

**DECISION**



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*PLMTL*

**THE COMPTROLLER GENERAL  
OF THE UNITED STATES**  
WASHINGTON, D.C. 20548

*15255*

FILE: B-199299 *[Request for]* DATE: October 22, 1980  
MATTER OF: Nina R. Mathews - Refund of Life Insurance  
Premiums

DIGEST: Federal employee who waived life insurance coverage during her first appointment was separated and subsequently reinstated and agency erroneously began withholding life insurance premiums at this time. Employee requested refund 4 years later when she discovered she had not been covered by insurance as waiver had never been canceled. Premiums should be refunded since employee could not have received benefit of insurance. B-151443, May 17, 1963.

By a letter dated June 12, 1980, Mr. H. Larry Jordan, an authorized certifying officer with the National Finance Center, United States Department of Agriculture, requests an advance decision regarding the refund of premiums for Federal Employees' Group Life Insurance which were deducted from the salary of Ms. Nina R. Matthews.

The record shows that when Ms. Mathews was employed by the Federal Government in 1969 she completed a Standard Form 176-T waiving life insurance coverage. She was separated and subsequently reinstated in 1975 to a career appointment. At the time Ms. Matthews was reinstated her personnel document was erroneously coded to indicate life insurance coverage.

Ms. Mathews states that she inquired about the deductions from her salary in 1975 and was informed that she had been covered by life insurance. She apparently decided to allow the coverage to continue and took no further action. In 1979 Ms. Mathews received a promotion which resulted in an increase in the amount of the deduction from her salary for life insurance. She contacted the Personnel Office to have the insurance canceled and was informed that she had never been covered by life insurance since the waiver she signed in 1969 was still in effect.

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At that time Ms. Mathews requested a refund of the premiums which had been deducted from her salary since 1975.

The Certifying Officer asks the following questions regarding a refund of the premiums paid by Ms. Mathews:

"1. Was she insured during the period deductions for life insurance were made from her salary?

"2. Does lack of written evidence indicating timely efforts were made to stop the deductions bar payment of the refund?"

Under the Federal Group Life Insurance Law, 5 U.S.C. §§ 8701-8716, the Office of Personnel Management may issue regulations which prescribe the time at which and the conditions under which an employee is eligible for life insurance. 5 U.S.C. § 8716(b). Paragraph S2-3e of FPM Supplement 870-1 states:

"(1) A properly executed waiver of regular insurance or a declination of optional insurance, once received and made effective, remains in effect until canceled even though the employee may transfer to another agency or be reappointed after a break in service.

"(2) When hiring an employee who has previously worked for the Federal or District of Columbia Government \* \* \* If the employee has an uncanceled waiver of regular insurance outstanding, he or she cannot be insured until the waiver is canceled.\* \* \* (emphasis added).

Under the above-quoted regulation a waiver of life insurance coverage is effective until proper procedures for its cancellation are followed.

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In B-151443, May 27, 1963, we permitted the refund of insurance premiums which were erroneously withheld from the salary of an employee who earlier had executed a waiver of insurance coverage. In that case we stated:

"Since a waiver of life insurance is effective until the proper procedures for its cancellation \* \* \* are followed and since [the employee] has never complied with the requirements for such cancellation, he was not covered by the Federal Employees' Group Life Insurance and should not have had deductions made from his compensation."

Since Ms. Mathews never canceled the waiver of life insurance executed in 1969, she was not covered by Federal Employees' Group Life Insurance during the time premiums were deducted from her salary and could not have received any benefits. The premiums should not have been deducted from her salary and may be refunded, if otherwise proper. Question 1 is answered accordingly.

In answer to question 2, since the claimant was not covered by life insurance she is entitled to reimbursement of the premiums paid in view of the fact that the claim is not barred by 31 U.S.C. § 71.



For the Comptroller General  
of the United States