

 <b>DW TOWER, INC.</b>	<b>HUMAN RESOURCES</b>		
	POLICIES AND PROCEDURES		
<b>SUBJECT</b>	<b>ISSUED</b>	<b>REVISED</b>	<b>NO.</b>
<b>COBRA Policy</b>	03/01/2007		H-319
<b>APPROVED</b>  <i>Applied with Policy A-100</i> <b>President</b>			

**Purpose:** In compliance with federal law, D. W. Tower, Inc. provides the option for eligible team members and their dependents to continue their healthcare benefits coverage if eligibility for Company coverage ends.

**Policy:** It is the policy of D. W. Tower, Inc. to comply with the Consolidated Omnibus Budget Reconciliation Act of 1985, better known as COBRA, if a team member terminates employment with the Company. Terminating team members and eligible dependents who lose coverage for any reason will be entitled to continue participating in the Company's group healthcare plan for a prescribed period of time. COBRA coverage is not extended to team members terminated for gross misconduct.

**Scope:** This policy applies to all regular, full-time team members who are enrolled in the Company healthcare plan.

**Procedures:**

1. Human Resources is responsible for enforcing this policy.
2. Team members may choose to continue group healthcare benefits for themselves and/or eligible dependents under COBRA upon termination of employment. Coverage may be continued for up to 18 months. In some circumstances, COBRA coverage may be extended beyond that period of time.
3. COBRA coverage is also available in certain other circumstances to eligible dependents who lose coverage in the Company's healthcare plan. Qualifying events include the death of a team member while employed by D. W. Tower, Inc., a divorce and a dependent's loss of eligibility because of age and/or student status. The length of coverage varies based on the qualifying event. The team member or the dependent must notify the Company when coverage is lost because of a qualifying event so that COBRA information may be provided.
4. If COBRA coverage is elected, the covered individuals must pay the total applicable premium plus a two (2) percent administrative fee, and enroll within 60 days.
5. Coverage will cease for failure to make premium payments as scheduled, and/or if the covered individual becomes covered by another group plan that does not exclude pre-existing conditions, or becomes eligible for Medicare.
6. D. W. Tower, Inc. has contracted with a third party administrator to communicate and administer COBRA claims.

For detailed information on COBRA, team members should check with the Medical Plan Summary Plan Description.

**Anyone found violating any portion of this policy may be subject to disciplinary procedures, up to and including termination.**

No changes will be made to this policy or any deviations authorized without the express written permission of President