

Specifics of the Minnesota Life Continuation Privilege



Eligibility for Continuation

Any employee who is covered by your employer-sponsored group term life plan and who would lose coverage because of:

1. Voluntary or involuntary termination of employment (other than termination for gross misconduct);
2. Retirement; or,
3. Reduction in work hours resulting in ineligibility under your group plan,

will be eligible for an additional 18 months of coverage under the group plan.

Duration and Termination of Continued Coverage

The continued coverage will remain in force until the earliest of the following:

1. The date the person fails to make, when due, the required premium payment.
2. The date the person becomes covered under any other group plan providing life insurance benefits.
3. The date the employer-sponsored life insurance plan is terminated for all employees.
4. The expiration of the 18 months from the beginning of the continuation.

Note: Any other continuance permitted under the Union Security Insurance Company ("Company") policy may be counted toward the fulfillment of the 18 months mentioned above.

Benefits to be Continued

The benefits eligible to be continued under this law are limited to the life insurance benefits the person had prior to being continued. Accident or Health insurance coverages are not required to be continued under this law.

We will be allowing the person insured to continue any Employee Life Insurance, Dependent Life Insurance and any Survivor Income Benefit he or she may have had with us. We will not be allowing continuation of our Accidental Death or Dismemberment Insurance, Travel Accident Insurance or any Medical Conversion Privilege.

The amount of insurance continued will be the amount in force on the day before continuation begins. This amount cannot be increased during the continuation period; however, this amount is subject to any age or retirement reductions in force in the policy.

Paying for the Continued Benefits

It is the sole responsibility of the person being continued to pay for the cost of continuing his or her insurance. The cost of insurance will be computed at the same group rate charged to other persons insured under the group plan. The cost for the continuing insured will not only include the portion he or she may have already been paying but also that portion of the premium you were paying.

You are not required to pay for any of the cost of insurance for people being continued; nor are you prohibited from paying for any or all of it. You are allowed to charge an additional amount to help offset expenses associated with the administration of this continuation benefit. The additional charge for each continuing insured cannot exceed 2% of the premium he or she is paying for the continued insurance. The Company will not be charging this extra premium on its bills so the necessity for and the collection of it is entirely up to you. If you do collect an extra fee, do not forward it to us with your premium payment.

WHEN EMPLOYERS CHANGE INSURANCE COMPANIES

Your responsibility for providing continuance does not end if you end your plan of insurance with us. The people being continued need to have the remainder of their 18-month continuation period fulfilled for you to satisfy the state law, unless you terminate your plan for all employees and do not replace it.

If you change insurance companies, the Company will terminate its coverage for members of your group—including continuing insureds. You will need to arrange to have the new insurance company to be responsible for insuring the continuing insureds, as well as the active members.

You do not have to provide continuing insureds with the same benefits they had under our contract, but you do need to be sure that they are treated the same as the active insureds.

Insurance products are underwritten by Union Security Insurance Company (Kansas City, MO) and administered by Sun Life Assurance Company of Canada (Wellesley Hills, MA) in all states except New York.

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CONTINUING INSURED'S RESPONSIBILITY

Notification to Employer

The employee or continuing insured is required to notify you of his or her desire to continue the life insurance within the Election Period. The Election Period is 60 days from the later of (1) the date loss of coverage would begin, or (2) the date the insured receives notice of the continuation right.

If the employee or a covered dependent dies within the Election Period but before the employee notifies you of his or her desire to continue or reject continuance, the employee will be considered to have elected continuance.

Payment of Premium

The person continuing insurance may be required to pay all or a part of the cost of his or her coverage. Payment of the premium must be made to you and must be made when due to keep insurance in force.

EMPLOYER'S RESPONSIBILITY

Notice Requirements

It is your responsibility to notify each employee who becomes eligible for continuation under this law. The notice you provide must be in writing and must be sent by first-class mail to the last known address your former employee gave you.

We suggest that you provide this notice within 30 days after the date that coverage would otherwise terminate to be in compliance with this law. To provide notice immediately is the best course of action.

You should forward the returned application to us if the insured has elected continued coverage.

Premium Collection Requirements

Since continuing insureds are still being covered under your group life plan, you will only be sent one bill for that plan. The bill will combine charges for continuing and active insureds, and it will be your responsibility to pay the premium to keep the group insurance in force. We will accept only one check for the payment of each premium. It will be your responsibility to process payments for continuing insureds.

In the event that a bill from us is due and an insured eligible for continuance has not yet returned the election form indicating acceptance of the continuing insurance, and if time remains within the Election Period, then the insurance for that person should not yet be terminated. Should the person not elect continuance, any premium you have paid on his or her behalf will be refunded or credited to your account.

In the event that payment is not received from a continuing insured, when due, at any other time, simply subtract that amount of premium from your total bill and pay the balance. Indicate to us which continuing insured is terminating and we will then terminate him or her from our records. Should you decide to provide a grace period, we will still expect our premium payment on time.

EMPLOYER LIABILITY

The law does make you liable for the continuing insured's amount of insurance should you fail to fulfill your obligations.

As required, you must be certain to give proper notice to any terminating employee of his or her right to continue the group insurance. Further, you must give that notice on a timely basis.

You must also remit premium to us for the continuing insured when he or she has sent it to you. If you fail to do so and we terminate that person from our records, then you become liable for his or her amount of insurance.

HOW WE WILL HELP

We are eager to help you successfully comply with this Minnesota law and are prepared to do the following:

1. Provide the necessary notice which, we believe, fulfills your obligation to terminating insureds. This notice is combined with an election form which you should forward to us when received.
2. Advise you on any changes or Regulations issued, which might change our interpretation or administration of this law.