

In the Senate of the United States,

October 5 (legislative day, October 2), 1998.

Resolved, That the bill from the House of Representatives (H.R. 2675) entitled “An Act to require that the Office of Personnel Management submit proposed legislation under which group universal life insurance and group variable universal life insurance would be available under chapter 87 of title 5, United States Code, and for other purposes.”, do pass with the following

AMENDMENTS:

Strike out all after the enacting clause and insert:

1 **SECTION 1. SHORT TITLE.**

2 *This Act may be cited as the “Federal Employees Life*
3 *Insurance Improvement Act”.*

4 **SEC. 2. STUDY AND REPORT ON CERTAIN LIFE INSURANCE**

5 **OPTIONS OFFERED TO FEDERAL EMPLOYEES.**

6 *(a) IN GENERAL.—Not later than July 31, 1998, the*
7 *Office of Personnel Management shall conduct a study on*
8 *life insurance options for Federal employees described under*
9 *subsection (b) and submit a report to Congress.*

1 (b) *STUDY AND REPORT.*—*The study and report re-*
2 *ferred to under subsection (a) shall—*

3 (1) *survey and ascertain the interest of Federal*
4 *employees in an offering under chapter 87 of title 5,*
5 *United States Code, of insurance coverage options re-*
6 *lating to—*

7 (A) *group universal life insurance;*

8 (B) *group variable universal life insurance;*

9 *and*

10 (C) *additional voluntary accidental death*
11 *and dismemberment insurance; and*

12 (2) *include any comments, analysis, and rec-*
13 *ommendations of the Office of Personnel Management*
14 *relating to such options.*

15 **SEC. 3. REPEAL OF MAXIMUM LIMITATION ON EMPLOYEE**
16 **INSURANCE.**

17 *Chapter 87 of title 5, United States Code, is amend-*
18 *ed—*

19 (1) *in section 8701(c), in the first sentence, by*
20 *striking the comma immediately following “\$10,000”*
21 *and all that follows and inserting a period; and*

22 (2) *in section 8714b(b), in the first sentence, by*
23 *striking “except” and all that follows and inserting a*
24 *period.*

1 **SEC. 4. FOSTER CHILD COVERAGE.**

2 *Section 8701(d)(1)(B) of title 5, United States Code,*
3 *is amended by inserting “or foster child” after “stepchild”*
4 *both places it appears.*

5 **SEC. 5. INCONTESTABILITY OF ERRONEOUS COVERAGE.**

6 *Section 8706 of title 5, United States Code, as amend-*
7 *ed by section 5(2), is further amended by adding at the*
8 *end the following new subsection:*

9 *“(g) The insurance of an employee under a policy pur-*
10 *chased under section 8709 shall not be invalidated based*
11 *on a finding that the employee erroneously became insured,*
12 *or erroneously continued insurance upon retirement or enti-*
13 *tlement to compensation under subchapter I of chapter 81*
14 *of this title, if such finding occurs after the erroneous insur-*
15 *ance and applicable withholdings have been in force for 2*
16 *years during the employee’s lifetime.”.*

17 **SEC. 6. DIRECT PAYMENT OF INSURANCE CONTRIBUTIONS.**

18 *Chapter 87 of title 5, United States Code, is amend-*
19 *ed—*

20 *(1) in section 8707—*

21 *(A) in subsection (a), by striking “(a) Dur-*
22 *ing” and inserting “(a) Subject to subsection*
23 *(c)(2), during”;*

24 *(B) in subsection (b), by striking “(b)(1)*
25 *Whenever” and inserting “(b)(1) Subject to sub-*
26 *section (c)(2), whenever”; and*

1 (C) in subsection (c), by inserting “(1)” im-
2 mediately after “(c)” and by adding at the end
3 the following new paragraph:

4 “(2) An employee who is subject to withholdings under
5 this section and whose pay, annuity, or compensation is
6 insufficient to cover such withholdings may nevertheless
7 continue insurance if the employee arranges to pay cur-
8 rently into the Employees’ Life Insurance Fund, through
9 the agency or retirement system that administers pay, an-
10 nuity, or compensation, an amount equal to the
11 withholdings that would otherwise be required under this
12 section.”;

13 (2) in section 8714a(d), by adding at the end the
14 following new paragraph:

