

**2131.205-43**

**2131.205-43 Trade, business, technical and professional activity costs.**

(a) FEGLI Program contractors shall seek the advance written approval of the contracting officer for allowability of all or part of the costs associated with trade, business, technical, and professional activities when the allocable costs of such participation to the FEGLI Program will exceed \$2,500 annually and the contractor allocates more than 50 percent of the membership cost of a trade, business, technical, or professional organization to the FEGLI Program.

(b) When approval of costs for membership in an organization is required, the contractor must demonstrate conclusively that membership in such an organization and participation in its activities extend beyond the contractual relationship with OPM, have a reasonable relationship to providing services to FEGLI Program insureds, and that the organization is not engaged in activities such as those cited in FAR 31.205-22 (lobbying costs) for which costs are not allowable.

**2131.205-70 Major subcontractor service charge.**

In a subcontract for enrollment and eligibility determinations, administration of claims and payment of benefits and any other subcontract for which prior approval is necessary, when costs are determined on the basis of actual costs incurred, any amount that exceeds the allowable cost of a major subcontract (whether entitled service charge, incentive fee, profit, fee, surplus, or any other title) is not allowable under the contract. Amounts which exceed allowable costs may be paid to a major subcontractor only from the risk charge or service charge negotiated between OPM and the contractor.

**2131.205-71 Reinsurer administrative expense costs.**

A charge of \$500 per policy year per reinsurer of the FEGLI Program as set forth in the contract is an allowable cost when documented through an internal accounting entry of the contractor and actually paid. This amount is deemed to be sufficient to reimburse reinsurers for the minor administrative

**48 CFR Ch. 21 (10-1-02 Edition)**

expenses incurred in reinsuring the FEGLI Program.

**2131.270 Contract clauses.**

The clause at 2152.231-70 shall be inserted in all FEGLI Program contracts.

**PART 2132—CONTRACT FINANCING**

**Subpart 2132.1—General**

Sec.

2132.170 Recurring premium payments to contractors.

2132.171 Contract clause.

**Subpart 2132.6—Contract Debts**

2132.607 Tax credit.

2132.617 Contract clause.

**Subpart 2132.7—Contract Funding**

2132.770 Insurance premium payments and special contingency reserve.

2132.771 Non-commingling of FEGLI Program funds.

2132.772 Contract clause.

**Subpart 2132.8—Assignment of Claims**

2132.806 Contract clause.

AUTHORITY: 5 U.S.C. 8716; 40 U.S.C. 486(c); 48 CFR 1.301.

SOURCE: 58 FR 40379, July 28, 1993, unless otherwise noted.

**Subpart 2132.1—General**

**2132.170 Recurring premium payments to contractors.**

OPM and the contractor will concur on an estimate of benefits and administrative costs plus the fixed service or risk charge for the forthcoming contract year, as specified in the contract. The annual premium to the contractor will be determined based on this estimate. The premium will be determined annually and will be provided to the contractor in 12 equal monthly installments due on the first day of each month. Following the close of the contract year, a reconciliation of premiums, benefits, and other costs will be performed as a limited cost redetermination.