

# **TERMINATION AND CONVERSION**

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## **Termination of Basic Insurance**

- ◆ Waiver/Cancellation
- ◆ Separation from Service
- ◆ Nonpay Status
  - ◆ Return to Pay Status for Less than Four Months
  - ◆ Return to Pay Status for Four Months or More
  - ◆ Return to Pay Status after 12 Months or More in Nonpay Status
  - ◆ Nonpay Status and Pay Status from Two Different Positions
- ◆ Move to an Excluded Position
- ◆ Agency Certification of Insurance Status

## **Termination of Optional Insurance**

- ◆ Cancellation
- ◆ Relation to Basic Insurance
- ◆ Retirement
- ◆ Insufficient Pay
- ◆ Agency Certification of Insurance Status

## **31-day Extension of Coverage**

## **Conversion of Basic And Optional Insurance**

- ◆ Conversion Privilege
- ◆ Individual Policy

## **Notice of Conversion Privilege**

- ◆ Notice Required
- ◆ Timing of Notice

## **Conversion For Family Members**

- ◆ Upon Your Death
- ◆ Upon Your Separation
- ◆ Amount Available to Convert
- ◆ When Conversion is not Permitted
- ◆ When Insurance has been Assigned

## **Time Limit on Conversion**

- ◆ Timely Conversions
- ◆ Belated Conversions

- ◆ **Effective Date of Conversions**
- ◆ **If You Return to Federal Service**

## **Retirement And Workers' Compensation**

- ◆ **Eligibility for Conversion**

## **Option B Portability**

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### **TERMINATION OF BASIC INSURANCE**

#### **Waiver/Cancellation**

Your Basic insurance stops at the end of the last day of the pay period in which your employing office receives your Life Insurance Election form (SF 2817) waiving or cancelling life insurance.

#### **Separation from Service**

Your Basic insurance stops at the end of the day on which you are separated from service for any reason. This includes transfer (except for a mass transfer) to another agency, although you may be eligible to get the insurance back with no break in coverage when you enter on duty at the new agency. See “Eligibility for Life Insurance” for information on continuing life insurance after your retirement or while receiving compensation.

**Exception:** If you separate from service to enter the military you are considered to be in a nonpay status for FEGLI Purposes. As long as you have reemployment rights under USERRA, you can keep your FEGLI coverage for up to 12 months, or until 90 days after your military service ends, whichever date comes first. This coverage is free. At the end of 12 months (or 90 days after the military service ends), the coverage terminates. You also get the 31- day extension of coverage and the right to convert.

At the end of 12 months, or 90 days after your military service ends, whichever date comes first your former agency must complete an Agency Certification of Insurance Status (SF 2821) and a Notice of Conversion Privilege (SF 2819). If a claim needs to be filed while you are still covered under FEGLI, you or your survivors should contact your former employing agency.

#### **Nonpay Status**

Your Basic insurance stops at the end of the day on which you complete 12 months of nonpay status, subject to a 31-day extension of coverage and conversion privilege. *Exceptions:* See “Eligibility for Life Insurance” for information on continuing life insurance while receiving Workers' Compensation and “Coverage - Nonpay Status” for other exceptions.

Your employing office must complete an Agency Certification of Insurance Status (SF 2821) and a Notice of Conversion Privilege (SF 2819), the same as for any other termination action.

### ***Return to Pay Status for Less than Four Months***

Your entitlement to a 12 month period of continued Basic insurance coverage while in nonpay status may be broken by periods of less than four consecutive months in pay status. (This includes when you are receiving donated leave.)

#### ***Example***

*Stephanie goes on leave without pay October 1, 1999. Through donated leave, she returns to pay status on February 1, 2000 for three months, and then goes back on leave without pay in May. Her insurance will terminate on December 31, 2000 (12 months = October 1999 - January 2000, and May - December 2000).*

### ***Return to Pay Status for Four Months or More***

If you return to pay status for a period of four consecutive months or more, you start a new 12-month period of continued Basic insurance coverage. Four consecutive months in pay status means any four-month period during which you are in pay status for at least part of each pay period. (This includes when you are receiving donated leave.)

#### ***Example***

*Bill goes on leave without pay October 1, 1999. He returns to pay status on February 14, 2000, and then goes on leave without pay June 30, 2000. Since he was in pay status for over four consecutive months, he starts a new 12-month period of continued Basic insurance coverage while in nonpay status. If he does not return to pay status in a nonexcluded position, his insurance will terminate on June 29, 2001.*

### ***Return to Pay Status After 12 Months or More in Nonpay Status***

When your insurance stops after 12 months or more in nonpay status, you must return to pay and duty status to get FEGLI coverage again.

If you return to pay and duty status for less than four consecutive months after your insurance terminates due to 12 months in nonpay status, you are not entitled to another 12-month period of continued coverage. You have insurance while you are again in pay and duty status, but your Basic insurance will stop on the last day of your last pay period in pay status, subject to a 31-day extension of coverage.

