

SELF-INSURANCE AS A COST SAVINGS STRATEGY



Short-term disability is sometimes considered by companies looking to provide staff with an enhancement beyond the EI sickness benefit. EI sickness pays 55% for those who meet the qualification criteria. An employer may qualify for a small EI premium contribution reduction by setting up a plan that mirrors the EI sickness plan design.

The employer-funded plan can be self-insured or insured. Choosing to self-insure the short-term disability period can provide more control over the adjudication and administration of the short-term period. It is vital that short-term sick claims be administered closely, and for those with plans, it can help control the cost; ultimately, switching from an insured model to a self-insured model can improve a company's operating profit. Choosing self-insured will reduce the insurance premium cost. Additionally, implementing a close claims management strategy can control both financial and claim costs.

Traditional insurance costs include overhead, assumptions of risk, and underwriting profits. When switching to self-insured, these costs get released to the company directly.

The short-term period is a contained period protecting the employer from any excessive cost exposure. In insured plans, the premium is generally built on past experience, so coming out of the pandemic years, the time to change to self-insured is advantageous.

There is also added flexibility in self-insured plan design. While employers still need to ensure the policy aligns with the EI premium reduction plan to qualify for the discount from the government. There is some flexibility to adjust the plan administration and focus on early and safe return to work to match the company's philosophy.

OSI works closely with the company due to the higher accountability for losses.



A customized process can make a big difference in overall cost.



Self Insurance	Insured
	Monthly cost
Per claim fees	Employer pays a premium regardless of claims
Client pays specific administration fee	Pay for claims, admin, underwriting considerations, assumptions of risk.
Claim payments usually made through payroll but can also be paid by the third-party administrator	Claims paid by insurer
Cost only the actual claims cost plus the admin fee	Sunk cost
\$100,000	\$150,000

ADVANTAGES

STD limits 17 or 26 weeks

Improved Employee Experience

Cost Savings and Control



Cost Advantages

Control over funds

About OSI

Organizational Solutions Inc. is a leading partner to companies who want to control the human impact and financial loss caused by workplace absence due to illness and injury.

Call us at 1.866.674.7656 or email sales@orgsoln.com for more information.