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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 the group coverage and right to convert, whichever is later.

(4) When an agency fails to provide the notification described in paragraph (d)(2) of this section, or the employee fails for other reasons beyond his/her control to request conversion as described in paragraph (d)(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 basic life 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 basic life 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 basic life insurance 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 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 (d)(4) of this section.

(f) The 31-day extension 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.

[49 FR 3034, Jan. 25, 1984, as amended at 50 FR 7903, Feb. 27, 1985; 52 FR 12134, Apr. 15, 1987; 53 FR 19743, May 31, 1988; 55 FR 994, Jan. 11, 1990; 60 FR 31373, June 15, 1995; 60 FR 45657, Sept. 1, 1995]

Subpart F—Annuitants

§ 870.601 Eligibility for life insurance.

(a) The basic life insurance of an insured individual who is separated from service is continued or reinstated if he/she:

(1) Is entitled to retirement on an immediate annuity under a retirement system for civilian employees, including the retirement system of a nonappropriated fund instrumentality of the Department of Defense or the Coast Guard.

(2) Has been enrolled for basic life insurance for the five years of service immediately preceding the commencing date of annuity payments or for the full period(s) of service during which he/she was entitled to be insured.

(3) Has met all requirements for an immediate annuity (including filing of application where necessary), whether or not final administrative action has been taken; and

(4) Has not exercised his/her right to convert to an individual life insurance policy under §870.501(d). If, after an individual has exercised the conversion right, it is determined that he/she is eligible to continue the group coverage as an annuitant and the group enrollment is reinstated in accordance with this subpart, the conversion policy shall be voided and the premiums already paid on such policy shall be refunded to the insured. If an individual whose basic life insurance coverage terminated as provided by §870.501(b) has exercised the conversion right, and his or her terminated group coverage resumes as provided by §870.604, the conversion policy must be terminated and the premiums paid for coverage under the conversion policy after the date coverage resumed must be refunded to the insured.

(b) An individual who meets the requirements under paragraphs (a) or (g)

of this section for continuation or reinstatement of life insurance shall execute a written election on a form furnished by OPM at the time entitlement to continuation or reinstatement of the insured arises. To be considered valid, the election form must be received in OPM before final adjudication of the individual's application for annuity or supplemental annuity. In the absence of a valid election, OPM shall deem the insured to have filed a valid election under paragraph (c)(2) of this section.

(c) An individual who makes an election under paragraph (b) of this section must select one of the following options, except that those individuals who have elected a partial Living Benefit must select the option under paragraphs (c)(1) or (c)(4) of this section:

(1) Termination of the insurance, in which case the individual's insurance shall stop upon conversion to an individual policy as provided under § 870.501, or, if the individual does not convert to an individual policy, at the end of the month in which OPM receives the election;

(2) Continuation or reinstatement of life insurance coverage with a maximum reduction of 75 percent during retirement, and with premiums withheld from annuity, except as provided under § 870.401(g)(1) of this chapter. The amount of basic life insurance in force shall reduce by two percent a month effective at the beginning of the second month after the date the insurance would otherwise have stopped or the date of the insured's 65th birthday, whichever is later, until the maximum is reached;

(3) Continuation or reinstatement of life insurance coverage with a maximum reduction of 50 percent during retirement, and with continuous premiums withheld from annuity. The amount of basic life insurance in force shall reduce by one percent a month effective at the beginning of the second month after the date of insurance would otherwise have stopped or the date of the insured's 65th birthday, whichever is later, until the maximum is reached;

(4) Continuation or reinstatement of basic life insurance coverage with no reduction after age 65, and with continuous premiums withheld from annuity. An insured individual may cancel an election under paragraphs (c)(3) or (c)(4) of this section at any time, except for those individuals who have elected a partial Living Benefit as an employee. An insured individual who has elected a partial Living Benefit may only cancel an election under paragraph (c)(4) of this section if he/she is electing to terminate the insurance under paragraph (c)(1) of this section.

(d) If the insured's annuity is terminated under any applicable law or regulation, his/her basic life insurance as an annuitant stops on the date of termination of annuity.

