

EMPLOYER BENEFITS OBLIGATIONS: READ DOCUMENTS CAREFULLY

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A recent Ontario labour arbitration decision confirms the importance of having employment and benefits documents drafted with care.

In *Ontario Nurses' Association v Victorian Order of Nurses for Canada - Ontario Branch*, 2017 CanLII 5514 (ON LA), the arbitrator found that a claim against the employer for denial of long-term disability (LTD) benefits was inarbitrable.

Background

Deborah Hatt was engaged by the VON to perform home care at patients' homes. Unfortunately, she has a serious medical condition which resulted in her being unable to work.

The obligations of the employer relating to LTD benefits as they relate to Hatt are set out in a collective agreement negotiated with the ONA. The key provision in the collective agreement provides as follows:

The Employer shall contribute towards the premium coverage of participating eligible nurses in the active employ of the Employer under the insurance plans set out below, subject to their respective terms and conditions, including any enrolment requirements.

When Hatt was denied LTD benefits, she filed a grievance pursuant to the collective agreement.

Positions of the Parties

The VON's position before the labour arbitrator was its obligations were limited to obtaining an LTD plan and remitting premiums on behalf of employees. In other words, the collective agreement and employer obligations were "premiums only", with no commitment that specific benefits would be provided. Simply put, the VON emphasized that terms and conditions of coverage were a matter between the insurance carrier and the employees.

The union's position was that the language incorporated the insurance benefits, including LTD coverage, into the collective agreement. In particular, there was reference to a plan being established, which arguably created

an employer obligation.

Outcome

The arbitrator accepted the employer's argument based on the specific wording of the collective agreement. The collective agreement was drafted such that any and all responsibility for payment of benefits was with the insurance carrier. As a result, there was no jurisdiction in this particular case for a labour arbitrator to hear a case about the denial of LTD benefits.

Takeaways for Employers

This decision highlights the importance of careful review and drafting. While the ruling comes from a labour arbitrator, these principles are also applicable to non-union employees who may have similar wording in their offer letters and employment contracts. In all cases, explicit limits to employer obligations can save costs and needless disputes.

by George Waggott

A Cautionary Note

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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