

OPINION OF TRUSTEES

In Re

Complainant: Surviving Spouse
Respondent: Employer
ROD Case No: 81-687 - September 30, 1986

Board of Trustees: Joseph P. Connors, Sr., Chairman; Paul R. Dean, Trustee; William B. Jordan, Trustee; William Miller, Trustee; Donald E. Pierce, Jr., Trustee.

Pursuant to Article IX of the United Mine Workers of America ("UMWA") 1950 Benefit Plan and Trust, and under the authority of an exemption granted by the United States Department of Labor, the Trustees have reviewed the facts and circumstances of this dispute concerning the provision of health benefits coverage for a Surviving Spouse under the terms of the Employer Benefit Plan.

Background Facts

The Complainant is the surviving spouse of a mine worker who was killed in a hunting accident on October 5, 1978, while an Employee of the Respondent. The Respondent terminated the Complainant's health benefits coverage in October 1982.

The Respondent corporation operated as a signatory company from April 1976 to January 1981, when it ceased production and laid off its employees. On June 22, 1981, ownership of the Respondent corporation was transferred to the current owner who re-hired the laid-off employees and resumed operations under the corporation's existing license and lease. The Respondent corporation then became signatory to the National Bituminous Coal Wage Agreement ("Wage Agreement") of 1981. The Respondent continued operations through November 30, 1982, when it again ceased operations and laid off its employees.

The Respondent contends that when ownership was transferred in June 1981, all liabilities incurred under the previous owner were assigned to that owner. The Respondent claims that, as the Complainant's husband died while employed by the previous owner, the previous owner is responsible for the provision of the Complainant's health benefits coverage. In addition, the Respondent contends that it ceased its coal-related operations in November 1982 and is financially unable to provide the Complainant with health benefits coverage.

Dispute

Whether the Respondent is responsible for providing health benefits to the Complainant for the entire 60-month period following the month in which the Complainant's husband died.

Position of the Parties

Position of the Complainant: The Respondent is responsible for the provision of health benefits to the Complainant for 60 months following the month in which the Complainant's husband died.

Position of the Respondent: The Respondent, under current ownership, is not responsible for the provision of health benefits to the Complainant after ownership was transferred in June 1981. Furthermore, the Respondent ceased operations in November 1982 and is financially unable to provide health benefits coverage for the Complainant.

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 (name of company).
- (2) "Wage Agreement" means the National Bituminous Coal Wage Agreement of 1978 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. E. (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:

E. Surviving Spouse and Dependents of Deceased Employees or Pensioners

Health benefits under Article III shall be provided to (i) any unmarried surviving spouse 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:

(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 D 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 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.

Discussion

Article II. E. (3) (ii) of the Employer Benefit Plan requires a signatory employer to provide health and other non-pension benefits to the surviving spouse of an Employee for a 60 month period, if such Employee died after the effective date of the Wage Agreement, if the surviving spouse is not eligible for a Surviving Spouse benefit, and if life insurance or death benefits are payable to the surviving spouse in a lump sum. Inasmuch as the Complainant meets these requirements, the Respondent is responsible for providing the Complainant with health benefits of 60 months coverage from the month following her husband's death.

Although ownership of the Respondent corporation was sold pursuant to an agreement entered into during the 60 month period, a change in the identity of owners does not affect the corporate existence nor the corporation's debts, obligations, or liabilities. Therefore, the Respondent corporation remains liable to provide the health benefits coverage required by the Wage Agreement. The present owner maintains that an agreement was negotiated whereby the former owner assumed the Respondent corporation's health benefits obligations under the Wage Agreement. Such an agreement, however, does not relieve the Respondent of its corporate obligation to provide the benefits stipulated by the Wage Agreement.

The Respondent also claims that it ceased operations in November 1982 and is financially unable to provide the Complainant with health benefits coverage. In a separate administrative decision, Funds' staff determined that the Respondent is not "no longer in business" within the meaning of the UMWA 1974 Benefit Plan and Trust, and is financially able to provide such benefits.

Opinion of the Trustees

The Respondent corporation is responsible for providing health benefits to the Complainant from October 1982 through October 1983, thus completing the 60 month period of eligibility following the month in which the Complainant's husband died.