

Reminder: Employer Obligations Regarding Employee Life Insurance Coverage

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In our prior blog post [here](#), we discussed the case of *Anastos v. IKEA Property, Inc.*, which highlighted the importance of an employer's understanding of how its group term life insurance coverage is impacted by changes in employment status, such as termination of employment, retirement, or a leave of absence. This understanding is necessary for the employer to correctly communicate to employees when life insurance coverage will end, when evidence of insurability will be required, and the requirements necessary to convert coverage. In *Anastos*, the employer drafted its retiree benefit plan to state that eligible retirees could continue life insurance and that, in most cases, coverage would be guaranteed with no medical certification required. When a retiree attempted to obtain this coverage, the employer admitted that its plan was misleading and that it could not obtain underwriting to provide that kind of life insurance continuation benefit. The retiree sued, and the court found that the retiree's release of claims agreement did not prevent his suit against the employer. Similarly, as we previously reported [here](#), a court ruled that an employer's failure to provide a life insurance conversion notice was a breach of its ERISA fiduciary duty under the plan. In that case, the employer assumed life insurance coverage would continue during a leave of absence and, if coverage ended, the insurance company would send the conversion notice. Both assumptions were incorrect. The court awarded the surviving spouse \$750,000 in damages, which was the full death benefit that would have been provided under the life insurance policy, plus additional interest, attorney's fees, and costs. Employers are reminded to (i) ensure their plan documents, summary plan descriptions, and other benefit descriptions accurately reflect life insurance coverage provisions, especially for provisions on continued eligibility during a leave of absence and when coverage ends after termination of employment, and (ii) confirm who is responsible for sending conversion notices when coverage is lost.