

About Asinta

Asinta is a global strategic partnership of select, independent employee health and welfare consultancies. Unified in character and commitment, Asinta partners deliver global employee benefits in an easy to understand manner that is highly responsive to your needs.

Asinta's partners are experts in harmonizing employee benefit programs across borders. They use long-term Asinta relationships to span time zones and cultures, to rapidly put employers in full control of their employee benefits programs.

Find out more about Asinta and our partners at www.asinta.com.

About Cowan

Cowan Insurance Group has been a proud Asinta partner since 2009. Our Asinta partnership has afforded us a comprehensive global reach with unique insights into the global benefits landscape.

Cowan Insurance Group strives to ensure that we can assist employers with all their benefits needs, both domestically and internationally. We understand that regardless of size, our clients are multinational, with employees that have needs in the countries in which they reside. Partnerships with international expert advisors allow us to facilitate relationships with local advisors in the countries in which our clients do business.

Our partners are more than a global contact list—they are colleagues whom we have met, worked, and collaborated with, and whom we trust to bring the necessary solutions to our clients.

To find out more about how we can help you, contact jacque.fritsch@cowangroup.ca



Disability Management: A Global Perspective

Uncovering Best Practices from Around the world



About this study



In March 2019, we asked our Asinta partners for details about disability insurance within their respective countries. The information they provided is based on local disability insurance legislation and common industry practices. The details included within this document are intended for informational purposes only and are subject to change. We cannot accept responsibility for any inaccuracies.

Introduction



Wendi Pickerel
Global Executive Director
Asinta

How much does a single word matter?

When managing disability programs in a global landscape, it matters a lot.

In every country or jurisdiction, there is a set of typical programs that employers offer employees. Often, the words used to identify programs locally are, if not the same, strikingly similar from market to market. The familiarity with a single word often creates assumptions which can later lead to unanticipated confusion for employee benefits managers and human resources professionals. Here in our Asinta partners' global research, you have just such an example—disability management.

As a new program or employee benefit, the idea of disability carries different meanings in different countries. How a disability management program is expressed on the ground in Australia, versus in Colombia, can vary widely and feel counter-intuitive to an employee benefits manager based in Canada.

I hope our Asinta partner survey on disability management norms around the world not only helps you to understand this benefit better but that it also offers food for thought on how to approach benefits globally. When the words are the same but benefit expectations vary so widely, learning to ask a variety of questions upfront about local norms and rules will help you to better define what is needed on the ground.



Marc Benoit
Global Executive Director
Asinta

Disability management, legislated leaves, socially sponsored programs, and mandatory regulations may be cumbersome, but all are necessary for employers to explore and implement in countries where they have employees. Our clients often come to us for help with navigation in this complicated area of international benefits and our Asinta partnership gives us the ability to do so. Asinta partners on the ground in countries where our clients do business, provide us with unique local expertise to facilitate our clients' needs globally.

Ensuring that disability programs are compliant with government legislation and local norms is imperative; however, it's also important to consider the individual needs of our clients and their most valuable assets—their employees. Ensuring that programs consider the health and well-being of employees, with the goal of a healthy return to work, is in the best interest of employers and employees. Our role, in conjunction with the support of our global partners, is to ensure that these objectives are met.



INTERNATIONAL TRENDS

Ireland

- Ireland is the only country that reported a benefit payment containing a Consumer Price Index (CPI) adjustment.

Canada

- The Canadian government is looking into mandating continuance of disability benefits to retirement, as most employers terminate the Long-Term Disability (LTD) benefit at age 65.

Germany

- It is important to know that providing employer-sponsored LTD benefits in Germany is not just about buying insurance.
- In Germany, employees obtain vested rights to LTD benefits.
- LTD benefits are not comparable to the typical group income protection schemes found in Canada.

United Kingdom

- In the United Kingdom, all adults have access to state benefits if they are deemed too ill to work. There are many benefits, including Employee Support Allowance (ESA), and Universal Credit, which could include a housing benefit.
- Short-term sick pay is often discretionary, with management approving payments if an individual is deemed genuinely ill and a deserving case. For example, a poorly graded employee with a subjective illness may receive no pay, whereas a trusted employee with a traditional physical illness will retain some, or all, pay.

Australia

- 48% of employers offer disability insurance over and above superannuation fund coverage.
- Superannuation trustees are required to have a basic level of death and disability coverage under any Default Super Arrangement, but many will set a level that is based on salary, e.g. 3 times salary for professionals, IT, Financial Services etc., or something that follows a bell curve, i.e. 10% of salary multiplied by years to age 65.
- Employers competing for talent will consider using this as a benefit or might look to pay additional contributions.

United States

- Although employee or employer-funded LTD premiums are possible in the US, when an employee pays the LTD premium (non-taxable benefit), it is not common to have mandatory LTD enrolment or term of employment, whereas in Canada this is standard.

