



JOHNSTONE'S JOURNAL is published monthly, and designed to provide topical information of interest not only to plan administrators, but to all employees who enjoy coverage under the benefit plan. Feel free to make copies, and use as a payroll staffer.

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## Limits on Legal Action, Self-Insured Disability, Tax Changes Provincial and Federal Legislative Updates

### Limitation Periods on Legal Action

Both British Columbia and Alberta have amended their Insurance Acts, effective July 1, 2012. In an effort to protect consumers and reduce red tape, these governments have updated the rules related to health insurance contracts.

Under the new rules, insurance companies will offer internal complaint resolution procedures and offer consumers access to ombudsperson-type services if disputes cannot be resolved internally. Other consumer protection measures include:

- Extending the limitation period in which consumers can make legal claims against insurance companies to two years from one.
- Providing consumers of group insurance products a right to obtain a copy of the key parts of those insurance policies.

Your employee booklet will be updated the next time they are printed.

**Claiming Deadlines still apply:** Although these legislative changes provide consumer protection on making a legal claim, the claiming deadlines indicated in your employee booklet still apply. Claims should be submitted as soon as possible but **refer to your booklet for specifics**. Examples:

- Life/AD&D benefits: as soon as possible, within one year of the date of the loss
- Short term disability benefit: within 31 days of the date of disability
- Long term disability benefit: within 90 days of the commencement of the period for which the insurer is liable
- Supplementary health, dental and H.S.A: see December 2010 *Journal*

### Self-Insured (ASO) Disability plans

Employers who self-insure their short term disability benefits (either self-administered or through an Administrative Services Only/ASO contract with an insurer) are now required to contribute to both CPP and EI premiums while employees are on claim.

This amendment makes CPP contribution requirements consistent with the requirement under the Employment Insurance (EI) Act to make employer and employee EI premium payments on disability benefits paid under employer-funded ASO plans.

While the updated requirement to make employer and employee CPP contributions was made retroactive to January 1, 2006, CRA intends to administer this requirement on a go-forward basis from January 1, 2012. CRA say they will only investigate specific cases requested by, and involving, individuals.

CRA officials confirmed that CPP contributions are not required on benefits paid under fully insured, non-taxable disability plans.

### AD&D & Critical Illness: Now Taxable

As part of the 2012 federal budget, employer-paid premiums for accidental death and disablement (AD&D) and critical illness (CI) insurance will become taxable benefits to employees across Canada, starting in January 2013. Note that employer-paid premiums for private health services plans (including health, drug, dental and H.S.A. plans), are not included in this and will continue to be non-taxable benefits for federal income tax purposes.