



Paid Family and Medical Leave

The Standard has served Oregonians from our headquarters in Portland for 113 years. Our company has grown from its roots of providing life insurance for loggers to currently serving more than 6 million customers across the United States. Our special focus on employee benefits – specifically disability insurance and absence management services – gives us a unique lens by which to weigh in on the current effort to roll out paid family and medical leave at the state level.

Our request of the Oregon State Legislature is that it allow for the existing robust disability insurance and leave management system - currently available to employers across the state – to keep doing what it does: provide Oregon workers with financial security and peace of mind. A state-mandated medical leave plan has the potential to disrupt more comprehensive longer-term disability and income protection already provided to many Oregonians if existing employer-provided benefits are not contemplated by legislators.

Like most disability insurers we have decades of experience providing U.S. workers with income protection when a medical condition keeps them out of the workplace. In 2017 alone, this private insurer-based system paid U.S. workers more than \$20 billion as they recovered from conditions that kept them from their jobs.

States with paid leave laws recognize the value of the insurance industry's involvement in providing statutory benefits. Six out of the seven states that have passed paid family and/or medical leave laws allow subject employers to work with disability insurers to create plans that meet or exceed the statutory requirements.

Millions of Americans already have disability income protection through their workplace. Group disability insurance is meaningful, regulated, and priced in accordance with risk. An existing short-term disability product approved by the Oregon Division of Financial Regulation should without modification satisfy the own medical component of any Oregon paid family and medical leave legislation.

- Nearly 40% of American workers are currently covered by private-sector short-term disability insurance policies that provide income protection from their own medical conditions, including paid medical leave for women recovering from childbirth. In Oregon this 40% number equates to over 800,000 workers.
- 74% of private short-term disability policies provide American workers with 60% or more of their salary.
- 75% of short-term disability policies provide a maximum of 22 weeks of income protection, with 50% of short-term disability policies providing a maximum of 26 weeks of income protection.

We help employers comply with unpaid leave requirements and accommodation services. As the enactment of federal, state, and local leave and accommodation laws has increased, employers have opted to outsource their leave and accommodation compliance needs. For example, 26% of employers with more than 50 employees, and 41% of employers with more than 1,000 employees, outsource their Family Medical Leave Act (FMLA) compliance.

It is important that legislators be aware of the existing benefits framework many Oregon employers already provide. It is common for an employer to offer integrated short-term and long-term disability coverage for their workers. Long term disability coverage commonly offers income protection to age 65. These coverages are accompanied by resources such as leave administration for the employer, and vocational rehabilitation and accommodation services for the employee.

These comprehensive benefits cannot be offered under a state mandated leave law. While we champion the effort to extend PFL to all Oregon workers, it is imperative that the Legislature allow employers to continue offering more comprehensive private benefits if they choose to do so.