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be financially responsible for the cost of the medical examination.

(d)(1) If the application is approved, OFEGLI will send the insured a check for the Living Benefit payment and an explanation of benefits. In addition, once the payment has been cashed or deposited, OFEGLI will send explanations of benefits to the insured's employing office and payroll office so that they will change basic insurance withholdings and contributions in accordance with § 870.1106.

(2) If the application is not approved, OFEGLI will notify the insured individual and the employing office. The decision will not be subject to administrative review. However, the insured individual may reapply at a later date if future circumstances warrant.

PART 871—STANDARD OPTIONAL LIFE INSURANCE

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AUTHORITY: 5 U.S.C. 8716; § 871.201(b) also issued under sec. 153 of Pub. L. 104–134, 110 Stat. 1321.

SOURCE: 49 FR 3039, Jan. 25, 1984, unless otherwise noted.

Subpart A—Administration and General Provisions

§ 871.101 Actions on the policy.

Optional life and accidental death and dismemberment benefits (referred to in this part as ''standard optional insurance'') shall be payable in accordance with an amendment to the policy purchased by OPM from the Metropolitan Life Insurance Co., 1 Madison Avenue, New York, N.Y. 10010, pursuant to section 8709 of title 5, United States Code, to provide group insurance coverage (referred to in this part as ''basic insurance''). Actions at law or in equity to recover on the policy, in which there is not alleged any breach of any obligations undertaken by the United States, shall be brought against the insurance company.

§ 871.102 Payment of benefits; designations of beneficiary.

Standard optional insurance in force on a person at the date of his/her death shall be paid, on receipt of a valid claim, in the same order of precedence and under the same conditions as are applicable to basic insurance. A designation of beneficiary for basic insurance is also a designation of beneficiary for standard optional insurance unless the insured person specifies otherwise in his/her designation.

§ 871.103 Correction of errors; initial decision and reconsideration.

The rules and procedures under §§ 870.102 and 870.103 are applicable in this part, subject to the provisions of § 871.401(g).

[59 FR 66437, Dec. 27, 1994]

§ 871.104 Definitions.

The terms defined under § 870.104 of this chapter have the same meanings in this part.

[51 FR 39363, Oct. 28, 1986, as amended at 59 FR 66437, Dec. 27, 1994]

Subpart B—Coverage

§ 871.201 Eligibility.

(a) Each employee who is insured for basic insurance and for whom an uncanceled declination of standard optional insurance is not in effect is eligible to elect the standard optional insurance, if his/her periodic pay, after all other deductions, is sufficient to cover its full cost.

(b) An employee of the District of Columbia Financial Responsibility and Management Assistance Authority (the Authority) who makes an election under the Technical Corrections to Financial Responsibility and Management Assistance Act (section 153 of Public Law 104–134, 110 Stat. 1321) to be considered a Federal employee for life insurance and other benefit purposes is subject to this part. If the employee is eligible to make an election under § 871.202, such election must be made within 31 days after the later of either the date employment with the Authority begins or the date the Authority receives his or her election to be considered a Federal employee. Employees of the Authority who are former Federal employees are subject to the provisions of § 871.205 and § 871.604.

[49 FR 3039, Jan. 25, 1984, as amended at 61 FR 58459, Nov. 15, 1996]

§ 871.202 Election or declination.

(a) Except as otherwise provided in paragraph (b) this section, each employee shall, on the form entitled Life Insurance Election, elect or decline the standard optional insurance within 31 days after becoming eligible, unless during earlier employment he/she filed an election or declination which remains in effect.

(b) On a determination by an employing office, within six months after an employee becomes eligible, that he/she was unable, for cause beyond his/her control, to elect the standard optional insurance within the prescribed time limit, the employee shall elect or decline the standard optional insurance within 31 days after he/she is advised of that determination. Standard optional insurance in that case is retroactive to the first day of the first pay period beginning after the date the person became eligible, or after April 1, 1981, whichever is later, and the person shall pay the full cost of the insurance from that date for the time that he/she is in pay status or retired or in receipt of compensation and under age 65.

(c) A person who does not file with his/her employing office an election of standard optional insurance on the Life Insurance Election form does not have the standard optional insurance.

