

service under a nonappropriated fund instrumentality of the Department of Defense or the Coast Guard for an individual who elected to remain under a retirement system established for employees described in section 2105(c) of title 5.

Underdeduction means a failure to withhold the required amount of life insurance deductions from an individual's pay, annuity, or compensation. This includes nondeductions (when none of the required amount was withheld) and partial deductions (when only part of the required amount was withheld).

§ 870.102 The policy.

Basic, Option A, Option B, and Option C benefits are payable according to a contract with the company or companies that issue a policy under section 8709 of title 5, United States Code. Any court action to obtain money due from an insurance policy must be taken against the company that issues the policy.

§ 870.103 Correction of errors.

(a) The employing office may make corrections of administrative errors regarding coverage or changes in coverage. Retroactive corrections are subject to the provisions of § 870.401(f).

(b) OPM may order correction of an error after reviewing evidence that it would be against equity and good conscience not to do so.

§ 870.104 Initial decision and reconsideration.

(a) (1) An employee may ask his/her agency to reconsider its initial decision denying life insurance coverage or the opportunity to change coverage.

(2) An annuitant may ask his/her retirement system to reconsider its initial decision affecting life insurance coverage.

(3) A judge may ask his/her agency, or retirement system if applicable, to reconsider its initial decision denying an entitlement related to assignments under 5 U.S.C. 8706(e) or subpart I of this part.

(4) An individual insured under subpart J of this part may ask the U.S. Department of State to reconsider its initial decision affecting life insurance coverage.

(b) An employing office's decision is an initial decision when the employing office gives it in writing and informs the individual of the right to an independent level of review (reconsideration) by the appropriate agency or retirement system.

(c) A request for reconsideration must be made in writing and must include

the employee's (or annuitant's) name, address, date of birth, Social Security number, reason(s) for the request, and, if applicable, retirement claim number.

(d) A request for reconsideration must be made within 30 calendar days from the date of the initial decision. This time limit may be extended when the individual shows that he/she was not notified of the time limit and was not otherwise aware of it or that he/she was unable, due to reasons beyond his/her control, to make the request within the time limit.

(e) The reconsideration must take place at or above the level at which the initial decision was made.

(f) After reconsideration, the agency or retirement system must issue a final decision. This decision must be in writing and must fully state the findings.

Subpart B—Types and Amount of Insurance

§ 870.201 Types of insurance.

(a) There are two types of life insurance under the FEGLI Program: Basic and optional.

(b) There are three types of optional insurance: Option A (standard optional insurance), Option B (additional optional insurance), and Option C (family optional insurance).

§ 870.202 Basic insurance amount (BIA).

(a) (1) An employee's basic insurance amount (BIA) is either: (i) His/her annual rate of basic pay, rounded to the next higher thousand, plus \$2,000; or (ii) \$10,000; whichever is higher.

However, the BIA can never be more than the annual rate of pay for Level II Executive Schedule positions under section 5313 of title 5, U.S.C., rounded to the next higher thousand, plus \$2,000.

(2) The BIA of an individual who is eligible to continue basic life insurance coverage as an annuitant or compensation is the BIA in effect at the time his/her insurance as an employee would stop under § 870.601.

(b) An employee's BIA automatically changes whenever annual pay is increased or decreased by an amount sufficient to raise or lower pay to a different \$1,000 bracket.

(c) The amount of an employee's basic life insurance coverage is equal to his/her BIA multiplied by the appropriate factor based on the employee's age, as follows:

Age	Factor
35 or under	2.0
36	1.9
37	1.8

Age	Factor
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

§ 870.203 Annual rates of pay.

(a) (1) An insured employee's annual pay is his/her annual rate of basic pay as fixed by law or regulation.

(2) Annual pay for this purpose includes the following:

(i) Interim geographic adjustments and locality-based comparability payments as provided by Pub. L. 101-509;

(ii) Premium pay under 5 U.S.C. 5545(c)(1);

(iii) For a law enforcement officer as defined under 5 U.S.C. 8331(20) and § 831.903 of this title, premium pay under 5 U.S.C. 5545(c)(2);

(iv) Night differential pay for wage employees;

(v) Environmental differential pay for employees exposed to danger or physical hardship;

(vi) Tropical differential pay for citizen employees in Panama; and

(vii) Special pay adjustments for law enforcement officers.

(b) To convert a pay rate of other than annual salary to an annual rate, multiply the pay rate by the number of pay periods in a 52-week work year.

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

(d) The annual pay for an employee on piecework rates is the total basic earnings for the previous calendar year, not counting premium pay for overtime or holidays.

(e) The annual pay for an employee with a regular schedule who works at different pay rates is the weighted average of the rates at which the employee is paid, projected to an annual basis.

(f) The annual pay for a non-Postal intermittent employee or an employee who works at different pay rates without a regular schedule is the annual rate which he/she is receiving at the end of the pay period.

(g) If an employee legally serves in more than 1 position at the same time, and at least 1 of those positions entitles him/her to life insurance coverage, the annual pay is the sum of the annual basic pay fixed by law or regulation for each position. Exception: This doesn't apply to part-time flexible schedule employees in the Postal Service.