

Group income protection, also known as group long-term disability insurance, is a type of insurance policy provided by employers to protect their employees' income in the event of long-term disability or illness. It is an essential employee benefit that offers financial support to employees who are unable to work due to a covered medical condition or disability.



Key considerations

Coverage and Eligibility: the employer purchases the group income protection policy for all eligible employees. The coverage is usually available to full-time employees, and eligibility criteria may vary based on factors such as job title, length of employment, and salary.

Disability Definition: the policy defines the criteria for disability, specifying the conditions under which an employee qualifies for benefits. Generally, the definition is based on the inability to perform specific job duties due to injury or illness.

Benefit Amount: the policy outlines the benefit amount an employee will receive if they become disabled and are unable to work. This benefit is typically a percentage of the employee's salary (e.g., 50% or 60%), and it's designed to supplement lost income during the period of disability.

Waiting Period: group income protection policies have a waiting period, also known as an elimination period, which is the duration an employee must be disabled before becoming eligible for benefits. The waiting period can range from a few weeks to several months.

Benefit Period: the benefit period is the length of time an employee will receive disability benefits if they remain disabled. Common benefit periods are two years, five years, or until the employee reaches retirement age.

Integration with Other Benefits: group income protection policies often integrate with other sources of disability income, such as government social security disability benefits or workers' compensation.

Premiums: the employer pays the premiums for the group income protection policy. The cost of premiums is generally based on factors including the number of covered employees, the benefit amount, and the waiting and benefit periods.

Rehabilitation Support: some group income protection policies may include rehabilitation services to help disabled employees return to work when possible.

Benefits of Group Income Protection

Employee Retention and Attraction: offering group income protection as an employee benefit can help attract and retain top talent. It demonstrates an employer's commitment to the well-being of its workforce, enhancing job satisfaction and loyalty.

Cost-Effective Benefit: group income protection is typically more cost-effective for employers compared to providing individual disability coverage for each employee. Premiums are spread across a larger pool of employees, making it more affordable.

Improved Absence Management: group income protection policies may help reduce absenteeism as employees are more likely to report and address health issues promptly.

Corporate Social Responsibility and Corporate Image: providing group income protection your commitment and care for the well-being of your employees, positively influencing the company's reputation and image.

Overall, group income protection is a valuable employee benefit that contributes to a positive work environment, employee loyalty, and financial stability for both employees and employers. Employers should consider offering this benefit to enhance their overall employee benefits package and attract and retain a motivated and satisfied workforce.

Helping you choose the right policy

As with any insurance policy, it's essential for both employers and employees to carefully review the terms and conditions of the group income protection policy to understand the coverage, waiting periods, benefit amounts, and other important details.