United Arab Emirates

- Where an injury prevents a worker from carrying out his duties, the employer shall pay a cash allowance equal to their full pay throughout the period of treatment, or for a period of six months, whichever is shorter. Where the treatment lasts for more than six months, the allowance shall be reduced by one-half for a further period of six months, or until the worker fully recovers, is declared disabled, or dies, whichever occurs first.

Your Introduction to Disability Insurance

Disability Insurance protects employees from the financial risk of losing their income should they be unable to work due to illness or injury. Disability insurance can be confusing, as it varies from country to country. For this paper, we will be taking a high-level look at each country's approach to disability management.

Why Should Employers Offer Disability Insurance?

A growing number of employers are offering some form of income protection coverage. Disability insurance may lack the novel appeal of other benefits which companies currently offer. Yet, except for India, all countries surveyed reported that most employers offer some form of supplemental disability coverage over and above government-regulated programs.

Short-Term Disability

- Supplemental short-term disability (STD) benefits are offered in all countries except for India and Columbia.
- Payments can vary based on job level and type (blue collar vs white collar).
- Typical benefit amounts range from 70% to 100%, with coordination between the government and supplemental employer plans.
- Payment may be reduced based on the duration of the illness/claims (Brazil, Canada, Netherlands).
- Duration of payments ranges from 26 weeks to three years, with the most common being 26 weeks to one year.
- Employers cover STD benefit premiums in all countries except Canada and France.

Long-Term Disability

- Except for India, all countries offer a long-term disability benefit.
- Payments can be paid out in either a lump sum or on a regular schedule.
- Approximately 50% of countries surveyed advised that employers provide supplementary, long-term disability coverage through a total and permanent disability rider under a group life insurance plan.
- Payout amounts are most often based on seniority or a multiple of earnings and may equal up to two to three years of salary.
- Premiums are 100% employer paid in countries that offer coverage as a rider under their group life insurance plan.





Disability Management Practices

Government Disability Programs

Australia, like many other countries around the world, has systems in place to ensure that individuals continue to receive income if they suffer from an unexpected illness, injury or disability. The income support system differs from those of most other developed countries, in that it is funded from general revenue, rather than from direct contributions by individuals and employers.

In addition to the government-funded programs, employers are obligated to provide all part-time and full-time employees with a minimum of 10 paid sick days (which can be carried into the superseding years), as well as contribute to an occupational pension (superannuation). Superannuation requires that employers contribute a minimum of 9.5% of an employee's base wages. Contributions by employees are not required but are strongly encouraged. Superannuation fund access is limited to people who are of retirement age unless they fall into one of several special circumstances such as mental or physical impairment. In other words, an employee may be able to access their superannuation to supplement the government program.

Supplemental Disability Programs

With a vibrant economy and a mobile working population, Australian attitudes towards employment pose some interesting challenges for their employers. In a country where employment opportunities remain strong, and companies are grappling with a talent shortage, Australians enjoy a high degree of choice of employer. Supplemental disability/income protection insurance is one of the most common non-mandatory benefits offered by organizations and valued by employees. Although the government has programs in place, these are not typically enough to survive. Approximately 48% of employers offer some form of income protection.

In Australia, there are two types of income protection typically offered by employers: Life and Disability Lump Sum Insurance policy and Group Salary Continuance.

Life and Disability Lump Sum Insurance is the most common non-mandatory benefit in Australia. It can be stand-alone or be set up with a default superannuation plan or a special type of superannuation trust. The level of coverage ranges from 10% of salary multiplied by years to up to 4x annual earnings and is dependent on the size of employer and occupation.

Group Salary Continuance (GSC) is often provided to selected professions and higher-grade employees. GSC is easier to set up than Life/Disability Lump Sum Insurances and normally insures base salary plus superannuation. It is typically based on 75% of salary plus 10% of the superannuation benefit.



Disability Management Practices

Government Disability Programs

Brazil has a well-developed social security system, and both employees and employers are required to make contributions. This system covers illness, disability, maternity, unemployment pensions and death. In theory, the benefits are relatively high and should be sufficient to provide financial security to workers; however, for lower paid workers whose wages are barely enough to survive, the payments they receive are not sufficient.

Employees contribute between 8% to 11% of their monthly salary, and employer participation amounts to 12%.

An employee is entitled to sickness or disability benefits after 12 months of contributing to the social security system. The benefits depend on whether the sickness is temporary, long-term or if it is a permanent disability. During a temporary incapacity, an employee will get 50% of their monthly salary. If the disability prevents them from working for more than 15 days, they will receive 91% of their monthly salary. If a worker is no longer able to work, they will receive 100% of their monthly salary, which increases by an additional 25% if a caretaker is required.

Supplemental Disability Programs

Providing supplemental health and disability insurance is a strong tool that employers use when hiring and retaining, above the contributions they are required to make to the social security system.

