
OPINION OF TRUSTEES

In Re

Complainant: Surviving Spouse of a Deceased Employee

Respondent: Employer

ROD Case No: 88-677 - November 18, 1993

Board of Trustees: Michael H. Holland, Chairman; Thomas F. Connors, Trustee; Marty D. Hudson, Trustee; Robert T. Wallace, Trustee.

The Trustees have reviewed the facts and circumstances of this dispute concerning the provision of benefits for the surviving spouse of an Employee 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 until February 13, 1991, when he became disabled due to chronic illness and was unable to return to work. 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 Employee received Sickness and Accident ("S&A") Benefits from February 21, 1991 through March 9, 1992. The Respondent provided continued health benefits and life insurance coverage for the Employee through March 15, 1992. The Employee died on April 18, 1992, at the age of 50.

The Social Security Administration notified the Complainant by letter dated May 28, 1992 that her husband was awarded Social Security Disability Insurance ("SSDI") benefits effective August 1, 1991. Because the Employee was awarded SSDI, had not attained age 55 and had completed over 20 years of credited service, the Respondent reinstated the Employee's health benefits coverage from March 16, 1992 until his death on April 18, 1992 pursuant to Article II C. (1) of the Employer Benefit Plan. The Respondent, however, denied the Complainant's request for a life insurance benefit and health benefits coverage beyond April 31, 1992.

The representative for the Complainant states that the Complainant is entitled to a life insurance benefit and continuation of health benefits coverage beyond April 31, 1992 because the Complainant's husband was being compensated as an active Employee at the time of his death. The representative also states that the Respondent did not notify the Complainant's husband that his life insurance coverage had been terminated or offer him the conversion privilege provided under the Employer Benefit Plan.

The Respondent states that Article II C. provides life insurance coverage for a disabled Employee only if the Employee is receiving or would be eligible to receive S&A benefits. The Respondent states that the Complainant's husband's eligibility for S&A ceased prior to his death; therefore, he was not entitled to life insurance coverage at the time of his death. The Respondent contends that, in accordance with Article II E. (3), the Complainant is eligible for health benefits coverage only to the end of the month in which her husband died.

Dispute

Is the Respondent required to provide the Complainant a life insurance benefit and health benefits coverage beyond the month in which her husband died?

Positions of the Parties

Position of the Complainant: The Respondent is required to provide a life insurance benefit and health benefits coverage for the Complainant beyond April 30, 1992 because the Complainant's husband was being compensated as an active Employee at the time of his death. Also, the Respondent failed to notify the Complainant's husband of the conversion privilege under the Employer Benefit Plan.

Position of the Respondent: As a disabled Employee, the Complainant's husband was not entitled to life insurance coverage at the time of his death; therefore, the Complainant is not entitled to a life insurance benefit. The Complainant is only entitled to receive health benefits coverage to the end of the month in which her husband died, April 1992, in accordance with Article II E. (3) of the Employer Benefit Plan.

Pertinent Provisions

Article I (1), (2) 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.
- (4) "Employee" shall mean a person working in a classified job for the Employer, eligible to receive benefits hereunder.

Article II C. (1) and (3) and E. (1), (2) and (3) of the Employer Benefit Plan provide:

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:

- (1) (a) Has completed 20 years of credited service, including the required number of years of signatory service pursuant to Article IV C (6) of the 1974 Pension Plan or any corresponding paragraph of any successor thereto, and
- (b) has not attained age 55, and
- (c) became disabled after December 6, 1974 while in classified employment with the Employer, and
- (d) is eligible for Social Security Disability Insurance Benefits under Title II of the Social Security Act or its successor;
- (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.