15 “(3) Notwithstanding paragraph (1), an employee who
16 is subject to withholdings under this subsection and whose
17 pay, annuity, or compensation is insufficient to cover such
18 withholdings may nevertheless continue optional insurance
19 if the employee arranges to pay currently into the Employ-
20 ees’ Life Insurance Fund, through the agency or retirement
21 system which administers pay, annuity, or compensation,
22 an amount equal to the withholdings that would otherwise
23 be required under this subsection.”;

24 (3) in section 8714b(d), by adding at the end the
25 following new paragraph:

1 “(3) Notwithstanding paragraph (1), an employee who
2 is subject to withholdings under this subsection and whose
3 pay, annuity, or compensation is insufficient to cover such
4 withholdings may nevertheless continue additional optional
5 insurance if the employee arranges to pay currently into
6 the Employees’ Life Insurance Fund, through the agency
7 or retirement system which administers pay, annuity, or
8 compensation, an amount equal to the withholdings that
9 would otherwise be required under this subsection.”; and

10 (4) in section 8714c(d), by adding at the end the
11 following new paragraph:

12 “(3) Notwithstanding paragraph (1), an employee who
13 is subject to withholdings under this subsection and whose
14 pay, annuity, or compensation is insufficient to cover such
15 withholdings may nevertheless continue optional life insur-
16 ance on family members if the employee arranges to pay
17 currently into the Employees’ Life Insurance Fund, through
18 the agency or retirement system that administers pay, an-
19 nuity, or compensation, an amount equal to the
20 withholdings that would otherwise be required under this
21 subsection.”.

22 **SEC. 7. ADDITIONAL OPTIONAL LIFE INSURANCE CONTINU-**
23 **ATION AND PORTABILITY.**

24 (a) *IN GENERAL.*—Section 8714b of title 5, United
25 States Code, is amended—

1 (1) *in subsection (c)—*

2 (A) *by striking the last 2 sentences of para-*
3 *graph (2); and*

4 (B) *by adding at the end the following:*

5 “(3) *The amount of additional optional insurance con-*
6 *tinued under paragraph (2) shall be continued, with or*
7 *without reduction, in accordance with the employee’s writ-*
8 *ten election at the time eligibility to continue insurance*
9 *during retirement or receipt of compensation arises, as fol-*
10 *lows:*

11 (A) *The employee may elect to have*
12 *withholdings cease in accordance with subsection (d),*
13 *in which case—*

14 (i) *the amount of additional optional in-*
15 *surance continued under paragraph (2) shall be*
16 *reduced each month by 2 percent effective at the*
17 *beginning of the second calendar month after the*
18 *date the employee becomes 65 years of age and*
19 *is retired or is in receipt of compensation; and*

20 (ii) *the reduction under clause (i) shall*
21 *continue for 50 months at which time the insur-*
22 *ance shall stop.*

23 (B) *The employee may, instead of the option*
24 *under subparagraph (A), elect to have the full cost of*
25 *additional optional insurance continue to be withheld*

1 *from such employee's annuity or compensation on*
2 *and after the date such withholdings would otherwise*
3 *cease pursuant to an election under subparagraph*
4 *(A), in which case the amount of additional optional*
5 *insurance continued under paragraph (2) shall not be*
6 *reduced, subject to paragraph (4).*

7 *“(C) An employee who does not make any elec-*
8 *tion under the preceding provisions of this paragraph*
9 *shall be treated as if such employee had made an elec-*
10 *tion under subparagraph (A).*

11 *“(4) If an employee makes an election under para-*
12 *graph (3)(B), that individual may subsequently cancel such*
13 *election, in which case additional optional insurance shall*
14 *be determined as if the individual had originally made an*
15 *election under paragraph (3)(A).*

16 *“(5)(A) An employee whose additional optional insur-*
17 *ance under this section would otherwise stop in accordance*
18 *with paragraph (1) and who is not eligible to continue in-*
19 *surance under paragraph (2) may elect, under conditions*
20 *prescribed by the Office of Personnel Management, to con-*
21 *tinue all or a portion of so much of the additional optional*
22 *insurance as has been in force for not less than—*

23 *“(i) the 5 years of service immediately preceding*
24 *the date of the event which would cause insurance to*
25 *stop under paragraph (1); or*

1 “(ii) the full period or periods of service during
2 which the insurance was available to the employee, if
3 fewer than 5 years,
4 at group rates established for purposes of this section, in
5 lieu of conversion to an individual policy. The amount of
6 insurance continued under this paragraph shall be reduced
7 by 50 percent effective at the beginning of the second cal-
8 endar month after the date the employee or former employee
9 attains age 70 and shall stop at the beginning of the second
10 calendar month after attainment of age 80, subject to a pro-
11 vision for temporary extension of life insurance coverage
12 and for conversion to an individual policy of life insurance
13 under conditions approved by the Office. Alternatively, in-
14 surance continued under this paragraph may be reduced
15 or stopped at any time the employee or former employee
16 elects.