Employers are required to provide 15 days of paid sick leave, and it is typical for a company to supplement the social security benefits to a total of 100% of an employee's salary for the first three months, reducing to a total of 75% for the following three months.

A typical private life insurance policy contains a disability rider with a lump sum benefits of 24x of an employees' monthly base salary, in the event of permanent and total disability or an indemnity in the same amount to the insured's beneficiaries in case of their death.



Disability Management Practices

Government Disability Programs

The Canadian government offers many services and financial benefits to persons in need. The Canadian social safety net covers a broad spectrum of programs, and because Canada is a federation, many are run by the provinces and territories. Both employers and employees make equal contributions to the Canadian Pension Plan (CPP) as well as towards the Employment Insurance (EI) program.

The Employment Insurance program provides temporary income support to unemployed workers, as well as special benefits to workers who take time off from employment due to specific life events, such as illness, pregnancy, critical illness or injury. EI provides a maximum of 17 weeks of benefits at 55% of weekly earnings, to a maximum benefit of \$562 per week. CPP provides coverage for those with severe and prolonged mental or physical disabilities. The maximum benefit payment under CPP is currently \$1,335.83 monthly.

Supplemental Disability Programs

Employers are not required by law to offer disability benefits; however, disability insurance is a requirement to remain competitive with talent recruitment. Eighty-five percent of employers provide a group benefits plan, which generally includes life, accidental death and dismemberment, and disability insurance.

Less common than long-term disability, short-term disability benefits are offered primarily to white collar (salaried) employees, with coverage levels ranging from 60% to 100% of weekly earnings. A typical benefit period ranges from 17 to 26 weeks and usually aligns with the long-term disability waiting period.

Employers typically offer long-term disability benefits to both white and blue collared employees. Benefit amounts range between 60% and 70% of an employee's monthly earnings. It is also extremely common for disability benefits to contain an all-source maximum provision, which reduces the monthly payment by other income sources such as:

- Benefits payable from any Workers' Compensation plan, including Workplace Safety Insurance payments.
- Disability benefits received under any other government programs, such as Canadian Pension Plan Disability, Provincial Disability Support Programs, Employment Insurance Sickness Benefits, etc.

Although it is common for employers to offer long-term disability insurance, it is becoming more commonplace for employees to pay the premium as it keeps employer costs reasonable and increases tax effectiveness for both the employee and the employer.



Disability Management Practices

Government Disability Programs

France has two layers of disability coverage for employees. The State Social Security System offers "short-term disability" coverage for 50% of income, with a cap of 1.8 times the applicable monthly minimum wage or "SMIC" (€2,738.19 as of January 1, 2019). This coverage lasts up to three years, by which time the employee has either recovered or is covered through long-term disability.

In the event of incapacity for work, medical leave must be prescribed by a doctor. The insured must submit the medical leave form to their local health insurance fund (CPAM) within 48 hours. Daily cash benefits are only payable from the fourth day of absence from work (three-day waiting period).

A disability pension is awarded to an insured individual whose disability was not caused by an industrial accident or illness (which undergo specific rules and increased coverage), and who:

- Has not reached the statutory retirement age of 62;
- Has suffered at least a two-thirds reduction in earning capacity or capacity for work;
- Had been insured for at least 12 months at the time s/he stopped working;
- Had worked for at least 600 hours, or paid contributions on a salary equivalent to 2,030 times the hourly minimum wage (SMIC) over the 12-month period prior to the date s/he stopped working.

There are three categories of pension, depending on the degree of inability to work:

- The first category applies to disabled persons who are still able to perform some form of gainful activity. The pension amounts to 30% of the SAM (Salaire Annuel Moyen: Average Annual Earnings). The maximum monthly amount is equal to 30% of the social security ceiling (€1,013.10).
- The second category applies to disabled persons who are unable to perform any form of gainful activity. This pension amounts to 50% of the SAM. The maximum monthly amount is equal to 50% of the social security ceiling (€1,688.50).

If a disabled person has been placed in the second category but needs a caregiver in order to perform the ordinary activities of daily living, the amount of the basic pension is then increased by 40%.

Supplemental Disability Programs

Providing supplemental health and short-term and long-term disability insurance is a key coverage that employers have to offer in France. There is usually a difference in coverage between blue-collar workers (non-cadres) and white collar workers (cadres). Supplemental short-term/long-term disability coverage for blue-collar workers is very often compulsory with rules stated by the Collective Bargaining Agreement (CBA) of the relevant industry. Typical coverage includes an employer guarantee of salary for 30, 60 or 90 days, and then an insurance-based scheme that covers up to 1,095 days (three years). Level of coverage is a top-up of social security scheme, with a guarantee of at least 80% of net income, and often more.



