



Benefits Administration Letter

Number: 08-203

Date: June 27, 2008

Subject: Federal Employees' Group Life Insurance (FEGLI): Additional Continuation of Life Insurance Coverage for Federal Employees Called to Active Duty

Background

Public Law 110-181, the Department of Homeland Security Appropriations Act, was enacted January 28, 2008. Section 1102 of the Act authorizes the continuation of FEGLI coverage for up to 24 months for Federal employees called to active duty. This provision is effective January 28, 2008. The purpose of this Benefits Administration Letter (BAL) is to provide instructions for implementing this provision of the new law.

Currently, if an insured employee is in nonpay status on the agency rolls while on active duty, FEGLI coverage continues free for 12 months. If an employee separates to go on military duty, for FEGLI purposes he/she is considered to be in nonpay status. FEGLI continues free for 12 months or until 90 days after military service ends, whichever date comes first. At that time, the coverage terminates, subject to a 31-day extension of coverage and the right to convert to an individual policy.

The new law allows employees who enter on active duty, or active duty for training in one of the uniformed services for more than 30 days, to continue their FEGLI enrollment for an additional 12 months, for a total of up to 24 months. However, employees must pay both the employee and agency share of premiums for their Basic coverage, and pay the entire cost (there is no agency share) for any Optional insurance for the additional 12 months of coverage.

What Do Agencies Need to Do?

Agencies must immediately notify all affected employees, particularly those who are currently in nonpay status, concerning the opportunity to continue their coverage for the additional 12 months. Agencies must also provide employees an election notice so they may elect the continued coverage. We encourage agencies to work with newly activated employees to make their elections before leaving for active duty service. We have attached a sample notice agencies may use to allow employees to make their elections.

What Do Employees Need to Do to Continue Coverage for an Additional 12 Months?

When the employing agency is notified that an employee has been called to active duty, the affected employee will receive a notice from the agency giving them the opportunity to continue coverage for the additional 12 months. If employees wish to continue coverage, they **must indicate** their choice on the notice, and return it to the employing office. Employees may make their elections at any time before the end of their first 12 months in nonpay status; however, we strongly urge agencies to encourage employees to submit their elections before leaving for active duty service.

What Should an Employee Do if the Employee Does Not Wish to Continue Coverage?

Employees who do not wish to continue coverage should submit the notice indicating their election for coverage to terminate at the end of 12 months in nonpay status. FEGLI coverage will continue free for 12 months in nonpay status, after which it will terminate, subject to the 31-day extension of coverage and the right to convert to an individual policy. Agencies must follow the usual rules and prepare the SF 2821 “*Agency Certification of Insurance Status*,” the SF 2819 “*Notice of Conversion Privilege*,” and a memo indicating the reason for the termination, and attach it to the most recent SF 2817 *Life Insurance Election*” in the employee’s file. It is important that agencies give employees the information necessary to convert the FEGLI coverage.

What Happens If the Employee Elects to Continue Coverage?

Whereas employees receive the first 12 months of coverage free, employees who elect to continue FEGLI coverage for the additional 12 months must agree to pay both the employee and agency shares of premiums for Basic coverage and the entire premium for any Optional coverage for the additional 12 months of coverage.

Agencies must have a system in place to accept premium payments from each affected employee. There is no provision in the law for agencies to pay the employee share of the FEGLI premiums. Agencies should forward the FEGLI premiums to the Employees’ Life Insurance Fund as they customarily do for their other employees via standard payroll procedures, for each pay period the employee has coverage.

What Happens If the Employee Does Not Complete or Submit a Completed Notice to Continue Coverage?

If the employee does not submit a completed notice, the FEGLI coverage will end at the end of the first 12 months, subject to the 31-day extension of coverage and the right to convert to an individual policy. Agencies must prepare the SF 2821, SF 2819, and a memo indicating the reason for the termination and attach it to the most recent SF 2817 in the employee’s file. Again, it is important that agencies give employees the information necessary to convert the FEGLI coverage.

Can An Employee on Active Duty Submit the Notice AFTER the First 12 Months of Free FEGLI Coverage Has Terminated?

The notice must be submitted before the first 12 months of FEGLI coverage terminates, with one exception: in the case of employees on active duty in nonpay status whose first 12 months of free coverage terminated on or after the law's effective date of January 28, 2008 but before they were notified of the opportunity to elect to continue coverage for an additional 12 months, employing agencies must offer these employees the opportunity to elect to continue coverage for the additional 12-month period. Employees must be notified of this opportunity via the procedures described above. Employees must respond within 60 days of receiving the notice. The employee's terminated coverage will be reinstated retroactively to the effective date of termination for a period of 12 additional months on a self-pay basis. Agencies must notify employees of the effective date of their coverage, premium payment amount, and where employees must send premiums. Payment must be received within 30 days of receiving such notice. If no payment is received, the election is void and treated as if no election was ever made and coverage was never reinstated.

What If the Employee is Currently on Active Duty?

If the employee is still in the first 12 months of free FEGLI coverage, he/she can elect to continue coverage for an additional 12 months. Agencies must notify the employee of the opportunity to continue coverage for an additional 12 months before the first 12 month period expires.

What Happens When Employees Return to Work?

When employees return to work in a pay and duty status, FEGLI coverage will be reinstated at the same level that was in place when the employee went into nonpay status. Even if the employee declines to continue coverage for the additional 12 months, reduces some or all of the coverage, or allows coverage to terminate due to non-payment, the terminated coverage will be reinstated at the same level that was in place when the employee first entered nonpay status or separated for military service. When the employee returns to pay and duty status, agencies should carefully review FEGLI coverage history to ensure this original coverage is reinstated correctly.

