

The FEDERAL EDGE

Question of the Week:

Why is the announcement that OPM is having a FEGLI open enrollment in 2016 such a big deal?

Answer:

Open enrollment allows any federal employee to increase or apply for life insurance coverage without having to go through underwriting...

... Read more below

Topic of the Week: FEGLI Open Enrollment



What you need to know about Open Enrollment

Rare Open Enrollment

OPM has made the announcement that there will be a 2016 Open Enrollment period from September 1st to September 30th. This is a really big deal because the last time that OPM announced a FEGLI Open Enrollment was in 2004. That's a 12 year gap between the two. And what makes Open Enrollments so important is that it allows any Federal Employee to increase or apply for Federal Employee Group Life Insurance without any underwriting. This means that even your "uninsurable" clients can pick up life insurance!

Applying Outside of Open Enrollment

Outside of open enrollment, Federal Employees have two ways to apply for FEGLI coverage. The first option is through a qualifying life event, such as a marriage, divorce, death of spouse, or having a

child. The Federal Employee has up to 60 days after the life event to submit form SF2817 to change their FEGLI coverage. A life event gives them the ability to change or add all optional coverage.

The second method is the standard way—filling out form SF 2822 and taking a medical exam to prove medical evidence of insurability. If they are approved they will automatically be given basic coverage. They will then have up to 31 days to fill out form SF2817 and apply for Option A and B coverage. But it is important to note that they cannot add Option C coverage by this method. It can only be done through a life event.

Option C coverage is family and spousal coverage. The only way to add this coverage after the initial hiring election is made is through a qualifying life event or open enrollment. So you can see why this open enrollment period could be very important

for your clients. Also, remember that retirees cannot increase FEGLI coverage at any time, not even through a qualifying life event. And on the topic of FEGLI coverage and retirement, keep in mind that Federal Employees must maintain any coverage they want in retirement for 5 years prior to retirement.

Rate Changes

You may be wondering, why the long gap between open enrollments? Generally open enrollments only occur when there is a significant change to premium rates. The changes that will take place in 2016 are as follows:

- 1) No change in basic insurance coverage rates
- 2) Most rates for Options A, B, and C will decrease
- 3) Post-retirement basic coverage with 50% reduction and no reduction will increase
- 4) Older age bands of Option B and Option C will increase