

**OFFICE OF PERSONNEL
MANAGEMENT****5 CFR Part 870****RIN 3206-AG63****Federal Employees' Group Life
Insurance Program: Miscellaneous
Changes and Clarifications and Plain
Language Rewrite****AGENCY:** Office of Personnel
Management.**ACTION:** Proposed rule.

SUMMARY: The Office of Personnel Management (OPM) is proposing a complete rewrite of the Federal Employees' Group Life Insurance (FEGLI) regulations. We are changing the format of the regulations and using plain language to make the regulations easier to understand. We are also proposing some miscellaneous changes, clarifications, and corrections, which are spelled out in the Supplementary Information.

DATES: OPM must receive comments on or before December 26, 2000.

ADDRESSES: Send written comments to Abby L. Block, Chief, Insurance Policy and Information Division, Office of Insurance Programs, Retirement and Insurance Service, Office of Personnel Management, 1900 E Street NW., Washington, DC 20415-3666; or deliver to OPM, Room 3425, 1900 E Street NW., Washington, DC; or FAX to (202) 606-0633.

FOR FURTHER INFORMATION CONTACT:
Karen Leibach, (202) 606-0004.

SUPPLEMENTARY INFORMATION: In line with the President's Memorandum of June 1, 1998 (Plain Language in Government Writing), the Office of Personnel Management (OPM) is rewriting the Federal Employees' Group Life Insurance (FEGLI) regulations. We are writing most of the sections in question and answer format, using tables, and addressing the regulations to the intended reader (usually the insured or eligible individual). We are also using simpler language as much as possible. The purpose is to make the regulations easier to understand.

These regulations also propose various changes, clarifications, and corrections. These are:

Changes

(1) We recognize that sometimes there are situations in which a terminally ill person is not able to elect a living benefit. In consideration of these individuals, we are changing subpart K to allow someone to elect a living benefit on behalf of an insured

individual in certain circumstances. The requirements are that the insured person must be physically or mentally incapable of making the election; the applicant must have a power of attorney or court order that would allow him/her to make such an election; and the applicant must either be the sole beneficiary or have the written and signed consent of each beneficiary.

(2) There are occasional situations in which a person's employment may be creditable under subchapter III of chapter 83 or chapter 84 of title 5, United States Code, but may not give the person eligibility for FEGLI. For determining whether an employee is eligible to continue FEGLI as an annuitant or compensation, we are changing the definition of "service" to mean service during which the employee is eligible for FEGLI.

(3) We are removing the exclusion for employees whose annual pay is \$12 per year or less, since it's a rather outdated provision. It's not very likely that there are any employees this would apply to. Any employee earning a salary of \$12 or less per year is probably already excluded under other provisions.

(4) We are adding information to the regulations about the circumstances allowing family members to convert Option C coverage. Family members may convert Option C if the insured employee/annuitant/compensation dies, or if the insurance terminates and the insured individual doesn't convert the coverage. Family members may not convert if they lose eligibility as covered family members.

(5) We are changing the regulations to simplify what happens when an employee transfers from a covered position to an excluded position. Currently, some such transfers allow the employee to keep FEGLI coverage, some cause him/her to lose the coverage, and one allows the employee to keep coverage if he/she expects to return to the covered position. The new regulations will allow all employees to keep their FEGLI coverage, if they transfer to a position excluded by regulation with a break in service of not more than 3 days. This does not apply to positions excluded by law.

(6) We are expanding the regulations to include a list of medical conditions that automatically allow a child age 22 and over to be covered under Option C coverage. These are the same conditions that allow an overage dependent to be covered under a self and family enrollment under the Federal Employees Health Benefits (FEHB) Program.

(7) The current regulations state that under Full Reduction, Option B and

Option C coverage terminates at 12:00 noon on the day before the 50th reduction. We are changing this to the end of the last day of the month in which the 49th reduction occurs. This allows for a full day of coverage on the last day before the coverage ends.

(8) When reemployed annuitants separate, they may keep the insurance they got through reemployment if they qualify for a supplemental annuity or receive a new retirement right. However, some retirement systems don't allow their annuitants to get a supplemental annuity or new retirement right. To be fair to these annuitants, we are revising the regulations to allow them to keep their reemployment-acquired insurance if they would otherwise qualify for a supplemental annuity or new retirement right—but are unable to receive it due to the provisions of their retirement system.

(9) The regulations currently state that a child qualifies as a recognized natural child if a court determines that the insured person is the child's father, and the court makes that determination before the man dies. We are expanding the regulations to allow a court determination of paternity based on the results of DNA testing both before and after the death of the insured.

(10) The regulations currently include information on reemployed annuitants. We have expanded the regulations to include information on reemployed compensationers.

(11) Current regulations require that an employee who is retiring or becoming insured as a compensation must choose the number of multiples of Option B and Option C he/she wants to continue into retirement. Any multiples not continued cancel, and the employee does not get the 31-day extension of coverage or right to convert. Since some employees may wish to convert their insurance, instead of continuing it into retirement or compensation, we are changing the regulations to say that any multiples not continued terminate, rather than cancel. This will give the employee the 31-day extension of coverage and the right to convert.

(12) We are changing the time frames for conversion and portability to make them the same. Currently the time frame for conversion is a postmark within 31 days from the date of the terminating event or 31 days from the date the employee or assignee receives the notice of loss of group coverage and right to convert, whichever is later. The individual may also request conversion within 6 months after becoming eligible, if he/she was unable to do so on time because of reasons beyond his/her control. The current time frame for

portability is a request within 60 days from the date of the terminating event. We are making the time frame the same for both conversion and portability. OFEGLI (for conversion) or the Portability Office (for portability) must receive a request within 65 days from the date of the terminating event, with the 6-month "reasons beyond control" provision for both. We are also changing the regulations to state that an individual who wants to port Option B must submit the request to the Portability Office; currently the individual must send the request to both the employing office and the Portability Office.

(13) If a disability annuitant's annuity stops because he/she recovers or returns to earning capacity, or if a compensation's compensation stops because the Department of Labor finds that he/she is able to return to work, the individual's FEGLI stops. Current regulations state that the person does not receive the 31-day extension of coverage or right to convert. We are changing the regulations to allow these individuals to have the 31-day extension and the opportunity to convert their coverage.

(14) Current regulations spell out pay and duty status requirements before open season elections become effective. We are removing the specific requirements and stating that we will announce the requirements for a particular open season in a **Federal Register** notice. This gives us the flexibility to vary the requirements with the needs of each open season.

Clarifications

(1) We are clarifying the regulations to state that a faxed designation of beneficiary is acceptable in certain circumstances. The appropriate office must receive the faxed designation before the insured person dies, and the office must receive the original designation within 30 days of when it received the faxed version. The original must be identical to the faxed copy.

(2) We are stating in the regulations that a witness to an assignment must be someone other than the assignee.

(3) A witness to a designation cannot be named as a beneficiary. We are revising the regulations to show what happens if an agency or retirement system erroneously accepts such a designation. The witness/beneficiary is disqualified from receiving benefits. If that person is the only beneficiary listed, the designation is not valid. Benefits will then be paid according to the last designation on file; if there is none, benefits will go to whoever is next under the order of precedence. If the

designation lists another beneficiary or beneficiaries, they will get the disqualified person's share.

(4) At the time of retirement or becoming insured as a compensation, an employee must make an election for post-65 reduction of Basic insurance. We are making it clear that if a person doesn't make this election, he/she automatically gets 75% Reduction.

