

RIGHTS FOR NORTEL DISABLED EMPLOYEES

Media Release

Friday, June 18, 2010, 10:00 A.M.

We are relieved to hear that Bill S-216 passed Second Reading in the Senate on Thursday, June 17th. This bill legislates preferred status of the long term disability benefit claims, over other unsecured creditors in Federal bankruptcy laws.

[Senator Art Eggleton's Bill S-216 - LTD Benefits in Bankruptcy](#)

This Second Reading refers Bill S-216 to the Senate Banking, Trade and Commerce Committee for further study. Conservative Senator Percy Mockler spoke to Bill S-216 from the Conservative side of the Senate today. We understand that his Party is, in principle, supportive of Bill S-216. The Conservatives want the Senate Banking, Trade and Commerce Committee to study the bill with care, to ensure there are no unintended consequences.

We thank the Liberal Party for introducing Bill S-216 and the NDP, Bloc Québécois and Green Parties for giving their support to this important Bill.

We urge the Senate Banking, Trade and Commerce Committee to begin hearing witnesses on the Bill immediately.

Bill S-216 cures a toxic insurance problem that over 1.1 million Canadians are exposed to because their long-term disability benefits at work are self-insured. One in 10 Canadians with long-term disability benefits at work have the unsafe self-insured kind. The Rights For Nortel Disabled Employees Group are asking Canadian employees to check whether their long-term disability benefits are insured and safe. Canadians are asked to report their exposure to toxic long-term disability benefits at the following website www.toxicinsurance.ca.

Bill S-216 has a Transitional Provision that makes it applicable to the Nortel LTD employees since it applies to all current CCAA (Companies' Creditors Arrangement Act) and BIA (Bankruptcy and Insolvency Act) proceedings that are not yet closed.

Adoption of Bill S-216 has become our last resort since on June 3rd, the Court of Appeal of Ontario refused to grant us Leave to Appeal our March 31st Nortel Settlement Agreement. This agreement pays us benefits for the balance of 2010, but denies us the right to seek remedy for over \$100 million missing in the Nortel Health and Welfare Trust. Nortel self-insured our long-term benefits saying it was playing the role of an insurance company, and then it committed a breach of trust by misappropriating our assets in the Health and Welfare Trust. For many years, Nortel did not make the employer contributions required according to our trustee agreement, nor did it properly account for the employee contributions that we made to increase our wage replacement coverage from 50% to 70% of our pre-disability earnings. Also, Nortel borrowed one third of our money in the trust to finance its own operations and did not return it to us prior to bankruptcy, despite having more than \$2 billion of cash on its balance sheet at the time.

We are expecting that the Nortel Health and Welfare Trust will be wound-up at December 31st 2010 or later. We need revisions in the current Nortel Hardship Test so that it will apply to us as long-term disabled employees. We face an expected 83% drop in our wage replacement income and only 17% funding of our essential medicines, therapies, treatments, and medical equipment, beginning on

January 1, 2011. Nortel disabled persons who earned \$50,000 before they got sick will have their effective income after medical bills go down to \$13,700 per year. We cannot survive on this amount. Those of us, like Peter Burns, Carol Samson and Josee Marin and others with over \$8000 per year of medical costs will be driven to as low an income after medical bills of \$2,500 per year.

Nortel is forcing us to become a burden on Canadian taxpayers even though there is estimated to be \$6 billion in the Nortel global estate.

With Bill S-216 implemented, we expect that there will be sufficient money in the Nortel Canada estate to solve our crisis and to not in any way disrupt the Nortel liquidation under CCAA. Bill S-216 returns money to the long-term disabled who are trust beneficiaries that was supposed to be in the trust accounts, and that does not rightfully belong to other creditor groups in the bankruptcy estate.

Distinct priority for the disabled addresses our special vulnerability of illness, the misrepresentations and unsafeness of our self-insured benefits, and the expected inadequacy of funding in the Nortel Canada Estate, to pay for all of the retirees and severed employees, as well as our own long-term disability claims.

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Rights For Nortel Disabled Employees (RFNDE)
(A Self-Advocacy Group)

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Help Us Get An Amendment to the Bankruptcy Act!
Support Senator Eggleton's Bill S-216!