Disability Management Practices

Government Disability Programs

Today, the German social security system is well developed and comprised of five pillars. As it is based on the principle of solidarity and everyone contributing according to their means, both employees and employers are required to make contributions in equal parts. The five pillars of the German social security system are:

- Pension (Old Age, Disability, and Spouse)
- Health Insurance
- Long-Term Nursing Care Insurance
- Unemployment Insurance
- Worker's Compensation

Having the strongest economy in the EU, one would expect that social security benefits in Germany are high and therefore enough to provide financial security to workers. However, the reality is different. Germany is one of the oldest countries in the world, and it is now feeling the pinch of demographic changes due to an extremely low birth rate. The consequence is that, while high earners may be able to cope, social security benefits do not take low and median earners very far.

Employee contributions to the social security system amount to approximately 19.5% of their salary up to the German Social Security Ceiling (€6,700 per month), whereas employer contributions amount to approximately 21% to the same ceiling.

Supplemental Disability Programs

Employees in Germany do not receive short-term disability benefits from the state. These are the responsibility of the employer at 100% salary for the first six weeks of illness, and the health insurance provider at 70% of gross salary up to €4,538, for a further maximum of 72 weeks, provided the disability is occasioned by the same illness.

If, after 72 weeks of illness an employee is still unable to work, they can apply for the social security disability pension—now known as the reduced earning capacity pension.

Employees are required to have contributed to the social security system for five years to be eligible for the reduced earning capacity pension. In certain circumstances, this requirement may be waived, e.g. reduced earning capacity due to an accident at work.

In the case of total reduced earning capacity, i.e., where the employee is unable to perform any gainful employment (inability to work less than three hours a day), calculation of the reduced earning capacity pension amounts to approximately 34% of the last gross pay. Where an employee is able to work more than three but less than six hours a day, the reduced earning capacity pension amounts to approximately 17% of last gross pay. If an employee can still work at least six hours or more a day, they are not entitled to a disability pension.

Supplemental disability insurance is a valuable benefit for employees and makes employers competitive when hiring and retaining employees in Germany. As it is not easy for employees to purchase private disability plans with good terms and conditions and purchase supplemental plans, especially without exclusions for pre-existing conditions, this is something employees appreciate.

Approximately 45% of employers provide some form of supplemental disability insurance over and above the contributions they are required to make to the social security system.

Supplemental disability benefits are typically not part of a life insurance policy and are normally provided separately. They are commonly provided and paid for by employers to all of their employees in unlimited employment.



Disability Management Practices

Government Disability Programs

In 2011, the Indonesian Government reformed its National Social Security System and passed Law No. 24 on the Social Security Organizing Body (Badan Penyelenggara Jaminan Sosial or "BPJS") (the "BPJS" Law) to help meet the basic needs of the country's population.

All employees in Indonesia, including expatriates who have worked for a minimum of six months, must register and participate in BPJS. Employers and employees, by payroll deduction, must make mandatory contributions to BPJS of Employment. For employees, the premium is 5% of monthly salary, up to a salary cap of Rp 8 million. In the private sector, the employer is responsible for 4% and the employee is responsible for 1%. Meanwhile, for public sector employees, the split is 3% and 2%.

Employment Security, including work accident, old-age, pension, and death benefits, is managed by BPJS of Employment. If a worker has an accident that results in a disability, BPJS provides work accident benefits. The BPJS includes compensation for temporary incapacity at 100% of monthly salary for the first six months; 60% from monthly salary for the second 6 months; the third six months (and forth) will be given 50% of monthly salary.

In addition to contributing to the BPJS, employers are also required to pay sick leave in the event of injury or illness, provided the employees have a condition that is verified in a medical statement.

An employee who is severely sick is entitled to payment of their salary as follows:

- Full wages for the first four months of sickness absence
- 75% for the fifth to the eighth month
- 25% for any remaining period of absence prior to termination of employment

Supplemental Disability Programs

Most of the companies providing supplemental disability benefits to employees provide either Total Permanent Disability (TPD), Accidental Death and Disability (ADD) or Temporary Disablement. TPD is a rider to a life insurance program that provides compensation if the insured is suffering from a disability caused by illness or accident. The employer typically provides 12 to 36 monthly salary as the sum insured of total permanent disability.

ADD is also a rider to life insurance that gives income protection to the insurer member if they are suffering from disability due to an accident. There are two types of ADD insurance coverage:

- ADD-A: provides compensation if the member dies due to an accident
- ADD-B: if the member suffers from total permanent loss/disability due to an accident

Temporary disablement, although not as common amongst Indonesian employers, compensates a specified amount stated in the policy, with regular payments to the insured member up to a limited period of time (e.g. three months, six months, or one year).



Disability Management Practices

Government Disability Programs

Ireland's Social Welfare supports are designed to provide for the basic necessities of life. Employers and employees in Ireland make PRSI (Pay Related Social Insurance) contributions of 10.95% employer and 4% employee on all income to support this system. These payments fund the invalidity pension, illness, job seekers/unemployment benefit, maternity leave, paternity leave, and the state pension. Employers are not required to pay sick leave or any maternity or paternity benefits; however additional employer support is valued by employees.

