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§ 873.702 Proof of dependency.

(a) A child is considered to be dependent on a employee or former employee if he/she is:

(1) A legitimate child,

(2) An adopted child,

(3) A stepchild or recognized natural child who lived with the employee or former employee in a regular parent-child relationship,

(4) A recognized natural child for whom a judicial determination of support has been obtained, or

(5) A recognized natural child to whose support the employee or former employee makes regular and substantial contribution.

(b) For the purposes of a claim under this part, an otherwise eligible child must have been dependent on the employee or former employee at the time of the child's death in order to qualify as a family member.

(c) The following are examples of proof of regular and substantial support. More than one of the following proofs may be required to show support.

(1) Evidence of eligibility as a dependent child for benefits under State or Federal programs,

(2) Proof of inclusion of the child as a dependent on the employee's or former employee's income tax returns,

(3) Canceled checks, money orders, or receipts for periodic payments from the employee or former employee for or on behalf of the child.

(4) Evidence of goods or services which show regular and substantial contributions,

(5) Any other evidence which the Office of Federal Employees' Group Life Insurance shall find to be sufficient proof of support or of paternity or maternity.

(d) The Office of Federal Employees' Group Life Insurance may deny an individual coverage as a dependent child, if:

(1) Evidence shows that the employee or former employee did not recognize the child as his/her own despite a willingness to support the child, or

(2) Evidence calls the child's paternity or maternity into doubt, despite the employee's or former employee's recognition and support of the child.

(e) For the purposes of an employee's election of family optional insurance upon the acquisition of a child, as provided in § 873.205, the employing agency shall base any requisite determination of dependency on the criteria expressed in paragraphs (a), (c), and (d) of this section.

§ 873.703 Child incapable of self-support.

(a) Upon receipt of a claim for family optional insurance in the event of death of a child over the age of 21 years, the Office of Federal Employees' Group Life Insurance shall determine, on the basis of such evidence as it deems necessary, whether the deceased child was incapable of self-support because of a mental or physical disability which existed before the child became 22 years of age.

(b) In the event of an employee's election of family optional insurance under § 873.205, where the opportunity to elect is based solely on the acquisition of a child over age 21, the employee shall submit to the employing office at the time of filing the election, a certificate of the physician that the child is incapable of self-support because of a physical or mental disability which existed before the child became 22 years of age, and which can be expected to continue for more than one year. The certificate shall include a statement of the name of the child, the nature of his/her disability, the period of time it has existed, and its probable future course and duration. The certificate shall be signed by the physician and show his/her office address.

PART 874—ASSIGNMENT OF LIFE INSURANCE

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Subpart A—Definitions of Terms

§874.101 Definitions.

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

Subpart B—Coverage

§874.201 Assignments permitted.

(a) An insured individual may irrevocably assign ownership of life insurance coverage to one or more individuals, corporations, or trustees. An insured individual may assign ownership of basic life insurance, standard optional life insurance, and additional optional life insurance coverage, but may not assign ownership of family optional insurance or accidental dismemberment coverage. If an insured individual owns more than one assignable type of insurance, he or she must assign all the assignable insurance. An insured individual cannot assign only a portion of assignable insurance.

(b) An insured individual may not name contingent assignees in case the primary assignee dies before the insured individual.

(c) If the insurance is assigned to two or more individuals, corporations, or trustees, the insured individual must specify percentage shares, rather than dollar amounts or types of insurance, to go to each assignee.

(d) Once assigned, the value of the insurance increases or decreases according to any automatic increase or decrease in the value of the coverage as provided for in parts 870, 871, and 872 of this chapter.

(e) An insured individual who has elected a Living Benefit under subpart K of part 870 of this chapter may not assign his or her insurance coverage and an insured individual who has assigned his or her insurance coverage may not elect a Living Benefit.

(f) [reserved]

(g) An insured individual who has elected a Living Benefit may not assign his/her insurance and an insured individual who has assigned his/her insurance may not elect a Living Benefit. [60 FR 51884, Oct. 4, 1995 as amended at 60 FR 31375, June 15,1995]

§874.202 Rights of the assignee.

(a) An insured individual who assigns ownership of insurance continues to be the insured individual, but the assignee assumes the rights of an insured individual, except as provided in §874.203 of this part.

(b) The assignee assumes all rights to waive or decline insurance under this chapter according to the provisions of §§870.204, 871.204, and 872.204 of this chapter. When the insurance is assigned to two or more individuals, corporations, or trustees, all assignees must agree to waive or decline the insurance. A waiver of the basic insurance in accordance with the provisions of §870.204 of this chapter terminates all insurance under this chapter and terminates the assignment under this part.

(c) The assignee may not elect a Living Benefit under subpart K of part 870 of this chapter.

(d) The right of the assignee to designate beneficiaries is set forth in subpart F of this part.

(e) The rights of the assignee when the insured individual retires or becomes a compensationer are set forth in subpart G of this part.

§ 874.203 Rights of the insured individual after assignment.

(a) The right to increase insurance coverage remains with the insured individual and does not transfer to the assignee. If the insured individual who has made an assignment later elects increased insurance under § 871.205 or § 872.205 of this chapter, or during an open enrollment period, the increased insurance is considered covered by the existing assignment.

(b) The rights of an insured individual who assigns his or her life insurance and later retires are set forth in subpart G of this part.

Subpart C—Assignment Procedures

§ 874.301 Making an assignment.

To assign insurance, the insured individual must complete and submit to the employing office a signed and witnessed assignment form (RI 76–10) indicating the intent to irrevocably assign all assignable incidents of ownership in the insurance.

§ 874.302 Effective date of the assignment.

An assignment under this part is effective on the date the employing office receives the properly completed, signed, and witnessed assignment form.

