

Ontario Employers Must Insure Long-Term Disability Benefits



The Ontario Budget introduced by the newly-elected Liberal government on July 14, 2014 includes a proposal for mandatory insurance of long-term disability (LTD) benefits. The Budget was accompanied by Bill 14, *Building Opportunity and Securing Our Future Act (Budget Measures, 2014)* (the Bill) which amends the *Insurance Act (Ontario)* to prohibit the provision of LTD benefits unless they are provided through an insured arrangement with a licensed insurer.

The Bill provides that exemptions and transitional provisions, if any, will be set out in regulations. The Bill received Royal Assent on July 24, 2014 and will come into force on a future date to be proclaimed.

The amendments proposed in the Bill are similar to the insurance requirements for LTD plans in the federally-regulated private sector which were introduced in 2012, as previously discussed here. The federal legislation requires federally-regulated employers to obtain insurance for any LTD plans they offer to employees. The purpose of these legislative provisions is to provide employees on disability with some protection should the employer become bankrupt. The federal legislation came into effect on July 1, 2014.

The Canadian Life and Health Insurance Association (CLHIA) has long advocated in favour of legislation providing for mandatory insurance of LTD benefits as a means of enhancing the security of LTD benefits. A copy of CLHIA's policy paper, *Protecting Canadians' Long Term Disability Benefits*, is available [here](#).

Once the Bill comes into force, Ontario employers that provide LTD benefits on a self-insured, "administrative services only" basis may no longer be permitted to continue such arrangements.

Last Updated: August 6 2014

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