant of Representation to be obtained. However, where one is not being obtained, we will, at our discretion, treat the executors or administrators as the person entitled to make the claim.

   If the original sole proposer of a life assurance policy died before the life assured, and had not left a will, we will treat the original proposer's administrators as the person entitled to claim – assuming ownership of the policy had not passed to the life assured.

3. **There is more than one executor/administrator on the Grant of Representation – who will payment be made to?**
   Payment will usually be made to one of the executors/administrators, whose details should be entered on the Claim Form, as authorised by all executors/administrators. This executor/administrator must then liaise with the others, to ensure the amounts paid are appropriately dealt with.

   Please note that it is important that each executor/administrator signs the Claim Form or separate letter. By signing the Claim Form, or separate letter, each of the executors/administrators will confirm their agreement to this instruction.

4. **If there is more than one beneficiary under a pension policy, for example two children, who would payment be made to?**
   We would normally split the payment between more than one beneficiary. Please give full details of your request on the Claim Form.

   Please note that it is important that each claimant signs the Claim Form. By signing the Claim Form, each claimant will confirm they are happy with this instruction.

5. **Where do I get a death certificate from?**
   A death certificate is obtained from the Registrar of Births, Deaths and Marriages for the locality where the death occurred. The address and phone number is in your local telephone directory or can be obtained from www.bt.com or any other directory service provider. It is also available, alongside other useful information about registering deaths, from www.gro.gov.uk, the website of the General Register Office.

6. **Do I have to send original documents?**
   We can accept a certified copy of a will. We can only accept original birth, death, marriage and registered civil partnership certificates and an original or sealed copy of a Grant of Representation. If you are experiencing any difficulties in obtaining these documents, please contact us to discuss alternative options.

7. **I sent you a photocopy of the will. Will you return this to me?**
   Yes, we can do this if you specifically request us to do so in your letter.
8. **When is a copy of the will required?**
   If a will has been left, a copy is required if:
   - no Grant of Representation is being obtained;
   - (for life assurance policies) the policy is self-proposed;
   - (for life assurance policies) the proposer of the policy has already passed away and the ownership had transferred to the deceased; and/or
   - (for pension policies) where we, as scheme administrator, have to exercise our discretion on payment.

9. **What do I do if I don’t know whether the policy has a value?**
    If you don’t know whether the policy has a value, please write to us enclosing the original death certificate and we will investigate for you.

10. **How long will it take for the claim to be paid?**
    Once we have received everything we need, and we agree to pay the claim, most claims are paid within ten working days.

11. **What do I need to do about premium arrears or overpayments on the policy?**
    Wherever possible, we will adjust the value of your claim to allow for any premium arrears or overpayments. If we are unable to take this approach with any policy you are claiming against, we will let you know.

12. **Do I need to cancel the standing order which pays the premiums on the policy?**
    Yes, you should cancel the standing order directly with the bank. Direct debits however are cancelled by us.

13. **I think the policy was used as security for a mortgage – how will this affect the claim?**
    We will make payment of the claim to the mortgage lender to pay off the mortgage. If there is any amount left over, the lender will pay the person or persons legally entitled to receive the payment. If the policy is assigned or deposited with a bank, we will make payment to them.

14. **Where do I get a Grant of Representation (or probate) from?**
    You can get a Grant of Probate or Letters of Administration from your local Probate Registry of the High Court in England, Wales and Ireland, or the confirmation from Sheriff’s Court in Scotland. The address and telephone number for the Probate Registry of the High Court or Sheriff’s Court is in your local telephone directory. If you have internet access, you can also find those details at www.bt.com or other directory service providers.

    More information, including how to apply for a Grant of Representation, is available from the Probate Office or Sherriff’s Court website. Details are in the Useful contacts section below.

15. **If the deceased died outside of the UK, will a Grant of Representation issued in UK be accepted?**
    This will depend on the country where the deceased died. Please contact us and we will tell you what to do.

16. **The life assured had given someone a power of attorney. Is that person legally entitled to the claim proceeds?**
    No, the power of attorney ends when the life assured dies.

17. **The deceased died outside of the UK. What type of death certificate do you require?**
    We will need to see the original death certificate issued in the country where the deceased died. If this certificate is not written in English, we will also need to see an English translation. If the country where the deceased died will only issue a photocopy of the death certificate, we will require the photocopy to be translated into English and certified by a solicitor or notary public in the UK.

    It is important that the cause of death is written on the certificate and the translation. If it is not, then you need to tell us what the cause of death was and provide evidence of this where it is available.