(5) We are clarifying the regulations to state that only the insured person (or the assignee) has the right to convert when insurance terminates. No one may convert on behalf of the insured person. (There is an exception that allows family members to convert Option C coverage in certain circumstances. We discussed this previously in item (4) under Changes.) We are also making it clear that only the employee may elect Optional insurance and make the initial post-65 reduction election for Basic, Option B, and Option C. No one may make such an election on behalf of the employee. And we are making it clear that only the insured person (or the assignee) can cancel FEGLI. No one may cancel insurance on behalf of the insured person.

(6) We have changed "change in family circumstances" to "life event." This is a simpler phrase and is consistent with more common usage. We have also changed "open enrollment period" to "open season" for the same reasons. This doesn't mean that FEGLI open seasons will become annual events, as FEHB open seasons are. FEGLI open seasons will remain occasional events, as scheduled by OPM.

(7) Acquiring an eligible child is a life event that allows an employee to make an Option B and/or Option C election. We are clarifying the regulations to state that the definition of child for life events purposes is the same as the definition of child as an eligible family member.

(8) We are expanding the definitions section to include definitions of "accidental death and dismemberment," "beneficiary," "cancellation," "days," "living benefits," "port" and "ported coverage," "separation," "termination," and "we."

(9) If an insured person cancels his/her insurance, the insurance stops at the end of the pay period in which the person files the waiver. We are clarifying the regulations to say that this is the end of the last day of that pay period.

(10) We are dropping the phrase "if not already an even thousand" from the requirement for rounding annual pay to determine the amount of Option B coverage. If the salary is already an even

thousand, there is no need to round; so the phrase is unnecessary.

(11) We are clarifying the regulations to state that, even though there is no longer a maximum on the amount of Basic insurance and Option B, if an employee's salary is "capped" by law, the Basic and Option B FEGLI amounts are based on the capped salary (the amount the employee is actually being paid), not the amount the salary would be without the cap.

(12) There are no waivers of the "5-year/all-opportunity" requirements for continuing FEGLI as an annuitant or compensation. We are clarifying the regulations to state this.

Corrections

(1) We are correcting the regulations to reflect that accidental death and dismemberment benefits apply to loss of sight, not just to loss of an eye.

(2) Employees who have an interim appointment under § 772.102 of this chapter are eligible for coverage unless their position is excluded by law. This provision was inadvertently removed from the regulations.

(3) We are correcting the regulations concerning how long FEGLI continues for persons covered under the hostage provisions (subpart J). For hostages in Iraq and Kuwait, coverage terminates 12 months after hostage status ends. For hostages captured in Lebanon, coverage terminates 60 months after hostage status ends.

(4) We are correcting § 870.103 to show that OPM has the authority to correct administrative errors. The word "administrative" was inadvertently removed from the regulations.

Regulatory Flexibility Act

I certify that this regulation will not have a significant economic impact on a substantial number of small entities, because the regulation only affects life insurance benefits of Federal employees and retirees.

List of Subjects in 5 CFR Part 870

Administrative practice and procedure, Government employees, Hostages, Iraq, Kuwait, Lebanon, Life insurance, Retirement.

Office of Personnel Management.

Janice R. Lachance,
Director.

OPM is proposing to amend 5 CFR part 870 as follows:

Part 870 is revised to read as follows:

PART 870—FEDERAL EMPLOYEES' GROUP LIFE INSURANCE PROGRAM

Subpart A—Administration and General Provisions

Sec.

- 870.101 Definitions.
- 870.102 How is FEGLI set up?
- 870.103 Who can correct an error in my coverage?
- 870.104 What if I get coverage by mistake?
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Subpart B—Types and Amounts of Insurance

- 870.201 What types of insurance does the FEGLI Program have?
- 870.202 What is my Basic insurance amount (BIA)?
- 870.203 Does my BIA ever change?
- 870.204 Is the BIA the amount my survivors will receive when I die?
- 870.205 What is the post-election BIA?
- 870.206 What do you mean by my annual rate of pay?
- 870.207 What is included in my annual pay?
- 870.208 What if my pay isn't annual or full-time or regular?
- 870.209 What is the amount of my Optional insurance?
- 870.210 Are these the amounts that will be paid when I die or if a family member dies?
- 870.211 Does FEGLI have accidental death and dismemberment benefits?
- 870.212 What is the amount of my AD&D coverage?

Subpart C—Eligibility

- 870.301 Am I eligible for Basic or Optional insurance?
- 870.302 What is an excluded position?
- 870.303 Who is excluded by law?
- 870.304 Who is excluded by regulation?
- 870.305 Are there any other exceptions to these exclusions?
- 870.306 Are foster children eligible as family members under my Option C coverage?
- 870.307 What do I have to do to cover a disabled child over age 22?

Subpart D—Cost of Insurance

- 870.401 Who pays for FEGLI?
- 870.402 How much do I have to pay for Basic insurance?
- 870.403 How much do I pay if I'm insured as an annuitant or compensationner?
- 870.404 How does the Government contribution for Basic insurance work?
- 870.405 How much do I have to pay for Optional insurance?
- 870.406 When I move from one age group to another, when do I start paying the higher premiums?

- 870.407 What happens to my withholding if I elect a living benefit?
- 870.408 What happens if my employing office doesn't withhold enough?
- 870.409 What if my pay is too low to make the withholdings?
- 870.410 What else should I know about withholdings and contributions?

Subpart E—Coverage

- 870.501 How do I get Basic insurance?
- 870.502 How do I get Optional insurance?
- 870.503 When does Optional insurance become effective?
- 870.504 Are there any extensions to the 31-day time limit for electing Optional insurance?
- 870.505 Can I cancel my insurance?
- 870.506 How long does my waiver last?
- 870.507 How can I cancel my waiver and get insurance?
- 870.508 How do I cancel my waiver by getting a physical exam?
- 870.509 What happens after OFEGLI makes its decision?
- 870.510 What is a life event?
- 870.511 How do I cancel my waiver if I have a life event?
- 870.512 When can I make a life event election?
- 870.513 How many multiples of Options B and C can I elect due to a life event?
- 870.514 When does my Option B and Option C life event coverage become effective?
- 870.515 Are there any extensions to the time limit for making a life event election?
- 870.516 How often does OPM have FEGLI open seasons?
- 870.517 What coverage can I elect during an open season?
- 870.518 What is the effective date for open season elections?
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- 870.520 Can annuitants and compensationners get FEGLI coverage?
- 870.521 What happens if I leave Government and then return to service?
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- 870.601 When does my Basic insurance stop?
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- 870.604 How long do I have to convert my insurance?
- 870.605 Are there any extensions to the time limit for conversion?
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Subpart G—Annuitants and Compensationners

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- 870.703 Do I have to meet the 5-year/all-opportunity requirement for all my insurance?
- 870.704 How much insurance can I continue as an annuitant or compensationner?
- 870.705 Are these the amounts that will be paid when I die or if a family member dies?
- 870.706 What kind of election can I make about reductions in my Basic insurance?
- 870.707 Can I change my post-65 reduction election for Basic insurance?
- 870.708 What kind of election can I make about reductions in my Optional insurance?
- 870.709 When do I have to make the post-65 reduction election for Option B and Option C?
- 870.710 What if I was already retired or insured as a compensationner on April 24, 1999?
- 870.711 Can I change my post-65 reduction election for Option B or Option C?
- 870.712 Do the post-65 reductions apply to all annuitants and compensationners?
- 870.713 What if I'm an MRA+10 annuitant?
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- 870.716 Can my insurance be reinstated?
- 870.717 What happens if I retire and then come back to work for the Federal Government?
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- 870.720 What happens when I separate from service again?
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- 870.801 Who gets the life insurance benefits when I die?
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- 870.803 Can I designate a beneficiary?
- 870.804 How do I make a designation?
- 870.805 Where do I have to file my designation form?
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- 870.807 How long does my designation last?
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- 870.901 Who is allowed to make an assignment?
- 870.902 What insurance can I assign?
- 870.903 Who can I assign my insurance to?
- 870.904 Can I change or cancel my assignment?
- 870.905 How do I make an assignment?
- 870.906 Where do I have to file my assignment form?
- 870.907 When is my assignment effective?
- 870.908 Can I elect more insurance after I make an assignment?

