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(e) An annuitant or compensationer is not eligible to cancel a declination under this section.

(f)(1) A previous declination is automatically canceled at time of reinstatement on or after April 1, 1981, if an employee has been separated from service for at least 180 days. If no new declination is filed, standard optional insurance coverage is effective on the date the employee actually enters on duty in a pay status in a position wherein he/she is not excluded from insurance by law or regulation, provided that the employee has filed an affirmative election of standard optional insurance on the form entitled Life Insurance Election. An employee whose declination is so canceled and who does not file the form with his/her employing office within 31 days after reinstatement shall be deemed to have declined standard optional insurance, except that an employee who fails to file the form during that period due to cause beyond his/her control shall be allowed to enroll belatedly under the conditions prescribed under §871.202(b).

(2) An employee who returned to Federal service between April 1, 1981, and December 8, 1983, after a 180-day break in service may elect standard optional insurance upon application to his or her employing office before March 7, 1984.

(g)(1) An open enrollment period will be held from March 29 through April 30, 1993, during which time employees otherwise eligible for coverage may cancel their existing declinations of coverage by affirmatively electing to be insured on a form designated by OPM.

(2) An employing office may make a determination, within 6 months after the March 29 through April 30, 1993 open enrollment period, that an employee was unable, for cause beyond his or her control, to cancel his or her then existing declination of coverage by affirmatively electing to be insured during the 1993 open enrollment period. The employee shall be permitted to submit an affirmative election of coverage within 31 days after he or she is advised of that determination. Standard optional insurance coverage in that case is retroactive to the first pay period beginning on or after May 30, 1993, which immediately follows a pay period during which the employee was in a pay and duty status for a sufficient length of time, as specified in §871.203(c) to acquire coverage. Failure on the part of the employee to file an election within the 31 days prescribed in this paragraph shall be deemed a declination of standard optional insurance.

[49 FR 3039, Jan. 25, 1984, as amended at 50 FR 26689, June 28, 1985; 51 FR 21497, June 13, 1986; 58 FR 11954, Mar. 2, 1993]

Subpart C—Amount of Insurance

§871.301 Amount of employee's insurance.

The amount of an employee's standard optional insurance is $10,000, except that an employee whose annual rate of pay (as defined in §870.302 of this chapter) exceeds the sum of (a) the annual rate of basic pay payable for positions at level II of the Executive Schedule under section 5313 of title 5, United States Code, plus (b) $10,000, may elect standard optional insurance in an amount which, when added to his/her basic insurance amount, does not exceed his/her annual rate of pay, rounded, if not an even thousand, to the next higher $1,000.

Subpart D—Withholdings

§871.401 Withholdings.

(a) During any period in any part of which an insured employee is in a pay status the employing agency shall withhold the full cost of his/her standard optional insurance from his/her pay.

(b)(1) Subject to the provisions of §871.604, the full cost of standard optional insurance shall be withheld from the annuity of an annuitant or from the compensation of a compensationer, except that there is no withholding for an annuitant or compensationer for coverage after the end of the calendar month in which he/she becomes 65 years of age.

(2) Withholdings are not required for the period between the end of the pay period in which an individual separates from service and the beginning of the annuity or compensation payments, if later.

(c) The biweekly full cost per $10,000 of standard optional insurance until determined by OPM on the basis of experience to be otherwise, is—

For persons under age 35	$0.40
For persons ages 35 through 39	0.50
For persons ages 40 through 44	0.70
For persons ages 45 through 49	1.10
For persons ages 50 through 54	1.80
For persons ages 55 through 59	3.00
For persons age 60 or over	7.00

The amount withheld from pay, annuity, or compensation paid on other than a biweekly period shall be determined at a proportionate rate, adjusted to the nearest cent.

(d) For the purposes of this section, a person is deemed to attain 35, 40, 45, 50, 55, or 60 years of age on the first day of his/her pay period beginning on or after January 1 of the year following the one in which his/her corresponding birthday occurs.

(e) The amount withheld from the pay of an insured person whose annual pay is paid during a period shorter than 52 workweeks is the sum obtained by converting the biweekly rate for his/her age group to an annual rate and prorating the annual rate over the number of installments of pay regularly paid during the year.

(f) Notwithstanding the preceding paragraphs of this section, the United States Postal Service contributes the full cost of standard optional insurance, that is, the amount otherwise to be withheld under the preceding paragraphs of this section, for each period in which a member of the Postal Career Executive Service is insured.

(g) When an agency withholds less than or none of the proper cost of optional life insurance from an individual's pay, annuity, or compensation, the agency must submit an amount equal to the uncollected deductions required under section 8714a of title 5, United States Code, to OPM for deposit to the Employees' Life Insurance Fund.

(h) The deposit to OPM as described in paragraph (g) of this section must be made as soon as possible but no later than 60 calendar days after the date the employing office determines the amount of the underdeduction that has occurred, regardless of whether or when the underdeduction is recovered by the agency. A subsequent agency determination whether to waive collection of an overpayment of pay shall be made in accordance with 5 U.S.C. 5584 as implemented by 4 CFR chapter I, subchapter G, unless the agency involved is excluded from application of 5 U.S.C. 5584, in which case any applicable authority to waive the collection may be used.

