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§ 870.402 Withholdings and contributions following a Living Benefits election.

(a) The basic insurance withholding for an insured individual who has elected a total payment of basic insurance for a Living Benefit will cease the end of the pay period in which the election of Living Benefits is effective.

(b) The amount withheld for basic insurance from the pay of an insured employee who has elected a partial Living Benefit will be based on the amount of BIA remaining after the partial Living Benefit election is effective.

(c) The amount withheld for basic insurance from the annuity of an annuitant who elected a partial Living Benefit as an employee will be based on the amount of BIA remaining after the partial Living Benefit election is effective.

(d) The amount withheld for basic insurance from the compensation of a compensationer who elected a partial Living Benefit as an employee will be based on the amount of BIA remaining after the partial Living Benefit election is effective.

[60 FR 31373, June 15, 1995]

Subpart E—Termination and Conversion

§ 870.501 Termination and conversion of insurance coverage.

(a) Except as provided in §§ 870.601 and 870.701, the basic insurance of an insured employee stops on the date of his/her separation from the service, subject to a 31-day extension of basic life insurance coverage, or on the effective date of a full Living Benefits election.

(b) The basic insurance of an employee who separates from service upon meeting the requirements for an immediate annuity under § 842.204(a)(1) of this chapter and who postpones receipt of annuity as provided by § 842.204(c) of this chapter, stops on the date of separation from the service, subject to a 31-day extension of basic life insurance coverage.

(c) The basic insurance of an insured employee who moves without a break in service to a position in which he/she is excluded from basic insurance stops on his/her last day on the roll in the former position, subject to a 31-day extension of basic life insurance coverage.

(d) Except as provided in paragraph (e) of this section and in §§ 870.601 and 870.701, the basic insurance of an insured employee continues without cost to the employee while he/she is in nonpay status for up to 12 months, at which time it stops, subject to a 31-day extension of basic life insurance coverage. The 12 months' nonpay status may be continuous or broken by periods of less than 4 consecutive months in pay status. If an employee has at least 4 consecutive months in pay status after a period of nonpay status, he/she is entitled to begin the 12 months' continuation of basic insurance anew. If after a return to duty he/she is not entitled to any further continuation of basic insurance in nonpay status because he/she has not had 4 consecutive months of pay status since exhausting his/her 12 months' continuation in nonpay status, his/her basic insurance stops the last day of his/her last pay period in pay status. For the purposes of this paragraph, 4 consecutive months in pay status means any 4-month period during which the employee is in pay status for at least part of each pay period. For the purpose of this paragraph, an individual who is entitled to benefits under part 353 of this chapter is considered to be an employee in nonpay status.

(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 basic life 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