



JOHNSTONE'S JOURNAL is published monthly, and designed to provide topical information of interest not only to plan administrators, but to all employees who enjoy coverage under the benefit plan. Feel free to make copies, and use as a payroll staffer.

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## Keep Your Employee Files Updated

### Employee Benefit Files

One of your staff, "Lisa," was promoted and received a significant pay increase, which doubled her life insurance from \$50,000 to \$100,000. Soon after starting the new job, she died in a car accident, and her still grieving family discovered that your plan administrator forgot to update her salary, and therefore her life insurance coverage is incorrect. What would you do if this happened to one of your employees?

The benefits information that you have in each of your employees' personnel file is crucial, particularly in the event of a death claim. The insurer must have the original signed forms to determine the beneficiary in the event of a death. Here is a list of what each complete employee benefit file should contain:

- **Original [Application for Coverage \(Enrollment\) form](#)**
- **Original [Application for Change form](#)** for any beneficiary or dependent changes
- **Annual Benefit Statement letters** from Johnstone's, signed and dated by the employee
- Proof of provincial health insurance
- Miscellaneous correspondence regarding coverage, such as changes in salary.

In all situations, you must retain the original and e-mail or fax a copy to Johnstone's.

### Application for Coverage or Change

When enrolling an employee, the administrator (employer) **keeps the original completed form** and e-mails or faxes a copy to Johnstone's. The original form is only required by the insurer when there is a death claim. The beneficiary designation and the employee's signature are then verified.

When employees change beneficiaries or add dependents, they must complete an [Application for Change](#). This is a separate form and you should attach this original to the original

[Application for Coverage](#). It is critical to correctly date and sign this form as beneficiaries may change several times and the most current one listed determines who receives the death benefit.

### Annual Benefit Statement Letters

Annually, Johnstone's provides our clients with individual employee benefit statements asking employees to review their coverage, dependent information and beneficiary designations (note, these statements can be customized). We require copies of these letters only when something has changed. However, we recommend that each employee return a signed copy to you, the employer, to confirm that they have reviewed it. Even if employees don't respond, they have at least had the opportunity to review their benefit details. We suggest that you note the dates you distributed these letters to staff.

### Provincial Health Insurance

Extended health care benefits are a supplement to the provincial health insurance plan. All insurers require employees and dependents to have provincial health coverage. If an employee is new to the province, most insurers will also accept proof that there is equivalent coverage in place (contact us if you require this temporary coverage).

### Miscellaneous Correspondence

Changes in salary may increase (or decrease) life and disability benefits and therefore we must be notified. We will let you know if coverage increases above the non-evidence limit (see [December 2013 Journal](#)).

Annually, we will remind you which employees are eligible for additional coverage, and give you the necessary health declarations. Many employees choose not to apply for the additional coverage and others are declined. Keep correspondence about this on file, including the dates that you offered the employee this additional coverage.