(e)(1) If an insured annuitant is appointed to a position in which he/she is not excluded from insurance by law or regulation, the amount of his/her basic life insurance as an annuitant, and any annuity withholdings applicable thereto, are suspended on the day preceding the first day in a pay status under the appointment unless he/she waives all insurance coverage. The benefit payable upon the death of a reemployed annuitant who has basic insurance in force as an employee shall not be less than the benefit which would have been payable had the person not been reemployed.

(2) Except as provided in paragraph (g) of this section, the basic insurance acquired as an employee stops, with no 31-day extension of coverage or right of conversion, on the date reemployment terminates and any suspended basic life insurance, and any annuity withholdings applicable thereto, are reinstated on the day following termination of the reemployment.

(f) Basic life insurance acquired during reemployment may be continued after termination of the reemployment if:

(1) The annuitant qualifies for a supplemental annuity or acquires a new retirement right,

(2) He/she has had basic insurance as an employee for at least five years of service immediately preceding separation from reemployment or for the full period(s) during which such coverage was available to him/her, whichever is less, and

(3) He/she does not convert to nongroup insurance when his/her basic

insurance as an employee would otherwise terminate.

If the basic life insurance acquired during reemployment is so continued, any suspended basic life insurance stops with no 31-day extension of coverage or right to convert.

(g) 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.

[49 FR 3034, Jan. 25, 1984, as amended at 53 FR 19743, May 31, 1988; 53 FR 32368, Aug. 25, 1988; 53 FR 40716, Oct. 18, 1988; 55 FR 995, Jan. 11, 1990; 56 FR 55051, Oct. 24, 1991; 60 FR 31373, June 15, 1995; 60 FR 51883, Oct. 4, 1995]

§ 870.602 Amount of life insurance.

(a) The amount of an annuitant's basic life insurance is his/her BIA at the date insurance would otherwise have stopped because of his/her separation from service or completion of 12 months of nonpay status, less the reductions, if any, applicable under § 870.601(c). For the purpose of the payment of benefits upon the death of an insured annuitant under age 45, effective October 1, 1981, the BIA shall be multiplied by the age factor under § 870.301(b) corresponding to the insured's age on the date of death, provided that his/her basic insurance as an employee terminated on or after October 10, 1980.

(b) The post-election BIA of an annuitant who elected a partial Living Benefit as an employee is the BIA as of the date OFEGLI received the completed Living Benefit application reduced by the percentage which the partial lumpsum payment represents of the preelection BIA multiplied by the age factor as stated in § 870.301(b) (rounded up or down to the nearest multiple of $1,000 or, if midway between multiples, to the next higher multiple of $1,000). For the purpose of computing the payment of benefits upon the death of an insured annuitant who elected a partial Living Benefit as an employee, the BIA will be multiplied by the age factor in effect as of the date OFEGLI received the completed Living Benefit application.

[49 FR 3034, Jan. 25, 1984, as amended at 60 FR 31373, June 15, 1995]

§ 870.603 Reinstatement of life insurance.

(a) An annuitant whose disability annuity was terminated because of restoration to earning capacity or recovery from disability and whose disability annuity is restored under section 8337(e) of title 5, United States Code, after December 31, 1983, may elect to resume basic life insurance held immediately before his or her disability annuity was terminated. The election must be received by OPM within 60 days after OPM mails a notice of insurance eligibility and election form.

(b) The basic life insurance of an annuitant who meets the requirements of paragraph (a) of this section is effective on the first day of the month after the date OPM receives the election form. Any annuity withholdings applicable thereto are also reinstated on the first day of the month after the date OPM receives the election form.

(c) The amount of basic life insurance reinstated under paragraph (a) of this section is the amount that would have been in force had the individual's annuity not been terminated.

[50 FR 42005, Oct. 17, 1985, and 51 FR 15744, Apr. 28, 1986]

§ 870.604 MRA-plus-10 annuitants.

The basic life insurance of an individual whose coverage terminated under § 870.501(b), and who meets the requirements for continuing basic life insurance after retirement as stated in § 870.601(a), resumes on the commencing date of annuity or on the date the application for annuity is received by OPM, whichever is later. The individual must file an election as provided in § 870.601 (b) and (c) to be received by OPM within 60 days after OPM mails a notice of insurance eligibility and election form.

[55 FR 995, Jan. 11, 1990]