18. **The deceased died outside of the UK. Who pays for the translation costs involved?**
    The claimants must meet the costs of translating into English any document we need to be able to settle their claim.
Useful contacts

**General Register Office:**
for guidance on the registration of deaths in England & Wales
www.gro.gov.uk/gro/content/deaths
Tel: 0300 123 1837

**General Register Office for Scotland:**
for guidance on the registration of deaths in Scotland
www.gro-scotland.gov.uk/contacts/
Tel: 0131 334 0380

**General Register Office (Northern Ireland):**
for guidance on the registration of deaths in Northern Ireland
www.nidirect.gov.uk/registering-a-death
Tel: 0300 200 7890 (within the UK) or 44 (0) 28 9151 3101 from outside the UK

**HM Revenue and Customs:**
for guidance on taxation, including inheritance tax, and exemptions
www.gov.uk/browse/tax
Tel: 0345 200 3300

**Department for Work and Pensions:**
for help on State pensions and other benefits
www.gov.uk/dwp
Tel: 0345 60 60 265

**Find a financial adviser:**
for help in finding a financial adviser in your area
www.unbiased.co.uk

**Probate Office/Sheriff’s Court:**
for information about Grant of Representation and to apply
In England and Wales
www.gov.uk/wills-probate-inheritance
In Scotland
www.scotcourts.gov.uk

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**Pensions – Responsibilities of the legal personal representative(s)**

On 6 April 2006, new tax rules covering all UK pension schemes and arrangements were introduced by the UK Government. These rules do not apply to countries outside the UK mainland tax regime.

One of these rules limits the overall level of tax-privileged pensions which an individual can hold. This limit is known as the standard lifetime allowance (SLA) and has been set at £1m for the 2016/17 tax year.

If the limit is exceeded, a tax charge, known as the lifetime allowance charge, is made against the excess.

The limit is very high and few people are expected to be impacted by it. However, to ensure tax is collected, where appropriate, HMRC has placed some specific responsibilities on the deceased’s legal personal representative(s) which are outlined below.

**The legal personal representative (LPR) must:**

1. Check to see if the deceased had pension rights which, in total and from all sources (except State pensions), exceeded the SLA.

   To do this, the LPR can request, from each pension scheme and provider of the deceased, details of how much of the deceased’s SLA:

   a) has been used, where pension benefits were taken prior to their death; or
   b) will be used, where benefits are due to be paid because of their death.

   The pension scheme or provider must respond within two months of the request and they will show the amount as a percentage of the SLA.

   For example, if retirement benefits had been taken on 10 April 2016 and, prior to death, from a personal pension scheme with a fund of £100,000, the scheme would advise that 10% of the SLA had been used by them (because £100,000 is 10% of the £1m SLA which applies for the 2016/17 tax year).

   If a separate pension scheme is, for example, due to pay a lump sum of £250,000 because of the deceased’s death, the scheme would advise that 25% of the SLA will be used by them (because £250,000 is 25% of the £1m SLA which applies for the 2016/17 tax year).

   Continued overleaf
2. If the total of the percentages provided by all of the deceased’s pension schemes and providers is less than 100%, then no lifetime allowance charge will be due and the legal personal representative can administer the deceased’s pensions assets without reference to HMRC.

In the above examples, if the two pensions referred to were the only ones the deceased had, then the total of the percentages would be 35% (10% + 25% = 35%). Because this is less than 100%, the LPR would not need to refer to HMRC.

The vast majority of individuals are expected to fall into this category.

3. If the total percentage exceeds 100%, then the LPR is required by law to:

a) advise HMRC that the deceased had pensions rights in excess of the SLA; and

b) provide HMRC with full details of each person who has received benefits from the deceased’s pensions because of his death, and full details of the benefits they have received.

If the LPR fails to advise HMRC when required to do so, they will be subject to fines and tax charges.

On receipt of the information, HMRC will calculate what tax is due. They will seek that tax from the recipients of payments from the deceased’s pension arrangements. The LPR should advise the recipients accordingly.

Protection from Lifetime Allowance Charge

HMRC granted protection from the Lifetime Allowance for individuals in certain circumstances with substantial pension funds.

If you believe that the SLA will be exceeded, you should ask HMRC if any protection was granted to the deceased.

Further information

Further details on the requirements outlined in here and on Lifetime Allowance Charges in general, can be found on HMRC website (www.hmrc.gov.uk).

NOTE – If you are not the deceased’s LPR, please pass this information on to the person, or persons, who are taking on that role.