

OPINION OF TRUSTEES

In Re

Complainant: Surviving Spouse
Respondent: Employer
ROD Case No: 88-674 - June 23, 1995

Trustees: Thomas F. Connors, Michael H. Holland, Marty D. Hudson and Robert T. Wallace.

The Trustees have reviewed the facts and circumstances of this dispute concerning the provision of life insurance benefits under the terms of the Employer Benefit Plan.

Background Facts

The Complainant is the surviving spouse of an Employee who worked in a classified position for the Respondent from June 1985 until March 8, 1991 when he ceased work due to illness. Funds' records indicate that the Employee worked over 2,000 hours for the Respondent during the 24-month period immediately prior to his date last worked. The Respondent provided continued health, life and accidental death and dismemberment insurance coverage for the Employee through March 8, 1992. The Respondent notified the Employee by letter dated March 31, 1992, that he could elect to continue to receive health benefits coverage at his own expense under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The Employee elected to continue his health benefits coverage. On July 10, 1992, the Employee died of lung cancer at the age of 51.

The Respondent has denied the Complainant's claim for a \$35,000 life insurance benefit. The Complainant states that her husband was informed that his health benefits coverage would terminate on March 8, 1992 but was not informed that his life insurance coverage would also terminate effective that date. The Complainant states that her husband assumed that when he elected to continue his health coverage under COBRA that his life insurance coverage would continue also.

The Respondent states that the Employee was informed by letter dated March 31, 1992, sent by certified mail, that he could elect to continue his health benefits coverage under COBRA and that electing to continue health benefits coverage under COBRA would not continue his life insurance coverage because life insurance conversion was handled separately. The Respondent claims that it did not receive any notification from the Employee to indicate that he wanted to continue his life insurance coverage. The Respondent states that because the Employee was not eligible for life insurance coverage at the time of his death, a life insurance benefit is not payable in this case.

Dispute

Is the Respondent required to provide a life insurance benefit to the Complainant?

Positions of the Parties

Position of the Complainant: The Respondent is required to provide a life insurance benefit to the Complainant because the Complainant's husband was not informed that his life insurance coverage terminated on March 8, 1992.

Position of the Respondent: Because the Complainant's husband did not elect to continue his life insurance coverage, the Complainant's husband did not have life insurance coverage at the time of his death and the Complainant is not entitled to a life insurance benefit.

Pertinent Provisions

Article I (1), (2), (3) and (4) of the Employer Benefit Plan provide:

Article I - Definitions

The following terms shall have the meanings herein set forth:

- (1) "Employer" means (Employer's Name).
- (2) "Wage Agreement" means the National Bituminous Coal Wage Agreement of 1988, as amended from time to time and any successor agreement.
- (3) "Plan Administrator" shall be the Employer, a subsidiary of the Employer, an affiliated company of the Employer or an employee of the Employer, as designated by the Employer.
- (4) "Employee" shall mean a person working in a classified job for the Employer, eligible to receive benefits hereunder.

Article II C. (3) of the Employer Benefit Plan provides:

Article II - Eligibility

The persons eligible to receive the health benefits pursuant to Article III are as follows:

C. Disabled Employees

In addition to disabled Pensioners who are receiving pension benefits and are therefore entitled to receive health benefits under paragraph B of this Article II, health benefits under Article III shall also be provided to any Employee who:

- (3) Is receiving or would, upon proper application, be eligible to receive Sickness and Accident Benefits pursuant to the Wage Agreement.

Life and accidental death and dismemberment insurance shall also be provided to Employees described in (3) above.

Article III A. (10)(b) of the Employer Benefit Plan provides in pertinent part:

A. Health Benefits

(10) General Provisions

(b) Administration

The Plan Administrator shall give written notice to each employee of the termination of extended coverage under the Benefit Plan. Such notice shall explain the conversion privileges of the Benefit Plan and the enrollment procedures to be followed. Failure to provide such notice shall not extend coverage beyond the period otherwise provided in the Benefit Plan.

Article III D. (1)(a),(b),(d) and (3)(a) of the Employer Benefit Plan provide:

D. General Provisions

(1) Continuation of Coverage

(a) Layoff

If an Employee ceases work because of layoff, continuation of health, life and accidental death and dismemberment insurance coverage is as follows:

Number of Hours Worked for
the Employer in the 24
Consecutive Calendar Month
Period Immediately Prior to
the Employee's Date
Last Worked

2,000 or more hours

500 or more but less than

Period of Coverage
Continuation from the
Date Last Worked

Balance of month plus
12 months

Balance of month plus

2,000 hours
Less than 500 hours
(b) Disability

6 months
30 days

Except as otherwise provided in Article II, Section C, if an Employee ceases work because of disability, the Employee will be eligible to continue health, life and accidental death and dismemberment coverage while disabled for the greater of (i) the period of eligibility for Sickness and Accident benefits, or (ii) the period as set forth in the schedule in (a) above.

(d) Maximum Continuation of Coverage

In no event shall any combination of the provisions of (a), (b), (c), (e) or (g) above result in continuation of coverage beyond the balance of the month plus 12 months from the date last worked.

(3) Conversion Privilege

(a) Life Insurance

Upon application to the insurance carrier within 31 days after life insurance coverage terminates, the Employee may, subject to applicable state insurance laws, arrange to continue life insurance protection under an individual policy, for an amount not greater than \$35,000 without evidence of insurability. Such individual policy may be on any one of the forms of policy then customarily issued by the insurance company, other than a policy of term insurance or one which provides disability benefits in the event of accidental death, and will be issued at the rate applicable to the Employee's age and class of risk at the time.

Discussion

Article III D. (1)(b) of the Employer Benefit Plan provides that, if an Employee ceases work because of disability, the Employee will be eligible to continue health, life and accidental death and dismemberment insurance coverage while disabled for the greater of (i) the period of eligibility for Sickness and Accident benefits, or (ii) the period based on the number of hours worked as set forth in Article III D. (1)(a). Inasmuch as the Complainant ceased work because of disability on March 8, 1991, and had worked over 2,000 hours for the Respondent during the 24-month period prior to his date last worked, the Employee was eligible for continued benefits coverage for the balance of March 1991 plus 12 months (through March 31, 1992), the maximum period allowed under Article III. D. (1)(d).

The Complainant contends that the Respondent failed to notify her husband that his life insurance coverage terminated March 8, 1992. Under Article III D. (3)(a) of the Employer Benefit Plan, if an Employee's life insurance coverage terminates, the Employee may convert to an individual policy upon application to the insurance carrier within 31 days of such termination. Article III A. (10)(b), provides that the Plan Administrator shall give written notice to an Employee of the termination of extended coverage and of the conversion privileges under the Employer Benefit Plan. According to Article III. A. (10)(b), however, failure to provide such notice shall not extend coverage beyond the period otherwise provided in the Employer Benefit Plan. The Complainant's husband was not eligible for life insurance coverage as a disabled employee under the Employer Benefit Plan at the time of his death because his eligibility for such benefit terminated March 31, 1992. Although the Complainant contends that the Respondent should be responsible for payment of an insurance benefit, Article III A. (10)(b) clearly states that failure to provide notice of the termination of coverage shall not extend coverage beyond the period otherwise provided under the Employer Benefit Plan.

Opinion of the Trustees

The Respondent is not required to provide a life insurance benefit to the Complainant since the Complainant's husband's insurance coverage terminated on March 31, 1992.