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§874.502 Eligibility to convert.

(a) When an insured individual's insurance terminates under the conditions set forth in subpart E of parts 870, 871, and 872 of this chapter, an assignee has the right to convert all or a portion of his or her group life insurance to an individual policy on the insured individual. The conditions specified in subpart E of those parts apply to assignees who elect to convert.

(b) When insurance is assigned to more than one assignee, each assignee has the right to convert all or part of his or her share of the insurance. Except as provided in §874.701 of this part, any assignee who does not convert loses all interest in the insurance.

(c) When multiple assignees convert the assigned insurance to individual policies on the insured individual in accordance with this subpart, the maximum amount of insurance each assignee can convert is determined by the assignee's share of total insurance under this chapter. If such amount is not a multiple of $1,000, it is rounded up to the next thousand dollars.

§874.503 Rates for converted insurance.

Rates for converted life insurance are based on the insured individual's age and class of risk at the time the conversion policy is issued.

§874.504 Notification of conversion rights.

The employing office must notify each assignee of his or her conversion right at the time the assigned group insurance terminates.

Subpart F—Designations of Beneficiary

§874.601 Designations and changes of beneficiary.

(a) An assignment automatically cancels an insured individual's prior designation of beneficiary.

(b) Each assignee may designate a beneficiary or beneficiaries to receive insurance proceeds upon the death of the insured individual. An assignee may designate himself or herself as the primary beneficiary and name some other person(s) as contingent beneficiary(ies) to receive insurance benefits in the event that the assignee predeceases the insured individual.

(c) Assigned insurance is paid to an assignee's estate if the assignee predeceases the insured individual and—

(1) The assignee did not reassign the insurance,

(2) The assignee did not designate a beneficiary, or

(3) The assignee's designated beneficiary predeceased the insured individual.

(d) The provisions of §870.902 of this chapter apply to designations of beneficiary filed by assignees.

Subpart G—Annuitants and Compensationers

§874.701 Annuitants and compensationers.

(a) If an insured individual assigns basic insurance coverage under this chapter and later becomes eligible to continue such coverage while receiving annuity or workers' compensation as provided under §870.601(a) or §870.701(a) of this chapter, the insured individual may, at the time he or she becomes eligible to continue such insurance as an annuitant or compensationer, elect increased lifetime basic insurance coverage as provided in §870.601(c) (3) and (4) or §870.701(c) (3) and (4) of this chapter.

(b) After the insured individual has made an election as described in paragraph (a) of this section, the assignee (or, in cases of multiple assignees, all of the assignees acting together) may, at any time, elect to cancel the annuitant's or compensationer's election of increased lifetime basic insurance as provided in §870.601(c) or §870.701(c) of this chapter.

(c) When multiple assignees have been named and, at the time the insured individual becomes eligible for continued coverage as an annuitant under §§870.601, 871.501, and/or 872.501 of this chapter, some assignees choose to convert their portions and others choose to have their portions of insurance continued during the insured individual's retirement, the amount of each type of continued insurance is the total percentage of the shares of the