17 “(B) When an employee or former employee elects to
18 continue additional optional insurance under this para-
19 graph following separation from service or 12 months with-
20 out pay, the insured individual shall submit timely pay-
21 ment of the full cost thereof, plus any amount the Office
22 determines necessary to cover associated administrative ex-
23 penses, in such manner as the Office shall prescribe by regu-
24 lation. Amounts required under this subparagraph shall be
25 deposited, used, and invested as provided under section

1 8714 and shall be reported and accounted for together with
2 amounts withheld under section 8714a(d).

3 “(C)(i) Subject to clause (ii), no election to continue
4 additional optional insurance may be made under this
5 paragraph 3 years after the effective date of this paragraph.

6 “(ii) On and after the date on which an election may
7 not be made under clause (i), all additional optional insur-
8 ance under this paragraph for former employees shall ter-
9 minate, subject to a provision for temporary extension of
10 life insurance coverage and for conversion to an individual
11 policy of life insurance under conditions approved by the
12 Office.”; and

13 (2) in the second sentence of subsection (d)(1) by
14 inserting “if insurance is continued as provided
15 under subsection (c)(3)(A),” after “except that,”.

16 (b) REPORT.—Not later than 3 years after the date
17 of enactment of this Act, the Office of Personnel Manage-
18 ment shall submit a report to Congress on additional op-
19 tional insurance provided under section 8714b(c)(5) of title
20 5, United States Code (as added by subsection (a) of this
21 section). Such report shall include recommendations on
22 whether continuation for such additional optional insur-
23 ance should terminate as provided under such section, be
24 extended, or be made permanent.

1 (c) *TECHNICAL AMENDMENT.*—*The last sentence of sec-*
2 *tion 8714b(d)(1) of title 5, United States Code, is amended*
3 *by inserting “(and any amounts withheld as provided in*
4 *subsection (c)(3)(B))” after “Amounts so withheld”.*

5 **SEC. 8. IMPROVED OPTIONAL LIFE INSURANCE ON FAMILY**
6 **MEMBERS.**

7 (a) *IN GENERAL.*—*Section 8714c(b) of title 5, United*
8 *States Code, is amended to read as follows:*

9 “(b)(1) *The optional life insurance on family members*
10 *provided under this section shall be made available to each*
11 *eligible employee who has elected coverage under this sec-*
12 *tion, under conditions the Office shall prescribe, in mul-*
13 *tiples, at the employee’s election, of 1, 2, 3, 4, or 5 times—*

14 “(A) \$5,000 for a spouse; and

15 “(B) \$2,500 for each child described under sec-

16 *tion 8701(d).*

17 “(2) *An employee may reduce or stop coverage elected*
18 *pursuant to this section at any time.*”.

19 (b) *TECHNICAL AND CONFORMING AMENDMENTS.*—
20 *Section 8714c of title 5, United States Code, is amended—*

21 (1) *in subsection (c)(2), by striking “section*
22 *8714b(c)(2) of this title” and inserting “section*
23 *8714b(c) (2) through (4)”;* and

24 (2) *in subsection (d)(1), by inserting before the*
25 *last sentence the following: “Notwithstanding the pre-*

1 ceding sentence, the full cost shall be continued after
2 the calendar month in which the former employee be-
3 comes 65 years of age if, and for so long as, an elec-
4 tion under this section corresponding to that described
5 in section 8714b(c)(3)(B) remains in effect with re-
6 spect to such former employee.”.