#### ***Example 1***

*Luz completes 12 months in nonpay status and her insurance terminates on December 31, 1998. She returns to duty in pay status on January 15, 1999 and again returns to nonpay status on April 15, 1999. Her Basic insurance terminates on April 19, 1999, the last day of the pay period.*

#### ***Example 2***

*Henry's FEGLI coverage terminated on July 1, 2000, because he was in nonpay status for 12 months. He receives 8 weeks of donated leave in August. He is not eligible to get his FEGLI coverage again since he did not return to pay and duty status.*

### **Nonpay Status and Pay Status from Two Different Positions**

If your FEGLI coverage is continuing without cost because you are in nonpay status, and you accept another position that conveys FEGLI coverage, your Basic and Option B coverage (if you have Option B) are based on the sum of both salaries. Your employing office from your paying position will withhold premiums based on both salaries. When your 12 months in nonpay status end, your Basic and Option B will no longer include salary from that position. Your coverage and premiums are then based only on your paying position.

#### ***Example***

*Tamika goes on leave without pay from Agency A on February 1, 2000. Her salary is \$28,000. She is entitled to continue her FEGLI coverage for 12 months. She accepts a position with Agency B on April 1, 2000 where her salary is \$30,000. Her Basic Insurance Amount is \$60,000 ( $\$28,000 + \$30,000 = \$58,000 + \$2,000 = \$60,000$ ). Agency B will withhold premiums based on this amount through January 31, 2001. On February 1, 2001, her Basic Insurance Amount will reduce to \$32,000 and premiums will reduce accordingly.*

### **Move to an Excluded Position**

Your Basic insurance stops at the end of the day before the day on which you move to a position in which eligibility for life insurance is excluded. See "Employees Excluded from Coverage" for exceptions.

### **Agency Certification of Insurance Status**

Whenever your Basic insurance stops, your employing office must complete an Agency Certification of Insurance Status (SF 2821).

*Exceptions:*

- when your insurance stops because of your waiver or cancellation; and
- when you will get life insurance coverage again within three calendar days after your termination.

## **TERMINATION OF OPTIONAL INSURANCE**

### **Cancellation**

Your Optional insurance stops at the end of the last day of the pay period in which your employing office receives the Life Insurance Election form (SF 2817) cancelling your Optional insurance.

Exception:

If you cancel Option C because there are no eligible family members (spouse, dependent children), the effective date is retroactive to the end of the pay period in which there stopped being any eligible family members.

### **Relation to Basic Insurance**

Your Optional insurance stops when Basic insurance stops.

## **Retirement**

If you are not eligible to continue Optional insurance as an annuitant or compensation, your Optional insurance stops at the end of the day before Basic insurance is continued into retirement, or into OWCP compensation.

## **Insufficient Pay**

Your Optional insurance stops at the end of the pay period in which it is determined that your periodic pay, after all other deductions, will not be enough to cover the full cost of the Optional insurance, unless you choose to make direct premium payments.

## **Agency Certification of Insurance Status**

Whenever your Optional insurance stops, your employing office must complete an Agency Certification of Insurance Status (SF 2821).

### *Exceptions:*

- when your insurance stops because of your waiver or cancellation; and
- when you will get life insurance coverage again within three calendar days after your termination.

## **31-DAY EXTENSION OF COVERAGE**

When your life insurance stops, except by waiver or cancellation, your coverage automatically continues for an additional 31 days after the termination date. No premiums or Government contributions are required during the 31-day extension. This extension does not include accidental death and dismemberment coverage.

There is no extension of coverage when you waive or cancel your insurance.

There is no extension of coverage when a family member loses his/her eligibility under Option C.

## **CONVERSION OF BASIC AND OPTIONAL INSURANCE**

### **Conversion Privilege**

When your group life insurance terminates, you are entitled to convert to an individual policy.

### *Exceptions:*

- if insurance stops because you waived or cancelled it; and
- if you return to Federal service, in a position in which you are eligible for insurance, within three calendar days after the date your insurance stops.

If you have assigned your insurance, it is the assignee(s), rather than you, who is (are) entitled to convert your Basic, Option A, and Option B coverage. You are still entitled to convert your Option C coverage.

### **Individual Policy**

Under the conversion privilege, you may convert all or any part of your Basic and Optional insurance to an individual policy. No medical examination is required.

The individual policy will be issued by any insurance company you (or your assignee(s), if applicable) select that has been accepted by OPM as eligible and that has agreed to issue such policies under the provisions of the FEGLI contract. When you are ready to convert your coverage, you may request a list of eligible insurance companies from the Office of Federal Employees' Group Life Insurance at P.O. Box 2627, Jersey City, NJ 07303-2627 or 1-800-633-4542.

The individual policy may be for any type of life insurance customarily issued by the insurance company you select, except term insurance, universal life insurance or any other type of life insurance with an indeterminate premium. It cannot include disability or Accidental Death & Dismemberment benefits.

Any insurance policy purchased under the conversion privilege is a private business transaction between you and the insurance company. The cost of the individual policy is determined by the insurance company and is based on your age and class of risk.

Additional information on how you can convert your insurance is found on your copy of the Notice of Conversion Privilege (SF 2819), given to you by your employing office.

