



Benefits Administration Letter

Number: 06-205

Date: September 8, 2006

Subject: **Federal Employees' Group Life Insurance (FEGLI) Program:
Processing Reminders and Best Practices**

Background and Purpose

We have recently become aware of issues with processing life insurance paperwork for separated employees. The Office of Federal Employees' Group Life Insurance (OFEGLI), OPM's Retirement Services Programs, and FEGLI enrollees and beneficiaries have expressed concerns about the accuracy and timeliness of information they receive. Therefore, we are issuing this BAL to assist employing offices that process life insurance actions.

Why are two signatures required on the SF 2821 “Agency Certification of Insurance Status”?

To reduce the possibility of an incorrect or fraudulent certification, we require two signatures from authorized agency officials, one with access to personnel records, and the other with access to payroll records. This requirement also verifies that the payroll and personnel offices have maintained the same level of coverage for the employee, and helps resolve at the agency level any enrollment and premium accounting discrepancies prior to separation. At this time there are no plans to eliminate this requirement.

What documents do we need to send to OFEGLI when an enrolled employee dies?

OFEGLI has informed us that some agencies only provide the SF 2821 and designations (if on file) when certifying FEGLI coverage for a deceased employee. Please provide all other FEGLI-related file documents with future certifications, as we always have requested in the instructions on the FE-6 “*Claim for Death Benefits*”. If documents do not exist or are otherwise difficult to obtain, you may provide a copy of the separation SF 50 “*Notification of Personnel Action*”.

What do we need to do when an employee has been in a nonpay status for 12 months?

We have become aware of instances where agencies are certifying FEGLI coverage for a deceased employee who has been on the agency rolls in a continuous nonpay status for more than 12 months. Sometimes these employees have been in a nonpay status prior to death for many years. Agencies should **not** be certifying coverage in these instances because FEGLI coverage as an employee stops after 12 months in nonpay status.

You must take action as soon as possible after 12 months nonpay status and issue to the employee the SF 2821 and SF 2819 “*Notice of Conversion Privilege*” (**Issuance of the SF 2819 for employees retiring or who are in nonpay status for 12 months is mandatory**). If an employee is eligible to continue coverage as a compensationer or annuitant, give the employee the SF 2818 “*Continuation of Life Insurance As an Annuitant or Compensationer*” to complete. Send all the paperwork to the OPM Retirement Office. If the employee is not eligible to continue coverage, the coverage ends at the end of the 12 months with 31 days free coverage and the right to convert. If applicable, the agency also must notify OWCP, by using the "Notice of Life Insurance Ineligibility" form, to stop FEGLI premium withholdings. For a copy of the “Notice”, or if you are not sure if the employee is eligible to continue coverage, and for more information, please refer to [BAL 01-216](#).

Remember, deceased employees who have been on the agency rolls in nonpay status for more than 12 months at time of death should **not** be certified on the SF 2821 as a “death of an employee”. FEGLI coverage as an employee ends after 12 months nonpay status even if the employee was still on the agency rolls at time of death and even if the SF 2821 was not completed in a timely manner.

Can agencies accept photocopies of employee designations, assignments, and court orders instead of the originals?

No. Only original designations, assignments, and certified copies of court orders are acceptable for filing, or when certifying a deceased employee’s FEGLI coverage to OFEGLI. You should not accept photocopies of these forms and documents from employees.

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