

ISSUES

The issues are: (1) whether appellant received an overpayment of compensation in the amount of \$34,081.14 for the period October 9, 2010 through April 22, 2023, for which she was without fault, because OWCP failed to properly deduct life insurance premiums from her FECA wage-loss compensation; (2) whether OWCP properly denied waiver of recovery of the overpayment; and (3) whether OWCP properly required recovery of the overpayment by deducting \$1,551.52 from appellant's continuing compensation payments, every 28 days.

FACTUAL HISTORY

On February 6, 2007 appellant, then a 49-year-old department manager, filed a traumatic injury claim (Form CA-1) alleging that on that date she injured her right arm, neck, back, and shoulder when a box of paper fell from a cabinet onto her right shoulder while in the performance of duty. OWCP accepted the claim for contusions of the face, scalp, neck, and back, and sprains of the right shoulder, upper arm, and neck. It subsequently expanded the acceptance of the claim to include cervical disc herniation at C4-5 and C5-6, lumbar disc herniation at L4-5, aggravation of preexisting lumbar spondylosis, and single episode of major depression. OWCP paid appellant wage-loss compensation on the supplemental rolls beginning March 8, 2009, and on the periodic rolls beginning September 27, 2009. Appellant retired on disability, effective October 9, 2010.⁴

On April 25, 2023, OPM informed OWCP that, as a compensation, appellant was eligible to continue her life insurance coverage under the Federal Employees' Group Life Insurance (FEGLI) program. The final base salary on which life insurance coverage was based was \$93,466.00. It requested that OWCP deduct premiums for the following life insurance elections: BLI at no reduction effective October 9, 2010 (No BLI after age 65 just postretirement basic life insurance (PRBLI)); and Option B (Additional Optional Insurance) at 3X with no reduction. OPM requested that OWCP collect for any underpaid premiums for Option B 3X effective February 1, 2023 (1st of the month after age 65).

On a completed Continuation of Life Insurance Coverage As an Annuitant or Compensation form (Standard Form (SF) 2818), signed on January 14, 2010, appellant elected the following life insurance coverages: BLI at no reduction; and Option B at 3X with no reduction.

Effective April 25, 2023, OWCP adjusted appellant's wage-loss compensation to deduct for life insurance premiums per the information provided by OPM.

In a preliminary overpayment determination dated July 21, 2023, OWCP notified appellant of its preliminary finding that she had received an overpayment of compensation in the amount of \$34,081.14 for the period October 9, 2010 through April 22, 2023, because premiums for life insurance had not been properly deducted from her compensation payments. It found that it had used a base salary of \$89,092.00 for deductions for BLI and OLI premiums from October 9, 2010 through April 22, 2023 instead of the proper base salary of \$93,466.00. OWCP noted that it further failed to deduct life insurance premiums at no reduction for the period October 9, 2010 through

⁴ Appellant elected FECA wage-loss compensation in lieu of Office of Personnel Management (OPM) retirement benefits. By decision dated March 1, 2023, OWCP suspended appellant's wage-loss compensation, effective that date, for failure to submit a completed financial disclosure statement (Form EN-1032). It reinstated her wage-loss compensation effective March 27, 2023.

April 22, 2023. In an attached memorandum it provided a detailed explanation of its calculations. OWCP determined that appellant was without fault in the creation of the overpayment. It requested that she complete an overpayment recovery questionnaire (Form OWCP-20) and submit supporting financial documentation including copies of income tax returns, bank account statements, bills, cancelled checks, pay slips, and other records that support income and expenses. Additionally, OWCP provided an overpayment action request form and notified appellant that, within 30 days, she could request a final decision based on the written evidence, or a prerecoupment hearing.

On July 26, 2023, appellant requested a prerecoupment hearing. She disagreed with the fact and amount of the overpayment and requested waiver of recovery of the overpayment. Appellant did not submit a completed Form OWCP-20 or otherwise provide financial information.

A prerecoupment hearing was held on November 8, 2023.

By decision dated January 19, 2024, OWCP's hearing representative finalized the July 21, 2023 preliminary overpayment determination, finding that appellant received an overpayment of compensation in the amount of \$34,081.14 for the period October 9, 2010 through April 22, 2023, because it failed to properly deduct life insurance premiums from her FECA wage-loss compensation. She found appellant without fault in the creation of the overpayment, but denied waiver of recovery of the overpayment. The hearing representative required recovery of the overpayment by deducting \$1,551.52 from appellant's continuing compensation payments, every 28 days

LEGAL PRECEDENT -- ISSUE 1

FECA provides that the United States shall pay compensation for the disability or death of an employee resulting from personal injury sustained while in the performance of duty.⁵ When an overpayment has been made to an individual because of an error of fact or law, adjustment shall be made under regulations prescribed by the Secretary of Labor by decreasing later payments to which the individual is entitled.⁶

When an underwithholding of life insurance premiums occurs, the entire amount is deemed an overpayment of compensation because OWCP must pay the full premium to OPM upon discovery of the error.⁷

ANALYSIS -- ISSUE 1

The Board finds that appellant received an overpayment of compensation in the amount of \$34,081.14 for the period October 9, 2010 through April 22, 2023, for which she was without fault, because OWCP failed to properly deduct life insurance premiums from her FECA wage-loss compensation.

