



GMS INSURANCE

*Employee Benefits*  
*Group Retirement Plans*  
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*Life Insurance*  
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## **Eligible Dependents**

Most group insurance plans allow employees to cover their eligible dependents. Who qualifies as an eligible dependent can vary by contract but only slightly. In general, an eligible dependent is a spouse or child of the employee and who lives in Canada. Parents are not considered to be eligible dependents.

### **Who is considered a “spouse”?**

A spouse is the person to which your employee is legally married. It includes opposite- and same-sex partners.

A spouse also includes common-law spouses. These are individuals who hold themselves out to be a spouse of the employee in public and who reside together in a conjugal relationship. Some contracts recognize a common-law partner as of the date of co-habitation but others require a set co-habitation period, usually 12 months, before being eligible for coverage.

### **Ex-Spouses**

While technically not considered an eligible dependent, insurance companies will allow employees to continue coverage for ex-spouses. However, if the employee enters a new relationship (marriage or common-law) he/she can only cover one “spouse” at a time.

Sometimes separation or divorce agreements require the employee

to continue coverage. This agreement is between the employee and the ex-spouse. The plan sponsor (i.e. employer) and the insurance company are not party to that agreement and are under no obligation to continue coverage. If you do not want to allow employees to cover exes, you should draft and communicate a clear corporate policy to that effect and advise your employees to purchase private insurance to meet their court-ordered obligations.

### **Who is considered a “child”?**

A child is an unmarried natural, adopted, or step child. This includes children of a spouse or common-law spouse. It also includes any children for whom the employee is the legal guardian. In this case, court documents verifying the guardianship may be required to set up the child as an eligible dependent.

Coverage for children begins at various times depending on the wording of the contract. This is one area where contracts can vary drastically. Some provide coverage from birth, others specify live birth, and others start coverage 14 days after a live birth.

Children typically must be under 21 to be eligible. The maximum is extended to age 25 if the child is attending school on a full-time

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basis. Some contracts have different maximum age limits (ex. 22 or 26 if a full-time student) so check your contract to see what your plan covers. We will use 21 and 25 for the purposes of this discussion.

Coverage is automatically terminated at age 21. It is the employee's responsibility to notify their plan administrator or insurance company if their child is over 21 but under 25 and attending school on a full-time basis. Employees must update their records for each school year. Usually the insurance company will require proof of full-time enrolment such as tuition receipt, course schedule, or letter from the school in order to extend the coverage. Once coverage is extended it will run to August 31<sup>st</sup> or until graduation if that is earlier.

There may be additional requirements for students studying outside of Canada. They will likely have to apply to their provincial health plan to have provincial coverage extended for the duration of their studies. The insurance company may require confirmation of this coverage extension and some other documentation before continuing coverage. Contact your GMS associate to help you get the proper coverage set up.

Whether the student is studying at home or abroad, coverage must be updated yearly and should be done prior to the start of the

school year to ensure that there is no disruption to claims payments.

Children who have a mental or physical impairment may have coverage extended beyond the maximum age limits. Coverage can be continued for the child if he/she is incapable of engaging in any substantially gainful activity and is dependent on the employee for support, maintenance and care. The employee will need to notify the insurance company and make an application to have the coverage extended. This may include providing medical certificates that confirm the disability.

Children who are working full-time or are eligible for coverage under another plan (such as through their employer), are not eligible dependents regardless of their age.

Anyone (spouse or child) who is in full-time service of any navy,

military, or air force, is not eligible for coverage.

Keeping records up-to-date is the plan administrator's responsibility but it is also the employee's responsibility to notify administrators of any changes. Sending reminder notices (especially of student coverage) with pay stubs may be a good way to help keep records current.

Remember: Changes to covered dependents must be made within 30 days of the dependent becoming eligible.

## Quiz Corner

*Put your mental mettle to the test and a \$50 prize in your pocket!*

Rearrange the following letters in three different ways to give three different eight-letter words:

A A E L N P R T

**Answers can be sent to: [info@gmsinsurance.com](mailto:info@gmsinsurance.com) or by fax to 905-670-4146. We will draw a winner from the correct answers.**