

Urquhart

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Subject: Nortel Disabled - No Reasons Remaining for Not Making Retroactive Regulation Change

Navdeep Bains
Minister of Innovation Science and Economic Development

Mark Schaan and Paul Morrison, Ministry of Innovation, Science and Economic Development

Check out this video on YouTube of Jackie Bodie and Senator Art Eggleton being interviewed on Power and Politics in 2010:

<https://youtu.be/xF7Z7UuERds>

There are no reasons remaining for not making the requested retroactive regulation change for the Nortel disabled. We have addressed all the reasons to do it and refuted all of your stated reasons for not doing it in our communications with you.

1. **Change Retroactive for Nortel LTD and Not for Nortel Pensioners, No Balance in the Nortel Bankruptcy Between LTD and Bond Owners, Canadian LTD Worst Impacted Group in the World**
[Email to Ministry of Innovation, Science and Economic Development July 8, 2016](#)
[15 Reasons for Self-Insured LTD as Retroactive Eligible Financial Contract With No Pension Changes](#)
2. **Self-Insured Group Long Term Disability Benefit Plans are an Insurance Contract**
[Email to Mark Schaan, Ministry of Innovation, Science and Economic Development August 4, 2016](#)
3. **Federal Government Has Legal Right to Make Retroactive Legislation and This is Exceptional Circumstances and a Deserving Case**
[Email to Mark Schaan, Ministry of Innovation, Science and Economic Development August 12, 2016](#)
4. **Deemed Financial Collateral for Self-Insured Group Long Term Disability Benefit Plan as an EFC Ensures that Nortel LTD Benefits Get Paid in Full**
[Email to Ministry of Innovation, Science and Economic Development Aug. 31, 2016](#)
5. **Negligible Risk of Successful NAFTA Claim from American Entities with Interests in the Nortel Canadian Estate**
[Email to Ministry of Innovation, Science and Economic Development September 8, 2016](#)
[NAFTA Arbitration Claim on Expropriation of US Investor's Investment in Canada](#)
6. **Benefits Canada Article Sept. 30, 2016 and the Serious Errors of Mark Zigler, Court Appointed Legal Counsel for the Nortel Disabled**
[Email to Ministry of Innovation, Science and Economic Development Oct. 4, 2016](#)
7. **Nortel CCAA Court Monitor and Judge Refused to Admit the Affidavits of Financial and Actuarial Experts and the Former Nortel Treasurer**
[Email to Ministry of Innovation, Science and Economic Development Oct. 18, 2016](#)

No Impact on Cost of Capital, Especially Compared to the Impact of Legal Fees on the Cost of Capital

There have been comments made by insolvency legal professionals that higher priority for Self-Insured Group Long Term Disability Benefit Plans will raise the cost of capital. This is false and unsubstantiated, as I already testified before the Senate Banking, Trade and Commerce Committee. My estimated impact on cost of capital was 1 basis point or 0.01% change in interest rates for the preferred status of all Self-Insured Group Long Term Disability Benefit Plans.

[Urquhart Presentation on Bill S-216 to the Senate Banking Trade and Commerce Committee, November 18, 2010](#)

“Cost of Credit and Availability of Credit Impact Negligible”

“LTD deficits are apt to be about 5% of total pension deficit, severance and LTD claims.

So, cost of credit impact 1 bps. This means if the cost of credit was 3.25% before it is 3.26% after.

-0.1% correction of bond price.”

[Phillips Haeger & North Submission on Bill C-501 November 2010](#)

[Towers Watson Report on Bill C-501 October 2010](#)

The Federal Government has already changed its policy to mandatory disability insurance for federal corporations offering disability benefits. The Ontario Government has followed suit for Ontario registered corporations. This measure already shows the negligible impact on cost of capital for fully funded group long term disability benefit plans. The new regulatory change requested is a tag end to allow the current estimated 10,000 Canadians who are already disabled in Self-Insured Group Long Term Disability Benefit Plans to not be left behind in poverty.

The Nortel disabled fought for the legislative change for Canadians who become disabled in the future, not the Insolvency Institute of Canada and Mark Zigler in particular who opposed mandatory disability insurance over the years. Their precedent set for bankruptcy professional fees at 20% of very large bankruptcy estates, has a cost of capital impact of 13 basis points versus the 1 basis point I estimated for all Self-Insured Group Long Term Disability Benefit Plans becoming fully funded (using the same calculation methodology.) So why are you listening to the Insolvency Institute of Canada on this point as they are disingenuous and self-serving?

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