⁵ 5 U.S.C. § 8102(a).

⁶ 20 C.F.R. §§ 10.434-10.437; *J.L.*, Docket No. 18-0212 (issued June 8, 2018).

⁷ 5 U.S.C. § 8707(d); *see also A.V.*, Docket No. 21-0887 (issued May 12, 2022); *J.H.*, Docket No. 20-0281 (issued May 18, 2021).

On April 25, 2023, OPM informed OWCP that, as a compensation, appellant was eligible to continue her life insurance coverage under the FEGLI program. The final base salary on which life insurance coverage was based was \$93,466.00. It requested that OWCP deduct premiums for the following life insurance elections: BLI at no reduction effective October 9, 2010 (No BLI after age 65 just PRBLI; and Option B at 3X with no reduction. OPM requested that OWCP collect for any underpaid premiums for Option B 3X effective February 1, 2023 (1st of the month after age 65). Appellant's SF 2818, signed on January 14, 2010, documented appellant's elected life insurance coverages: BLI at no reduction; and Option B at 3X with no reduction. The case record thus establishes that the appropriate deductions were not made for appellant's life insurance premiums for the period October 9, 2010 through April 22, 2023. The Board thus finds that an overpayment of compensation was created for this period.⁸

With regard to the amount of the overpayment, OWCP explained its calculation that appellant received a total of \$34,081.14 to which she was not entitled, because it failed to properly deduct life insurance premiums from her FECA wage-loss compensation payments. The Board has reviewed OWCP's calculations and finds that it properly determined that appellant received an overpayment of compensation in the amount of \$34,081.14 for the period October 9, 2010 through April 22, 2023.⁹

LEGAL PRECEDENT -- ISSUE 2

Section 8129 of FECA provides that an individual who is without fault in creating or accepting an overpayment is still subject to recovery of the overpayment unless adjustment or recovery would defeat the purpose of FECA or would be against equity and good conscience.¹⁰

Recovery of an overpayment will defeat the purpose of FECA if such recovery would cause hardship to a currently or formerly entitled beneficiary, because the beneficiary from whom OWCP seeks recovery needs substantially all of his or her current income, including compensation benefits, to meet current ordinary and necessary living expenses, and the beneficiary's assets do not exceed a specified amount as determined by OWCP.¹¹ An individual is deemed to meet current ordinary and necessary living expenses if monthly income does not exceed monthly expenses by more than \$50.00.¹²

⁸ *Supra* note 6. See also *J.K.*, Docket No. 24-0784 (issued January 30, 2026); *S.C.*, Docket No. 22-0809 (issued August 22, 2025).

⁹ 5 U.S.C. § 8102; *J.H.*, *supra* note 7; see *C.R.*, Docket No. 24-0400 (issued January 29, 2026); *I.J.*, Docket No. 19-1672 (issued March 10, 2020); *D.H.*, Docket No. 19-0384 (issued August 12, 2019); *R.W.*, Docket No. 19-0451 (issued August 7, 2019).

¹⁰ 5 U.S.C. § 8129; 20 C.F.R. §§ 10.433, 10.434, 10.436, and 10.437; see *A.S.*, Docket No. 17-0606 (issued December 21, 2017).

¹¹ 20 C.F.R. § 10.436(a)-(b). For an individual with no eligible dependents the asset base is \$6,200.00. The base increases to \$10,300.00 for an individual with a spouse or one dependent, plus \$1,200.00 for each additional dependent. Federal (FECA) Procedure Manual, Part 6 -- Debt Management, *Final Overpayment Determinations*, Chapter 6.400.4a(2) (September 2020).

¹² *Id.* at Chapter 6.400.4.a(3); see also *N.J.*, Docket No. 19-1170 (issued January 10, 2020); *M.A.*, Docket No. 18-1666 (issued April 26, 2019).

Additionally, recovery of an overpayment is considered to be against equity and good conscience when an individual who received an overpayment would experience severe financial hardship in attempting to repay the debt or when an individual, in reliance on such payment or on notice that such payments would be made, gives up a valuable right or changes his or her position for the worse.¹³

OWCP's regulations provide that the individual who received the overpayment is responsible for providing information about income, expenses, and assets as specified by OWCP. This information is needed to determine whether recovery of an overpayment would defeat the purpose of FECA or be against equity and good conscience. The information is also used to determine the repayment schedule, if necessary.¹⁴

ANALYSIS -- ISSUE 2

The Board finds that OWCP properly denied waiver of recovery of the overpayment.

