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Underdeduction means a failure to withhold the required amount of life insurance deductions from an individual's pay, annuity, or compensation. This definition includes both nondeductions (when none of the required amount was withheld) and partial deductions (when only part of the required amount was withheld). Withholdings are not required while an individual is in a nonpay status; therefore, the nonpayment of premiums in this instance does not result in an underdeduction.

[49 FR 3034, Jan. 25, 1984, as amended at 50 FR 8096, Feb. 28, 1985; 51 FR 39362, Oct. 28, 1986; 52 FR 3398, Feb. 4, 1987; 55 FR 994, Jan. 11, 1990; 56 FR 55051, Oct. 24, 1991. Redesignated and amended at 59 FR 66436, Dec. 27, 1994]

Subpart B—Coverage

§ 870.201 Coverage.

(a) Except as provided in § 870.202, each employee shall, at the time and subject to the conditions prescribed in this part, be insured for an amount of basic insurance as specified in §§ 870.301, 870.602, and 870.702.

(b) An employee of the District of Columbia Financial Responsibility and Management Assistance Authority (the Authority) who makes an election under the Technical Corrections to Financial Responsibility and Management Assistance Act (section 153 of Public Law 104–134, 110 Stat. 1321) to be considered a Federal employee for life insurance and other benefit purposes is subject to this part. Subject to the provisions of § 870.203, Basic life insurance is effective the later of either the date the employee enters on duty in a pay status with the Authority or the date the Authority receives the employee's election to be considered a Federal employee for life insurance purposes. Employees of the Authority who are former Federal employees are subject to the provisions of § 870.204 and § 870.601(e).

[49 FR 3034, Jan. 25, 1984, as amended at 61 FR 58459, Nov. 15, 1996]

§ 870.202 Exclusions.

(a) Employees in the following groups are excluded from the application of this part:

(1) An employee serving under an appointment limited to 1 year or less, except: (i) An employee so appointed for full-time employment or part-time employment with a regular tour of duty without break in service or after a separation of 3 days or less, following service in which he/she was insured, (ii) an acting postmaster, (iii) a Presidential appointee appointed to fill an, unexpired term; and (iv) an appointee whose appointment meets the definition of provisional appointment set out in §§ 316.401 and 316.403 of this chapter.

(2) An employee whose employment is of uncertain or purely temporary duration, or who is employed for brief periods at intervals, and an employee who is expected to work less than six months in each year, except for an employee who is employed under an OPM-approved career-related work-study program under Schedule B of at least one year's duration and who is expected to be in a pay status for at least one-third of the total period of time from the date of the first appointment to the completion of the work-study program.

(3) An intermittent employee—a non-full-time employee without a regularly scheduled tour of duty, except when the employee enters into such a status without break in service or after a separation of three days or less, following service in a position in which he/she was insured and to which he/she is expected to return.

(4) An employee whose pay on an annual basis is $12 a year or less.

(5) A beneficiary or patient employee in a government hospital or home.

(6) An employee paid on a contract or fee basis, except an employee who is a citizen of the United States who is appointed by a contract between the employee and the Federal employing authority which requires his/her personal service and is paid on the basis of units of time.

(7) An employee paid on a piecework basis, except one whose work schedule provides for full-time service or part-time service with a regularly scheduled tour of duty.

(8) An individual first employed by the government of the District of Columbia on or after October 1, 1987. However, this exclusion does not apply to

employees of St. Elizabeths Hospital who accept offers of employment with the District of Columbia government without a break in service, as provided in section 6 of Pub. L. 98–621.

(b) OPM shall make the final determination regarding applicability of the above classifications to a specific employee or group of employees.

(c) Paragraph (a) of this section does not deny coverage to an employee serving under an interim appointment established under § 772.102 of this chapter.

[49 FR 3034, Jan. 25, 1984, as amended at 52 FR 38220, Oct. 15, 1987; 56 FR 10143, Mar. 11, 1991; 57 FR 3715, Jan. 31, 1992]

§ 870.203 Effective dates of insurance coverage.

(a)(1) Following an appointment or transfer to a position in which an employee is not excluded from coverage, the employee is insured on the day he/she actually enters on duty in pay status, unless he/she files a waiver of basic insurance coverage before the end of his/her first pay period with the employing office, or a previously filed waiver remains uncanceled.

(2) An employee who moves from a position in which he/she is insured to another position in which he/she is not excluded from coverage is insured on the effective date of the change, unless the employee files a waiver of basic insurance coverage with the new employing office before the end of his/her first pay period in the new position.

