

News

Court Considers Deductibility of STD/LTD Benefits from Notice Award

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The Ontario Superior Court recently considered the deductibility of short term disability (“STD”) and long-term disability (“LTD”) benefits from a notice award.

It concluded that STD benefits could be deducted because the benefits were provided as salary continuance, the plaintiff had not contributed directly to their cost and the cost was absorbed by the employer as a form of self-insurance. The LTD benefits, however, were not deductible. They were more in the form of private insurance payments, the plaintiff had contributed to their costs and payments were made by the insurer directly to the plaintiff.

This case affirms that in situations where benefits are not self-insured by the employer, they will not be deducted from a notice award. It also affirms that where an employer treats an employee with courtesy, respect and sympathy throughout the employment process, as was done here, it will be very difficult for a plaintiff to establish a claim for aggravated or punitive damages.

For more information on this decision, see our Case in Point blog post “[Common Law Notice – Can STD/LTD Payments Be Deducted?](#)”