Supplemental Disability Programs

Companies and individuals may establish either group or income protection (Long-Term Disability) benefits assuring up to a maximum 75% of income (less the state annual social welfare benefit of €10,556) where the individual becomes long-term ill and/or disabled or incapacitated. These policies are generally established to cover the individual to retirement age, should the person remain verifiably and medically certified unable to carry out their duties). A deferred period is required and ranges from 13 weeks to 52 weeks to commence payment on becoming ill.

Ordinary employer and employee pension contributions can be assured in addition under this policy, as can the cost of maintaining life cover. Insurers will not assure beyond the stated maximum as they are required to maintain a financial incentive for the employee to return to work.

There is no cost or tax implication to employees where an employer funds this type of policy; for this reason, it is of particular value as a benefit. Where individuals take their own policies out and pay the premiums themselves, they may claim income tax relief on the premiums at their marginal rate.

Group Life/Death In Service plans complement the income protection benefit and are normally arranged to pay out between three and four times annual base salary. Again, where an employer establishes this plan for its employees, there is no cost implication for them. Such plans are set up under a trust arrangement. An employee completes a letter of wishes document to inform the trustees where they would wish the benefit to be paid. Trustees must take this into account but are not bound by this and must identify all of the financial dependents of the deceased prior to determining payment.



Disability Management Practices

Government Disability Programs

Italy has an extensive social security system (National Social Security Institute (INPS)) that covers the vast majority of the population. Some of the benefits provided by social insurance include unemployment, sickness and maternity, accidents at work, and occupational diseases. Both employers and employees are required to contribute to the social security system. The total amount of contributions required by employees is determined by a number of factors such as the individual's job category, business sector, and size of the company. All employee contributions are payable as a percentage of their total gross pay, typically between 8.89% and 9.89%. As for the employer, the amount of social security contributions depends on the type and size of the business, and the rank of the employee. Aggregate contributions range from approximately 36% to 45% of the aggregate remuneration accrued in the relevant year.

In Italy, there are many national collective agreements which include provisions on disability benefits, and under Italy's labour law, employees are entitled to a paid leave of three working days per year in the event of a serious illness. INPS provides benefit replacements from the fourth day of illness until the 180th day.

The benefit amount is dependent on the employee's income and "category," as established by the Italian Civil Code. In Italy, there are four categories of employees:

- "Dirigente" (executive)
- "Quadro" (middle manager)
- "Impiegato" (white collar employee)
- "Operaio" (blue collar employee)

Supplemental Disability Programs

It is not common for an Italian company to offer supplemental benefits if not mandatory by National Labor Contract rules to non-dirigente employees; however, approximately 98% of international firms set up specific plans to provide disability coverage that is as a result of an accident. Disability plans offered in Italy always aim to indemnify a permanent total or partial disability; loss of earnings is never covered. A life policy is used to provide coverage for disabilities.



Mexico

Disability Management Practices

Government Disability Programs

All employees registered in the IMSS (Social Security Mexican Institute) are covered for short- and long-term disability.

In the event of a short-term disability due to a non-occupational hazard, and after the third day, the employee is entitled to receive 60% of their integrated monthly quotation salary. The first three-day period may be paid by the employer. If the disability is due to an occupational hazard, the employee shall receive, from the first day of disability, 100% of his/her integrated monthly quotation salary.

The employee will receive short-term disability benefits while the disability condition remains, for up to 52 weeks. After the 52 weeks, the IMSS may extend the benefit for an additional 26 weeks, if the disability condition or its consequential ailments remain.

The integrated monthly quotation salary is the equivalent of the daily gross salary plus the proportional portions of Christmas bonus, vacation premium, commissions, and bonuses/The IMSS' monthly maximum quotation salary; which is the equivalent to 25 times the monthly UMA, is \$64,212.40 MxP (\$3,380 USD approximately).

Once the 78 weeks have elapsed, IMSS will determine if the disability condition is a partial or total and permanent disability condition.

In the first 78 weeks after the condition started, the employee would receive an income of 60% to 100% of his/her monthly integrated salary; however, once the IMSS has stated the permanent partial or total and permanent disability, the monthly benefit the employee receives is calculated based on the average monthly quotation salary, the quoted weeks in the IMSS, and the disability percentage given to the employee's disability condition.

Supplemental Disability Programs

Although disability is a risk as important as a death risk, companies in Mexico prefer to provide AD&D benefits rather than total and permanent disability benefits.

Unfortunately, there is no short-term disability coverage in the Mexican insurance market; however, under these kinds of risks, companies may pay to the employee:

- The first three days waiting period the IMSS apply for non-occupational short-term disability.
- The difference between the employee's salary and the IMSS maximum monthly quotation salary.

