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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

the terminating event, to a position allowing coverage under the group plan.

(2) The employing agency must notify the employee of the loss of group 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 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 to 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 family optional insurance. The 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 family 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 family 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, whichever 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)(1) Following the death of an insured employee, annuitant or compensationer, or following the termination of group coverage of an employee for any reason other than voluntary cancellation, family members as defined by 5 U.S.C. 8701(d) may, upon application and without medical examination, convert their family optional insurance coverage to an individual policy. The rates of the individual policy are the rates applicable to the family member's attained age and class of risk. A family member is eligible to convert the policy only if the employee 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 group coverage and the right to convert to an individual policy either prior to or immediately following the event (except in the event of death) causing the loss of coverage. A family member can not convert to an individual policy if the employee or former employee exercises his/her right of conversion under paragraph (e)(1) of this section. In the event of death, the employing office (for employees), the office which administers a retirement system for Federal employees (for annuitants), or the Office of Workers' Compensation Programs (for compensationers) will furnish the decedent's family members with a notice of loss of group coverage and the right to convert to an individual policy.

(3) The family member'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 family member received notice of the loss of group coverage and right to convert, whichever is later.

(4) When the employing office (for employees), the Office which administers the retirement system for Federal employees (for annuitants), or the Office of Workers' Compensation Programs (for compensationers) fails to provide the notification described in paragraph (f)(2) of this section, or the

family member fails for other reasons beyond his/her control to request conversion as described in paragraph (f)(3) of this section, he/she may request conversion to an individual policy by writing to the Office of Federal Employee's Group Life Insurance. Such a request must be filed within six months after a family member becomes eligible to convert the family optional life insurance. The family member 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 family optional insurance coverage. The Office of Federal Employees' Group Life Insurance will determine if the family member is eligible to convert, and when the determination is affirmative, the family member may convert within 31 days of that determination.

(5) When a family member converts his/her coverage anytime after the group coverage has ended, the individual plan coverage is retroactive to the day following the day the group coverage ended. The family member must pay the premiums due for the retroactive period.

(6) A family member 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, whichever is later, is deemed as having declined coverage unless OFEGLI determines the failure was for cause beyond his/her control as described in paragraph (f)(4) of this section.

(g) 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.

(h) The amount of an individual policy as provided under paragraphs (e) or (f) of this section shall not be less than $1,000.

[49 FR 3045, Jan. 25, 1984, as amended at 50 FR 7905, Feb. 27, 1985; 53 FR 32368, Aug. 25, 1988; 60 FR 31375, June 15, 1995]

Subpart F—Annuitants and Compensationers

§ 873.601 Amount of insurance.

(a) The amount of family optional insurance (on each family member) continued during receipt of annuity or compensation reduces by two percent a month effective at the beginning of the second calendar month after (1) the date the insurance would otherwise have stopped, or (2) the annuitant's or compensationer's 65th birthday, whichever is later. At 12:00 PM on the day preceding the 50th reduction the insurance stops, with no extension of coverage or right of conversion.

(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 family 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.

[49 FR 3045, Jan. 25, 1984, as amended at 56 FR 55052, Oct. 24, 1991]

§ 873.602 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, family optional 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.

§ 873.603 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, family optional insurance continues. When payment of either annuity or compensation is resumed, the paying office shall withhold the full cost of the insurance for the period of waiver or suspension during which the person is under age 65.