§ 874.303 Notification of current address.

Each assignee is responsible for keeping the insured individual's employing office advised of his or her current address.

§ 874.304 Reconsideration.

An insured individual or an assignee may request the employing agency to reconsider an employing office's initial determination denying an entitlement related to assignments. The rules and procedures under §§ 870.102 and 870.103 are applicable to this part, subject to the withholdings and contributions under § 874.402 of this part.

Subpart D—Amount of Insurance and Withholdings and Contributions

§ 874.401 Amount of insurance.

The amount of insurance is based on the insured individual's basic pay as specified in subpart C of parts 870, 871, and 872 of this chapter.

§ 874.402 Withholdings and contributions.

(a) Subject to the provisions of subpart D of parts 870, 871, and 872 of this chapter, premium payments for assigned insurance are withheld from the pay, annuity, or compensation of the covered individual.

(b) Assignees of insured individuals who are retired under the Federal Employees Retirement System and whose annuities are too low to cover the life insurance premiums may make the direct premium payments described in §§ 870.401(j), 871.401(i), and 872.401(i) of this chapter if the annuitant declines to make direct payment. In such cases, the retirement system must notify the assignees. In the case of multiple assignees, each assignee who chooses to make direct payment is responsible for the percentage of the total premium representing his or her portion of the insurance.

(c) When the amount of insurance continued under § 874.701(d) is not an even multiple of $1,000, withholding is based on the amount of insurance rounded to the next lower thousand.

Subpart E—Termination and Conversion

§ 874.501 Termination.

(a) Assigned insurance terminates under the conditions stated in subpart E of parts 870, 871, and 872 of this chapter.

(b) The assignment terminates 31 days after the insurance terminates, unless the covered individual is reemployed in or returns to a position in which he or she is entitled to coverage under this chapter before the expiration of the 31-day period following termination of insurance.

§874.502 Eligibility to convert.

(a) When an insured individual's insurance terminates under the conditions set forth in subpart E of parts 870, 871, and 872 of this chapter, an assignee has the right to convert all or a portion of his or her group life insurance to an individual policy on the insured individual. The conditions specified in subpart E of those parts apply to assignees who elect to convert.

(b) When insurance is assigned to more than one assignee, each assignee has the right to convert all or part of his or her share of the insurance. Except as provided in §874.701 of this part, any assignee who does not convert loses all interest in the insurance.

(c) When multiple assignees convert the assigned insurance to individual policies on the insured individual in accordance with this subpart, the maximum amount of insurance each assignee can convert is determined by the assignee's share of total insurance under this chapter. If such amount is not a multiple of $1,000, it is rounded up to the next thousand dollars.

§874.503 Rates for converted insurance.

Rates for converted life insurance are based on the insured individual's age and class of risk at the time the conversion policy is issued.

§874.504 Notification of conversion rights.

The employing office must notify each assignee of his or her conversion right at the time the assigned group insurance terminates.

Subpart F—Designations of Beneficiary

§874.601 Designations and changes of beneficiary.

(a) An assignment automatically cancels an insured individual's prior designation of beneficiary.

(b) Each assignee may designate a beneficiary or beneficiaries to receive insurance proceeds upon the death of the insured individual. An assignee may designate himself or herself as the primary beneficiary and name some other person(s) as contingent beneficiary(ies) to receive insurance benefits in the event that the assignee predeceases the insured individual.

(c) Assigned insurance is paid to an assignee's estate if the assignee predeceases the insured individual and—

(1) The assignee did not reassign the insurance,

(2) The assignee did not designate a beneficiary, or

(3) The assignee's designated beneficiary predeceased the insured individual.

(d) The provisions of §870.902 of this chapter apply to designations of beneficiary filed by assignees.

Subpart G—Annuitants and Compensationers

§874.701 Annuitants and compensationers.

(a) If an insured individual assigns basic insurance coverage under this chapter and later becomes eligible to continue such coverage while receiving annuity or workers' compensation as provided under §870.601(a) or §870.701(a) of this chapter, the insured individual may, at the time he or she becomes eligible to continue such insurance as an annuitant or compensationer, elect increased lifetime basic insurance coverage as provided in §870.601(c) (3) and (4) or §870.701(c) (3) and (4) of this chapter.

(b) After the insured individual has made an election as described in paragraph (a) of this section, the assignee (or, in cases of multiple assignees, all of the assignees acting together) may, at any time, elect to cancel the annuitant's or compensationer's election of increased lifetime basic insurance as provided in §870.601(c) or §870.701(c) of this chapter.

(c) When multiple assignees have been named and, at the time the insured individual becomes eligible for continued coverage as an annuitant under §§870.601, 871.501, and/or 872.501 of this chapter, some assignees choose to convert their portions and others choose to have their portions of insurance continued during the insured individual's retirement, the amount of each type of continued insurance is the total percentage of the shares of the

assignees who choose to continue the coverage.

(d) When multiple assignees have been named and, at the time the insured individual becomes eligible for continued coverage as a compensationer under §§ 870.701, 871.501, and/or 872.501 of this chapter, some assignees choose to convert their portions of the insurance and others choose to have their portions continued while the insured individual is receiving compensation, the amount of each type of continued insurance is determined by the total percentage of the shares of the assignees who choose to continue the coverage.

§ 874.702 Reemployed annuitants.

(a) The right of a reemployed annuitant to elect additional optional coverage as an employee rather than as an annuitant under § 872.604 remains with the insured individual and does not transfer to the assignee.

(b) When an annuitant who has assigned his or her insurance is reemployed in a position in which he or she is entitled to life insurance coverage, the coverage he or she acquires as a reemployed annuitant is subject to the existing assignment.

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