- 870.909 Can I cancel or reduce my insurance after I make an assignment?
- 870.910 Who pays the premiums after I make an assignment?
- 870.911 What happens when I retire or become insured as a compensationner?
- 870.912 What happens if my insurance terminates after I make an assignment?
- 870.913 How long does my assignment last?
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- 870.1002 Special definitions for this subpart.
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- 870.1006 How are the premiums paid?
- 870.1007 Can a person insured as a hostage cancel the insurance?
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- 870.1202 What are the eligibility requirements for portability?
- 870.1203 How much Option B can I port?
- 870.1204 What is the cost of the ported coverage?
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- 870.1206 Are there any extensions to the time limit for porting?
- 870.1207 When is my ported coverage effective?
- 870.1208 What about designations, assignments, and court orders?
- 870.1209 Can I cancel my ported coverage?
- 870.1210 How long does my ported coverage last?
- 870.1211 What happens if I come back to work?

Authority: 5 U.S.C. 8716; subpart J also issued under section 599C of Pub. L. 101–513, 104 Stat. 2064, as amended; § 870.302(a)(3)(ii) also issued under section

153 of Pub. L. 104–134, 110 Stat. 1321; § 870.302(a)(3) also issued under sections 11202(f), 11232(e), and 11246(b) and (c) of Pub. L. 105–33, 111 Stat. 251 and section 7(e) of Pub. L. 105–274, 112 Stat. 2419.

Subpart A—Administration and General Provisions

§ 870.101 Definitions.

Accidental death and dismemberment means death or bodily injury caused solely through violent, external, and accidental means. This has meaning for FEGLI if, as a direct result of the bodily injuries, independent of all other causes, you die or lose your hand, foot, or eyesight within 90 days of the accidental injury. If your physical or mental condition or treatment for your physical or mental condition contributes to your death or dismemberment, we do not consider your injury to be accidental.

Annuitant means a former employee who is entitled to an annuity (pension) under a retirement system established for employees. This includes the retirement system of a nonappropriated fund instrumentality of the Department of Defense or the Coast Guard.

Assign and *assignment* mean the insured individual's transfer of ownership of the FEGLI coverage to another individual, corporation, trust, or other entity. An assignment is irrevocable (permanent—it cannot be undone) and includes all FEGLI coverage, except Option C.

Assignee means the individual, corporation, trust, or other entity to whom an insured individual irrevocably transfers ownership of FEGLI coverage (except Option C).

Beneficiary means the individual, corporation, trust, or other entity that receives FEGLI benefits when you die.

Cancellation means FEGLI stops. We consider it to be a voluntary action. The insured individual does not get a temporary extension of coverage or right to convert. Reducing the number of multiples of Option B or Option C is a cancellation of those multiples.

Child (a)—as used in the definition of *family member* for Option C coverage and as used with life events—means the following:

- (1) A legitimate child;
 - (2) An adopted child;
 - (3) A stepchild or foster child who lives with the employee or former employee in a regular parent-child relationship; or
 - (4) A recognized natural child.
- (b) This definition does not include a stillborn child or a grandchild (unless the grandchild meets all the requirements of a foster child).

(c) The child must be under age 22. A child age 22 or over is eligible if the child is incapable of self-support because of a physical or mental disability which existed before the child reached age 22.

Child (a)—as used in the order of precedence for payment of benefits—means the following:

- (1) A legitimate child;
 - (2) An adopted child; or
 - (3) A recognized natural child.
- (b) The child may be of any age.
- (c) This definition does not include the following:
- (1) A stepchild;
 - (2) A stillborn child;
 - (3) A grandchild; or
 - (4) A foster child.
- (d) Adopted children inherit from their adoptive parents under the order of precedence, not from their birth parents (unless they are designated beneficiaries).

(e) A child who has reached age 18 is considered an adult and can receive a benefit payment in his/her name. But if the age of adulthood where the individual has legal residence is set at a lower age, the child is considered an adult on reaching that lower age.

Compensation means compensation under subchapter I of chapter 81 of title 5, United States Code, which is payable because of an on-the-job injury or disease.

Compensationner means an individual who is receiving compensation and who the Department of Labor determines is unable to return to duty.

Court order (a) means one of the following:

- (1) A court decree of divorce, annulment, or legal separation; or
- (2) A court-approved property settlement agreement relating to a court decree of divorce, annulment, or legal separation.

(b) A court order has meaning for FEGLI if it requires FEGLI benefits to be paid to a specific person or persons.

Date of retirement means the commencing (starting) date of the annuity.

Days means calendar days.

Dependent means living with or receiving regular and substantial support from the insured individual.

Employee means an individual who meets the definition of section 8701(a) of title 5, United States Code.

Employing office means the agency office or retirement system office that has responsibility for life insurance actions.

(a) The Administrative Office of the United States Courts is the employing office for judges of the following courts:

- (1) All United States Courts of Appeals;

(2) All United States District Courts;
 (3) The Court of International Trade;
 (4) The Court of Federal Claims; and
 (5) The District Courts of Guam, the Northern Mariana Islands, and the Virgin Islands.

(b) The Washington Headquarters Services is the employing office for judges of the United States Court of Appeals for the Armed Forces.

(c) The United States Tax Court is the employing office for judges of the United States Tax Court.

(d) The United States Court of Veterans Appeals is the employing office for judges of the United States Court of Veterans Appeals.

Family member means a spouse (including a valid common law marriage) and unmarried dependent child(ren).

Immediate annuity means:

(a) An annuity that begins no later than 1 month after the date the insurance would otherwise stop (the date of separation from service); or

(b) An annuity under § 842.204(a)(1) of this chapter for which the starting date has been postponed under § 842.204(c) of this title (called an MRA+10 annuity).

Judge means an individual appointed as a Federal justice or judge under Article I or Article III of the Constitution.

Living benefits means life insurance benefits that are paid to an insured person while the person is living.

OFEGLI means the Office of Federal Employees' Group Life Insurance, which pays benefits under the FEGLI contract.

OPM means the Office of Personnel Management.

OWCP means the Office of Workers' Compensation Programs, U.S. Department of Labor.

Parent means the mother or father of a legitimate child or an adopted child. The term *parent* includes the mother of a recognized natural child. It also includes the father of a recognized natural child, if the child meets the definition of *recognized natural child*.

Port and *ported coverage* mean continuing FEGLI group coverage that would otherwise terminate.

Portability Office means the office OPM designates to manage ported coverage and to collect premiums for ported coverage.

Recognized natural child means a biological child born outside of marriage. An insured individual is considered to be the father of such a child under the following conditions:

(a)(1) The man acknowledges paternity in writing;

(2) A court orders the man to provide support;

(3) Before the man dies, a court pronounces him to be the father (if the court bases its determination on the results of DNA testing, it is also acceptable after the man dies);

(4) The man names himself as the father of the child on a certified copy of the public record of birth or church record of baptism; or

(5) Public records, such as records of schools or social welfare agencies, show that—with his knowledge—the insured is named as the father of the child.

(b) If paragraph (a) of this definition does not establish paternity, OFEGLI may consider other proof to establish paternity. This includes evidence of the child's eligibility as a recognized natural child under other State or Federal programs or proof that the insured included the child as a dependent on his income tax returns.

Reconsideration means the final level of administrative review of an employing office's initial decision. The purpose of a reconsideration is to determine if the employing office followed the law and regulations correctly in making the initial decision concerning FEGLI eligibility and coverage.

