

Coverage and Claim Payments for Separated & Divorced Individuals

Throughout the year I receive a good number of calls and emails from insured individuals who have recently separated from their spouses and they wish to terminate their ex-partners from their benefit plan. Conversely, I receive an almost equal number of calls from ex-spouses who are distraught because they have had their coverage terminated. As the frequency of these types of calls have increased lately I thought it might be appropriate to write about these issues.

Although an insured employee can request to terminate their dependents from their coverage any time they wish, I recommend to people to leave their ex-spouse's coverage in place until they have a separation agreement in place. I think if you were to call a Lawyer that specializes in Family Law they would provide this same advice. As "Family" premium rates for health and dental is the same regardless of the number of family members insured, there is no difference in the cost to keep an ex-spouse insured when children are being covered too.

With the Chambers of Commerce Group Insurance Plan a separated ex-dependent can still be an eligible dependent under the Plan. Even in the case of a divorce, the ex-dependent would be recognized as an eligible dependent if the courts rule that the Certificate holder is liable to continue coverage for the former spouse.

Looking at the Policy Contract that one of my firm clients has who is insured with RBC Insurance, I see that they define "Spouse" as a person who is living with the employee and who is legally married or who has resided with the employee for at least 12 months in a conjugal-like relationship or any other formal union defined and recognized by law.

I recall a couple of years ago that an employee of one of my firm clients terminated their ex-spouse from his coverage and was later ordered by the court to reinstate his ex-spouse's coverage. Regardless, a court cannot order something which is contrary to the policy itself. So, if a group plan only permits coverage while the parties are married and residing together there is nothing a court can do to order otherwise. It can however, provide that an individual is to maintain substitute insurance which would be obtained privately if available. That is a situation that could turn into a terrible burden for anyone and well worth avoiding.

Another related issue I receive calls about is from ex-spouses who are not receiving their claim reimbursements, because the insurance companies are sending their cheques to their ex-partner, the insured Certificate holder, who is pocketing the money.

A solution for ex-spouses who are in this position is to make arrangements with your service providers to bill the Chambers Plan directly. In cases where the court has ruled that a Certificate holder is liable to continue coverage for their ex-spouse the Chambers Plan will make claim payments directly to the ex-spouse.