

EMPLOYEE INFORMATION CONTINUATION COVERAGE RIGHTS UNDER COBRA

Introduction:

You are receiving this notice because you will become covered under the Clow Stamping Company group health plan (the Plan). This notice contains important information about your right to COBRA continuation coverage, which is a temporary extension of coverage under the Plan. The right to COBRA continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA continuation coverage can become available to you and to other members of your family who are covered under the Plan when you would otherwise lose your group health coverage. **This notice generally explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it.** This notice gives only a summary of your COBRA continuation coverage rights. For more information about your rights and obligations under the Plan and under federal law, you should either review the Plan's Summary Plan Description or get a copy of the Plan Document from the Plan Administrator.

The Plan Administrator is Preferred One. COBRA continuation coverage for the Plan is administered by Clow Stamping Company's Human Resources Department, 23103 Highway 3, Merrifield, MN 56465 (218) 765-3111.

COBRA Continuation Coverage

COBRA continuation coverage is a continuation of Plan coverage when coverage would otherwise end because of a life event known as a "qualifying event." Specific qualifying events are listed later in this notice. COBRA continuation coverage must be offered to each person who is a "qualified beneficiary." A qualified beneficiary is someone who will lose coverage under the Plan because of a qualifying event. Depending on the type of qualifying event, employees, spouses of employees, and dependent children of employees may be qualified beneficiaries. Under the Plan, qualified beneficiaries who elect COBRA continuation coverage must pay for COBRA continuation coverage.

If you are an employee, you will become a qualified beneficiary if you will lose your coverage under the Plan because either one of the following qualifying events happens:

1. Your hours of employment are reduced, or
2. Your employment ends for any reason other than your gross misconduct.

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If you are the spouse of an employee, you will become a qualified beneficiary if you will lose your coverage under the Plan because any of the following qualifying events happens:

1. Your spouse dies;
2. Your spouse's hours of employment are reduced;
3. Your spouse's employment ends for any reason other than his or her gross misconduct;
4. Your spouse becomes enrolled in Medicare (Part A, part B or both); or
5. You become divorced or legally separated from your spouse.

Your dependent children will become qualified beneficiaries if they will lose coverage under the Plan because any of the following qualifying events happens:

1. The parent-employee dies;
2. The parent-employee's hours of employment are reduced;
3. The parent-employee's employment ends for any reason other than his or her gross misconduct.
4. The parent-employee becomes enrolled in Medicare (Part A, Part B or both);
5. The parents become divorced or legally separated; or
6. The child stops being eligible for coverage under the plan as a "dependent child".

The Plan will offer COBRA continuation coverage to qualified beneficiaries only after the Plan Administrator has been notified that a qualifying event has occurred. When the qualifying event is the end of employment or reduction of hours of employment, death of the employee, or enrollment of the employee in Medicare (Part A, Part B or both), the employer must notify the Plan Administrator of the qualifying event within 30 days of any of these events.

For the other qualifying events (divorce or legal separation of the employee and spouse or a dependent child's losing eligibility for coverage as a dependent child) you must notify the Plan Administrator. The Plan requires you to notify the Plan Administrator within 60 days after the qualifying event occurs. You must send this notice to: Clow Stamping Company, Human Resources Department, 23103 Highway 3, Merrifield, MN 56465.

Once the Plan Administrator receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. For each qualified beneficiary who elects COBRA continuation coverage, COBRA continuation coverage will be on the date that Plan coverage would otherwise have been lost.

COBRA continuation coverage is a temporary continuation of coverage. When the qualifying event is the death of the employee, enrollment of the employee in Medicare (Part A, Part B or both), your divorce or legal separation or a dependent child losing eligibility as a dependent child, COBRA continuation coverage lasts up to 36 months.

When the qualifying event is the end of employment or reduction of the employee's hours of employment, COBRA continuation coverage lasts for up to 18 months. There are two ways in which this 18 month period of COBRA continuation can be extended.

Disability extension of 18-month period of continuation coverage

If you or anyone in your family covered under the Plan is determined by the Social Security Administration to be disabled at any time during the first 60 days of COBRA continuation coverage and you notify the Plan Administrator in a timely fashion, you and your entire family can receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months. You must make sure that the Plan Administrator is notified of the Social Security Administration's determination within 60 days of the date of the determination and before the end of the 18 month period of COBRA continuation coverage. This notice should be sent to: Clow Stamping Company, Human Resources Department, 23103 Highway 3, Merrifield, MN 56465.

Second qualifying event extension of 18 month period of continuation coverage

If your family experiences another qualifying event while receiving COBRA continuation coverage, the spouse and dependent children in your family can get additional months of COBRA continuation coverage, up to a maximum of 36 months. This extension is available to the spouse and dependent children if the former employee dies, enrolls in Medicare (Part A, Part B or both), or gets divorced or legally separated. The extension is also available to a dependent child when that child stops being eligible under the Plan as a dependent child. **In all of these cases, you must make sure that the Plan Administrator is notified of the second qualifying event within 60 days of the second qualifying event. This notice must be sent to: Clow Stamping Company, Human Resources Department, 23103 Highway 3, Merrifield, MN 56465**

If you have questions

If you have questions about your COBRA continuation coverage, you should contact **Clow Stamping Company, Human Resources Department, 23103 Highway 3, Merrifield, MN 56465** or you may contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA). Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website at www.dol.gov/ebsa.

