

El Premium Reduction Program: Contract wording changes

As communicated in the previous [Focus Update](#), effective January 1, 2017, the Employment Insurance legislation has reduced the waiting period for Employment Insurance (EI) benefits from two weeks to one week – with the maximum benefit payment period being maintained at 15 weeks. Plan sponsors taking advantage of the Premium Reduction Program (PRP) are required to make adjustments to align their plans with the change in the waiting period, if they want to remain eligible for the reduced rate under the program.

Service Canada has begun their review of existing PRP clients. Over the past few weeks, some of our plans sponsors have received letters asking them to update their contract wording by a certain date – or risk losing their PRP privilege.

Next steps for plan sponsors

Plan Sponsors who receive such a letter should call Service Canada and let them know that Sun Life has been notified – and work is being done to amend the specific clauses. Service Canada will then grant you an extension. Please note that once the plan has been updated to align with the new PRP requirements, it is the Plan Sponsor's responsibility to notify Service Canada.

Sun Life is working with Service Canada to help make a seamless transition for our plan sponsors. We are establishing consistent, revised wording, to meet the new PRP requirements. At the moment, we are still waiting for Service Canada to confirm a timeline for completing their review.

Existing PRP eligible plans

To remain eligible for the PRP, plan sponsors are required to revise the clauses flagged by Service Canada. Those who have a STD elimination period greater than seven days will also have to amend their elimination period to remain eligible. The contract reviews are part of a separate review process that is being completed by Service Canada; however they have confirmed that all updates should be made at the same time for a plan to remain eligible to the program.

New PRP applicants

NOTE: According to Service Canada, "new" plan sponsors are defined as:

- plan sponsors moving to Sun Life from another carrier on Jan 1, 2017 or later, even if already part of the PRP, or
- new business, i.e. no current STD coverage (virgin group or existing group adding STD).

Service Canada has advised that premium reductions will be applied retroactively for new PRP applicants from the application date provided they meet the requirement of the seven day elimination period and the 15 week payment period at the time of application. New applications will be approved once any clauses flagged by Service Canada have been amended.

For more information on the new STD and LTD requirements, and the impact of the EI waiting period changes, [click here](#).

Questions?

Contact your Sun Life Financial group benefits representative.