Regular parent-child relationship means that the employee or former employee is exercising parental authority, responsibility, and control over the child. The employee or former employee is caring for, supporting, and disciplining the child and is making the decisions about the child's education and medical care.

Separation means leaving Federal service, either by resignation or by retirement.

Service means Federal civilian service that is creditable under subchapter III of chapter 83 or chapter 84 of title 5, United States Code. For the purpose of continuing FEGLI as an annuitant or compensation, it means service during which an employee is eligible to be covered under FEGLI. This includes service under a nonappropriated fund instrumentality of the Department of Defense or the Coast Guard for an individual who elected to remain under a retirement system established for employees described in section 2105(c) of title 5 U.S.C.

Terminally ill means having a medical prognosis of a life expectancy of 9 months or less.

Termination means FEGLI stops. We consider it to be an involuntary action. The insured individual gets a temporary extension of coverage and right to convert.

Underdeduction means not withholding the required amount of life insurance deductions from an

individual's pay, annuity, or compensation. This includes nondeductions (when none of the required amount is withheld) and partial deductions (when only part of the required amount is withheld).

We means OPM (the Office of Personnel Management).

§ 870.102 How is FEGLI set up?

The Federal Employees' Group Life Insurance (FEGLI) Program is authorized by law (chapter 87 of title 5, United States Code). The Office of Personnel Management (OPM) administers the Program and sets the premiums. OPM has a contract with an insurance company to provide group life insurance coverage for Federal employees under the FEGLI Program. The company has an office called OFEGLI (the Office of Federal Employees' Group Life Insurance) to pay benefits.

§ 870.103 Who can correct an error in my coverage?

(a) Your employing office may correct administrative errors about your coverage or changes in coverage. If the correction is retroactive, your employing office must follow the provisions of § 870.408.

(b) OPM may order correction of an administrative error if we have evidence that it would be against equity (fairness) and good conscience not to order the correction.

§ 870.104 What if I get coverage by mistake?

(a) If you become insured in error, your coverage will remain in effect if at least 2 years pass before the error is discovered and you paid the applicable premiums during that time. This applies to errors discovered on or after October 30, 1998.

(b) If you are allowed to continue your insurance into retirement or compensation in error, your coverage will remain in effect if at least 2 years pass before the error is discovered and you paid the applicable premiums during that time. This applies to such errors discovered on or after October 30, 1998.

(c) If you are allowed to keep erroneous coverage because of this provision, but you don't want the coverage, you may cancel the coverage on a prospective basis. You will not get a refund of your premiums.

§ 870.105 What if I think my agency or retirement system made the wrong decision about my coverage?

(a) You may ask your agency or retirement system to reconsider its initial decision denying you life

insurance coverage, the opportunity to change your coverage, the opportunity to designate a beneficiary, or the opportunity to assign your insurance.

(b) Your employing office's decision is an initial decision when the employing office gives it to you in writing and tells you about the right to a reconsideration.

(c) If you want a reconsideration, you must make your request in writing and follow the instructions in the initial decision notice. Your request must include the following:

- (1) Your name;
- (2) Your address;
- (3) Your date of birth;
- (4) Your Social Security number;
- (5) The reason(s) for your reconsideration request;
- (6) A copy of the initial decision; and
- (7) If you are retired, your retirement claim number.

§ 870.106 How long do I have to request a reconsideration?

You must request a reconsideration within 30 days from the date of the initial decision.

§ 870.107 Can I get an extension of this time limit?

Yes. To get an extension you must show either:

- (a) That your employing office did not notify you of the time limit and you were not aware of it by any other means; or
- (b) That you were not able to make the request on time because of reasons beyond your control.

§ 870.108 Who does the reconsideration?

(a) Your agency or retirement system performs the reconsideration. They must do so at or above the level where they made the initial decision.

(b) After performing the reconsideration, the agency or retirement system must issue a final decision. The agency or retirement system must give you the final decision in writing and must state the findings fully.

§ 870.109 What if someone thinks OFEGLI paid benefits incorrectly?

(a) If you (or your beneficiaries) think OFEGLI made an error in paying benefits, you must contact OFEGLI directly.

(b) If you (or your beneficiaries) think you are due money from FEGLI benefits and that you need to go to court to get the money, you must take court action against the company that we contract with, not against OPM.

§ 870.110 Special information for census workers.

If you are a Federal employee, whether in pay status or nonpay status, and you are hired for a temporary, intermittent, position with the decennial (every 10 years) census, your census employment has no effect on:

- (a) The amount of your Basic or Option B insurance;
- (b) The withholdings or Government contribution for your insurance; or
- (c) The determination of when 12 months in nonpay status ends.

Subpart B—Types and Amounts of Insurance

§ 870.201 What types of insurance does the FEGLI Program have?

(a) The FEGLI Program has 2 types of life insurance: Basic and Optional.

(b) There are 3 types of Optional insurance: Option A (standard optional insurance), Option B (additional optional insurance), and Option C (family optional insurance).

§ 870.202 What is my Basic insurance amount (BIA)?

(a)(1) Unless you elected a living benefit under subpart K of this part, if you are an employee, your Basic insurance amount (BIA) is the higher of:

- (i) Your annual rate of basic pay, rounded to the next higher thousand, plus \$2,000; or
- (ii) \$10,000. *Note:* If your pay is "capped" by law, the amount of your Basic insurance is based on the capped amount, the amount you are actually being paid. It is *not* based on the amount your pay would be without the cap.

(2) If you elected a living benefit, see § 870.205.

(3) Effective for pay periods beginning on or after October 30, 1998, there is no maximum BIA.

(b) If you are eligible to continue your Basic insurance coverage as an annuitant or compensationner, your BIA is the BIA that is in effect at the time your insurance as an employee would stop under § 870.601.

§ 870.203 Does my BIA ever change?

(a) If you are an employee, your BIA automatically changes whenever your annual pay increases or decreases enough to move you to a different \$1,000 bracket, unless you elected a living benefit under subpart K of this part. (If that applies to you, see § 870.205.)

(b) If you are insured as an annuitant or compensationner, your BIA will not change.

§ 870.204 Is the BIA the amount my survivors will receive when I die?

(a) Your BIA is the starting point for determining the amount that OFEGLI will pay when you die.

(b) If you are under age 45 when you die, your beneficiaries will receive a higher amount. This is called an "extra benefit." OFEGLI multiplies your BIA by a factor, depending on your age at the time of your death. These are the factors:

Age	Factor
35 or under	2.0
36	1.9
37	1.8
38	1.7
39	1.6
40	1.5
41	1.4
42	1.3
43	1.2
44	1.1
45 or over	1.0

(c) If you are insured as an annuitant or compensationner and are age 65 or over, the amount of benefits paid may be reduced, depending on the election you made. See § 870.706.

(d) Depending on the cause of your death, your beneficiaries also may receive an accidental death benefit. See § 870.212.

§ 870.205 What is the post-election BIA?

(a) The post-election BIA is the amount of Basic insurance left after you elect a living benefit. (See subpart K of this part)

(1) If you elect a full living benefit, the post-election BIA is \$0.

(2) If you elect a partial living benefit, you still have some Basic insurance left. OFEGLI determines this amount by taking your BIA on the date OFEGLI receives your completed living benefit application and reducing it by a percentage. This percentage represents the amount of your partial living benefit payment, compared to the amount you could have received if you elected a full living benefit. The amount that is left is rounded up or down to the nearest multiple of \$1,000. (If it's midway between multiples, it is rounded up to the next higher multiple.)

(b) The post-election BIA cannot change, so changes in pay will have no effect on it.

(c) If you elect a partial living benefit and are under age 45 when you die, OFEGLI will multiply your post-election BIA by the "extra benefit" factor that was in effect on the date OFEGLI received your completed living benefit application.