7 **SEC. 9. OPEN SEASON.**

8 *Beginning not later than 180 days after the date of*
9 *enactment of this Act, the Office of Personnel Management*
10 *shall conduct an open enrollment opportunity for purposes*
11 *of chapter 87 of title 5, United States Code, over a period*
12 *of not less than 8 weeks. During this period, an employee*
13 *(as defined under section 8701(a) of such title)—*

14 (1) *may, if the employee previously declined or*
15 *voluntarily terminated any coverage under chapter 87*
16 *of such title, elect to begin, resume, or increase group*
17 *life insurance (and acquire applicable accidental*
18 *death and dismemberment insurance) under all sec-*
19 *tions of such chapter without submitting evidence of*
20 *insurability; and*

21 (2) *may, if currently insured for optional life in-*
22 *surance on family members, elect an amount above*
23 *the minimum insurance on a spouse.*

1 **SEC. 10. MERIT SYSTEM JUDICIAL REVIEW.**

2 (a) *IN GENERAL.*—Section 7703 of title 5, United
3 States Code, is amended—

4 (1) in subsection (b)(1) by striking “within 30
5 days” and inserting “within 60 days”; and

6 (2) in subsection (d) in the first sentence, by in-
7 serting after “filing” the following: “, within 60 days
8 after the date the Director received notice of the final
9 order or decision of the Board,”.

10 (b) *EFFECTIVE DATE.*—The amendments made by this
11 section shall take effect on the date of enactment of this Act,
12 and apply to any suit, action, or other administrative or
13 judicial proceeding pending on such date or commenced on
14 or after such date.

15 **SEC. 11. EFFECTIVE DATES.**

16 (a) *IN GENERAL.*—Except as otherwise provided in
17 this Act, the amendments made by this Act shall take effect
18 on the date of enactment of this Act.

19 (b) *MAXIMUM LIMITATION ON EMPLOYEE INSUR-*
20 *ANCE.*—Section 3 shall take effect on the first day of the
21 first applicable pay period beginning on or after the date
22 of enactment of this Act.

23 (c) *ERRONEOUS COVERAGE.*—Section 5 shall be effec-
24 tive in any case in which a finding of erroneous insurance
25 coverage is made on or after the date of enactment of this
26 Act.

1 (d) *DIRECT PAYMENT OF INSURANCE CONTRIBU-*
2 *TIONS.*—Section 6 shall take effect on the first day of the
3 *first applicable pay period beginning on or after the date*
4 *of enactment of this Act.*

5 (e) *ADDITIONAL OPTIONAL LIFE INSURANCE.*—

6 (1) *IN GENERAL.*—Section 7 shall take effect on
7 *the first day of the first pay period that begins on or*
8 *after the 180th day following the date of enactment of*
9 *this Act, or on any earlier date that the Office of Per-*
10 *sonnel Management may prescribe that is at least 60*
11 *days after the date of enactment of this Act.*

12 (2) *REGULATIONS.*—The Office shall prescribe
13 *regulations under which an employee may elect to*
14 *continue additional optional insurance that remains*
15 *in force on such effective date without subsequent re-*
16 *duction and with the full cost withheld from annuity*
17 *or compensation on and after such effective date if*
18 *that employee—*

19 (A) *separated from service before such effec-*
20 *tive date due to retirement or entitlement to*
21 *compensation under subchapter I of chapter 81*
22 *of title 5, United States Code; and*

23 (B) *continued additional optional insur-*
24 *ance pursuant to section 8714b(c)(2) as in effect*
25 *immediately before such effective date.*

1 (f) *IMPROVED OPTIONAL LIFE INSURANCE ON FAMILY*
2 *MEMBERS.*—*The amendments made by section 8 shall take*
3 *effect on the first day of the first pay period which begins*
4 *on or after the 180th day following the date of enactment*
5 *of this Act or on any earlier date that the Office of Person-*
6 *nel Management may prescribe.*

7 (g) *OPEN SEASON.*—*Any election made by an em-*
8 *ployee under section 9, and applicable withholdings, shall*
9 *be effective on the first day of the first applicable pay period*
10 *that—*

11 (1) *begins on or after the date occurring 365*
12 *days after the first day of the election period author-*
13 *ized under section 9; and*

14 (2) *follows a pay period in which the employee*
15 *was in a pay and duty status.*

Amend the title so as to read: “An Act to provide for the Office of Personnel Management to conduct a study and submit a report to Congress on the provision of certain options for universal life insurance coverage and additional death and dismemberment insurance under chapter 87 of title 5, United States Code, to improve the administration of such chapter, and for other purposes.”.

Attest:

Secretary.

105TH CONGRESS
2^D SESSION

H. R. 2675

AMENDMENTS