



**STATEMENT IN OPPOSITION OF ANTICIPATORY AMENDMENT TO OR SB1148  
(RELATING TO DISABILITY INCOME INSURANCE POLICIES)**

The Guardian Life Insurance Company supports SB1148 as currently proposed, which would amend Paid Leave Oregon (PLO), by adding a new subpart (d) in ORS §743B.260 .

However, we have been made aware of a potential amendment to SB1148 that would add a new subpart (e) in ORS §743B.260, as follows:

(e) Reduce or offset benefits available to a person eligible for benefits under a disability insurance policy for temporary or short-term disability insurance based on estimated or actual benefits the eligible person may or does receive under ORS chapter 657B.

We oppose this anticipated amendment to SB1148 because it may leave some Oregon residents with little or no income protection during a disability. If the amended version of SB1148 is enacted:

- An eligible employee with severe or consecutive disabilities will no longer have financial protection once the 12-week PLO benefit is exhausted.
- An eligible employee who takes 12 weeks of PLO benefits caring for a family member will no longer have protection if they then incur a disability in that 52-week period.
- An eligible employee may decide not to use their PLO leave in full or at all to care for a family member because of the risk of not having protection for their own future disability. This is particularly true for an employee with a chronic condition that could become disabling.

The enactment of Paid Leave Oregon provided Oregon workers with important protections to help them live more financially secure and full lives. While new costs were placed on employers by PLO, those costs were offset in part by a substantial reduction in premiums for short-term disability insurance (STD) and the ability of self-funded employer disability plans to offset the statutory PLO benefit. With the proposed new subpart (d) of ORS §743B.260 in the amendment to SB 1148, the cost of STD insurance will increase considerably – resulting in many employees and employers not maintaining their STD insurance. The unintended consequence will be a gap in disability income protection and the hardest hit employees will be those with the longest disabilities and those juggling family care issues – some of the people with the greatest needs.

The standard STD program provides 26-weeks of income protection while an employee is disabled. A long-term disability (LTD) plan provides income protection policy for claims exceeding 26 weeks. For people who suffer from a long-term disability, insurers have procedures in place to provide their insureds with a smooth transition from STD to LTD, with limited disruption to the insured individual. With the changes proposed in amended SB1148 and the resulting increased cost of STD, many individuals will be without STD, leaving them financially vulnerable.

With the passage of PLO with the current STD offset, STD costs for Oregon employers and employees have been reduced approximately by half and employers maintained their short-term disability plans for their eligible employees. At this time,

- An employee with a long-term disability will not have a gap in coverage and the insurer will transition them from STD to LTD benefits.
- An eligible employee can take 12 weeks to care for family, knowing that their STD benefits are available for their own disability.
- An employee with multiple disabilities in a 52-week period can receive STD benefits for each period of income loss .

The overall increase in costs to Oregon employers and employees due to the proposed amendment that includes a new subpart (d) in ORS §743B.260. SB 1148 will require difficult choices and may make taking disability or family leave riskier. The costs outweigh any benefit to Oregon when, without understanding the consequences, employees and employers opt out of STD due to the increased cost coupled with the cost of PLO. With the proposed new subpart (d) of ORS §743B.260 in the amendment to SB 1148, Guardian cannot support SB1148.

Guardian Life Insurance Company of America (Guardian) is a mutual life insurance company licensed in Oregon whose purpose is to inspire well-being. In addition to other products, Guardian provides disability insurance and leave absence management services to more than 27,000 Oregon residents.



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