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OCTOBER 27, 2020

WHY YOU SHOULD BE EVALUATING YOUR COMPANY'S DISABILITY INSURANCE OFFERING IN LIGHT OF THE COVID-19 PANDEMIC

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As published in Portland Business Journal on October 23, 2020

As the reality of the Covid-19 pandemic set in in the U.S., a troubling question emerged for many: how would the millions of Americans projected to become ill cope without paid sick leave or after their sick leave was exhausted?

Many employers found themselves without a satisfactory answer to that question. They were left scrambling to come up with solutions and formalize their leave policies overnight due to the emergency passing of Congress's Families First Coronavirus Act. This act requires certain employers to provide employees with paid sick leave or expanded family and medical leave for specified reasons related to Covid-19. But for those that get very sick, two weeks of paid sick leave is not enough.

With the risk of severe illness or potential disability due to Covid-19 still looming, it is more important than ever to examine your current disability options. Many think of disability insurance as only necessary for individuals with hazardous jobs when, in fact, most disability claims originate from causes entirely unrelated to the job at hand. Covid-19 aside, approximately 30% of all people age 35-65 will suffer a disability for at least 90 days once in their lifetime. The vast majority of these disabilities are not work-related so if you think your workers' compensation has you covered, think again.

Employers must ask, "If one or more of my employee's contracts Covid-19, have I provided them with sufficient benefit options?" And if they haven't voiced it already, you can be assured your employees are asking themselves: "Am I covered if the worst happened? Would my current coverage allow me to weather a long recovery or potentially long-lasting disability? If not, is that coverage even available to me?"

SHORT AND LONG-TERM DISABILITY INSURANCE

When considering their insurance coverage, people often forget about disability insurance, but this coverage becomes crucial in a time of need. Think of disability insurance as paycheck insurance. If you become ill or unable to work, disability insurance steps in, typically paying 50-60% of the insured's salary depending on the policy. To collect, the insured needs to satisfy an elimination period. An elimination period is the elapsed time between the date you are diagnosed with a disability and the date you can begin collecting benefits if you experience an earnings loss.

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Another significant consideration is short-term vs. long-term disability as they aren't one and the same. Short-term disability typically covers you for three months of lost wages, which is sufficient so long as the disability is indeed short-term and doesn't result in lost wages that persist after the short-term disability has ended. As we consider disability coverage in light of the Covid-19 pandemic, it is important to note that doctors are starting to look more closely at not just the first signs of infection

and acute phase of the illness, but also the long-term side effects that linger even after you've recovered. Having a long-term policy available designed to dovetail seamlessly with your short-term policy is a valuable next step, one that offers both employers and employees peace of mind.

A comprehensive disability offering is essential in any environment, and the pandemic has only illuminated the need and placed it top of mind for all working Americans. Despite the economic pressure that may tempt employers to reduce costs in all areas, offering this benefit will undoubtedly be a wise and necessary financial choice. More than ever, employees will demand this be made accessible.

The good news is a wide variety of options are available in the marketplace, allowing the employer to carry varying amounts of the financial burden, offering a reasonable and sensible strategy for every situation. At a minimum, offering your employees voluntary short-term and long-term disability options is not only smart but incredibly easy to implement.

Consult with a knowledgeable employee benefits advisor to explore the available options.

References and Resources

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