



**Retirement and Insurance Service
Benefits Administration Letter**

Number: 99-217

Date: October 15, 1999

Subject: Federal Employees' Group Life Insurance: Employees Who Complete 12 Months in Nonpay Status

Background

Federal employees are entitled to continue FEGLI coverage for up to 12 months while in nonpay status. Employees are not required to pay premiums during this period, unless they are receiving compensation from the Office of Workers' Compensation Programs.

By law, FEGLI coverage terminates at the end of the 12-month period, whether or not the employee separates from service.

The purpose of this Benefits Administration Letter (BAL) is to remind agencies of the actions required at the end of an employee's 12-month nonpay period.

Employees Who Are Not Receiving Compensation

The FEGLI coverage of an employee who completes 12 months in nonpay status terminates, *whether the agency takes any action or not*. The failure of an employing office to issue the appropriate notice does not allow the coverage to continue; however, it prevents the employee from converting his/her coverage on a timely basis.

When an employee who is not receiving workers' compensation completes 12 months in nonpay status, the employing office must give him/her an SF 2819 (Notice of Conversion Privilege) and an SF 2821 (Agency Certification of Insurance Status). If the employee has Option B coverage and meets the five-year/all-opportunity requirement, you must also give him/her a Portability Notice (see BAL 99-212 for copy of the notice). You must give the employee these forms *immediately* at the end of the 12-month period, even if the employee remains on the agency's rolls.

Employees Who Are Receiving Compensation

An employee who is receiving workers' compensation remains insured as an employee until he/she separates or completes 12 months in nonpay status.

At the time of separation or completion of 12 months in nonpay status, the employee may be eligible to continue FEGLI as a compensationer, if he/she met the five-year/all-opportunity requirement as of the date compensation started.

If the employee does *not* meet the requirement, follow the same procedures as for employees who are not receiving compensation.

If the employee *does* meet the requirement for continuing FEGLI as a compensationer, you must still give him/her the SF 2819 and prepare the SF 2821. In addition, you must have the employee complete an SF 2818 (Continuation of Life Insurance Coverage) and an Option B and C Election Notice (see BAL 99-209 for copy), if applicable. You must transfer the individual's life insurance to OPM. Again, you must do this immediately at the end of the 12-month period.

Importance

We appreciate your cooperation in providing prompt notification. Your assistance helps us to administer the FEGLI Program efficiently. It also helps your employees (and their families) by allowing them to continue or convert their life insurance coverage without delay.



Abby L. Block, Chief
Insurance Policy
and Information Division
