

# Sick Pay Insurance

## Working example

### How cover for short-term sickness absence brings value to employers

Because everyone  
needs a back-up plan



#### Client Snapshot

##### Industry

Financial Services company in the Pensions and PMI sectors.

##### Demographics

**108** employees – most are office-based at the company HQ in Hampshire.

#### The impact of absence

The direct costs of absence alone amounted to over **£17bn<sup>1</sup>** across the economy in 2010

**£600<sup>2</sup>** per employee is what it costs businesses each year

**30%** of companies admit they can absorb the cost of sickness absence for just 1 week<sup>3</sup>

1. Healthy returns? Absence and workplace health survey 2011

2. CIPD Absence Management Survey Report 2012

3. Holden-Pearmain Research 2011

Demmon Financial Services had invested in a Group Income Protection (GIP) scheme for all their employees. Their scheme pays benefits to employees after 26 weeks' absence. For the early stages of absence any replacement income was an additional payroll cost and impacted the bottom line.

Anytime Consulting helped Demmon look more broadly at the management of absence in their company and revealed not only that it was costing more than they appreciated, but that there was a heavy dependence on managers to use discretion rather than policy and procedure to validate and manage sickness incidences.

Unum's Sick Pay Insurance was identified to help address their short-term absence issues. It can complement and dovetail with the existing GIP scheme to give seamless cover. It provides claims management at the very early stages of absence while also covering the employer's sick pay outlay, with the added benefit of a no-cost Employer and Employee Assistance Programme (EAP).

Demmon really liked the concept of a complete absence solution and put a plan in place with:

- a 1-week deferred period
- a 25-week payment period
- 80% of salary replacement (to a maximum of £72k benefit)

Sick Pay Insurance

Statutory Sick Pay

Group Income Protection

- Replaces income giving financial peace of mind, while removing the unexpected cost
- Dovetails with their existing GIP arrangement
- Supports both the employer and the employee

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## The plan in practice

Jenny is Team Co-ordinator for the sales team at Demmon. She is also a keen and experienced horse rider and it took the office by surprise when, one weekend, she fell off and broke her leg.



- On-line claim submission by Jenny and her HR department.
- Unum's dedicated Claims Management Specialist (CMS) acknowledges the claim and contacts Demmon and Jenny directly to discuss her injury and treatment.
- Jenny accesses her EAP to seek help in finding child care support.



- Unum receives Jenny's medical records from the GP and Jenny's CMS assesses her claim.
- The medical evidence confirms that Jenny suffered a complicated spiral fracture which could keep her off work for up to 6 weeks.
- Jenny's claim is accepted, and both Jenny and her employer are notified that the claim will be paid, monthly in arrears.



- Unum's CMS contacts Jenny by telephone to check her condition and Jenny advises that her leg is not healing as well as expected.
- Unum writes to her GP to request up-to-date medical records and Unum follows her GP's treatment recommendations.
- Monthly payment is reviewed on a 30-day cycle via the CMS.



- By week 8, the complications have improved and Jenny's leg has started to heal, and all have agreed that Jenny is now able to return to work.
- The claim is paid up to the date Jenny returns to work and the case is closed.

## The benefits Sick Pay Insurance can bring

### › Professional claims management

- Consistent and quick claims decisions
- Allows early identification, intervention and access to expert resources
- Unum's in-house medical professionals give an independent, third party assessment of the claim
- Direct contact with the employer keeps everyone in the loop and Unum manages the claim for the employer

### › Absence Management Support

- Unum's online system provides absence management support and enables employers to build a true picture of absence in the workplace

### › Predictable costs

- Allows employers to budget with a set monthly payment, smoothing the costs of short-term sickness

### › Employer Assistance Programme (EAP)

- Sick Pay Insurance comes with a built-in EAP at no extra cost
- Access to absence management support and tools to help businesses manage sickness – ensuring people return to the workplace as soon as possible, reducing both cost and administration
- Free legal expertise to steer employers through the potential minefield of employee legislation on not just staff illness, but all aspects of employment law

### › Rehabilitation support

- Unum's professional input with return to work planning and advice on alterations in the workplace – assisting with duty of care needs

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