Can an Employee Choose to Cancel Some or All of Their Insurance Coverage During the Second 12 Months of Coverage?

Employees may cancel some or all of their coverage at any time. However, if an employee elects to continue coverage after the first 12 months of nonpay status, then wishes to cancel some or all of the coverage, the employee must do so by notifying the agency in writing. Notification should not be made on the SF 2817 "Life Insurance Election," because this written request to end coverage only applies to coverage during the 24-month nonpay period. Coverage canceled

will be subject to the 31-day extension of coverage and the right to convert to an individual policy.

How Do Agencies Certify The Coverage if The Employee Dies in the Second 12 Months?

If an employee elects to continue coverage and dies during the second 12 months, agencies should certify the coverage to OFEGLI by checking “Other” in Part 4a of the SF 2821, and referencing Public Law 110-181 in the remarks section of the form to explain why the employee has the continued coverage.

Does This Law Include An Active Duty Employee Whose FEGLI Coverage Terminated Before January 28, 2008?

No. An employee whose FEGLI coverage terminated due to the end of 12 months in nonpay status before the law was passed is not eligible for the additional coverage period.

What If An Employee Has Already Converted Coverage?

The new provision of law applies prospectively to those individuals who currently are enrolled in FEGLI, not those enrolled in private insurance. Employees who have already converted coverage are not eligible for the additional 12 months of coverage. Employees who are still within their first 12 months of nonpay status and who are enrolled in FEGLI may elect to continue their FEGLI coverage for the additional 12 months.

Can We Offer This Additional 12 Months of Coverage To Other Employees Who Will Be On LWOP Longer Than 12 Months for Reasons Other Than Active Military Duty?

No. The new law ONLY applies to employees who enter on active duty or active duty for training on a call or order for more than 30 days in one of the uniformed services.

Additional questions and answers on Public Law 110-181 and additional guidance will be posted on the FEGLI website at www.opm.gov/insure/life.

If you have any questions, please email FEGLI@opm.gov.

Kathleen M. McGettigan
Deputy Associate Director
Center for Retirement and Insurance Services

Attachment

SAMPLE NOTICE AND ELECTION FORM

FEDERAL EMPLOYEES' GROUP LIFE INSURANCE (FEGLI) PROGRAM ELECTION FORM: EXTENSION OF COVERAGE WHEN CALLED TO ACTIVE DUTY

Name of Employee: _____ Date: _____

You must make your election on this notice and return it to the employing office before the end of your 12 months in nonpay status or your FEGLI coverage will automatically terminate at that time.

Public Law 110-181, the Department of Homeland Security Appropriations Act, enacted January 28, 2008, authorizes the continuation of FEGLI coverage for an additional 12 months, up to a total of 24 months, for Federal employees called to active duty in the uniformed services.

We have determined that you are eligible to continue your FEGLI coverage.

Currently, if you are in a nonpay status on the agency rolls while on active duty, the FEGLI coverage continues free for 12 months. If you separate to go on military duty, for FEGLI purposes, you are also considered to be in nonpay status. FEGLI continues free for 12 months or until 90 days after military service ends, whichever date comes first. At that time, the coverage terminates, subject to a 31-day extension of coverage and the right to convert to an individual policy.

The new law allows you to continue FEGLI coverage for an **additional** 12 months. Then, it will end with a right to convert to an individual policy. During the additional 12 months of coverage, you must pay both the employee and agency share of premiums for Basic coverage and the full premium for any Optional coverage (there is no agency contribution). The new law allows coverage to continue only for the additional 12 months.

You have two choices: (1) Elect to have your FEGLI coverage terminate at the end of the first 12 months of nonpay status **or** (2) elect to continue the coverage for an additional 12 months and agree to pay the premiums for this additional time period.

If you wish to continue your FEGLI coverage for an **additional** 12 months, you must agree to the following terms and conditions. Please indicate your election on this notice by writing your initials next to your election, and print your name and sign your full signature where requested.

TERMINATION: If you indicate in the notice that you elect to terminate your FEGLI coverage at the end of the first 12 months in nonpay status or if we do not receive a completed election form from you prior to the end of the first 12-month period, your FEGLI coverage will be terminated at the end of 12 months in nonpay status. Your coverage will continue for an additional 31 days at no cost to you. During those 31 days, you will be eligible to convert to an

individual policy and you will be given information regarding your right to convert to an individual policy.

CONTINUATION: If you elect to continue your FEGLI coverage, you must pay the premiums, both the employee and agency share, for Basic coverage and the full premium for any Optional coverage, for the additional 12 months of coverage. You must make payment arrangements with your employing agency before you leave for active duty service.

I have read this notice, and I understand my choices.

_____ I elect to terminate my FEGLI coverage at the end of 12 months in nonpay status, subject to a 31-day extension of coverage and the right to convert to an individual policy. I understand that the coverage will be reinstated automatically upon my return to work in pay and duty status in a FEGLI-eligible position.

_____ I elect to continue my FEGLI coverage for an additional 12 months after completion of my first 12 months in nonpay status. By choosing to continue coverage I agree to pay the applicable premiums, both the employee and the agency share for Basic coverage and the full premium for any Optional coverage, for each additional month after the first 12 months in nonpay status. My failure to pay the premiums within the required timeframe will constitute a voluntary cancellation of my coverage, subject to the 31-day extension of coverage and the right to convert to an individual policy.

(Employee's Name – Please Print)

(Employee's Signature)

(Date)

(Employing Agency Representative Name)

(Employing Agency Representative Signature)

(Date)

If you have any questions, contact _____ at _____.
[Insert name and phone number of agency contact]