(b) An employee who returns to pay and duty status after a period of more than 12 months of nonpay status is insured at the time he/she actually enters on duty in pay status, unless the employee files a waiver of basic coverage before the end of the first pay period with the employing office, or had previously filed such a waiver which remains uncanceled.

(c) In the case of an employee serving in cooperation with a non-Federal agency and who is paid in whole or in part from non-Federal funds, insurance may not take effect until the date set by OPM for coverage to begin. This date is to be part of an agreement between OPM and the non-Federal agency providing (1) that the required withholdings and contributions will be made from federally controlled funds and timely deposited into the Employees' Life Insurance Fund, or (2) that the cooperating non-Federal agency will, by written agreement with the Federal agency, make the required withholdings and contributions from non-Federal funds and will transmit the total of these amounts to the Federal agency for timely deposit into the Employees' Life Insurance Fund.

(d) An open enrollment election of basic life insurance filed during the period from March 29 through April 30, 1993, is effective on the first day of the first day period beginning on or after May 30, 1993, which immediately follows a pay period during which the employee was in a pay and duty status for at least 32 hours. A part-time employee will need to have been in a pay and duty status for one-half of the regularly-scheduled tour of duty indicated on his or her current Standard Form 50 for newly-elected coverage to become effective. An employee who has no regularly-scheduled tour of duty or who is employed on an intermittent basis will have to have been in a pay and duty status for one-half of the hours customarily worked before newly-elected coverage can become effective. For the purpose of this subsection, employing offices can determine the number of hours customarily worked by averaging the number of hours worked in the calendar year quarter ending March 31, 1993.

(e) An open enrollment election of basic life insurance filed during the period from May 22, 1995, through July 21, 1995, is effective on the 1st day of the first pay period beginning on or after the date the employing office received the enrollment form. There is no requirement to be in a pay and duty status for the enrollment to be effective.

[49 FR 3034, Jan. 25, 1984, as amended at 50 FR 26688, June 28, 1985; 58 FR 11954, Mar. 2, 1993; 60 FR 31372, June 15, 1995]

§ 870.204 Waiver and cancellation of waiver of insurance coverage.

(a) An insured person may cancel his/her basic insurance at any time by filing a waiver of basic insurance coverage. An employee files with the employing office. An annuitant files with OPM or other office that administers

his/her retirement system. If still employed, a compensationer files with the employing office, and, if not still employed, with OWCP. The waiver shall be effective and the insurance shall cease at the end of the pay period in which the waiver is properly filed.

(b) An employee who has filed a waiver of basic insurance coverage may cancel the waiver and become insured if:

(1) At least 1 year has elapsed since the effective date of such waiver; and

(2) He/she furnishes satisfactory evidence of insurability.

(c) An employee who has complied with paragraph (b) of this section is insured when he/she actually enters on duty in pay status in a position in which he/she is not excluded from insurance by law or regulation, following the approval of his/her Request for Insurance by the Office of Federal Employees' Group Life Insurance established by the insurance company. The approval is revoked automatically and the employee is not insured unless he/she enters on duty in pay status within 31 days following the date of the approval.

(d) Waivers of basic insurance coverage filed on or before February 28, 1981, are automatically canceled effective on the first day an employee whose waiver is so canceled actually enters on duty in a pay status on or after April 1, 1981. Basic insurance coverage automatically attaches on the date of the cancellation unless the employee files a waiver of basic insurance with the employing office before the end of the pay period during which the cancellation became effective.

(e) Notwithstanding paragraphs (b), (c), and (d) of this section, the waiver of basic insurance coverage of an employee who is or becomes an employee of the United States Postal Service on or after July 20, 1974, in a position in which he/she is not excluded from insurance coverage is automatically canceled and he/she is insured for basic insurance on the first day he/she actually enters on duty in a pay status on or after July 24, 1974.

(f)(1) A previous waiver is automatically canceled at time of reinstatement on or after April 1, 1981, if an employee has been separated from service for at least 180 days. If no new waiver is filed, basic insurance coverage automatically attaches on the date the employee actually enters on duty in a pay status in a position wherein he/she is not excluded from insurance by law or regulations.

(2) An employee who returned to Federal service between April 1, 1981, and December 8, 1983, after a 180-day break in service may elect basic insurance coverage upon application to his or her employing office before March 7, 1984.

(g)(1) An open enrollment period will be held from March 29 through April 30, 1993, during which time employees otherwise eligible for coverage may cancel their existing waivers of coverage by affirmatively electing to be insured on a form designated by OPM.

