

March 1, 1984

(Opinion issued in letter form; name and address deleted)

Re: Opinion Of Trustees  
Resolution of Dispute  
Case No. 81-357

Pursuant to Article IX of the United Mine Workers of America 1950 Benefit Plan and Trust, and under the authority of an exemption granted by the United States Department of Labor, the Trustees have reviewed the facts and circumstances of this dispute concerning the conversion of benefits coverage for an Employee who voluntarily terminates his employment with the Employer under the terms of the Employer's Benefit Plan.

Information in file shows that you were employed by the Employer from October 1982 until you voluntarily terminated your employment on May 31, 1983. Because the Employer had not provided you with a copy of its Benefit Plan, you were not aware of the conversion privilege. After learning of the existence of a conversion option, however, you attempted to take advantage of the privilege by calling your Employer within the 31 day period, so that you and your dependents would have coverage during the interim period from the terminating of benefits coverage under the Employer's Benefit Plan through the date that you were eligible for coverage under the group plan with your current employer. You later learned from the Employer's insurance carrier that you had not followed its required procedures for exercising the conversion option.

Nevertheless, the Employer's insurance carrier advised you on December 22, 1983, that it was willing to extend a conversion option provided you met several requirements, one of which was a minimum coverage of three months. This is the carrier's normal conversion option that would have been offered if you had properly exercised the conversion option within the 31 day period after you terminated your employment. Because you felt these requirements were inconsistent with your understanding of the policy as previously explained by a representative of the insurance carrier, you attempted to negotiate a mutually acceptable compromise. Unfortunately, you were unable to come to an agreement because of the minimum coverage period and the amount of the required premium payments.

The primary issue, regarding an Employer's obligation under Article III. D. (3) (b) of the Employer's Benefit Plan, is similar to that previously decided by the Trustees in Resolution of Dispute cases 83-362 and 81-375. The Trustees observed in those cases, as they must here, that Article III D. (3)(b) provides that a Beneficiary may convert to a policy issued By the insurance carrier if application is made within the specified time limits. The type of policy, coverage and

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premiums are subject to the terms and conditions set forth by the insurance carrier. The Employer's Benefit Plan does not require that a conversion plan provide the same level of benefits as provided under the Employer's Benefit Plan, nor does it stipulate any terms or conditions applying to premium rates. Your Employer has offered you an option to convert your health benefits coverage and thereby has fulfilled its obligation under Article III D. (3)(b) of the Employer's Benefit Plan.

The Trustees state that they may not comment as to the terms of the coverage offered under the converted policy. The authority granted to the Trustees by the Department of Labor only allows them to resolve disputes between an Employer and an Employee arising out of the administration of the Employer Benefit Plans. The issue as to coverage under the converted policy constitutes a private dispute between yourself and an insurance carrier and is outside the authority of the Trustees under the exemption issued by the Department of Labor. As such, the Trustees may not comment on the merits of the dispute.

Sincerely,

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Harrison Combs, Chairman

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John J. O'Connell, Trustee

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Paul R. Dean, Trustee