

Contract change to reflect legislative amendment – effective July 1, 2016

Recent amendments to the *Insurance Act* in Ontario have required us to make changes to the *Legal Actions* provision found in our contracts and employee benefits booklets. These changes will come into force on July 1, 2016.

While the change in legislation applies only to insured plans in Ontario, we are taking this opportunity to amend the wording for all of our insured plans across the country and to clarify a similar clause that applies to self-insured plans.

Limitation periods for legal actions: what the legislation requires us to do

The legislative change in Ontario requires insurers to include prescribed wording regarding the applicable limitation period. A limitation period describes the time period in which a plan member may commence a proceeding for the recovery of benefits under the plan. The new wording we must include for insured plans, effective July 1, 2016, is as follows:

Every action or proceeding against an insurer for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time set out in the *Limitations Act, 2002*.

As you may recall, other provinces, specifically Alberta, British Columbia and Manitoba, made similar changes to their insurance legislation. Such changes also included prescribed wording. That wording, previously communicated to you and applicable to limitation periods, is as follows:

Except where or when applicable legislation permits the use of a different limitation period, every action or proceeding against an insurer for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time set out in the *Insurance Act*.

Current wording in Sun Life contract

A sample of the current wording found in Sun Life's contract relevant to the commencement of a legal action can be found below. Current wording not only includes the prescribed wording for Alberta, British Columbia and Manitoba but an additional clause allowing for a lesser limitation period, where allowed by law.

Legal Actions for insured benefits

Except where or when applicable legislation permits the use of a different limitation period, every action or proceeding against an insurer for the recovery of insurance money payable under this contract is absolutely barred unless commenced within the time set out in the *Insurance Act* or the time set out in such other legislation as may apply to a claim, action or proceeding for insurance money.

Where or when applicable legislation permits the use of a different limitation period, no legal action or proceeding may be brought against Sun Life:

- regarding any claims for which no payment has been made by Sun Life, more than one year after the end of the time period in which the initial submission of proof of claim is required by the terms of the contract, or
- regarding claims for disability benefits that have been paid by Sun Life for some period of time, more than one year after the last date for which disability benefits have been paid, or
- regarding all other claims for which some payment has been made by Sun Life, more than one year after the last payment made by Sun Life with respect to the claim, or
- regarding claims for *Coverage during total disability* which are initially approved, more than one year after the date the employee ceases to be covered or the employee's premiums cease to be waived.

Legal Actions for self-insured benefits

No legal action may be brought against the Plan Sponsor more than one year after the end of the time period in which proof of the claim is required or more than one year after the date disability benefits cease to be paid.

New wording effective July 1, 2016

To simplify the Legal Actions clause and to help your plan members better understand their rights, we will replace the clause sampled above with the prescribed wording for all impacted provinces. These changes allow for consistency amongst all of our insured benefits. In this way, regardless of where your plan member resides, the legislation in their province will dictate the time period in which they can issue a legal action for insured benefits.

For self-insured plans, we implemented wording that similarly refers to the applicable legislation.

As of July 1, 2016, the following clause will appear in the *Claiming Benefits* section of your contract:

Legal Actions for insured benefits

Limitation period for Ontario:

Every action or proceeding against an insurer for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time set out in the *Limitations Act, 2002*.

Limitation period for any other province:

Every action or proceeding against an insurer for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time set out in the *Insurance Act* or other applicable legislation of the employee's province or territory.

Legal Actions for self-insured benefits:

Where the applicable legislation of the province or territory permits the use of a different limitation period, every action or proceeding for the recovery of money payable under the plan is absolutely barred unless it is commenced within one year of the date that we must receive proof of claim or within one year of the date disability benefits cease to be paid. Otherwise, every action or proceeding for the recovery of money payable under the plan must be commenced within the time set out in the applicable legislation of the employee's province or territory.

For information on previous legislative changes, we refer you to our Focus Updates dated [April 26, 2012](#) and [December 30, 2014](#).

What do you need to do?

1. **Keep a record of changes.** This Focus Update serves as an amendment to your contact and employee benefits booklet effective July 1, 2016. Please file this notice with your Sun Life Financial group contract for future reference. The next time you amend your benefits plan, the updated wording will be included in your contract and employee benefits booklet.
2. **Communicate with plan members.** To help your plan members better understand this change and to serve as an amendment to the employee benefits booklet, we have prepared a [communication](#) for you to share with them. In addition, please ensure, if you have not already done so, that all plan members have a copy of their employee benefits booklet, have access to a copy, or can receive a copy of their booklet upon request.

Questions?

Contact your Sun Life Financial group benefits representative.