§ 870.206 What do you mean by my annual rate of pay?

Your annual pay is your annual rate of basic pay as fixed by law or regulation.

§ 870.207 What is included in my annual pay?

Your annual pay includes the following:

(a) Interim geographic adjustments and locality-based comparability payments, as provided by Pub. L. 101–509 (104 Stat. 1479);

(b) Premium pay for standby duty under 5 U.S.C. 5545(c)(1);

(c) If you are a customs officer, premium pay for overtime inspectional service, as provided by Pub. L. 103–66 (107 Stat. 453);

(d) If you are a law enforcement officer as defined under 5 U.S.C. 8331(20) and §§ 831.902 and 842.802 of this chapter, premium pay for administratively uncontrollable overtime under 5 U.S.C. 5545(c)(2);

(e) If you are a wage employee, night differential pay;

(f) If you are an employee exposed to danger or physical hardship, environmental differential pay;

(g) If you are a citizen employee in Panama, tropical differential pay;

(h) If you are a law enforcement officer, special pay adjustments;

(i) If you are a criminal investigator, availability pay under 5 U.S.C. 5545a;

(j) If you are a physician or dentist of the Department of Veterans Affairs, bonuses as provided by Pub. L. 96–330 (94 Stat. 1030); and

(k) If you are a firefighter, straight-time pay for regular overtime hours, as provided in 5 U.S.C. 5545b and part 550, subpart M, of this chapter.

§ 870.208 What if my pay isn't annual or full-time or regular?

(a) If your pay is not annual, your employing office will convert your pay to an annual rate. The way to do this is to multiply your pay rate by the number of pay units in a 52-week work year.

(b) If you are a part-time employee, your annual pay is your basic pay applied to your tour of duty in a 52-week work year.

(c) If you are on piecework rates, your annual pay is your total basic earnings for the previous calendar year, not counting premium pay for overtime or holidays.

(d) If you have a regular schedule but work at different pay rates, your annual pay is the weighted average of the rates at which you are paid, projected to an annual basis.

(e) If you are a non-Postal intermittent employee or an employee who works at

different pay rates without a regular schedule, your annual pay is the annual rate that you are receiving at the end of the pay period.

(f) If you legally serve in more than one position at the same time, and at least one of those positions entitles you to life insurance coverage, your annual pay is the sum of the annual basic pay fixed by law or regulation for each position. *Exception:* This doesn't apply to part-time flexible schedule employees in the Postal Service.

§ 870.209 What is the amount of my Optional insurance?

(a) Option A coverage is \$10,000. Effective for pay periods beginning on or after October 30, 1998, Option A cannot be more than \$10,000.

Exception: This does not apply if you retired or became insured as a compensationner with a higher amount of Option A before the removal of the maximum on Basic insurance (the first pay period beginning on or after October 30, 1998).

(b)(1) Option B coverage comes in 1, 2, 3, 4, or 5 multiples of your annual pay (after rounding the pay to the next higher thousand).

Note: If your pay is "capped" by law, the amount of your Option B coverage is based on the capped amount, the amount you are actually being paid. It is *not* based on the amount your pay would be without the cap.

(2) Effective for pay periods beginning on or after October 30, 1998, there is no maximum amount for each multiple.

(3) The amount of your Option B coverage automatically changes whenever your annual pay increases or decreases enough to move you to a different \$1,000 bracket.

(c) Effective April 24, 1999, Option C coverage comes in 1, 2, 3, 4, or 5 multiples of the following amounts: \$5,000 on the death of a spouse and \$2,500 on the death of an eligible child.

§ 870.210 Are these the amounts that will be paid when I die or if a family member dies?

(a) The amounts given in § 870.209 are the starting points for determining the amount that OFEGLI will pay when you die or when a covered family member dies.

(b) There is no extra benefit if you or your family member is under age 45 at the time of death.

(c) If you are insured as an annuitant or compensationner and are age 65 or over, the amount of benefits paid for Option A will be reduced. The amount of benefits for Options B and C may also be reduced, depending on the elections you made. See § 870.708.

§ 870.211 Does FEGLI have accidental death and dismemberment benefits?

(a)(1) If you are an employee, you automatically have accidental death and dismemberment (AD&D) benefits with Basic insurance. You also automatically have AD&D benefits with Option A, if you have that coverage.

(2) There are no AD&D benefits with Options B and C.

(b) If you are insured as an annuitant or compensationner, you do not have AD&D benefits.

§ 870.212 What is the amount of my AD&D coverage?

(a) *Accidental death benefit:*

(1) Under Basic insurance, this is equal to your BIA, but without the extra benefit described in § 870.204(b).

(2) Under Option A, this is \$10,000.

(b) *The accidental dismemberment benefit* is for the loss of your hand, foot, or vision.

(1) Under Basic insurance, the benefit is equal to one-half your BIA (without the extra benefit). If you lose more than 1 hand or foot or the vision in both eyes in the same accident, the benefit is equal to the whole BIA (without the extra benefit).

(2) Under Option A, the benefit is \$5,000. If you lose more than 1 hand or foot or the vision in both eyes in the same accident, the benefit is \$10,000.

(c)(1) OFEGLI pays accidental death benefits to your beneficiaries (see subpart H of this part).

(2) OFEGLI pays accidental dismemberment benefits to you.

Subpart C—Eligibility**§ 870.301 Am I eligible for Basic or Optional insurance?**

(a) Unless you are in an excluded position, you are eligible for FEGLI coverage.

(b)(1) You get Basic insurance automatically. If you don't want Basic insurance, you have to waive it.

(2) Optional insurance is not automatic. If you want Optional insurance, you must elect it.

(c) You may elect one or more types of Optional insurance if:

(1) You have Basic insurance; and

(2) You do not have a waiver of that type (or types) of Optional insurance still in effect.

§ 870.302 What is an excluded position?

The law excludes some employees from FEGLI coverage, and the regulation excludes some employees. OPM makes the final determination about whether an exclusion applies to a specific employee or group of employees.

§ 870.303 Who is excluded by law?

The law excludes you if you are:

(a) An employee of a corporation supervised by the Farm Credit Administration, if private interests elect or appoint a member of the board of directors.

(b) An employee who is not a citizen or national of the United States and your permanent duty station is outside the United States. *Exception:* You are not excluded if you met the definition of employee on September 30, 1979, by service in an Executive agency, the United States Postal Service, or the Smithsonian Institution in the area that was then known as the Canal Zone.

(c) An individual first employed by the Government of the District of Columbia on or after October 1, 1987. *Exceptions:* You are not excluded if:

(1) You are an employee of St. Elizabeths Hospital, and you went to work for the District of Columbia Government immediately following Federal employment, without any break in service, as provided in section 6 of Pub. L. 98-621 (98 Stat. 3379).

(2) You are an employee of the District of Columbia Financial Responsibility and Management Assistance Authority (Authority). To qualify, you must make an election under section 153 of Pub. L. 104-134 (110 Stat. 1321) to be considered a Federal employee for life insurance and other benefits purposes. If you are an Authority employee who is a former Federal employee, you are subject to the provisions of §§ 870.507, 870.717, and 870.718.

(3) You are the Corrections Trustee or the Pretrial Services, Parole, Adult Probation and Offender Supervision Trustee. You also are not excluded if you are an employee of one of these Trustees, and you went to work for the District of Columbia Government within 3 days after separating from the Federal Government.

(4) Effective October 1, 1997, you are a judicial or nonjudicial employee of the District of Columbia Courts, as provided by Pub. L. 105-33 (111 Stat. 251).

(5) Effective April 1, 1999, you are an employee of the Public Defender Service of the District of Columbia, as provided by Pub. L. 105-274 (112 Stat. 2419).

