

**Department of Employee Trust Funds**  
**Income Continuation Insurance Administration Manual-State**

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**Chapter 10—Reinstatement of Coverage Lost Through Employer Error**

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**1000 Statutory and Contractual Provisions**

From time to time, an employee misses the open enrollment for Income Continuation Insurance coverage or later loses coverage due to an error made by the employer. Wis. Stat. § 40.61(5) permits coverage to be reinstated without requiring that the employee provide evidence of insurability under certain circumstances. The Wisconsin Income Continuation Insurance plan language provides that:

An application shall be approved beyond the 30-day period after the employee becomes eligible, without providing evidence of insurability, if **all** of the following conditions are met:

- A. The employer furnishes sufficient information to the Department of Employee Trust Funds (ETF) indicating the employer did not advise the employee of eligibility, provide an application form, submit premium payments, or perform other enrollment requirements;
- B. The employee files a new [Income Continuation Insurance Application \(ET-2307\)](#) which must be received by the employer within 30 days after the employee first becomes aware of the employer error; and
- C. ETF finds that the employee was denied coverage as a result of employer error as specified in Wis. Stat. § 40.61(5).

If the application is approved, coverage will become effective the first day of the calendar month on or after the date the employer received the application from the employee.

If the error cannot be corrected under the employer error provisions, the employee can apply for coverage by providing evidence of insurability. An [Evidence of Insurability Application \(ET-2308\)](#) must be submitted prior to reaching age 70 (refer to subchapter 307).

The Income Continuation Insurance plan language further provides:

An employee who began paying premiums within 60 days after becoming eligible, and has continued to pay premiums, even though not properly enrolled, is deemed to be insured. Following employer notice of improper enrollment, insurance shall continue in effect for thirty (30) days during which time proper enrollment must be completed by the **employee**. Coverage shall cease after thirty (30) days unless proper enrollment has been completed.

### 1001 Types of Employer Errors that Can be Corrected

The following chart illustrates some of the more common errors made by employers and provides tips on how to avoid these types of errors. While this chart provides examples of employer errors, it is not all-inclusive.

Types of Employer Errors:	How to Avoid These Types of Errors:
Failure to provide Income Continuation Insurance information or an application to the employee within 30 days after the employee becomes eligible for coverage.	Employers are encouraged to use the <a href="#">New Employee Benefit Checklist (ET-2572)</a> or develop their own orientation checklist to use for all new hires. The checklist will help verify that the employee is eligible and that all benefit information and applications were given to the employee. The employee should sign the checklist verifying that they have received all applications/forms. Employers can then retain a copy of the signed checklist in the employee's personnel file for future confirmation that the employee received all the information listed on the checklist.
Excludes employee based on misinterpretation of eligibility or systematically excludes groups of employees. (Employee includes full-time, part-time, limited term, temporary, project, seasonal, non-represented, substitute teachers, library aides, etc., irrespective of bargaining unit agreements.)	Employers <b>must</b> offer ICI coverage to all employees provided the employee: <ul style="list-style-type: none"> <li>• Is eligible to participate in the WRS.</li> <li style="text-align: center;"><b>and</b></li> <li>• Is under age 70 on the date that coverage becomes effective. (Refer to subchapter 200—Newly Hired Employee Eligibility Criteria.)</li> </ul>
Unaware of WRS eligibility date, and reports WRS enrollment late.	Employers should continually monitor an employee's work hours when the employee is determined not to be initially eligible for WRS. (Refer to Chapter 3 of the <a href="#">WRS Administration Manual (ET-1127)</a> .  <b>Note:</b> All WRS eligible employees <b>must</b> be offered ICI coverage.

## 1002 How to Correct an Employer Error

When the employer becomes aware that an employee does not have coverage due to employer error, the employer must:

- A. Immediately notify the employee of the error **in writing** and provide the employee with a new [Income Continuation Insurance Application \(ET-2307\)](#). The employee must return the application to the employer within 30 days of being informed of the error. Once coverage has lapsed, a new application is **always** required to reinstate coverage. Employees who are on leave of absence when an error is discovered may apply for coverage within 30 days of their return to work.
- B. Send the application to ETF accompanied by a letter explaining the error. The letter should answer the following questions:
  1. What is the exact nature of the error?
  2. What evidence exists to show that the employer, not the employee, was responsible?
  3. Did special circumstances cause the error to be made?
  4. How and when was the error discovered?
  5. What was done once the error was discovered?
  6. What corrective action has the employer put in place to ensure that this type of error does not reoccur?
- C. Initiate premium deductions immediately when an application is filed under employer error. Although premiums may be deducted from an employee's salary, **coverage is not guaranteed until approved by ETF.**
- D. ETF will notify both the employer and employee of approval or disapproval of the coverage. If approved, coverage will be effective on the first of the month on or following the date the employer received the application. The employer must refund any premium deductions made if coverage is not approved.

## 1003 Errors Not Eligible for Correction

The employer error provisions do not apply to errors primarily due to the employee's action or inaction. Examples of such situations include:

- Employee is given application materials but forgets to submit completed application.
- Employee receives written notice of fringe benefits coverage from the employer but fails to report coverage discrepancies to the employer.
- Employee completes cancellation form incorrectly and inadvertently cancels more coverage than was intended. (A cancellation form can be withdrawn only before the effective date of the cancellation.)
- If the error cannot be corrected under the employer error provisions, the employee can only obtain coverage by furnishing satisfactory evidence of insurability prior to reaching age 70 (refer to subchapter 306).

**1004 Deadline for Reporting of Employer Error**

Errors are resolved individually and there is no single deadline that applies in all circumstances. Many employees receive an annual fringe benefit statement showing insurance coverage. Employees should promptly report any discrepancy to the employer.