

Coronavirus and the employee benefits covered

On 11 February 2020, the World Health Organization officially named the disease caused by the new Coronavirus strain “coronavirus disease 2019” or “COVID-19”. Under the International Health Regulations, the WHO has declared COVID-19 a public health emergency of international concern.

Although there has been no confirmed case of Coronavirus reported in South Africa, as one of the continental leaders in business, South African employers need to understand the risk that Coronavirus poses to employees and the impact thereof on their employee benefits, in particular their group insurance benefits.

The majority of group insurance policies would not have exclusions for viral infections and illnesses as exclusions mostly focus on scenarios like active participation in riots, terrorism or wars.

For example, in an instance whereby an employee contracts Coronavirus, due processes in terms of employee benefits would follow. The employee would most likely take sick leave and then utilise their medical scheme should they be hospitalised. In the unfortunate event that the Coronavirus leads to death, members’ death benefit will be payable from their employee benefits arrangement.

This does not mean Coronavirus would never be excluded in the future. Insurers and reinsurers monitor these events on a continuous basis in order to actively manage risks that in an extreme scenario could be detrimental to both policyholders and the sustainability of the broader insurance industry. Any changes to policy terms and conditions will be widely communicated.

But what about disability? If the virus is treated early on, recovery should be fairly quick and within most schemes’ waiting period of disability benefits. Based on the incidences in China it seems that people can recover quickly from the virus if they receive treatment on time. For this reason, disability claims due to the virus are expected to be minimal.

As travel is part of many occupations, regular business trips are often an unavoidable necessity for many employees. Group insurance does not provide travel insurance, however the group insurance benefits are generally extended when people travel abroad.

However, insurers will typically limit cover. For example, employees will only be covered for the first twelve months of travelling outside of Southern Africa.

If employees will be working abroad for longer than 12 months or travelling to high risk areas (as set out in the policy), authorisation is needed from the insurer. This can be arranged through the employer's Human Resources department. If an employer is unsure, they should contact their broker or insurer directly.

Before going on a business trip, employees should double check the following:

- Do they have traditional travel insurance in place to cover medical costs and understand any exclusions;
- Confirm the benefits offered through their employer's group insurance scheme and that these benefits are valid for the time of travel;
- Ensure that line managers are aware of travel plans and have emergency contact details;
- Check if there are any add-on or repatriation benefits included in the group insurance scheme (many group insurance benefits include repatriation of mortal remains should someone pass away while abroad).

Although employer provided group insurance benefits may be standard, members are often not aware of the details of their benefits. Financial advisers should partner with the employer and the insurer to make sure that members fully understand their benefits.

ENDS.

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