§ 870.304 Who is excluded by regulation?

OPM excludes you if you are:

(a) Serving under an appointment limited to 1 year or less. *Exceptions:* You are eligible if:

(1) You are an acting postmaster;

(2) You are a Presidential appointee appointed to fill an unexpired term; or

(3) You are an employee with a provisional appointment, as defined in § 316.403 of this chapter.

(b) Employed for an uncertain or purely temporary period. We also

exclude you if you are employed for brief periods at intervals, or if you are expected to work fewer than 6 months in each year. *Exception:* You are eligible if you are employed under an OPM-approved career-related work-study program under Schedule B. To qualify, your work-study program must last at least 1 year, and you must be expected to be in pay status for at least one-third of the total period of time from the date of your first appointment to the date you complete the work-study program.

(c) An intermittent employee (a non-full-time employee without a regularly scheduled tour of duty).

(d) A beneficiary or patient employee in a Government hospital or home.

(e) Paid on a contract or fee basis.

Exception: You are eligible if you are a United States citizen, and you are appointed by a contract between you and the Federal employing authority. To qualify, your contract must require your personal service, and you must be paid on the basis of units of time.

(f) Paid on a piecework basis.

Exception: You are eligible if your work schedule provides for full-time or part-time service, and you have a regularly scheduled tour of duty.

§ 870.305 Are there any other exceptions to these exclusions?

(a) If you have FEGLI and you transfer to a position excluded by regulation (see § 870.304), your FEGLI continues, unless you have a break in service of more than 3 days. You cannot continue your FEGLI if your position is excluded by law (see § 870.303).

(b) If you have an interim appointment under § 772.102 of this chapter, you are eligible for coverage even if your position is excluded by regulation. You are not eligible for coverage if your position is excluded by law.

§ 870.306 Are foster children eligible as family members under my Option C coverage?

(a) Effective October 30, 1998, foster children are eligible for coverage as family members under Option C.

(b) To qualify for coverage as a foster child, the child must meet the following requirements:

(1) The child must live with you;

(2) The parent-child relationship (as defined in § 870.101) must be with you, not the biological parent;

(3) You must be the primary source of financial support for the child; and

(4) You must expect to raise the child to adulthood.

(c) A child does not qualify as a foster child if:

(1) A welfare or social service agency places the child in your home; and

(2) There is an agreement by which the agency retains control of the child or pays you for maintenance.

(d)(1) If you want to cover a foster child, you must sign a certification stating that the child meets all the requirements. The certification must also state that you will notify your employing office if one of these situations happens:

(i) The child marries;

(ii) The child moves out of your home; or

(iii) The child stops being financially dependent on you.

(2) Your employing office must keep the signed certification in your file, along with other life insurance forms.

(e) If your foster child moves out of your home to live with a biological parent, the child loses eligibility. The child cannot again be covered as a foster child unless:

(1) The biological parent dies;

(2) The biological parent is imprisoned;

(3) The biological parent becomes unable to care for the child due to a disability; or

(4) You get a court order taking parental responsibility away from the biological parent.

§ 870.307 What do I have to do to cover a disabled child over age 22?

(a)(1) A child age 22 or over is an eligible family member if the child is incapable of self-support because of a physical or mental disability that existed before the child reached age 22.

(2) You must provide your employing office with a doctor's certificate about your child's disability. The doctor must sign the certificate, and the certificate must show the doctor's office address. The certificate must state the following:

(i) That your child is incapable of self-support because of a physical or mental disability;

(ii) That the disability started before the child reached age 22; and

(iii) That the disability is expected to continue for more than 1 year. The certificate must also include:

(iv) Your child's name;

(v) The type of disability;

(vi) How long the disability has existed; and

(vii) The disability's expected future course and duration.

(b) If the doctor's certificate shows that your child has one of the following conditions, your child is eligible:

(1) AIDS—CDC classes A3, B3, C1, C2, and C3 (not seropositivity alone);

(2) Advanced muscular dystrophy;

(3) Any malignancy with metastases, or any malignancy that is untreatable;

(4) Chronic hepatic failure;

(5) Chronic neurological disease, whatever the reason, with severe mental retardation or neurological impairment. These diseases include:

- (i) Cerebral palsy,
- (ii) Encephalopathies,
- (iii) Uncontrollable seizure disorder, and

(iv) Ectodermal dysplasia;

(6) Chronic renal failure;

(7) Inborn errors of metabolism with complications, such as the following:

- (i) Phenylketonuria,
 - (ii) Homocysteinuria,
 - (iii) Primary hyperoxaluria,
 - (iv) Adrenoleukodystrophy,
 - (v) Tay-Sachs disease,
 - (vi) Nieman-Pick disease,
 - (vii) Gaucher disease,
 - (viii) Glycogen storage diseases,
 - (ix) Mucopolysaccharide disease, and
 - (x) Lesch-Nyhan disease;
- (8) Mental retardation with IQ of 70 or less;

or less;

(9) Osteogenesis imperfecta;

(10) Severe congenital or acquired heart disease with decompensation;

(11) Severe autism;

(12) Severe juvenile rheumatoid arthritis;

(13) Severe mental illness requiring prolonged or repeated hospitalization;

(14) Severe organic mental disorder; or

(15) Xeroderma pigmentosa.

(c) If your child does not have one of the conditions listed in paragraph (b) of this section, your employing office will arrange for a medical review of the doctor's certificate to determine whether your child is eligible.

Subpart D—Cost of Insurance

§ 870.401 Who pays for FEGLI?

(a) You and the Government share the cost of Basic insurance. You pay two-thirds, and the Government pays one-third.

(b) You pay the full cost of Optional insurance. There is no Government contribution for any Optional insurance.

§ 870.402 How much do I have to pay for Basic insurance?

(a)(1) Basic insurance costs \$0.1550 biweekly for each \$1,000 of your BIA. Your employing office must withhold that amount from your pay for each pay

period during which you are in pay status for any part of the time.

(2) If your pay isn't biweekly, your employing office must prorate the amount withheld and adjust it to the nearest one-tenth of 1 cent.

(3) If your BIA changes during the pay period, the amount withheld from your pay is based on your BIA on the last day of the pay period.

(b) There is no cost for the extra benefit described in § 870.205, and there is no cost for AD&D coverage.

§ 870.403 How much do I pay if I'm insured as an annuitant or compensationner?

(a) If you are insured as an annuitant or compensationner, the amount you pay depends on the election you made about the level of reduction you want at age 65 (see § 870.706). Your retirement system withholds your payment from your annuity. OWCP withholds your payment from your compensation.

(b)(1) When you become insured as an annuitant, you pay the following amount for Basic insurance:

Election	Monthly withholding for each \$1,000 of your BIA before age 65	Monthly withholding for each \$1,000 of your BIA after age 65
75% Reduction	\$0.3358	None—Basic insurance is free.
50% Reduction	0.9258	\$0.59.
No Reduction	2.3758	\$2.04.

(2) The changes in withholding take place the month after the month in which you turn 65. (If you retired before January 1, 1990, and elected 75% Reduction, you paid no premiums.) For

the purpose of this paragraph, if you separate from service after meeting the requirements for an immediate annuity under 5 U.S.C. 8412(g), you are

considered to retire on the day before your annuity begins.

(c)(1) When you become insured as a compensationner, you pay the following amount for Basic insurance.

Election	Weekly withholding for each \$1,000 of your BIA before age 65	Weekly withholding for each \$1,000 of your BIA after age 65
75% Reduction	\$0.0775	None—Basic insurance is free.
50% Reduction	0.2175	\$0.14.
No Reduction	0.5475	\$0.47.

(2) The changes in withholding take place the month after the month in which you turn 65. (If you began receiving compensation before January 1, 1990, and elected 75% Reduction, you paid no premiums.)