§ 871.203 Effective date of insurance.

(a) The effective date of an election of standard optional insurance is the first day an employee actually enters on duty in a pay status on or after the day the election is received in his/her employing office.

(b) An election of standard optional insurance remains in effect until canceled as provided in § 871.204. For an employee whose standard optional insurance has stopped for a reason other than a declination or waiver, standard optional insurance is reinstated on the first day he/she actually enters on duty in a pay status in a position in which he/she again becomes eligible.

(c) An open enrollment election of standard optional insurance filed during the period from March 29 through April 30, 1993, is effective on the first day of 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 at least 32 hours. A part-time employee will need to have been in a pay and duty status for one-half of the regularly scheduled tour of duty indicated on his or her current Standard Form 50 for newly-elected coverage to become effective. An employee who has no regularly-scheduled tour of duty or who is employed on an intermittent basis will have to have been in a pay and duty status for one-half of the hours customarily worked before newly-elected coverage can become effective. For the purpose of this

subsection, employing offices can determine the number of hours customarily worked by averaging the number of hours worked in the calendar year quarter ending March 31, 1993.

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

§ 871.204 Declination.

(a) An insured person may cancel his/her standard optional insurance at any time by filing a declination of standard optional insurance or a waiver of basic insurance coverage. An employee files with the employing office. An annuitant files with OPM or other office that administers his/her retirement system. If still employed, a compensationer files with the employing office, and, if not still employed, with OWCP.

(b) A cancellation of standard optional insurance becomes effective and standard optional insurance stops at the end of the pay period in which the declination or waiver is properly filed.

(c) A declination of standard optional insurance remains in effect until is canceled as provided in § 871.205.

(d) For the purpose of having standard optional insurance as an employee, an election of insurance under this part filed on or before February 28, 1981, is deemed to have been canceled effective at the end of the pay period which includes March 31, 1981, unless the employee does not actually enter on duty in pay status during the first pay period which begins on or after April 1, 1981, in which case the election is deemed to have been canceled on the first day after the end of the pay period that the employee actually enters on duty in pay status. In order to retain or obtain standard optional insurance as an employee after the date of such declination an employee must affirmatively elect the coverage by filing the Life Insurance Election form with his/her employing office, subject to the provisions of § 871.204 Declination.

§ 871.205 Cancellation of declination.

(a) An employee who has declined the standard optional insurance may elect it if:

(1) At least 1 year has elapsed since the effective date of his/her last declination or waiver; and

(2) He/she furnishes satisfactory evidence of insurability.

(b) The effective date of an election under paragraph (a) of this section is the first day the employee actually enters on duty in pay status, on or after the day his/her employing office receives the election following approval of his/her Request for Insurance by the Office of Federal Employees' Group Life Insurance established by the insurance company. The approval is revoked automatically and the standard optional insurance does not become effective if the employee fails to submit his/her election or meet the pay and duty status requirement within 31 days following the date of the approval.

(c) Notwithstanding paragraphs (a) and (b) of this section, the declination of standard optional insurance coverage by an employee who is or becomes a member of the Postal Career Executive Service on or after June 2, 1979, is automatically and permanently canceled. He/she is insured for standard optional insurance on the first day he/she enters on duty in a pay status on or after June 2, 1979.

(d) Declinations of standard optional insurance filed on or before February 28, 1981, are automatically canceled effective on the first day an employee whose declination is so canceled actually enters on duty in pay status on or after April 1, 1981. The standard optional insurance is effective on the date of cancellation of the declination, provided that the employee has filed an affirmative election of standard optional insurance on the form entitled Life Insurance Election during the open enrollment period from March 1, 1981 through March 31, 1981. An employee whose pre-March 1981 declination is so canceled and who does not file the form with his/her employing office during the period from March 1, 1981 through March 31, 1981, shall be deemed to have declined standard optional insurance on March 31, 1981. However, 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).

(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'

Group Life Insurance and postmarked within 31 days following the date of the terminating event or within 31 days of the date the employee received notice of loss of the group coverage and right to convert, whichever is later.

