

Collective daily sickness allowance – Cover through the Federal Health Insurance Act or the Insurance Contract Act?

Mr Bernasconi has set up a new construction company and has the following question:

Do I have to take out collective daily sickness allowance cover for my staff? If so, what benefits do I have to insure?

Egidio Fumasoli, Head of Internal Services at Assidu SA, replies:

Some collective employment agreements oblige the employer to insure employees against being unable to work due to illness; construction companies are one of the sectors bound by this obligation.

A construction company's policy would have to provide cover pursuant to the Federal Health Insurance Act and pay 90% of the salary after a waiting period of one day (possibility to derogate up to 30 days). The maximum duration of the benefits, for one or more illnesses, is 720 days within 900 consecutive days.

It is therefore important to know the main differences between the Federal Health Insurance Act (KVG) and the Insurance Contract Act (ICA):

- **Duration of benefits:** Under the KVG, in the event of partial disability and after reaching the maximum benefit duration, for the same case, the insurance cover remains intact for the reduced capacity to work.
- **Maternity:** the KVG provides complementary cover to maternity law.
- **Overcompensation:** unlike the ICA, the KVG allows for benefits to be extended in the event of partial disability. The insured is entitled to 720 full days of daily allowance.
- **Entitlement to benefits:** under the KVG, the incapacity for work must be at least 50%, while in the ICA, 25% is sufficient to receive benefits.
- **Termination:** there is no policy cancellation right in a loss event under the KVG.
- **Suspension of cover due to non-payment of premiums:** Pursuant to the KVG, cases of illness which began during the time when the contract was suspended are covered as soon as the premium is paid, while with the ICA, even after payment of the premium, there is no right to benefits for cases having occurred during the suspension period.
- **Cost:** the average KVG premium is 10%-25% higher than with an ICA policy.

Our advisors are always available to provide you with the best possible advice.