§ 870.404 How does the Government contribution for Basic insurance work?

(a)(1) If you are an employee, for each pay period in which you are insured,

your employing office must contribute an amount equal to one-half the amount withheld from your pay.

(2) Your agency's contribution must come from the appropriation or fund that is used to pay your salary. If you are an elected official, the Government contribution must come from the appropriation or fund that is available to pay other salaries in the same office.

(b)(1) If you are insured as an annuitant or compensationner, OPM makes the Government contribution. *Exception:* If you are a Postal Service employee who becomes insured as an annuitant or compensationner after December 31, 1989, the Postal Service pays the Government contribution.

(2) The amount OPM must pay is equal to one-half the amount that would be withheld from your annuity or

compensation if you elect 75% Reduction. The amount of the Government contribution is the same whether you elect 75% Reduction, 50% Reduction, or No Reduction.

(3) The Government contribution stops the month after the month in which you turn 65.

§ 870.405 How much do I have to pay for Optional insurance?

(a) The cost of Optional insurance depends on your age.

(b)(1) Your employing office must withhold the full cost of Optional insurance from your pay for each pay period during which you are in pay status for any part of the time.

(2) Unless you are a reemployed annuitant or compensationner (see §§ 870.717 and 870.721), your retirement system must withhold the full cost of Optional insurance from your annuity, and OWCP must withhold the full cost of Optional insurance from your compensation.

(c)(1) The cost for \$10,000 of Option A coverage is:

Age	Biweekly cost
If you are under age 35	\$0.30
Ages 35 through 39 .....	.40
Ages 40 through 44 .....	.60
Ages 45 through 49 .....	.90
Ages 50 through 54	1.40
Ages 55 through 59	2.70
Ages 60 and over	6.00

(2) If your pay isn't biweekly, your employing office must prorate the amount and adjust it to the nearest cent.

(3) If you are insured as an annuitant or compensationner, your Option A coverage is free, starting the month after the month in which you turn 65.

(d)(1) The cost for each \$1,000 of Option B coverage is:

Age	Biweekly cost
If you are under age 35	\$0.03
Ages 35 through 39 .....	.04
Ages 40 through 44 .....	.06
Ages 45 through 49 .....	.10
Ages 50 through 54 .....	.15
Ages 55 through 59 .....	.31
Ages 60 and over .....	.70

(2) If your pay isn't biweekly, your employing office must prorate the amount and adjust it to the nearest one-tenth of 1 cent.

(3) If you are insured as an annuitant or compensationner, whether or not you continue to pay premiums after you turn 65 depends on the election you make. See § 870.708.

(i) If you elect Full Reduction, your Option B coverage is free, starting the

month after the month in which you turn 65.

(ii) If you elect No Reduction, you continue to pay the premiums for your age group, as long as you remain insured.

(e)(1) The cost for each multiple of Option C is:

Age	Biweekly cost
If you are under age 35	\$0.27
Ages 35 through 39 .....	.34
Ages 40 through 44 .....	.46
Ages 45 through 49 .....	.60
Ages 50 through 54 .....	.90
Ages 55 through 59	1.45
Ages 60 through 64	2.60
Ages 65 through 69	3.00
Ages 70 and over	3.40

(2) If your pay isn't biweekly, your employing office must prorate the amount and adjust it to the nearest cent.

(3) If you are insured as an annuitant or compensationner, whether or not you continue to pay premiums after you turn 65 depends on the election you make. See § 870.708.

(i) If you elect Full Reduction, your Option C coverage is free, starting the month after the month in which you turn 65.

(ii) If you elect No Reduction, you continue to pay the premiums for your age group, as long as you remain insured.

§ 870.406 When I move from one age group to another, when do I start paying the higher premiums?

Effective April 24, 1999, your premium changes the pay period after the one in which you turn 35, 40, 45, 50, 55, or 60, and for Option C, 65, or 70.

§ 870.407 What happens to my withholding if I elect a living benefit?

(a) If you elect a full living benefit, your withholding for Basic insurance and the Government contribution stop at the end of the pay period in which your living benefit election is effective.

(b) If you elect a partial living benefit, your withholding for Basic insurance and the Government contribution are reduced at the end of the pay period in which your living benefit election is effective. The new withholding and contribution amounts are based on the post-election BIA.

(c) If you elect a living benefit, your withholdings for Optional insurance do not change.

§ 870.408 What happens if my employing office doesn't withhold enough?

(a)(1) If your employing office does not make any withholdings, or

withholds too low an amount, it must deposit the correct amount into the Employees' Life Insurance Fund within 60 days after it discovers the error. Your employing office must make the deposit regardless of whether or when it recovers the money from you.

(2) If your employing office does not withhold enough, you receive an overpayment of your pay. If this happens, your agency or retirement system must determine whether to collect the money from you or waive collection of the overpayment. The provisions for waiving collection of an overpayment of pay are in 5 U.S.C. 5584, as spelled out in 4 CFR chapter I, subchapter G. If your agency is excluded from these provisions, it may use any applicable authority to waive the collection.

(b) If your employing office does not make the Government contribution for Basic insurance, or makes too low a contribution, it must deposit the correct amount into the Employees' Life Insurance Fund within 60 days after it discovers the error.

§ 870.409 What if my pay is too low to make the withholdings?

(a) Since January 1, 1988, annuitants who retired under 5 U.S.C. chapter 84 (Federal Employees' Retirement System) have been able to make direct premium payments if their annuity became too low to cover the premiums. Effective the first pay period beginning on or after October 30, 1998, all employees, annuitants, and compensationners whose pay, annuity, or compensation is too low to cover the withholdings may make direct premium payments.

(b)(1) You are eligible to make direct premium payments if your employing office determines that your pay, annuity, or compensation, after all other deductions, is expected to be insufficient to cover the withholdings on an ongoing basis, *i.e.*, for the next 6 months or more.

(2) This section does not apply to employees in nonpay status. If you are in nonpay status, see § 870.410(d).

(c)(1) When your employing office determines that your pay, annuity, or compensation will be insufficient on an ongoing basis, it must notify you in writing and tell you about the available choices. (If you have assigned your coverage under subpart I of this part, your employing office must give the notice to your assignee(s).)

(2) You (or your assignee) must return the notice to your employing office within 31 days of receiving it (45 days, if you live overseas). (We consider that you receive a mailed notice 5 days after the date of the notice.) When you return

the notice, you must state which of these choices you want:

(i) To terminate some or all of your insurance; or

(ii) To make direct premium payments.

(3) If you do not return the notice within the required time frames, your employing office will terminate your insurance.

(d)(1) Terminated coverage stops at the end of the last pay period for which your employing office withheld premiums.

(2) If your insurance terminates, either by choice or by failure to return the notice, you get the 31-day extension of coverage and right to convert, as provided in subpart F of this part.

(e)(1) If you are an employee, and your coverage terminates under this section, your employing office will reinstate the terminated coverage automatically, when your pay again becomes sufficient to allow premium withholdings.

(2) If you are insured as an annuitant or compensationner, and your coverage terminates under this section, your retirement system will not reinstate your coverage when your annuity or compensation becomes sufficient to cover withholdings.

(f)(1) Employing offices must establish a method for accepting premium payments for insured individuals who choose to pay directly.

(2) If you are paying premiums directly, you must send the required payment for every pay period during which your insurance continues. You must make the payment after each pay period, according to the schedule your employing office sets up.

(g)(1) If you are an employee making direct payments, your employing office will begin to withhold premiums from your pay automatically, when your pay again becomes sufficient to allow withholdings. You must stop making direct payments.

(2) If you are insured as an annuitant or compensationner, you must continue to make direct payments, even if your annuity or compensation becomes sufficient to allow withholdings.