(4) When an agency fails to provide the notification described in paragraph (e)(2) of this section, or the employee fails for other reasons beyond his/her control to request conversion as described in paragraph (e)(3) of this section, he/she may request conversion of an individual policy by writing to the Office of Federal Employees' Group Life Insurance. Such a request must be filed within six months after an employee becomes eligible to convert the standard optional insurance. That employee must show that he/she was not notified of the loss of coverage and the right to convert, and was not otherwise aware of it, or that he/she was unable, for cause beyond his/her control, to convert the standard optional insurance. The Office of Federal Employees' Group Life Insurance will determine if the employee is eligible to convert, and when the determination is affirmative, the employee may convert within 31 days of that determination.

(5) When an employee converts his/her standard optional insurance anytime after the group coverage has ended, the individual plan coverage is retroactive to the day following the day the group coverage ended. The employee must pay the premiums due for the retroactive period.

(6) An employee who fails to exercise his/her right to convert to an individual policy within 31 days after receiving notice of the right to convert or within 31 days of the terminating event, which-ever is later, is deemed as having declined coverage unless OFEGLI determines the failure was for cause beyond his/her control as described in paragraph (e)(4) of this section.

(f) The 31-day extension of coverage provided under this subpart cannot be extended beyond 31 days, nor is it contingent upon timely issuance of notice of the right of conversion to an individual policy.

[49 FR 3039, Jan. 25, 1984, as amended at 50 FR 7904, Feb. 27, 1985; 53 FR 32368, Aug. 25, 1988; 60 FR 31375, June 15, 1995]

Subpart F—Annuitants and Compensationers

§ 871.601 Amount of insurance.

(a) The amount of standard optional life insurance continued during receipt of annuity or compensation reduces by 2 percent a month, effective at the beginning of the second calendar month after the date the insurance would otherwise have stopped or the insured's 65th birthday, whichever is later, until a maximum reduction of 75 percent is achieved.

(b) Judges retiring under 28 U.S.C. 371(a) and (b), 28 U.S.C. 372(a), and 26 U.S.C. 7447 are considered employees under the Federal Employees' Group Life Insurance law. Insurance for these judges continues without interruption or diminution upon retirement. The amount of standard optional insurance for a judge who elects to receive compensation in lieu of annuity will be computed in accordance with paragraph (a) of this section.

[51 FR 39363, Oct. 28, 1986]

§ 871.602 Termination of annuity or compensation.

If the annuity or compensation paid to an insured person is terminated or if the Department of Labor finds that an insured person receiving compensation is able to return to duty, standard optional life insurance held as an annuitant or compensationer stops, with no 31-day extension of coverage or right of conversion, on the date of that termination or finding.

§ 871.603 Waiver or suspension of annuity or compensation.

(a) Except as provided in paragraph (b) of this section, when annuity or compensation is waived or suspended, standard optional life insurance continues. When payment of the annuity or compensation is resumed, the paying official shall withhold the full cost of the insurance for the period of waiver or suspension during which the person is under age 65.

(b) If suspension of annuity or compensation is because of reemployment, the reemploying office shall withhold the full cost of the insurance during each pay period of reemployment.

§ 871.604 Reemployed annuitants.

(a)(1) An annuitant appointed to a position in which he/she is not excluded from basic insurance by law or regulation is eligible for standard optional insurance as an employee, unless he/she has on file an uncanceled waiver of basic insurance or declination of standard optional insurance. If he/she has standard optional life insurance as an annuitant, that insurance (and any applicable annuity withholdings) is suspended on the day preceding his/her first day in a pay status under the appointment and, unless he/she files a declination of standard optional insurance (or waiver of basic insurance), he/she acquires standard optional insurance as an employee.

(2) Except as provided in paragraph (b) of this section, the standard optional insurance acquired as an employee stops, with no 31-day extension or right of conversion, on the date reemployment terminates and the amount of suspended standard optional life insurance which remains in force after applicable monthly reductions after age 65 (and corresponding annuity withholdings, if any) is reinstated on the day following termination of the reemployment.