Keep your Plan informed of address changes

In order to protect your family's rights, you should keep the Plan Administrator informed of any changes in the addresses of family members. You should also keep a copy, for your records, of any notices you send to the Plan Administrator.

INSURANCE CONTINUATION NOTICE (COBRA)

Public Law 99-272, Title X

On April 7, 1986, a new Federal law was enacted (Public Law 99-272, Title X) requiring that most employers sponsoring group health plans offer employees and their families the opportunity for a temporary extension of health coverage (called "Continuation Coverage") at group rates in certain instances where coverage under the plan would otherwise end. This notice is intended to inform you, in a summary fashion, of your rights and obligations under the continuation coverage provisions of the new law. (Both you and your spouse should take the time to read this notice carefully.)

If you are an employee of Clow Stamping Company, covered by the Clow Stamping Company Insurance Plan, you have a right to choose this continuation coverage if you lose your group health coverage under the Clow Stamping Company insurance plan because of a reduction in your hours of employment or the termination of your employment (for reasons other than gross misconduct on your part.)

If you are the spouse of an employee covered by the Clow Stamping Company Insurance Plan, you have the right to choose continuation coverage for yourself if you lose group health coverage under Clow Stamping Company Insurance Plan for any of the following five reasons:

1. The death of your spouse;
2. A 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;
4. Your spouse becomes eligible for Medicare; or
5. If your spouse is a retiree, your spouse's former employer becomes involved in bankruptcy proceedings.

In the case of a dependent child of an employee covered by Clow Stamping Company Insurance Plan, he or she has the right to continuation coverage if group health coverage under the Clow Stamping Company Insurance plan is lost for any of the following six reasons:

1. The death of a parent.
2. The termination of a parent's employment (for reasons other than gross misconduct) or reduction in the covered parent's hours of employment with Clow Stamping Company.
3. Divorce or legal separation of parents.
4. The parent who is the covered employee becomes entitled to Medicare benefits;

5. The dependent ceases to be a “dependent” child under the Plan; or
6. In the case of a dependent child whose covered parent is a retiree, the parent’s former employer becomes involved in bankruptcy proceedings.

Under the law, the employee or a family member has the responsibility to inform Clow Stamping Company of a divorce, legal separation, the Social Security Determination that an employee or dependent was disabled at the time of the employee’s termination, reduction in hours, or within 60 days from the loss of coverage due to termination or reduction in hours, or a child losing dependent status under Clow Stamping Company’s group medical plan. The employee or family member must notify Clow Stamping Company within 60 days of the qualifying event or social security determination of disability.

When Clow Stamping Company is notified that one of these events has occurred, Clow Stamping Company will, in turn, notify you that you have the right to choose continuation coverage. Under the law, you have 60 days from the date you would lose coverage because of one of the events described above to inform Clow Stamping Company that you want continuation coverage (or 60 days from the date of the Company’s notice, if later).

If you do not choose continuation coverage, your group health insurance coverage will end. If you choose continuation coverage, Clow Stamping Company will provide coverage which, as of the time coverage is being provided, is identical to the coverage provided under the plan to similarly situated employees or family members. Each person eligible for continuation coverage may elect that coverage separately, and may change coverage options during any open enrollment period the Plan has. Dependent children born or placed for adoption with you during continuation coverage can become covered immediately. The maximum length of coverage for such child is measured from the date of the original qualifying event giving rise to the COBRA coverage (not from the date the child is born, adopted or placed for adoption).

You will have the opportunity to maintain continuation coverage for three years unless you lost group health coverage because of a termination of employment or reduction in hours. In that case, the required continuation coverage period is 18 months, unless you or another covered family member are determined to have been disabled within the meaning of the Social Security Act at the time group health coverage was lost or during the first 60 days of continuation coverage. In the case of disability, the continuation period is 29 months. (You are required to provide Clow Stamping Company with notice of the Social Security determination within 60 days of receiving it and before the end of the normal 18-month continuation period. The law also requires you to notify the Company within 30 days of any final determination that the disability has ended.) If the 18-month period applies, and if during this period any of the other reasons for losing group health coverage occurs, the maximum total continuation

coverage period will be 3 years from the original event. Your continuation coverage may be cut short for any of the following five reasons:

1. Clow Stamping Company no longer provides group health coverage to any of its employees;
2. The premium for your continuation coverage is not paid within 30 days of the due date;
3. You become an employee covered under another group health plan that does not contain any exclusion for a covered person's pre-existing condition;
4. You become entitled to Medicare benefits;
5. You have the special extended disability continuation coverage and the disabled person is determined to be no longer disabled under the Social Security Act.

You do not have to show that you are insurable to choose continuation coverage. However, you may have to pay all or part of the premium for your continuation coverage. The first payment will be due within 45 days after the date you initially elected continuation coverage. Thereafter, payments will be due on the first day of each month, and coverage will terminate on the due date if the payment is not received within 30 days after the due date.

The law also says that, at the end of the 18-month, 29-month or 3-year continuation coverage period, you must be allowed to enroll in any individual conversion health plan provided under the Plan at that time if your group health plan includes conversion coverage.

If you have questions about this law, please contact Clow Stamping Company at 23103 Highway 3, Merrifield, MN 56465 or call (218) 765-3111. Also, if you change marital status, or if you, your spouse, or a covered dependant change addresses, please notify the Company at the above address.