

INITIAL NOTICE OF COBRA RIGHTS

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A federal law known as COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985 as amended) requires most employers sponsoring group health plans to notify all of their employees, including newly-hired, current and previous employees (and their dependents) of their rights to "continuation" health care coverage in the event they would lose coverage due to certain events called "Qualifying Events." This notice is the employer's fulfillment of this obligation. If you, your spouse or dependent child(ren) are or become participants in the above employer's group health plan(s), it is important to understand your ongoing rights and obligations under the continuation of coverage provisions of COBRA. This summary of rights should be reviewed by both you and your spouse (if applicable), retained with other benefits documents, and referred to in the event that any action is required on your part.

If you, your spouse or dependent child(ren) should lose coverage under the above employer's group health plan(s) due to a "Qualifying Event" (listed below), you may be entitled to elect temporary continuation of health care coverage ("continuation coverage") at group rates. It is important that your sponsoring employer have your current address. Notification of a Qualifying Event should one occur, will be sent to your last known address at the time of the event. The following summary of information concerning COBRA outlines the procedures which should be followed if or when a Qualifying Event occurs.

If you are an employee of the employer designated in the "EMPLOYER" box above and are covered by its group health plan, you have a right to elect continuation coverage if you lose your group health coverage because of a reduction in your hours of employment or the termination of your employment (for reasons other than gross misconduct).

If you are the covered spouse of the above covered employee, you have the right to elect continuation coverage for yourself if you lose group health coverage for any of the following reasons:

- (1) The death of your spouse;
- (2) The termination of your spouse's employment (for reasons other than gross misconduct) or reduction in your spouse's hours of employment;
- (3) Divorce or legal separation from your spouse; or
- (4) Your spouse becomes entitled to Medicare.

If you are a covered dependent child of the above employee, you have the right to elect continuation coverage if you lose group health coverage for any of the following reasons:

- (1) The death of the employee;
- (2) The termination of the employee's employment (for reasons

other than gross misconduct) or a reduction in the employee's hours of employment;

- (3) Parents' divorce or legal separation;
- (4) Employee becomes entitled to Medicare; or
- (5) The dependent ceases to be a "dependent child" under the terms of the plan(s).

You also have a right to elect continuation coverage if you are covered under the plan as a retiree or spouse or child of a retiree, and lose coverage within one year before or after the commencement of proceedings under Title 11 (bankruptcy), United States Code.

Under the law, the employee (or a covered dependent) has the responsibility to inform the above named employer of a divorce, legal separation, or a child losing dependent status under the plan if any of these events would cause a loss of coverage. This notification must be made within 60 days after the date of the Qualifying Event, or the date on which coverage would end under the plan because of the event, whichever is later. The notice must be in writing, and should be sent to the contact person or department of the employer indicated on this form. If notice is not timely made, rights to continue coverage will terminate. In situations where a covered employee discontinues coverage of a spouse in anticipation of a divorce or legal separation, your sponsoring employer, who received timely notification, is required to make COBRA continuation coverage available effective from the date of the divorce or legal separation (but not prior to that date). If you need help acting on behalf of an incompetent beneficiary, please contact the employer indicated for assistance.

When the employer is notified that a Qualifying Event has happened, it will in turn notify you that you have the right to elect continuation coverage. Under the law, you have 60 days from the date you would lose coverage because of one of the events described above, or 60 days from the date of the employer's notice of your right to elect continuation coverage (whichever is later) to elect continuation coverage. If you make a timely election, coverage will become effective on the day after coverage would otherwise be terminated. Note: Some states offer financial aid to help certain individuals pay for COBRA coverage. Contact your appropriate state agency regarding availability and eligibility requirements. Additionally, under certain circumstances, COBRA coverage may be paid with pre-tax dollars from a cafeteria plan under Section 125.

If you do not timely elect continuation coverage, your group health insurance coverage will terminate in accordance with the provisions outlined in your employer's plan.

If you elect continuation coverage, your coverage will be identical to the coverage provided under the plan to similarly situated employees and their family members. The law requires that you be afforded the opportunity to maintain continuation coverage for 36 months from the date of the Qualifying Event, unless coverage was lost because of a termination of employment or a reduction in hours. In that case, the required continuation coverage period is 18 months measured from the Qualifying Event date. The 18-month period may be extended to 29 months for disabled Qualified Beneficiaries under certain circumstances, as described on the reverse side of this notice.

However, the law also provides that continuation coverage may end prior to the expiration of the 18-, 29- or 36-month period described above if any one of the following occurs:

- The Qualified Beneficiary fails to pay the required premium in a timely manner;
- The Qualified Beneficiary first becomes, after the date of election,

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