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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.