

Human Resources Legislative Update

Mandatory Insurance of LTD Plans: New Federal and Provincial Requirements

Date: September 11, 2014

[As previously reported](#), effective July 1, 2014, federally-regulated employers, including Crown corporations, who are governed by Part III of the *Canada Labour Code* and who provide their employees with long-term disability (“LTD”) plan benefits must insure the plan, on a go-forward basis, with an entity that is licensed to provide insurance under the laws of a province. Notably, this new requirement does not apply to benefits for existing disabled employees who had applied for or were receiving LTD benefits prior to July 1, 2014. No further exceptions have been prescribed to date, although the legislation contemplates the ability to create exceptions.

The Ontario government introduced a similar requirement in its 2014 Budget, and subsequently passed as yet unproclaimed [amendments to the *Insurance Act*](#). This requirement was discussed in our *FTR Now* of July 17, 2014, “[Ontario Budget 2014](#).” Whether all public and private sector provincially-regulated employers will ultimately be captured by this requirement is unknown, as the amendments include provisions enabling the government to create exemptions, and establish a transition period.

The Ontario Legislature is presently set to resume sitting on October 20, 2014. We will continue to monitor this issue and closely, and provide our clients with regular updates.