Purpose

The purpose of this Benefits Administration Letter is to inform agencies of a new procedure for notifying the Office of Workers' Compensation Programs (OWCP) when an employee clearly is not eligible to continue Federal Employees' Group Life Insurance (FEGLI) as a compensationer.

Background

Employees who are receiving workers' compensation may continue their FEGLI coverage if they meet the 5-year/all-opportunity requirement as of the date they start receiving compensation. Whether or not an individual meets the requirement to continue FEGLI as a compensationer, he/she remains insured as an employee until he/she completes 12 months in nonpay status or separates from service (whichever happens first). Agencies notify OWCP of what type(s) of life insurance the employee has by means of a CA-7 (Claim for Compensation On Account of Traumatic Injury or Occupational Disease); OWCP withholds the FEGLI premiums from the individual's compensation.

We currently have a policy in place for what agencies must do at the end of 12 months in nonpay (or separation) for employees who are clearly eligible to continue their FEGLI. We also have a procedure for situations in which it is not clear whether the employee is eligible. However, we do not currently have a procedure for notifying OWCP of an employee's ineligibility. Without such notification, OWCP continues to withhold premiums, and the individual is not given conversion rights.

We are taking this opportunity to reiterate our existing policies, as well as provide you with the new policy for ineligible employees.
POLICIES AND PROCEDURES

Employees Clearly Eligible to Continue FEGLI

For some employees it is easy to determine that they meet the 5-year/all-opportunity requirement for at least some of their FEGLI coverage. In this case, at the end of 12 months in nonpay status (or at separation, if that happens first), issue an SF 2819 (Notice of Conversion Privilege) and an SF 2821 (Agency Certification of Insurance Status); have the employee complete an SF 2818 (Continuation of Life Insurance Coverage), and transfer the employee's life insurance records to OPM's Retirement Operations Center in Boyers, Pennsylvania. (Detailed guidance is in the FEGLI Handbook. See www.opm.gov/insure/life.)

Employees for Whom It's Not Clear Whether They're Eligible to Continue FEGLI

For some employees it is not at all clear whether they're eligible to continue coverage. They may have several breaks in service or several periods of nonpay. Or they may have picked up and dropped various types of coverage at different times. If you cannot easily tell whether the employee is eligible to continue FEGLI, follow the same procedures as above. The Retirement Operations Center will review the employee's records and make a determination as to whether he/she is eligible.

Employees Clearly NOT Eligible to Continue FEGLI – New Procedure

For some employees it is very easy to determine that they do not meet the 5-year/all-opportunity requirement for any of their coverage. In this case you must notify OWCP, so that it can stop the withholdings at the end of 12 months in nonpay (or separation, if that happens first). To notify OWCP, complete a Notice of Life Insurance Ineligibility (copy attached). Send this notice to OWCP at the same time you send the CA-7. OWCP will flag its system to stop the withholdings at the end of 12 months.

IMPORTANT NOTE: If the employee separates before the end of 12 months in nonpay, you must notify OWCP so that it can stop the withholdings at the time of separation.

In addition to sending the Notice of Life Insurance Ineligibility to OWCP, send a copy to the employee. This notifies the employee that his/her FEGLI will terminate upon separation or completion of 12 months in nonpay and that he/she has the right to convert the coverage.

At the end of the 12 months in nonpay (or upon separation, if that happens first), you must follow the current procedures for terminations, i.e., you must give the employee an SF 2819 and SF 2821, so that he/she has the opportunity to convert the FEGLI coverage.
It is extremely important that you issue the SF 2819 and SF 2821 as soon as the employee has completed 12 months in nonpay. A delay in issuing these forms will result in the employee's losing his/her right to convert or having to pay a high amount of retroactive conversion premiums.

Abby L. Block
Assistant Director
for Insurance Programs
NOTICE OF LIFE INSURANCE INELIGIBILITY

__________________________________________  __________________________
Employee's Name      Employee's Social Security Number

The Federal Employees' Group Life Insurance (FEGLI) law states that a person who is receiving workers' compensation may continue his/her life insurance if the person had the coverage for the 5 years of service immediately before he/she started receiving compensation (or for the entire time the coverage was available, if that's less than 5 years).

You do not meet this 5-year/all-opportunity requirement. Your compensation started ______________. Your life insurance coverage was effective as follows:

Date

<table>
<thead>
<tr>
<th>Type of Coverage</th>
<th>Effective Date of Coverage</th>
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<tbody>
<tr>
<td>Basic Insurance</td>
<td></td>
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<tr>
<td>Option A</td>
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<tr>
<td>Option B</td>
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<td>Option C</td>
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You are therefore not eligible to continue your FEGLI as a compensationer. Your coverage, however, will not stop right away. You may keep your coverage for 12 months, while you are in a nonpay status. The Office of Workers' Compensation Programs will withhold your premiums from your compensation.

At the end of 12 months in nonpay, your coverage terminates. You have the right to convert to a private individual policy. Your agency will send you the forms you need to convert your coverage (SF 2819 – Notice of Conversion Privilege; and SF 2821 – Agency Certification of Insurance Status).

If you separate from service before you complete 12 months in nonpay, your life insurance terminates at that time, and your agency must send you the forms necessary for conversion.

If you do not get these forms from your agency, contact your human resources office to request them.