As OWCP found appellant without fault in the creation of the overpayment, waiver must be considered, and repayment is still required unless adjustment or recovery of the overpayment would defeat the purpose of FECA or be against equity and good conscience.¹⁵

In its preliminary overpayment determination dated July 21, 2023, OWCP explained the importance of providing the completed overpayment recovery questionnaire and supporting financial documentation, including copies of income tax returns, bank account statements, bills, pay slips, and any other records to support appellant's reported income and expenses. It advised her that it would deny waiver of recovery if she failed to furnish the requested financial information within 30 days. Appellant, however, did not submit any financial documentation necessary for OWCP to determine if recovery of the overpayment would defeat the purpose of FECA or if recovery would be against equity and good conscience.¹⁶ The evidence of record is, therefore, insufficient to establish that recovery of the overpayment would defeat the purpose of FECA or be against equity and good conscience.¹⁷

Consequently, as appellant did not submit the information required under 20 C.F.R. § 10.438 of OWCP's regulations, OWCP properly denied waiver of recovery of the overpayment.¹⁸

¹³ 20 C.F.R. § 10.437(a)(b).

¹⁴ *Id.* at § 10.438(a).

¹⁵ *Supra* note 10.

¹⁶ *Id.*

¹⁷ *K.N.*, Docket No. 22-1364 (issued October 18, 2023); *T.W.*, Docket No. 21-0130 (issued October 22, 2021).

¹⁸ *See K.N., id.; T.E.*, Docket No. 19-0348 (issued December 11, 2019).

LEGAL PRECEDENT -- ISSUE 3

The Board's jurisdiction over recovery of an overpayment is limited to reviewing those cases where OWCP seeks recovery from continuing compensation under FECA.¹⁹

Section 10.411 of OWCP's regulations provides in pertinent part:

"When an overpayment has been made to an individual who is entitled to further payments, the individual shall refund to OWCP the amount of the overpayment as soon as the error is discovered or his or her attention is called to same. If no refund is made, OWCP shall decrease later payments of compensation, taking into account the probable extent of future payments, the rate of compensation, the financial circumstances of the individual, and any other relevant factors, so as to minimize any hardship."²⁰

ANALYSIS -- ISSUE 3

The Board finds that OWCP properly required recovery of the overpayment by deducting \$1,551.52 from appellant's continuing compensation payments every 28 days.

OWCP provided appellant a Form OWCP-20 with its July 21, 2023 preliminary determination. It afforded her the opportunity to provide appropriate financial information and documentation to OWCP.²¹ Appellant, however, did not complete the Form OWCP-20 or otherwise provide the necessary financial information to determine a proper recovery method. The overpaid individual is responsible for providing information about income, expenses, and assets as specified by OWCP. When an individual fails to provide requested financial information, OWCP should follow minimum collection guidelines designed to collect the debt promptly and in full.²² OWCP's procedures provide that, in these instances, OWCP should set the rate of recovery at 25 percent of the 28-day net compensation amount until the balance of the overpayment is paid in full.²³ As appellant did not submit the required financial information to OWCP, the Board finds that OWCP properly required recovery of the \$34,081.14 overpayment by deducting \$1,551.52 from her continuing compensation payments, every 28 days.

CONCLUSION

The Board finds that appellant received an overpayment of compensation in the amount of \$34,081.14 for the period October 9, 2010 through April 22, 2023, for which she was without fault, because OWCP failed to properly deduct life insurance premiums from her FECA wage-loss compensation payments. The Board further finds that OWCP properly denied waiver of recovery

¹⁹ 20 C.F.R. § 10.441; *see M.S.*, Docket No. 21-0815 (issued January 11, 2024); *M.P.*, Docket No. 18-0902 (issued October 16, 2018).

²⁰ *Id.* at § 10.441(a).

²¹ 20 C.F.R. § 10.438.

²² *D.C.*, Docket No. 23-0354 (issued January 12, 2024); *A.S.*, Docket No. 19-0171 (issued June 12, 2019); *Frederick Arters*, 53 ECAB 397 (2002); *supra* note 11 at Chapter 6.400.3 (September 2020).

²³ *Supra* note 11 at Chapter 6.500.8c(1).

of the overpayment and properly required recovery of the overpayment by deducting \$1,551.52 from appellant's continuing compensation payments, every 28 days.

ORDER

IT IS HEREBY ORDERED THAT the January 19, 2024 decision of the Office of Workers' Compensation Programs is affirmed.

Issued: April 2, 2026
Washington, DC

Alec J. Koromilas, Chief Judge
Employees' Compensation Appeals Board

Patricia H. Fitzgerald, Deputy Chief Judge
Employees' Compensation Appeals Board

Valerie D. Evans-Harrell, Alternate Judge
Employees' Compensation Appeals Board