For long-term disability, employers' common practice is to include under the life insurance coverage, additional benefits for total and permanent disability which may consist of:

- A lump sum payment with the same benefit contracted for the life coverage and/or,
- A waiver of premiums, also with the same benefit contracted for the life coverage, with which the employee will remain lifetime insured.



Disability Management Practices

Government Disability Programs

The Netherlands has a comprehensive system of social security insurances and benefits. In this system, the majority of employees are covered by collective bargaining, mostly at the industry level. Many large companies negotiate their own deals.

The Dutch Working Conditions Act (Arbowet) provides the basis for a sound health and safety policy. It applies to all employers and employees in the Netherlands. Employers must provide good working conditions for all employees. Employees must work in a safe and healthy workplace, which also applies to foreign workers and temporary staff. This means that employers must:

- Provide a proper workplace and safe equipment.
- Prevent physical and psychological strain (stress).
- Take steps to avoid accidents with hazardous or harmful substances, radiation, or contagious diseases.

The law Verbetering Poortwachter requires employers and employees to make an effort to reintegrate employees on sick leave. This law describes the trajectory that the employer and employee must follow in the event of sickness absence and the steps that must be taken. The reintegration trajectory matters greatly in case of long-term illness. Of course, the employer tries to prevent long term cases of illness as much as possible.

To comply with both laws, employers commonly contract an external occupational health and safety service (arbodienst). An arbodienst ensures that employers meet the legal obligations on reintegration and safe working conditions.

Supplementary Disability Programs

Based on the law of the continuation of payment in case of illness (Wulbz), during sick leave, the employer is obliged to continue paying up to 70% of the employee's salary for a maximum of two years. In exceptional cases, such as when the person's contract ends during sick leave, the employer is exempt, and sick leave from the Dutch government applies. Many employers pay 100% in the first year and 70% in the second.

Based on the Work and Income Act (WIA), after two years of sick leave, employees may be eligible for a state disability benefit. All employees are automatically insured for the WIA. The WIA benefit is calculated over a maximum salary (2019: € 55,927).

In the event of full disability, the WIA pays a benefit of at least 70% of the final income. In the event of partial disability, the benefit can be much lower than 70% of the salary. Only those who are able to work partially will receive at least 70% of the salary. Employers often offer disability insurances that supplement the statutory WIA-benefit:

- The WGA-gap insurance (comprehensive) supplements the legal disability benefit (WIA benefit), up to 70% of the most recent salary.
- The WIA surplus insurance insures the salary above € 55,927 (2019). There is a maximum salary on which a WIA benefit (and the WGA-gap insurance) is calculated. If employees earn more than this, they will not receive a benefit on the excess, and so they could have a much lower income. Under the WIA surplus insurance, the income above the maximum pay is supplemented up to 70% or 80%.

Employers may ask their employees to pay contributions to the WIA supplementary insurances (WGA-gap, WIA-surplus). It is not allowed to ask employees to pay to the sick leave insurance or arbodienst.



Portugal

Disability Management Practices

Government Disability Programs

The Portuguese Social Security makes disability pension payments to people who cannot work due to a disability or who need care and supervision. The disability, either physical or mental, must be of a permanent nature and prevent the person from working. The amount of the pension depends on the number of working years and total contributions to Social Security.

In addition to social security, Workmen's Compensation is a mandatory insurance that employers are obligated to contribute to. Workmen's Compensation includes both partial and total disability, as well as temporary and permanent disability. In the case of partial disability and temporary disability, the objective of this insurance coverage is to rehabilitate as quickly and as efficiently as possible via medical treatments and guidance so that the employee can resume professional activity.

In the case of total disability and permanent disability, the Workmen's Compensation Insurance provides the financial support that the employee will require due to the absence of a professional income.

The level of benefits does not include lump sums but always temporary payments or lifetime annuities which are determined by the law and have each employee's salary as the basis of calculation.

Supplemental Disability Programs

Disability coverage is available as an add-on to several insurance products; however, it is always as a rider. Therefore, it is not possible to contract disability coverage without it being a part of a wider package. It is most commonly included on an Accidental Death or Life Insurance policy.

Under a group policy, the most common level of benefit is a multiple of salary, typically one- or two-times annual salaries, which locally corresponds to 14 or 28 months of salary. Under a life policy, accidental death or accidental disability usually double the sum assured contracted for a natural death or natural disability.

There is still a third layer in terms of sum assured: in the event of death or disability due to a traffic accident, the sum assured is usually the equivalent to three times the one foreseen for natural causes.

In terms of optional products that include disability coverage, Group Life is by far the most common insurance solution chosen by employers when designing their Insured Employee Benefits policy.

From the employee's perspective, however, the Group Life & Disability coverage, although considered very important, is not as much valued as a Group Medical Insurance, which can be extended to spouses and children.



Disability Management Practices

Government Disability Programs

The Social Security System in Russia includes the Social Security Fund, Pension Fund and State Health Insurance System. All are primarily financed by employer contributions. There are no mandatory contributions from employees for these purposes.

