



Canadian Life & Health  
Insurance Association  
Association canadienne des  
compagnies d'assurances  
de personnes

# Submission to the **MINISTRY OF LABOUR, TRAINING AND SKILLS DEVELOPMENT** CONSULTATION ON PERSONAL LONG-TERM ILLNESS LEAVE

May 1, 2024





## INTRODUCTION

The Canadian Life and Health Insurance Association (CLHIA) is pleased to provide its comments to the Ontario Ministry of Labour, Training and Skills Development in response to its consultation on personal long-term illness leave.

Canada's life and health insurers play a key role in providing financial security to Ontarians.



**Protecting 11 million Ontarians**

**10.4 million**  
with drug, dental and other health benefits

**8.4 million**  
with life insurance averaging  
\$264,000 per insured

**5 million**  
with disability income protection



**\$49 billion in payments to Ontarians**

**\$17.8 billion**  
in health and disability claims

**\$6.9 billion**  
in life insurance claims paid

**\$24.3 billion**  
in annuities

We understand that the Ontario government is proposing to extend job protected leave for Ontarians with serious health issues that require more extensive time off from work. The CLHIA's members support this change. This submission is intended to provide the provincial government with an overview of the various absence mechanisms and benefits available to Ontarians with private health plans today, and how they interact with absence benefits available to employees through provincial and federal plans.

The extension of benefit coverage while on a leave is the decision of the employer and part of the benefit plan structure. Any new mandated job protected leave the government may introduce should not require an extension of Employer sponsored benefit coverage for 26 weeks. The provisions of existing insurance plans, including time limited extensions of coverage while on a leave, must remain to protect the viability of benefit plans that are offered to employees.

## SICK DAYS OFFERED BY EMPLOYERS

Today, Ontarians are entitled to a minimum of three (3) unpaid sick leave days per year due to sickness or injury. Employers must offer the minimum, but frequently offer additional unpaid sick leave days.

For example, employers will frequently reimburse up to five (5) sick leave days per year, satisfying the one week waiting period to access federal Employment Insurance sick leave benefits of up to 26 weeks.

### Sick notes

Some employers may continue to require these according to their collective agreement or their human resources practices, but these are not necessary to begin a short-term or long-term disability claim. Medical information is required by private insurers and there are specific claim forms for physicians to complete to begin a disability claim.



## SHORT AND LONG-TERM DISABILITY BENEFITS

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Canadian insurers offer a variety of options for employers to provide disability income protection to Ontarian employees. When an employee in Ontario is absent from work for a serious medical condition, it would predominantly be the private disability insurance that would adjudicate the benefit as WSIB pays only for accidents or illnesses incurred while working.

### Short-term and Long-term disability benefits

Short-term disability (STD) benefits typically have a short (0-14 day) elimination period followed by weekly benefit payments for a certain length of time (often 16, 26 or 52 weeks).

Long-term disability (LTD) benefits have a longer elimination period (often 16-26 weeks) followed by monthly benefit payments. Common LTD plans pay benefits for a set maximum period of time (2-5 years) or until age 65.

LTD benefits are usually paid for up to two (2) years if the insured is disabled from their own occupation, and after two (2) years if the insured is disabled from any occupation.

STD and LTD benefits may be reduced by other income received during the same period, including Canada or Quebec pension plan benefits and workers compensation benefits.

## OTHER ASPECTS OF PRIVATE DISABILITY INSURANCE

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### Return to work assistance and an employer's duty to accommodate

Disability insurance may include the coordination and payment for rehabilitation services to assist the employee with a return to work. It is expected that the employer will make necessary accommodations so the employee can return to work. This could include providing modified work, making adjustments to the work environment, or allowing the employee to return to work on a gradual schedule.

### Definition of eligible employee – Actively at work

Group insurance policies will have a definition of an eligible employee which commonly refers to someone being actively at work. Someone off work due to illness or injury may still be considered an eligible employee for a set period of time for the purpose of group benefits, regardless of the status of a disability claim. Group insurance policies may stipulate that eligibility for some benefits, such as disability coverage, is limited for a set period of time (for example, 31 days) when the employee is not actively at work. This may include an approved unpaid leave of absence or when they are off work due to an illness or injury but are not approved for disability benefits.

Limitations of extensions of coverage when an employee is not actively at work is essential to the administration of the plan. The foundation of Employer sponsored private insurance plans is to provide benefit coverage to eligible, active employees. Those who are not actively at work due to a

leave are often provided with specific and time limited coverage, given the status of the employee outside of the workplace.

Employers may have company policies that state how long an employee can remain on the benefit plan when they are off work due to illness or injury. These policies may follow or exceed provincial or federal employment standards that speak to certain benefit coverage that the Employer's plan offers.

#### Waiver of Premium Benefits

Many group insurance policies include a waiver of premium provision for life, disability and critical illness benefits. This means that, if an employee is approved for disability benefits, the life, disability and critical illness benefits remain in force with no premium payment. If the employer changes the insurer of their group benefits, the benefits approved for waiver of premium remain with the terminating insurer as long as the employee has an approved claim. This ensures those diagnosed with a critical illness will also have access to any critical illness benefit that is part of their plan.

## ADMINISTRATIVE BURDEN ON PHYSICIANS

The CLHIA and our member companies have been working with the provinces and territories and other stakeholders to address the administrative burden on physicians.

We have heard that insurance forms are a source of administrative burden for physicians. Therefore, we recommend that no additional administrative work be created from the expansion of job-protected leave. We suggest that the physician's statement completed in the context of a short-term disability, or an Employment Insurance sickness benefit claim form be considered as support of an employee having a serious medical condition.

## CONCLUSION

We appreciate the opportunity to share this input from the Canadian life and health insurance industry. The CLHIA would be happy to answer any questions to assist the Province of Ontario in expanding job-protected leave. **We would also be pleased to participate in future stakeholder consultations as the Government of Ontario finalizes its approach.** You may contact Sheila Burns, Director, Health and Disability Policy at [sburns@clhia.ca](mailto:sburns@clhia.ca)



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