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upon the acquisition of an unmarried dependent child, or upon a spouse's death, if the enrollee has any dependent children. In order to be valid, the election must be filed with the employing office on the Life Insurance Election form no later than 60 days following the date of the event which permits the election. This 60-day time limit may be extended if the individual is not serving in a covered position on the date of the event, if the invididual separates from covered service prior to completion of the 60-day time limit, or if the event occurs during the period following a waiver of basic insurance when he/she is not eligible to cancel the waiver. This extension of the time may not exceed the 31-day time limit for electing insurance following employment in a covered position, or the 31-day period following the first day on which the individual becomes eligible to cancel a waiver of basic insurance.

(b) The effective date of an election under paragraph (a) of this section is the day the employing office receives the election and basic insurance is in force.

(c) An annuitant or compensationer is not eligible to make the election provided in paragraph (a) of this section.

(d)(1) A previous declination or waiver is automatically canceled at time or 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, family 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 family optional insurance on the Life Insurance Election form. 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 family 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 §873.202(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 family optional insurance upon application to his or her employing office before March 7, 1984.

(e)(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. Family 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 §873.203(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 family optional insurance.

[49 FR 3045, Jan. 25, 1984, as amended at 50 FR 26689, June 28, 1985; 54 FR 13666, Apr. 5, 1989, and 54 FR 37093, Sept. 7, 1989; 58 FR 11954, Mar. 2, 1993; 58 FR 45415, Aug. 30, 1993]

## Subpart C—Amount of Insurance

### §873.301 Amount of employee's insurance.

The amount of family optional insurance is $5,000 payable upon the death of a spouse and $2,500 payable upon the death of a child.

## Subpart D—Withholdings

### §873.401 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 family optional insurance from his/her pay.

(b)(1) Subject to the provisions of § 873.604, the full cost of family 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 cost of family optional insurance applicable to employees, annuitants, and compensationers (not family members), until determined by OPM on the basis of experience to be otherwise, is—

| | |
|---|---|
| For persons under age 35 | $0.30 |
| For persons ages 35 through 39 | 0.31 |
| For persons ages 40 through 44 | 0.52 |
| For persons ages 45 through 49 | 0.70 |
| For persons ages 50 through 54 | 1.00 |
| For persons ages 55 through 59 | 1.50 |
| For persons age 60 or over | 2.60 |

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 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) When an agency withholds less than or none of the proper cost of family 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 8714c of title 5, United States Code, to OPM for deposit in the Employee's Life Insurance Fund.

(f) A deposit to OPM as described in paragraph (e) 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 caused by failure to properly withhold life insurance deductions 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.

(g) *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 family 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 family optional insurance 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 statment 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 family optional insurance for every pay period during which the coverage continues, exclusive of the 31-day temporary extension of coverage for conversion provided in § 873.501. Payment must be made after the pay period in which the individual is covered in accodance 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 family optional 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 (g)(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 subparagaph (g)(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 3045, Jan. 25, 1984, as amended at 49 FR 19288, May 7, 1984; 51 FR 25850, July 17, 1986; 51 FR 43337, Dec. 2, 1986; 52 FR 3398, Feb. 4, 1987; 52 FR 39495, Oct. 22, 1987; 58 FR 11954, Mar. 2, 1993]

## Subpart E—Termination and Conversion

### § 873.501 Termination and conversion of insurance.

(a) The family 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 family optional insurance coverage, except when the basic insurance stops due to a full Living Benefits election, in which case the family optional insurance will continue unless voluntarily cancelled by the insured.

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

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

(2) For 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 family optional insurance stops, subject to a 31-day extension of family optional 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. For this purpose, family optional insurance will not be deemed available to an employee during periods when the employee had no family members.

(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 family 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 § 873.401(g), the family 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 family 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 family 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