E. Surviving Spouse and Dependents of Deceased Employees or Pensioners

Health benefits under Article III shall be provided to (i) any unmarried surviving spouse (who was living with or being supported by the Employee or Pensioner immediately prior to the Employee's or Pensioner's death) and (ii) such spouse's unmarried surviving dependent children as defined in subparagraphs (2) and (5) of paragraph D of an Employee or Pensioner who died:

- (1) As a result of a mine accident occurring on or after the effective date of the Plan while the Employee was working in a classified job for the Employer;
- (2) Under conditions which qualify such spouse for a Surviving Spouse benefit under the 1974 Pension Plan or any successor thereto;
- (3) At a time when such Employee or Pensioner is entitled to receive health benefits pursuant to paragraph A, B, or C of this Article II, provided that (i) if such Employee or Pensioner died prior to the effective date of the Wage Agreement and the spouse is not eligible for a Surviving Spouse's benefit, then only for the

period that the spouse is eligible to receive death benefits in installment payments pursuant to paragraph C of Article III, or (ii) if such Employee or Pensioner died on or after the effective date of the Wage Agreement and the spouse is not eligible for a Surviving Spouse's benefit and life insurance benefits or death benefits are payable in a lump sum, then only for 60 months following the month of the death of such Employee or only for 22 months following the month of the death of such Pensioner. If life insurance benefits are not payable, health benefits shall be provided only to the end of the month in which the Employee or Pensioner died.

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 B. (1) of the Employer Benefit Plan provides in pertinent part:

B. Life and Accidental Death and Dismemberment Insurance

(1) Active Employees

Life and accidental death and dismemberment insurance will be provided for Employees, as described in Article II, Sections A and C (3)....

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:

<u>Number of Hours Worked for the Employer in the 24 Consecutive Calendar Month Period Immediately Prior to the Employee's Date Last Worked</u>	<u>Period of Coverage Continuation from the Date Last Worked</u>
2,000 or more hours	Balance of month plus 12 months
500 or more but less than 2,000 hours	Balance of month plus 6 months
Less than 500 hours	30 days

(b) Disability

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 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 Employee ceased work because of disability on February 13, 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 continuation of health, life and accidental death and dismemberment coverage for the balance of the month of February 1991 plus 12 months (through February 28, 1992), the maximum period allowed under Article II D. (1) (d).

Article III B. (1) of the Employer Benefit Plan provides life and accidental death and dismemberment insurance coverage to active Employees. The Complainant states that her husband was being compensated as an active Employee at the time of his death on April 18, 1992. However, the pay stubs submitted by the Complainant indicate that the Employee received compensation for four days of floating holiday on January 5, 1992 and for ten days of holiday on March 15, 1992. The Complainant's husband's last day of pay for hours worked as an Employee was on February 13, 1991. Accordingly, the Complainant's husband was not being compensated as an active Employee at the time of his death on April 18, 1992.

Article III D. (3)(a) of the Employer Benefit Plan provides that 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 provided 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 under the Employer Benefit Plan at the time of his death because his eligibility for such benefit terminated on February 28, 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.

Article II E. (1) and (2) of the Employer Benefit Plan set forth two alternative circumstances under which a surviving spouse may qualify for health benefits coverage until remarriage. The Complainant is not entitled to coverage under Article II E. (1) because her husband's death was not the result of a mine accident. The Complainant is not entitled to coverage under Article II E. (2) because, as the surviving spouse of an Employee who died prior to retirement age, she is unable to satisfy the eligibility requirements for a Surviving Spouse benefit under the terms of the 1974 Pension Plan. Article II E. (3) of the Employer Benefit Plan stipulates that, if life insurance benefits are not payable, health benefits coverage for the surviving spouse of an Employee and her dependent children shall be provided only to the end of the month in which the Employee died. Inasmuch as life insurance benefits were not payable at the time of the Complainant's husband's death on April 18, 1992, the Respondent is not responsible for providing health benefits coverage for the Complainant and her dependents beyond April 30, 1992.

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The Respondent is not required to provide a life insurance benefit to the Complainant. The Respondent is also not required to provide health benefits coverage for the Complainant beyond April 30, 1992, consistent with the terms of Article II E. of the Employer Benefit Plan.