

Did the employees KNOW THIS?

Employee benefits has not changed much over the years.



Life cover has been the same for 50 years and cover such as income disability has been incorporated for several years now. Aside from a couple of tweaks, there has been very little innovation.

Misconceptions

Yet, many employees still know very little about what their cover entails. This leads to misconceptions regarding benefits, specifically when it comes to disability and dread disease.

Unfortunately, this means that employees are often underinsured and they only find this out when a claim arises. This leads to disillusionment and distrust of the industry.

One of the strange realities of employee benefits is that companies offer them to distinguish themselves as employers of choice. However, they then neglect to inform employees about some of the basic details of their cover.

Brokers usually offer member education as part of their service. This is something that could be achieved relatively easily if employers are made aware of the importance of the need for this to take place.

The definition of change

The definition of disability may also change things.

If someone is unable to do their job for 12 or 24 months, they may receive a disability pay-out. The definition changes after 12 or 24 months, and then looks at whether an employee can return to work. This relates to the employee's last position, as well

as any similar occupation. Therefore, the person's training, skills and development that will enable them to do the same job or something else needs to be taken into consideration. This is also only applicable to products with an initial period, which some don't have. Most employees only become aware of this after a serious injury has occurred.

A different kettle of fish

Unlike disability cover that looks after employees who are injured, dread disease cover pays out for specific medical conditions. Some products also include certain medical procedures.

Employees often do not understand how dread disease cover and disability cover differ from each other.

Dangerous assumptions

Employees assume that they are covered for everything and do not know that different insurers offer different benefits.

Things like waiting periods, rehabilitation and the percentage of employees' salaries that income disability cover is based on, are expressed differently per scheme and product.

Most insurers offer 75% of the salary as standard cover but whether this is on pensionable salary differs between employers, and often this is not explained to employees. It makes a huge difference in their lives, affecting their claim and their lifestyle.

Where the benefit is pensionable, it means that the employee gets less out than

they had budgeted. Suddenly, it is not 75% of a full salary, it is 75% of a lower salary (60%-90% of a member's cost to company). However, claimants do not have to pay tax on benefits anymore.

Not preparing employees for the financial adjustments they will have to make, on top of them already having to adjust to their disability or disease, could lead to depression or further escalate other medical conditions. It is therefore in the best interest of the employer, employees and financial services provider that workers are armed with adequate information.

On their own

Once an employee becomes a claimant and leaves the employment of the company, they are on their own. That means no support from human resources or brokers. They must navigate this period by themselves, which becomes tricky.

To change this, employers and brokers need to inform workers what is covered. Often, employees do not know that they have access to rehabilitation or private healthcare as part of their cover. This knowledge could enable them to access better care sooner, increasing their chances of returning to work and leading healthier productive lives.

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