(i) *Direct premium payments under 5 U.S.C. chapter 84.* (1) If the annuity received under 5 U.S.C. chapter 84 (Federal Employees' Retirement System), excluding subchapter III of chapter 84 (Thrift Savings Plan), is too low to cover the standard optional insurance premium, the retirement system will notify the annuitant of the opportunity to pay the premium directly to the retirement system.

(2) The retirement system shall establish a method for accepting direct payment for standard optional premiums from annuitants retiring under 5 U.S.C. chapter 84 whose annuities are too low to cover their premiums. The retirement system will provide the annuitant with a premium payment schedule and statement of the requirements for continued enrollment. The annuitant must continue to make direct payment of the premium even if the annuity increases to the extent that it covers the premium.

(3) The annuitant must remit to the retirement system the premium for standard optional insurance for every pay period during which the coverage continues, exclusive of the 31-day temporary extension of coverage for conversion provided in §871.501. Payment must be made after the pay period in which the individual is covered in accordance with a schedule established by the retirement system. If the retirement system does not receive payment by the date due, the retirement system will notify the annuitant by certified mail return receipt requested that continuation of coverage rests upon payment being made within 15 days after receipt of the notice. The standard optional insurance coverage of an annuitant who fails to remit payment within the specified time frame will be terminated. An individual whose coverage is terminated because of nonpayment of premium may not re-elect or reinstate coverage, except as provided in paragraph (i)(4).

(4) If the individual was prevented by circumstances beyond his or her control from making payment within 15 days after receipt of the notice, he or she may request reinstatement of coverage by writing to the retirement system. Such a request must be filed within 30 calendar days from the date of termination and must be accompanied by verification that the individual was prevented by circumstances beyond his or her control from paying within the time limit. The retirement system will determine if the individual is eligible for reinstatement of coverage; and, when the determination is affirmative, the individual's coverage may be reinstated retroactively to the date of termination. If the determination is negative, the individual may request a review of the decision from OPM.

(5) Termination of enrollment for failure to pay premiums within the time frame established in accordance with subparagraph (i)(3) of this section is retroactive to the end of the last pay period for which payment has been timely received.

(6) The retirement system will submit all direct premium payments along with its regular life insurance premiums to OPM in accordance with procedures established by that Office.

[49 FR 3039, Jan. 24, 1984, as amended at 49 FR 19287, May 7, 1984; 51 FR 25849, July 17, 1986; 51 FR 43337, Dec. 2, 1986; 52 FR 3398, Feb. 4, 1987; 52 FR 39494, Oct. 22, 1987, and 53 FR 32368, Aug. 25, 1988; 58 FR 11954, Mar. 2, 1993]

Subpart E—Termination and Conversion

§ 871.501 Termination and conversion of insurance.

(a) The standard optional insurance of an insured person stops when his/her basic insurance stops as provided in § 870.501 of this chapter, subject to a 31-day extension of standard optional life insurance coverage, except when the basic insurance stops due to a full Living Benefits election, in which case the standard optional insurance will continue unless voluntarily cancelled by the insured.

(b) If, because of a declination or waiver, an insured person has not had the standard optional insurance during either:

(1) The full period(s) of service during which it was available to him/her; or

(2) The five years of service immediately preceding the date on which that coverage stops (for annuitants) or the date of entitlement to compensation (for compensationers), the standard optional insurance stops, subject to a 31-day extension of standard optional life insurance coverage, on the date that his/her basic life insurance is continued or reinstated under the provisions of § 870.601 (during retirement) or § 870.701 (during receipt of compensation) of this chapter.

(c) If, at the time of an individual's election under § 870.601(b) or § 870.701(b) of this chapter (for basic life insurance during receipt of annuity or compensation), he/she elects no basic life insurance (as provided under §§ 870.601(c)(1) or 870.701(c)(1) of this chapter), the standard optional insurance stops at the end of the month in which the election is received in OPM, subject to a 31-day extension of coverage.

(d) Except as provided in § 871.401(i), the standard optional insurance of an insured person who remains in a pay status stops, subject to a 31-day extension of coverage, at the end of the pay period in which it is determined that his/her periodic pay, compensation, or annuity after all other deductions, is insufficient to cover the full cost of the standard optional insurance.

(e)(1) After termination of group coverage for any reason other than voluntary cancellation, an employee may, upon application and without medical examination, convert all or any part of his/her standard optional insurance to an individual policy. The rates of the individual policy are the rates applicable to the employee's attained age and class of risk. An employee is eligible to convert the policy only if he/she does not return, within 3 calendar days from the terminating event, to a position allowing coverage under the group plan.

(2) The employing agency must notify the employee of the loss of coverage and the right to convert to an individual policy either prior to or immediately following the event causing the loss of coverage.

(3) The employee's request for conversion information must be submitted to the Office of Federal Employees'