

TERMINATION OF EMPLOYMENT: CONTINUATION OF BENEFITS

While this particular bulletin focuses on Ontario, the general concepts are similar in most Canadian jurisdictions, although the statutory notice period varies. Please refer to our separate “Statutory Notice Periods” document for additional information.

We note that this information is intended as a general guideline only, for case specific information and insurer approvals please contact your Benefits Division Consultant, seek legal advice or refer to the applicable government body.

Ontario Employment Standards Act

According to the Ontario Employment Standards Act, an employee who has been employed *three months or more* – and is being terminated by the Employer – must be given written notice of termination of employment or the equivalent number of weeks of pay, according to the following schedule:

Duration of Employment	Notice Period
<input type="checkbox"/> Three months but under one year	1 week
<input type="checkbox"/> One year but under three years	2 weeks
<input type="checkbox"/> Three years but under four years	3 weeks
<input type="checkbox"/> Four years but under five years	4 weeks
<input type="checkbox"/> Five years but under six years	5 weeks
<input type="checkbox"/> Six years but under seven years	6 weeks
<input type="checkbox"/> Seven years but under eight years	7 weeks
<input type="checkbox"/> Eight years or more	8 weeks

The employee can be terminated only after written notice has been given and the time of notice has expired.

If an employer wishes to terminate an employee without notice in Ontario, the required written notice of termination must still be given and normal wages for a non-overtime week must be paid for the number of weeks the employee is entitled to notice.

During the number of weeks the employee is entitled to notice, all group insurance benefits must be continued (including Weekly Indemnity and/or Long Term Disability) as the individual is considered to be an employee until the **Notice Period** has expired. N.B., most other Provinces do not stipulate that benefits must be continued during the notice period.

If an employee becomes disabled during the Notice Period, Weekly Indemnity (sick leave) and/or LTD benefits would be continued until the employee was no longer disabled.

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Severance Agreement

Beyond the Notice Period as required by the Employment Standards Act, an employer may enter into a Severance Agreement with a terminated employee. Group insurance benefits may be continued under a Severance Agreement, subject to the following conditions:

- (i) Beyond the statutory notice period, insurers require prior approvals of all extensions.
- (ii) All group insurance benefits may be continued, typically excluding the following:
 - Waiver of Premium under Group Life may not always be extended. In other words, if an employee becomes disabled during the Severance Period, the Waiver of Premium disability provision will not apply to the Group Life benefit.
 - Please note that insurers will not continue disability benefits during the severance period, as there is no income to protect. In other words, the employer will pay the full amount of the income package as agreed to under the terms of the Severance Agreement, even if the employee becomes disabled. If necessary, we can assist client in obtaining coverage through the specialty market.***
 - Out-of-Canada Emergency Medical Coverage may not be extended, depending on the insurer and/or the details surrounding the severance.
- (iii) Group insurance benefits may be continued to the earlier of the following:
 - The end of the Severance Agreement;
 - The duration agreed to by the insurer (this will be case specific and may require negotiations);
 - The date the terminated employee becomes insured under any group insurance plan, irrespective of the level of benefits provided under the new plan;
 - The date that benefits would normally have terminated, assuming the individual was an active employee (e.g., reaches termination age).
- (iv) Different insurers will assess each situation on individual merits so exceptions are possible on a case-by-case basis. Let us know what is being requested and we will work with the insurer to tell you what is possible.