



New legislation that impacts the continuation of cover for terminated employees

A new law came into force on June 14 , 2013: it makes the continuation of cover «free» for terminated employees.

The main changes are:

From **June 1, 2014** for the medical coverage

From **June 1, 2015** for the group life & disability coverage

- No more cost sharing
- The maximum duration of the continuation of cover is extended from 9 months to **12 months**

What is the continuation of cover?

Any terminated employee who benefits from a group life & disability insurance program and / or medical program as part of the working conditions with their former employer is entitled to the continuation of their benefits providing:

- **He/she was fully enrolled**
- **He/she can receive unemployment insurance**

Who is concerned?

Any employee terminated by his/her employer – except for gross misconduct – and in some cases, employees who resign if the person receives unemployment benefits.

What does this new law change?

With effect from June 1, 2014, all terminated employees will **automatically** continue to be covered by the medical insurance program offered by their former employer for a period at least equal to their last work contract and **up to 12 months**.

Currently, a terminated employee must elect continuation of cover and must pay his/her share of the cost/premium as if they were still employed. With effect from June 1, 2014, the continuation of cover will be **at no extra cost** for the terminated employee, the cost will be 100% paid by the company.

The same rules will apply to group Life & Disability insurance programs as of June 1, 2015.

How does this impact the cost of your insurance contracts?

We anticipate that all insurance carriers will increase the cost of their medical programs **from 3.5% up to 8.50%** at renewal on 1/1/14 to cover this new risk, regardless of the national medical consumption or the claim ratio of your own insurance contracts.

We can review your medical programs and suggest competitive solutions so that you may avoid or minimize increased contributions rates at renewal.

Please contact us at info@gba-france.net