(b) Standard optional life insurance acquired during reemployment may be continued after termination of the reemployment if the annuitant:

(1) Qualifies for a supplemental annuity or acquires a new retirement right,

(2) Continues his/her basic life insurance under paragraph (c)(2), (c)(3), or (c)(4) of § 870.601 of this chapter, and

(3) Has had standard optional insurance in force for the five years of service immediately preceding separation from reemployment or for the full period(s) of service during which it was available to him/her, whichever is less.

If the standard optional life insurance acquired during reemployment is so continued, any suspended standard optional life insurance stops with no 31-day extension of coverage or right of conversion.

§ 871.605 Restored disability annuitants.

(a) An annuitant whose disability annuity is terminated because of restoration to earning capacity or recovery from disability and whose disability annuity is restored under section 8337(e) of title 5, United States Code, after December 31, 1983, may elect to resume the standard optional insurance held immediately before his or her disability annuity was terminated if: (1) He or she has also made an election under § 870.603 of this chapter; and (2) The election is received by OPM within 60 days after OPM mails the notice of insurance eligibility and election form.

(b) The standard optional insurance of an annuitant who meets the requirements of paragraph (a) of this section is effective on the first day of the month after the date OPM receives the election form. Any annuity withholding applicable thereto are also reinstated on the first day of the month after the date OPM receives the election form.

(c) The amount of standard optional insurance reinstated under paragraph (a) of this section is the amount that would have been in force had the individual's annuity not been terminated.

[50 FR 42006, Oct. 17, 1985, and 51 FR 15744, Apr. 28, 1986]

§ 871.606 MRA-plus-10 annuitants.

That standard optional life insurance of an individual whose coverage terminated under § 871.501(a), and who meets the requirements for continuing standard optional insurance after retirement under § 871.501(b), resumes on the commencing date of annuity or on the date the application for annuity is received by OPM, whichever is later.

[55 FR 995, Jan. 11, 1990]

Subpart G—Assignments of Life Insurance

§ 871.701 Assignments.

An insured individual may irrevocably assign ownership of his or her life insurance coverage to one or more individuals, corporations, or trustees. Part 874 of this chapter describes how an insured individual may assign all incidents of ownership (except family optional insurance and accidental dismemberment insurance) to another person, corporation, or trustee. Part

874 also describes the effects of such assignment, procedures for making an assignment, and related matters.

[60 FR 51883, Oct. 4, 1995]

PART 872—ADDITIONAL OPTIONAL LIFE INSURANCE

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AUTHORITY: 5 U.S.C. 8716; § 870.201(b) also issued under sec. 153 of Pub. L. 104–134, 110 Stat. 1321.

SOURCE: 49 FR 3042, Jan. 25, 1984, unless otherwise noted.

Subpart A—Administration and General Provisions

§ 872.101 Actions on the policy.

Optional life insurance (referred to in this part as ''additional optional insurance'') shall be payable in accordance with an amendment to the policy purchased by OPM from the Metropolitan Life Insurance Co., 1 Madison Avenue, New York, N.Y. 10010, pursuant to section 8709 of title 5, U.S.C., to provide group insurance coverage (referred to in this part as ''basic insurance''). Actions at law or in equity to recover on the policy, in which there is not alleged any breach of any obligations undertaken by the United States, shall be brought against the insurance company.

§ 872.102 Payment of benefits; designations of beneficiary.

Additional optional insurance in force on a person at the date of his/her death shall be paid, on receipt of a valid claim, in the same order of precedence and under the same conditions as are applicable to basic insurance. A designation of beneficiary for basic insurance is also a designation of beneficiary for additional optional insurance unless the insured person specifes otherwise in his/her designation.

§ 872.103 Correction of errors; initial decision and reconsideration.

The rules and procedures under §§ 870.102 and 870.103 are applicable in this part, subject to the provisions of § 872.401(g).

[59 FR 66437, Dec. 27, 1994]

§ 872.104 Definitions.

The terms defined under § 870.104 of this chapter have the same meanings in this part.

[49 FR 3042, Jan. 25, 1984, as amended at 59 FR 66437, Dec. 27, 1994]

Subpart B—Coverage

§ 872.201 Eligibility.

(a) Each employee who is insured for basic insurance and for whom an uncanceled declination of additional optional insurance is not in effect is eligible to elect the additional optional