

# **Subpart 2110.70 - Contract Specifications**

**Parent topic:** [PART 2110 - SPECIFICATIONS, STANDARDS, AND OTHER PURCHASE DESCRIPTIONS](#)

## **2110.7000 Scope of subpart.**

This subpart prescribes mandatory specifications for performance under FEGLI Program contracts.

## **2110.7001 Definitions.**

*Investment income*, as used in this subpart, means the net amount on an investment of FEGLI Program funds earned by the contractor after deducting reasonable, necessary, and properly allocated investment expenses.

*Significant event*, as used in this subpart, means any occurrence or anticipated occurrence that might reasonably be expected to have a material effect upon the contractor's ability to meet its obligations under the LIFAR.

## **2110.7002 Contractor investment of FEGLI Program funds.**

(a) The Contractor is required to invest and reinvest all FEGLI Program funds on hand, including any attributable to the special contingency reserve (as used in 5 U.S.C. 8712), until needed to discharge promptly the obligations incurred under the contract. Within the constraints of safety and liquidity of investments, the Contractor must seek to maximize investment income. However, the Contractor will not be responsible for any actions taken at the direction of OPM.

(b) The Contractor is required to credit income earned from its investment of FEGLI Program funds to the FEGLI Program. Thus, the Contractor must be able to allocate investment income to the FEGLI Program in an appropriate manner. If the Contractor fails to invest funds on hand, properly allocate investment income, or credit any income due to the contract, for whatever reason, it must return or credit any investment income lost to OPM or the FEGLI Program, retroactive to the date that such funds should have been originally invested, allocated, or credited in accordance with the clause at 2152.210-70 of this chapter.

## **2110.7003 Significant events.**

The contractor is required to inform the contracting officer of all significant events.

## **2110.7004 Contract clauses.**

(a) The clause at 2152.210-70 shall be inserted in all FEGLI Program contracts.

(b) The clause at 2152.210-71 shall be inserted in all FEGLI Program contracts.