Illness, disability and death (including those caused by an injury at work) are covered by the Social Security Fund. An employer is required to contribute 2.9% of company payroll to the fund monthly, and from 0.2% to 8.5% to insurance against accidents at work, depending on the level of danger of manufacture.

An employee is covered from the first day of employment. In accordance with current law, the first 1 to 3 days off are paid by an employer based on an average salary and length of service of an employee. From day 4, payments are made from the social security system and are based on average income but not exceeding a certain limit. As the limit is not very high, well-paid workers tend to lose income.

Supplemental Disability Programs

To top-up statutory sickness benefits, some employers provide additional sick pay. In this case salary usually continues at 100% of income up to 14 days maximum.

Corporate Life Insurance penetration continues to not be very high in Russia. About 30% to 40% of clients implement such coverage for employees.

All staff of a company are usually included in a Group Life Insurance plan and employers normally fund 100% of it. The sum insured is typically equal to one or two times the employee's annual salary, although some employers may provide flat sum insurance. Insurance plans generally cover group life (GL), accidental death as well as dismemberments, like total and permanent disability (PPD&TPD), injury or critical illness.



Disability Management Practices

Government Disability Programs

The Social Security (SS) system in Spain is based on an employer and employee contribution formula that provides a high level of benefits to employees. Benefits are available for health assistance, maternity, temporary or permanent disability, death, retirement, and unemployment.

Temporary disability (TD) benefits are provided for work and non-work-related illnesses and accidents, as well as for maternity leaves. In case of illness or accident, employees may receive 12 months of coverage, and up to 18 months of coverage if recovery is expected. Benefits may also be extended up to two years (from the first day of TD) if health assistance is required and the employee is not ready to return to work.

For common illnesses or non-work-related accidents, the employee receives 60% of regulatory base (approximately equal to the last month's salary) from day 4 to day 20 and 75% from day 21 and onwards. For work-related illnesses or accidents, the employee receives 75% of the regulatory base, beginning on the first day absent from work.

Permanent disability includes three qualifications: total (usual profession could not be performed), absolute (no remunerated job could be performed), and great (third-party assistance is required for the employee to perform everyday tasks). Partial disability also exists if the reduction of capacity of work is not less than 33%.

For permanent disabilities, life pension benefits range from 55% to 100% of the regulatory base, depending on the case. The maximum annual pension for 2019 is €37,231.74.

Supplemental Disability Programs

Most collective bargaining agreements (CBA) require the employer to provide employees with disability coverage that supplements Social Security benefits in case of a temporary disability, up to 100% of salary.

Additionally, often death and disability benefits coverage in case of an accident, or by any cause, may also be required under a company's insurance contract.

Besides CBA requirements, most companies implement Life and Permanent Disability Insurance policies. Standard benefit coverage would provide two times annual salary and double the benefit amount if caused by accident.



Disability Management Practices

Government Disability Programs

When looking at Social Security and Disability programs in the United Arab Emirates (UAE), we first need to understand and recognize the highly unusual demographics of the workforce, since 90% of working residents are expatriates and local nationals are the minority. Representation of UAE nationals in the private sector is even lower than the overall ratio would suggest. Despite ongoing programs that both encourage, and through quotas insist, upon private businesses hiring local nationals, this population is still largely concentrated in public sector roles.

The UAE has a robust and generous Social Security system that is applicable to the UAE local population. Social security contributions are calculated at a rate of 17.5% of the employee's gross remuneration as stated in the local employment contract. Out of the 17.5%, 5% is payable by the employee, and the remaining 12.5% is payable by the employer. A higher overall rate of 20% is applied specifically in the Emirate of Abu Dhabi (where the contribution of the employer is elevated to 15%). These contributions cover loss of employment, access to healthcare, disability, pensions, and death.

Sitting outside of the Social Security system, the minimum benefits provided to expats are stipulated purely under the UAE labour law and manifest themselves as a list of obligations and liabilities placed upon the employer. In certain free zones within the UAE, it is mandatory for employers to take out an insurance policy to cover the financial liabilities within the labour law (known as a Workmen's Compensation policy). In the majority of zones, however, it is the employer's choice if a) they wish to self-insure, or b) they wish to purchase more comprehensive insurance solutions that provide benefits above and beyond the minimum.

In terms of death, disability and incapacity to work (due to an occupational incident) the employer's minimum obligations under the UAE labour law are as follows:

- Death: 24 months of the worker's last remuneration before the death, subject to a minimum of Dhs.18,000/- and maximum of Dhs.35,000.
- Permanent Disability: As a percentage of the Death benefits (specified scale), but subject to the same maximum.
- Loss of Wages (cash allowance): Up to first six months 100% of full salary, balance six months 50% of full salary.
- Sick leave: 15 days full salary, 30 days 50% of a full salary, further 45 days without pay after which the employee can be terminated.