## **NOTICE OF CONVERSION PRIVILEGE**

### **Notice Required**

Your employing office must give you notice of the loss of group coverage and the right to convert whenever your insurance terminates under conditions that allow you to convert to an individual policy. The form used for this purpose is the Notice of Conversion Privilege (SF 2819).

**Please note: The address on the current SF 2819 is not current. The form should be sent to OFEGLI, P.O. Box 2627, Jersey City, NJ 07303-2627.**

If you have assigned your insurance, your employing office must give the SF 2819 to all of your assignees.

Your employing office must record in your Official Personnel Folder the names and addresses of everyone who is given an SF 2819, including your assignees and family members covered under Option C. Your employing office must send this information to your retirement system, if your separation is for retirement.

Your employing office must *not* furnish insurance companies with the name of any employee being separated with possible conversion rights.

### **Timing of Notice**

Your employing office must give you (or your assignee) the Notice of Conversion Privilege (SF 2819) either immediately before or immediately after the event causing your loss of coverage.

*Note:* This form must be given to you when you are retiring, even if you choose to continue life insurance coverage into retirement. (See "Procedures for Retiring Employees.")

Your employing office must place a copy of the SF 2819 in your Official Personnel Folder as proof that the required notice was provided.

## **CONVERSION FOR FAMILY MEMBERS**

### **Upon Your Death**

Upon your death, your family members covered under Option C are eligible to convert their coverage to an individual policy. Your employing office must send your family members a Notice of Conversion Privilege (SF 2819).

Your employing office must send the SF 2819 to your last address on file, addressed to "The Family Members of . . ." The employing office doesn't have to try to locate family members who might not have lived with you at the time of your death.

### **Upon Your Separation**

When you separate and don't want to convert your Option C coverage, your family members are eligible to convert their coverage to an individual policy. Your employing office must send your family members a Notice of Conversion Privilege (SF 2819) *if* they request information about converting.

### **Amount Available to Convert**

Your spouse and eligible children may convert up to the amount of Option C coverage you carried (maximum \$25,000 for your spouse and \$12,500 for each eligible child).

### **When Conversion is not Permitted**

Family members do not have the right to convert coverage under other circumstances in which coverage ends, such as divorce, your child's marriage, or your child's reaching age 22.

### **When Insurance Has Been Assigned**

Information regarding conversion of Option C coverage must be sent to you and your family members (if they request it), even if the rest of your insurance has been assigned.

## **TIME LIMIT ON CONVERSION**

### **Timely Conversions**

Your request for conversion information must be made on the Notice of Conversion Privilege (SF 2819) and submitted to the Office of Federal Employees' Group Life Insurance (OFEGLI) at P.O. Box 2627, Jersey City, NJ 07303-2627. It must be postmarked within 31 days after the date of the terminating event or within 31 days of your (or your family member(s), in the case of Option C) receipt of the Notice of Conversion Privilege (SF 2819), whichever is later.

### **Belated Conversions**

When your employing office fails to give the required conversion notice on time or you are

unable to request conversion on time for reasons beyond your control, you can request a belated conversion by writing to the Office of Federal Employees' Group Life Insurance (OFEGLI) at P.O. Box 2627, Jersey City, NJ 07303-2627.

You must mail the request to OFEGLI within six months after the date you first became eligible to convert. The request must show that:

- you were not notified of the loss of coverage and the right to convert and were not otherwise aware of it, *or*
- you weren't able to convert because of reasons beyond your control.

If six months or more have passed since the date you first became eligible to convert, OFEGLI cannot accept a request for conversion.

### **Effective Date of Conversions**

Conversions are effective at the end of the 31-day temporary extension of coverage.

Belated conversions are made retroactive to the end of the 31-day extension, and you must pay the retroactive premiums. There are no exceptions to the requirement to pay retroactive premiums.

### **If You Return to Federal Service**

If you have converted your FEGLI coverage and return to Federal service (including as a reemployed annuitant), you do not have to cancel your conversion policy.

## **RETIREMENT AND WORKERS' COMPENSATION**

### **Eligibility for Conversion**

If you *are not* eligible to continue life insurance into retirement or compensation, you are eligible to convert, the same as any other separating employee.

If you *are* eligible to continue life insurance into retirement or compensation, you may choose to convert your life insurance coverage - or terminate your insurance.

See "Procedures for Retiring Employees" or "Procedures for Compensationers" for more information.

If you have assigned your insurance, these rights/choices transfer to your assignee(s).

## **OPTION B PORTABILITY**

Portability is a provision in Public Law 105-311, the Federal Employees Life Insurance Improvement Act, which was enacted October 30, 1998. It applies only to FEGLI Option B insurance, which provides coverage in multiples of 1 to 5 times an employee's annual salary. Employees that met certain requirements were eligible to continue Option B insurance following

separation from Government service.

The portability provision was a three-year demonstration project. It expired April 24, 2002 and is no longer available. Your agency should not give any employees a Portability Notice or other portability information.

For more detailed information refer to BAL 02-206.