(2) An employing office may make a determination, within 6 months after the March 29 through April 30, 1993 open enrollment period, that an employee was unable, for cause beyond his or her control, to cancel his or her then existing waiver of coverage by affirmatively electing to be insured during the 1993 open enrollment period. The employee shall be permitted to submit an affirmative election of coverage within 31 days after he or she is advised of that determination. Basic life insurance coverage in that case is retroactive to the first pay period beginning on or after May 30, 1993, which immediately follows a pay period during which the employee was in a pay and duty status for a sufficient length of time, as specified in § 870.203(d), to acquire coverage. Failure on the part of the employee to file an election within the 31 days prescribed in this paragraph shall be deemed a waiver of all coverage.

(h)(1) An Open Season will be held from May 22, 1995, through July 21, 1995, during which time employees otherwise eligible for coverage may cancel their existing waivers of coverage by affirmatively electing to be insured on a form designated by OPM.

(2) An employing office may make a determination, within 6 months after the May 22, 1995, through July 21, 1995, Open Season, that an employee was unable, for cause beyond his/her control, to cancel his/her then existing waiver of coverage by affirmatively electing

to be insured during the 1995 Open Season. The employee will be permitted to submit an affirmative election of coverage within 31 days after he/she is advised of that determination. Basic life insurance coverage in that case is retroactive to the 1st day of the first pay period beginning on or after July 21, 1995.

[49 FR 3034, Jan. 25, 1984, as amended at 50 FR 26688, June 28, 1985; 51 FR 21497, June 13, 1986; 58 FR 11954, Mar. 2, 1993; 60 FR 31372, June 15, 1995]

Subpart C—Amount of Insurance

§ 870.301 Basic insurance amount (BIA).

(a) An employee's basic insurance amount (BIA) is the greater of (1) his/her annual rate of basic pay, rounded to the next higher multiple of $1,000, plus $2,000, or (2) $10,000. However, in no event may the BIA be more than the annual rate of pay for positions at Level II of the Executive Schedule under section 5313 of title 5, U.S.C., rounded to the next higher thousand, plus $2,000. The BIA of an individual who is entitled to continue basic life insurance coverage as an annuitant or compensationer is the BIA in effect at the time the insurance to which he/she is entitled as an employee would stop under § 870.501.

(b) Effective on the first day of the first pay period beginning on or after October 1, 1981, the amount of an employee's basic life insurance coverage is equal to his/her BIA multiplied by the appropriate factor determined on the basis of the age of the insured individual, as follows:

Age	Factor
35 or under	2.0
36	1.9
37	1.8
38	1.7
39	1.6
40	1.5
41	1.4
42	1.3
43	1.2
44	1.1
45 or over	1.0

(c) The post-election BIA of an employee who elected a partial Living Benefit is the BIA as of the date OFEGLI received the completed Living Benefit application reduced by the percentage which the partial lump-sum payment represents of the pre-election BIA multiplied by the age factor as stated in § 870.301(b)(rounded up or down to the nearest multiple of $1,000 or, if midway between multiples, to the next higher multiple of $1,000). The post-election BIA will not change after the effective date of the partial Living Benefit election. For purposes of computing the payment of benefits upon the death of the insured individual who elected a partial Living Benefit, the BIA will be multiplied by the age factor in effect as of the date OFEGLI received the completed Living Benefit application.

[49 FR 3034, Jan. 25, 1984, as amended at 60 FR 31373, June 15, 1995]

§ 870.302 Annual rates of pay.

(a) An insured employee's annual pay is his/her annual rate of basic pay as fixed by law or regulation, except that annual pay for this purpose shall include—

(1) Standby duty premium pay under 5 U.S.C. 5545(c)(1);

(2) For a law enforcement officer as defined in §§ 831.902 or 842.802, administratively uncontrollable overtime pay under 5 U.S.C. 5545(c)(2); and

(3) Availability pay under 5 U.S.C. 5545a.

(b) A pay rate of other than annual salary is converted to an annual rate by multiplying the prescribed rate by the number of pay units in a 52-week work year.

(c) The annual pay for a part-time employee is his/her basic pay applicable to his/her tour of duty in a 52-week work year.

(d) The annual pay for an employee who legally and concurrently serves in more than one position, other than as a part-time flexible schedule employee in the Postal Service, is the sum of the annual basic pay fixed by law or regulation for each position.

[49 FR 3034, Jan. 25, 1984, as amended at 59 FR 66154, Dec. 23, 1994]