Supplemental Disability Programs

It is not clear what the market penetration is in the UAE for supplemental benefits, as there are no published statistics, but it is fair to say that most employers (being local SME businesses) do not provide any benefits greater than the minimum. Within the core blue-collar sector, even for large scale employers (some being multinationals), it is not common for any supplemental benefits to be offered to those workers.

Moving into the midmarket (areas such as retail and hoteliers) and the more generous construction firms, we start to see the first tier of supplemental benefits. Employers may extend the scope of a "Workmen's Compensation" policy to provide coverage for non-occupational incidents and either remove the maximum benefit cap (to pay a true 24x the workers monthly salary), or introduce a higher fixed sum insured (typically Dhs.50k to 100k).

In the higher end of the market—the white-collar sector/Multinational employers—we typically see a complete replacement of the "Workmen's Compensation" policy with a more traditional "Life and Disability" solution offering benefits such as GL, PTD, PPD & TTD, with Worldwide coverage 24/7 and sums insured set as a multiple of annual salary (2x to 4x).



Disability Management Practices

Government Disability Programs

In the United Kingdom (UK) all adults have access to state benefits if they are deemed too ill to work. There are many benefits including Employee Support Allowance (ESA) and Universal Credit, which could include a housing benefit. Payments for ESA vary according to the severity of illness and range from £73 to £128 per week.

As an employee, everyone is also entitled to Statutory Sick Pay of £29.05 per week for up to 28 weeks, which is paid by the employer, who can reclaim the money from the State.

Supplemental Disability Programs

Although there are no mandatory requirements to provide employees with disability benefits in excess of Statutory Sick Pay, it is common to see employers provide both short-term and long-term sickness benefits.

Short-term is defined as 26 weeks or less. Leading employers may provide support through their occupational sick pay scheme. Short-term sick pay is often discretionary with management approving payments if deemed genuinely ill and a deserving case.

For example, a poorly graded employee with a subjective illness may receive no pay whereas a trusted employee with a traditional physical illness will retain some or all pay. Managing how this discretion is applied is a key management decision. Common short-term benefits include:

- Two weeks full pay followed by two weeks at 50% of salary.
- In professional services firms and high-tech, you may see more generous benefits such as four weeks full pay and four weeks half pay.
- Leading employers with strong paternalistic values would provide coverage for 26 weeks or 13 weeks (when LTD starts), with a benefit of between 50% and 75%.

In leading employers (professional services/high-tech senior management) employers will provide LTD insurance. In the UK, this is typically designed to align with short-term sickness benefits. The most common benefit amount is 75% of the salary (state benefits are then offset), and most policies will run to retirement.

For many years, the UK had Defined Benefit (DB) pensions, but these have now broadly closed in the private sector. There are, however, some employers with legacy DB pension plus all state employees. These schemes include an ill health retirement benefit which allows a sick employee to retire with benefits for life paid by the DB scheme. These gold-plated pensions are highly valued and protected through unions in the state sector.



Disability Management Practices

Government Disability Programs

The United States (US) has a social security disability benefit, and both employees and employers are required to make contributions. The United States Social Security Administration (SSA) covers disabilities, but only those that are serious enough to be disabled from any occupation. Benefits are available up to \$2,861 per month in 2019. The SSA uses an employee's Average Indexed Monthly Earnings (AIME) and Primary Insurance Amount (PIA) to calculate benefits. The formula Social Security uses is quite complicated, and benefits are considered difficult to receive unless there is a severe disability.

Employees and employers contribute 1.185%, up to \$128,400 of income, through payroll taxes. Eligibility to receive benefits depends on the employee's age and how long they have worked to receive work credits.

Supplemental Disability Programs

Providing supplemental disability insurance is part of a benefits package that employers use when hiring and retaining employees in the US. Approximately 75% of employers provide some form of sickness/disability insurance over and above the contributions they are required to make to the social security system.

These programs can be self-funded or fully insured and be employer-funded or employee paid (voluntary). Many factors dictate which option companies decide on, such as industry, size and geographic location.

- STD benefits are typically offered for up to 13 or 26 weeks, with a waiting period from 0 to 30 days.
- Employers use a variety of methods to calculate the amount of STD income their employees receive. They most typically calculate the benefit on a fixed percentage of earnings, ranging from 60% to 100% of pre-disability income.

For illnesses or accidents that remove an employee from the workforce for an extended period of time, 63% offer long term disability (LTD) benefits to their employees.

- When calculating LTD benefits, organizations most commonly use a fixed-percentage-of-earnings formula. The majority of employers offer a benefit that equals 60% of earnings.
- Benefit maximums vary depending on income, size and industry.
- Generally, employers offer LTD benefits to employees on disability leave until the age of 65 or social security retirement age.
- If an employee is eligible for and receiving SSA disability, the company LTD benefit is offset by the amount received under the program.