



UNITED STATES DEPARTMENT OF EDUCATION
WASHINGTON, D.C. 20202

In the Matter of

Docket No. 05-24-OP

DARRYL,

Overpayment Proceeding

Respondent.

DECISION

This matter comes before me following an adverse decision denying Respondent a waiver on a purported overpayment of \$637.50. In this proceeding, I do not have the authority to review the waiver decision. Rather, my authority is limited solely to resolving whether Respondent owes a debt to the United States as the result of a two-year delay in processing his election to increase the amount of his optional life insurance coverage under the Federal Employees' Group Life Insurance program. The debt represents the amount of premiums that should have been withheld from his salary during this two-year period.

The facts are not in dispute. In the spring of 2003, Respondent sought to increase the amount of his optional life insurance under the Federal Employees' Group Life Insurance program. Initially, Respondent needed the approval of the Office of Federal Employees' Group Life Insurance in order to apply for an increase in the amount of his optional life insurance coverage. Respondent and the Employee Relations Team, Human Resources Group, Office of Human Resources Services (Team) completed a Request for Insurance form. This form, together with a physician's statement, was then submitted to Office of Federal Employees' Group Life Insurance for its consideration. The Office of Federal Employees' Group Life Insurance approved the request on May 28, 2003.

Thereafter, on June 17, 2003, Respondent submitted to Team a signed Standard Form 2817, Life Insurance Election, wherein he elected an increase in optional life insurance coverage from three times his salary to five times his salary. Team countersigned his Life Insurance Election form on the same day. His increased coverage was effective as of June 29, 2003.

Respondent's Life Insurance Election form was not processed by Team due to an error and was misplaced within the office. It surfaced approximately one year later in 2004 when Respondent received a phone call from a supervisor specialist who discovered the form while performing an annual review of pending actions. The supervisor specialist inquired whether Respondent still wanted the action processed and he replied in the affirmative. Unfortunately,

the Life Insurance Election form was not processed as promised and it disappeared again. It resurfaced in April, 2005, when the team leader contacted Respondent. Like the supervisor specialist, team leader inquired of Respondent whether he still wanted the additional coverage. Again, Respondent replied in the affirmative.

This time, the Life Insurance Election form was processed. As a result, there was a slight increase in the amount withheld from Respondent's salary due to the additional premium owed for the increased amount of life insurance. In addition, the computer kicked out a bill of collection in the amount of \$637.56 that represented the amount of premiums that should have been withheld from Respondent's salary after June 29, 2003.

Under 5 C.F.R. § 870.506(b) (2003), a current employee must, among other things, receive the approval of the Office of Federal Employees' Group Life Insurance in order to obtain additional optional life insurance coverage. Thereafter, the employee must file a Life Insurance Election form with his/her employing office and the election is effective on the date the form is received by the employing office. 5 C.F.R. § 870.506(c).

Respondent received the approval of the Office of Federal Employees' Group Life Insurance to increase his optional life insurance coverage. Thereafter, Respondent submitted the Life Insurance Election form to increase the amount of his optional life insurance to Team on June 17, 2003. The Life Insurance Election form was then countersigned by an employee of Team. As a result, a new policy was in effect. Respondent's optional coverage increased to five times his salary. Even though Team did not process the Life Insurance Election form after the countersignature, the regulations are clear that the election was effective and that it increased his coverage.

One of the effects of the Team's failure to process the Life Insurance Election form was that the Federal paymaster was not informed of the increased life insurance coverage and, hence, did not withhold from Respondent's salary the incremental increase in his life insurance premium that was due biweekly. This unpaid amount represents a debt owed by Respondent. In other words, the benefit of the insurance coverage and the obligation to pay the premiums for that coverage go hand-in-hand. Because the additional insurance coverage was in effect, Respondent had the obligation to pay the premiums biweekly. Regrettably, Team handled this matter incompetently. Despite this, the debt of Respondent remains his debt and the accumulated amount of the debt is \$637.50.

Respondent argues that there is no debt in the instant case because his survivors would not have benefited from the additional insurance coverage since there was no physical written record of his 2003 election to increase his insurance coverage. Respondent has a written record of the additional coverage although he is unaware of it. It is his copy of the Life Insurance Election form as countersigned by Team. As is explained on his Life Insurance Election form, the employee's copy when completed by the employing office and the Federal Employees' Group Life Insurance booklet constitute the employee's certificate of insurance. A certificate of insurance is a document evidencing the fact that an insurance policy has been written. Black's

Law Dictionary 205 (5th ed. 1979). Thus, Respondent as well as any potential recipient of his death benefits had a written record of the additional insurance coverage.

When his Life Insurance Election form was discovered one and two years after he filed the form, Respondent states that the supervisor specialist and the team leader offered to let him decline the additional coverage by not processing the Life Insurance Election form. It could be argued that these actions indicate that the increased coverage was not in effect until the Life Insurance Election form was, in fact, processed by Team. As noted above, the law is clear that the increased coverage was in effect once Team countersigned the Life Insurance Election form. The purported actions by the supervisor specialist and the team leader were beyond their authority and, hence, have no significance in resolving this matter.

Lastly, it could be argued that the failure to pay the biweekly premium on the increased amount of life insurance coverage cancels the additional coverage and, hence, no additional debt could accrue beyond the initial premium payments. Under the Federal Employees' Group Life Insurance program, however, the additional coverage remains in effect until canceled. Cancellation may occur at any time but it requires the insured to file with his/her employing office a waiver to reduce or eliminate the coverage. 5 C.F.R. § 870.505. Hence, the nonpayment of insurance premiums did not cancel Respondent's additional coverage.

In summary, the bill of collection seeks the recovery of \$637.50 which represents a valid debt of Respondent.

Allan C. Lewis
Chief Administrative Law Judge

Dated: December 8, 2005