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Let's consider some practical examples that illustrate how costly gaps in cover can be for both employees and employers.

# Case study 1

## WAITING PERIODS

An employer in the finance industry with just over 100 employees chose a six-month waiting period for their permanent health insurance (PHI) policy. Since this client had a small number of employees, they estimated that the probability of disability was low and not worth the cost to reduce the waiting period. But they did not have any policy in place that would provide cover during the waiting period if an employee did become disabled.

Shortly after policy inception, two employees became disabled in quick succession. Because of the presumed rarity of disability and lack of cover, they paid the first disabled employee their full salary during the waiting period. Having set a precedent, but still with no cover, they then faced a second disability. What made this particularly challenging was that most employees earned high salaries and it was expensive to pay out their full salaries for six months. They realised that they needed to have a clear policy in place.

An employer in the  
**finance industry**

