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Subpart G—Employees' Compensation

§870.701 Eligibility for life insurance.

(a) A compensationer's basic life insurance shall be continued or reinstated if he/she:

(1) Has been insured for the five years of service immediately preceding the date of entitlement to compensation, or for the full period(s) of service during which he/she was entitled to be insured, and

(2) Has not exercised the right to convert as described in §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 a compensationer 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.

(b) A compensationer who meets the requirements under paragraph (a) 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 insurance arises. To be considered valid, the election form must be received in OPM before OPM has finally approved an individual's request to continue life insurance as a compensationer. 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 or the employing office receives the election;

(2) Continuation or reinstatement of life insurance coverage with a maximum reduction of 75 percent after age 65 and with premiums withheld from compensation, 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 calendar 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 basic life insurance coverage with a maximum reduction of 50 percent after age 65, and with continuous premiums withheld from compensation. The amount of basic life insurance in force shall reduce by one percent a month, effective at the beginning of the second calendar 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;

(4) Continuation or reinstatement of basic life insurance coverage with no reduction after age 65, and with continuous premiums withheld from compensation. 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) Basic life insurance which is continued as provided under this section during receipt of compensation shall stop with no 31-day extension of coverage and no right of conversion, upon termination of compensation under subchapter I of chapter 81 of title 5, United States Code, or upon a finding by the Department of Labor that the insured is able to return to duty.

(e) 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 basic insurance for a judge who elects to receive compensation in

lieu of annuity is computed in accordance with § 870.702 of this part.

[49 FR 3034, Jan. 25, 1984, as amended at 53 FR 19743, May 31, 1988; 60 FR 31373, June 15, 1995; 60 FR 51883, Oct. 4, 1995]

§ 870.702 Amount of life insurance.

(a) The amount of basic life insurance of a compensationer whose insurance is continued while he/she is receiving compensation 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 § 870.701(c). For the purpose of the payment of benefits upon the death of an insured individual under age 45, effective October 1, 1981, the BIA shall be mulitplied 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 a compensationer 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 lump-sum payment represents of the pre-election 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 compensationer 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]

Subpart H—Assignments of Life Insurance

§ 870.801 Assignments.

(a) An insured individual may irrevocably assign ownership of his or her life insurance coverage to one or more individuals, corporations, or trustees. Part 874 of this chapter describes how an insured individual may assign all incidents of ownership (except family optional insurance and accidental dismemberment insurance) to another person, corporation, or trustee. Part 874 also describes the effects of such assignment, procedures for making an assignment, and related matters.

(b) 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.

[51 FR 39363, Oct. 28, 1986, as amended at 60 FR 31374, June 15, 1995; 60 FR 51883, Oct. 4, 1995]

Subpart I—Order of Precedence and Designation of Beneficiary

§ 870.901 Order of precedence.

(a) *Definitions.* For the purposes of this part, the following terms are defined as follows:

(1) *Child* means a legitimate child, an adopted child, or a recognized natural child but does not include a stillborn child, a stepchild, or a foster child. An individual who has attained age 18 is considered to be an adult. However, if the age of majority in the jurisdiction in which that individual is domiciled is set at a lower age, he or she is considered to be an adult upon attaining the age designated in that jurisdiction. An adopted child does not inherit under the order of precedence specified in 5 U.S.C. 8705, other than as a designated beneficiary, from his/her natural parents but inherits from and through his or her adoptive parents. However, a child who is adopted by the spouse of his or her natural parent does inherit from that natural parent.

(2)(i) A *recognized natural child,* with respect to paternity, is one for whom the father meets one of the following:

(A) Has acknowledged paternity in writing;

(B) Has been judicially ordered to provide support;

(C) Has, before his death, been judicially decreed to be the father;

(D) Has been established as the father by a certified copy of the public record of birth or church record of baptism if the insured was the informant and so