AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

§870.1007 Premiums.

(a) Government contributions and employee withholdings (premiums) required under subpart D of this part are paid from the appropriation provided under section 599C(e) of Public Law 101–513.

(b) If the individual is not covered under this subpart for the full pay period, premiums are paid only for the days he or she is actually covered. The daily premium rate is an amount equal to the monthly premium rate multiplied by 12 and divided by 365.

(c) The payments required by this section may be accepted by OPM in advance from a State Department appropriation if necessary to fund the 12-month period of coverage beginning the earlier of:

(1) The day after sanctions or hostilities end; or

(2) The day after the individual's hostage status ends.

(d) OPM will place any funds received under paragraph (c) of this section in an account established for that purpose. OPM will make the disbursement required under 5 U.S.C. 8714 from the account when the appropriate pay period occurs.

§870.1008 Order of precedence and designation of beneficiary.

Payment of insurance benefits is made under the order of precedence set forth in 5 U.S.C. 8705 and under the provisions of subpart I of this part.

§870.1009 Responsibilities of the U.S. Department of State.

(a) The U.S. Department of State functions as the ''employing office'' for individuals covered under this subpart.

(b) The U.S. Department of State must determine the eligibility of individuals who qualify under Public Law 101–513 for coverage under this part. This determination includes the determination as to whether the individual is barred from coverage under chapter 87 of title 5 U.S. Code by reason of other life insurance coverage as provided in section 599C of Public Law 101–513.

§870.1010 Reconsideration and appeal rights.

(a) Under procedures set forth by the U.S. Department of State, an individual may request the U.S. Department of State to reconsider an initial decision it has made denying coverage under this subpart.

(b) Neither the initial decision nor the reconsideration decision of the U.S. Department of State is subject to reconsideration by OPM.

Subpart K—FEGLI Living Benefits

SOURCE: 60 FR 31374, June 15, 1995, unless otherwise noted.

§870.1101 Purpose.

This subpart sets forth the circumstances under which employees may enroll in basic insurance during the 1995 Open Season and terminally ill individuals enrolled in basic insurance may elect to receive a payment of their basic insurance as a Living Benefit on or after July 25, 1995.

§870.1102 Definitions.

In this subpart—

Effective date of Living Benefits election means the date on which the Living Benefits payment is cashed or deposited.

Terminally ill means the individual has a medical prognosis of a life expectancy of 9 months or less.

§870.1103 Open season.

(a) An Open Season will be held from May 22, 1995, through July 21, 1995, during which time an employee who has waived or cancelled basic insurance and is not excluded from eligibility by law or under §870.202 of subpart B, may enroll in basic insurance only. Optional insurance may not be elected or increased during this Open Season. Employees who have been on Leave Without Pay for 12 or more months, compensationers who have been on Leave Without Pay for 12 or more months, and annuitants, may not participate in this Open Season.

(b) The effective date of basic insurance elected during this Open Season is

the 1st day of the first pay period beginning on or after the date the employing office received the enrollment form. There is no requirement to be in a pay and duty status for the enrollments elected during this Open Season to become effective.

§ 870.1104 Living benefits.

(a) An individual who is covered by basic insurance and who is certified as terminally ill, as defined in § 870.1102, may elect to receive a lump-sum payment of basic insurance on or after July 25, 1995. Only the insured individual may make a Living Benefits election.

(b)(1) An employee may elect to receive the basic insurance in total or in part, in a multiple of $1,000.

(2) A compensationer or an annuitant may only elect to receive a lump-sum payment of the total amount of basic insurance.

(c) If the employee elects to receive a partial payment of basic insurance, the remaining BIA, the post-election BIA, will be reduced in proportion to the amount of basic insurance elected as a Living Benefit, as prescribed by Pub. L. 103–409. The post-election BIA will not change after the effective date of the partial Living Benefit election. Only the basic benefits remaining will be payable at death.

(d)(1) If the employee receives the total amount of basic insurance as a Living Benefit, accidental death and dismemberment coverage will terminate as of the effective date of election.

(2) If the employee receives a partial payment of basic insurance as a Living Benefit, accidental death and dismemberment coverage will be reduced to equal the post-election BIA.

(e) Once an election of Living Benefits has become effective, the election may not be revoked and no further election of Living Benefits may be made.

(f) If an individual has assigned his/her insurance, he/she may not elect a Living Benefit and if an individual has elected a Living Benefit, he/she may not assign his/her insurance.

§ 870.1105 Actuarial reduction.

The amount of basic insurance elected as a Living Benefit will be reduced in order to produce a basic insurance benefit that is actuarially equivalent, to the extent practicable, to the basic insurance benefit of those who do not elect to receive a Living Benefit. The actuarial reduction will be based on assumptions of the amount of interest lost to the Fund because of the early payment and the time difference between when the Living Benefit payment is made and when the death benefits would have been paid in the absence of a Living Benefits election.

§ 870.1106 Withholdings and contributions for basic insurance.

(a) Withholdings and contributions for basic insurance for those individuals who receive a lump-sum payment of their total basic insurance as a Living Benefit will terminate at the end of the pay period in which the Living Benefit election is effective.

(b) Withholdings and contributions for basic insurance for those employees who receive a lump-sum payment of a partial amount of their basic insurance as a Living Benefit will be reduced in proportion to the amount of benefit elected and will be based on the post-election BIA in effect at the end of the pay period in which the Living Benefit election is effective.

§ 870.1107 Application procedures.

(a) The insured individual must request information on Living Benefits and an application form directly from OFEGLI.

(b) The insured individual must complete the first part of the application (General Information) and have his/her physician complete the second part of the application (Physician's Statement). The insured then submits the completed application directly to OFEGLI.

(c)(1) OFEGLI will review the application and the certification by the physician of the nature of the illness and that the insured is terminally ill, with a life expectancy of 9 months or less.

(2) If additional information is needed, OFEGLI will contact the insured or the insured's physician.

(3) Under certain circumstances, OFEGLI may require a medical examination prior to making an approval decision. In these cases, OFEGLI will