

Agency Wide Policy and Procedure

SECTION: Payroll and Benefits

SUBJECT: Continuation-Conversion of Health Insurance

POLICY NUMBER: 3.10

ATTACHMENTS:

APPROVAL DATE: 6/2018

REVISION DATE: 10/2021

An employee, an employee's eligible spouse, former spouse, and dependent children, and a former employee may be entitled to continue coverage in the First Resources Corp's group health insurance plan, if coverage is lost or about to end due to one of the following events:

- Death of the employee covered under the plan.
- Termination of the employee.
- The reduction in the employees' work hours.
- The permanent or temporary layoff of the employee.
- The employee is divorced; the employee's marriage is dissolved or annulled, or the employee and the employee's spouse are legally separated.
- The employee's dependent child ceases to be dependent.
- The former employee is denied coverage for a pre-existing medical condition by his or her new employer's health care plan.
- The employee becomes eligible for Medicare.
- The Employer files for Chapter 11 bankruptcy.

The employee, or the employee's eligible spouse, former spouse or dependents have the responsibility to notify the First Resources Corp or the group insurance carrier of the qualifying event...and of the desire to continue insurance coverage.

The maximum length of continuation of coverage is 18 or 36 months, depending on the qualifying event. The employee, or the employee's eligible spouse, former spouse or dependents will be responsible for paying the premium for the continued insurance coverage. The premium will be no more than the group rate normally due for the insurance, during the first nine months of continuation of coverage. Following that, the premium may be 102% of the normal group rate. (The premium may be 150% of the normal group rate for disabled former employees choosing COBRA coverage for an additional 11 months beyond the first 18 months of coverage.)

Employees and other individuals who otherwise qualify for continuation of coverage will become disqualified if:

- First Resources Corp ceases to provide any group health plan to any employee.
- the covered individual fails to make timely premium payments.
- the covered individual becomes covered under another group health plan.

- the covered individual becomes entitled to Medicare.

Nothing in this policy statement is intended to conflict with provisions of any applicable federal or state law. If there is a conflict, the provisions of applicable federal or state law apply.

Further information about your rights under federal and state continuation of insurance benefit laws (also called COBRA laws) is available from Human Resources.