(3)(i) After reaching age 65, an annuitant or compensationer can change from No Reduction to Full Reduction at any time. Exception: If the individual has assigned his or her insurance as provided in subpart I of this part, only the assignee can change from No Reduction to Full Reduction for the Option B coverage. If an individual age 65 or over changes to Full Reduction, the amount of insurance in force is computed as if he or she had elected Full Reduction initially. There is no refund of premiums.

(ii) After reaching age 65, an annuitant or compensationer cannot change from Full Reduction to No Reduction.

(c)(1) For each multiple of Option B and/or Option C for which an individual elects Full Reduction, the coverage reduces by 2 percent of the original amount each month. This reduction starts at the beginning of the 2nd month after the date the insurance would otherwise have stopped or the beginning of the 2nd month after the insured’s 65th birthday, whichever is later. At 12:00 noon on the day before the 50th reduction, the insurance stops, with no extension of coverage or conversion right.

(2) For each multiple of Option B and/or Option C for which an individual elects No Reduction, the coverage in force does not reduce. After age 65 the annuitant or compensationer continues to pay premiums appropriate to his or her age.

(d)(1) An employee who was already retired or insured as a compensationer on April 24, 1999, and who had Option B, was given an opportunity to make an election for Option B.

(i) Each such annuitant or compensationer who was under age 65 on April 24, 1999, was notified of the option to elect No Reduction. The retirement system will send the individual an election notice before his or her 65th birthday.

(ii) Each such annuitant or compensationer who was age 65 or older on April 24, 1999, and who still had some Option B coverage remaining, was given the opportunity to stop further reductions. The individual had until October 24, 1999, to make the No Reduction election. The amount of Option B coverage retained was the amount in effect on April 24, 1999. Each annuitant or compensationer who elected No Reduction was required to pay premiums retroactive to April 24, 1999.

(2) An employee who was already retired or insured as a compensationer on April 24, 1999, could not elect No Reduction for Option C.

§ 870.706 Reinstatement of life insurance.

(a) An annuitant whose disability annuity terminates because he/she recovers from the disability or because his/her earning capacity returns, and whose disability annuity is later restored under 5 U.S.C. 8337(e) (after December 31, 1983), may elect to resume the Basic insurance held immediately before his/her disability annuity terminated. OPM must receive the election within 60 days after OPM mails a notice of insurance eligibility and an election form.

(b) An annuitant described in paragraph (a) of this section may elect to resume any Optional insurance held immediately before the annuity terminated if:

(1) He/she has made an election under paragraph (a) of this section; and

(2) OPM receives the election within 60 days after OPM mails a notice of insurance eligibility and an election form.

(c) Basic and Optional insurance reinstated under paragraphs (a) and (b) of this section is effective on the 1st day of the month after the date OPM receives the election. Any applicable annuity withholdings are also reinstated on the 1st day of the month after OPM receives the election.

(d) The amounts of Basic and Optional insurance reinstated under paragraphs (a) and (b) of this section are the amounts that would have been in force if the individual’s annuity hadn’t terminated.