

# Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

## OFFICE OF PERSONNEL MANAGEMENT

### 5 CFR Part 870

RIN: 3206-AJ46

### Federal Employees' Group Life Insurance Program: Removal of Premiums and Age Bands From Regulations

**AGENCY:** Office of Personnel Management.

**ACTION:** Proposed rule.

**SUMMARY:** The Office of Personnel Management (OPM) is issuing proposed regulations to remove the premium rates and age bands under the Federal Employees' Group Life Insurance (FGLI) Program from regulation. The information will be maintained on the FGLI Web site at <http://www.opm.gov/insure/life>. Future rate and age band changes will be announced in the **Federal Register**.

**DATES:** Submit comments on or before June 9, 2003.

**ADDRESSES:** Send written comments to Abby L. Block, Special Advisor for Employee and Family Support, Strategic Human Resources Policy Division, Office of Personnel Management, Washington, DC 20415-3666; or deliver to OPM, Room 3425, 1900 E Street NW., Washington, DC; or FAX to (202) 606-0633.

**FOR FURTHER INFORMATION CONTACT:** Karen Leibach, (202) 606-0004.

**SUPPLEMENTARY INFORMATION:** OPM is removing the premiums and age bands from the regulations to streamline the process used by OPM to adjust premium rates based on mortality and claims experiences, and actuarial determinations. The premiums in the FGLI Program represent actuarial estimates of premium income necessary to pay future expected benefits costs. The rates for all coverage categories are specific to the experience of the FGLI group and are not based on mortality rates within the general population. Actuarial analysis of changing mortality

rates and Program changes, if any, make periodic premium adjustments necessary. OPM needs a simplified process to ensure that premium income can pay the future expected benefit costs in the FGLI Program.

When OPM determines rate changes are needed, we will announce them in a public notice in the **Federal Register**. We also will issue guidance to all agencies for the purpose of counseling employees and we will notify affected annuitants directly. We will update the FGLI Program Booklet when necessary to reflect changes and maintain the Booklet and premium rates on the FGLI Web site [www.opm.gov/insure/life](http://www.opm.gov/insure/life).

Although members of the public will no longer have the opportunity to comment on changes through the formal regulatory process, they can continue as always to comment through emails and letters to OPM. Almost all the comments we receive regarding premium and age band changes are in response to these types of notification, rather than formal responses to regulations. We will accept and reply to comments from members of the public as always. Publishing these changes in the **Federal Register** will allow OPM to implement them in a more timely and efficient manner.

### Regulatory Flexibility Act

I certify that this regulation will not have a significant economic impact on a substantial number of small entities, because the regulation only affects life insurance benefits of Federal employees and retirees.

### Executive Order 12866, Regulatory Review

This rule has been reviewed by the Office of Management and Budget in accordance with Executive Order 12866.

### List of Subjects in 5 CFR Part 870

Administrative practice and procedure, Government employees, Hostages, Iraq, Kuwait, Lebanon, Life insurance, Retirement.

U.S. Office of Personnel Management.

**Kay Coles James,**

*Director.*

Accordingly, OPM is proposing to amend 5 CFR part 870 as follows:

## PART 870—FEDERAL EMPLOYEES' GROUP LIFE INSURANCE PROGRAM

1. The authority citation for part 870 is revised to read as follows:

**Authority:** 5 U.S.C. 8716; subpart J also issued under sec. 599C, Pub. L. 101-513, 104 Stat. 2064, as amended; § 870.302(a)(3)(ii) also issued under sec. 153, Pub. L. 104-134, 110 Stat. 1321; § 870.302(a)(3) also issued under sections 11202(f), 11232(e), and 11246(b) and (c) of Pub. L. 105-33, 111 Stat. 251 and section 7(e), Pub. L. 105-274, 112 Stat. 2419.

### Subpart D—Cost of Insurance

2. In § 870.401, paragraphs (a), (b)(1), and (d) are revised to read as follows:

#### § 870.401 Withholdings and contributions for Basic insurance.

(a)(1) The cost of Basic insurance is shared between the insured individual and the Government. The employee pays two thirds of the cost, and the Government pays one-third.

(2) When OPM makes any adjustment to the Basic life insurance premium, we will issue a public notice in the **Federal Register**.

(b)(1) During each pay period in which an insured employee is in pay status for any part of the period, the employee's share of the premium must be withheld from the employee's biweekly pay. The amount withheld from the pay of an employee who is paid on other than a biweekly basis must be prorated and adjusted to the nearest one-tenth of one cent.

(d)(1) For an annuitant or compensationoner who elects to continue Basic insurance and chooses the maximum reduction of 75 percent after age 65, under § 870.702(a)(2), the annuitant's share of the premium is withheld monthly and the compensationoner's share is withheld every four weeks. These withholdings stop the month after the month in which the annuitant or compensationoner reaches age 65. There are no withholdings from individuals who retired or began receiving compensation before January 1, 1990, and who elected the 75 percent reduction. For the purpose of this paragraph, an individual who separates from service after meeting the requirements for an immediate annuity under 5 U.S.C. 8412 (g) is considered to retire on the day before the annuity begins.