(h) Your employing office must submit all direct premium payments to OPM, along with the regular life insurance premiums, according to OPM's procedures.

(i)(1) If you are on direct pay, and you don't make the required payment on time, your employing office (or its designated agent) must notify you. You must make the payment within 15 days after receiving the notice (45 days, if you live overseas). (We consider that

you receive a mailed notice 5 days after the date of the notice.)

(2) If you do not make the overdue payment, your insurance cancels. Cancellation is effective at the end of the last pay period for which your employing office (or its designated agent) received payment.

(3) If your insurance cancels for nonpayment, you do not get the 31-day extension of coverage or the right to convert provided in subpart F of this part.

(4) Coverage that cancels for nonpayment is not reinstated when your pay, annuity, or compensation becomes sufficient to allow withholdings. Cancelled coverage cannot be reinstated, except as provided in paragraph (i)(5) of this section.

(5) If you are unable to pay within 15 days of receiving the past due notice (45 days, if you live overseas) for reasons beyond your control, you may request reinstatement of your coverage. You must make the request to your employing office in writing within 30 days from the date of cancellation. You must provide proof that you were unable to pay within the time limit for reasons beyond your control. Your employing office will decide if you are eligible for reinstatement. If your employing office approves your request, it will reinstate your coverage back to the date of cancellation, and you must pay the back premiums.

§ 870.410 What else should I know about withholdings and contributions?

(a) If your annual pay is paid during a period shorter than 52 work weeks, your employing office must determine the amount to withhold. To do this, it converts the biweekly cost to an annual cost and prorates it over the number of installments of your pay regularly paid during the year.

(b) Withholdings (and Government contributions, if applicable) are based on the amount of insurance you have at the end of the pay period.

(c) You do not have to pay any premiums for the period between the end of the pay period in which you separate from service and the date your annuity or compensation begins.

(d) You do not have to pay any premiums while you are in nonpay status for up to 12 months. *Exceptions:*

(1) If you are in nonpay status while receiving compensation, you do have to pay premiums. OWCP withholds the payments from your compensation.

(2) If you accept another position while you are in nonpay status, you do have to pay premiums. The agency that is actually paying you a salary

withholds the payments from your salary.

(e) Effective October 21, 1972, if there is an official finding that you were suspended or fired erroneously, no withholdings are made from your back pay award. Exception: If you die or have an accidental dismemberment between your removal and the finding that your agency's action was erroneous, premiums are withheld from your back pay award.

(f) If your pay, annuity, or compensation is high enough to cover some of your premium withholdings, but not all of them, your employing office must make the withholdings in the following order:

- (1) Basic insurance;
- (2) Option B;
- (3) Option A; then
- (4) Option C.

Subpart E—Coverage

§ 870.501 How do I get Basic insurance?

(a) You get Basic insurance automatically when you are appointed or transferred to a position in which you are eligible for FEGLI. The coverage is effective the first day you are in pay and duty status. *Exceptions:*

(1) If you file a waiver with your employing office before the end of the first pay period, you will not have Basic insurance.

(2) If you previously filed a waiver of Basic insurance, and it's still in effect, you will not have Basic insurance.

(b) If you are an employee of the District of Columbia Financial Responsibility and Management Assistance Authority, and you elect to be considered a Federal employee under section 153 of Pub. L. 104-134 (110 Stat. 1321), you are insured automatically on the later of:

(1) The first day you are in pay and duty status with the Authority; or

(2) The date the Authority receives your election to be considered a Federal employee.

(c) If you return to pay and duty status after 12 months or more in nonpay status, you automatically get Basic insurance the first day you are back in pay and duty status. *Exceptions:*

(1) If you file a waiver with your employing office before the end of the first pay period back in pay and duty status, you will not have Basic insurance.

(2) If you previously filed a waiver of Basic insurance, and it's still in effect, you will not have Basic insurance.

(d) If you serve in cooperation with a non-Federal agency, and you are paid in whole or in part from non-Federal funds, OPM sets the effective date for

your Basic insurance. This date must be part of an agreement between OPM and the non-Federal agency. The agreement must provide either:

(1) That the required withholdings and contributions be made from Federally controlled funds and deposited on time into the Employees' Life Insurance Fund; or

(2) That the cooperating non-Federal agency, by written agreement with the Federal agency, make the required withholdings and contributions from non-Federal funds. The non-Federal agency must send the payment to the Federal agency to deposit on time into the Employees' Life Insurance Fund.

§ 870.502 How do I get Optional insurance?

(a) You must have Basic insurance before you may elect Optional insurance.

(b)(1) If you want Optional insurance, you must elect it (in a way that OPM designates) within 31 days after becoming eligible. The 31-day time limit begins on the first day (after February 28, 1981) on which you meet the definition of employee. *Exception:* If you previously filed a waiver of Optional insurance, and it's still in effect, you cannot elect Optional insurance.

(2) If you do not elect a particular type of Optional insurance, we consider that you waived that type of coverage.

(3) For Options B and C, if you elect fewer than 5 multiples, we consider that you waived the multiples you did not elect.

(4) Only you may elect Optional insurance. No one may elect it on your behalf.

(c) If you are an employee of the District of Columbia Financial Responsibility and Management Assistance Authority, and you elect to be considered a Federal employee under section 153 of Public Law 104-134 (110 Stat. 1321), you may elect Optional

insurance. You must make an election within 31 days after the later of:

(1) The date your employment with the Authority begins; or

(2) The date the Authority receives your election to be considered a Federal employee.

(d) If your Optional insurance stopped for a reason other than a waiver, your insurance reinstates automatically on the first day you are in pay and duty status in a position in which you again become eligible.

§ 870.503 When does Optional insurance become effective?

Optional insurance is effective the first day you are in pay and duty status on or after the day your employing office receives your election.

§ 870.504 Are there any extensions to the 31-day time limit for electing Optional insurance?

(a)(1) The time limit may be extended up to 6 months after the date you became eligible. To qualify, you must demonstrate to your employing office that you were not able to make your election on time for reasons beyond your control.

(2) If your employing office allows you to make a belated election, you must make your election within 31 days after your employing office notifies you of the determination.

(b) If you make a belated election as described in paragraph (a) of this section, your Optional insurance coverage is retroactive to the first day of the first pay period beginning after the date you became eligible (or after April 1, 1981, if that is later). You must pay the full cost of your Optional insurance back to that effective date for the time that you are in pay status (or retired or receiving compensation and under age 65).

§ 870.505 Can I cancel my insurance?

(a) You may cancel some or all of your insurance at any time by filing a waiver. Only you may cancel your insurance; no

one may cancel your insurance on your behalf. *Exception:* If you have assigned your insurance under subpart I of this part, you cannot cancel your Basic, Option A, or Option B insurance or reduce the number of multiples of Option B.

(1) If you are an employee, you must file the waiver with your agency employing office.

(2) If you are an annuitant, you must file the waiver with OPM.

(3) If you are a compensationner within the first 12 months of nonpay status, you must file the waiver with your employing office. If you have separated or completed 12 months in nonpay status, you must file the waiver with OPM.

(b) Your waiver is effective, and your insurance stops, at the end of the last day of the pay period in which you properly file the waiver. *Exception:* If you cancel Option C because you do not have any eligible family members, the effective date is retroactive to the end of the pay period in which there stopped being any eligible family members.

(c) If you cancel your Basic insurance, you automatically cancel all of your Optional insurance.

§ 870.506 How long does my waiver last?

Your waiver lasts until you:

(a) Cancel the waiver, as explained in § 870.507 of this part; or

(b) Have a break in service of at least 180 days.

§ 870.507 How can I cancel my waiver and get insurance?

(a) If you are an employee, there are 3 ways you may cancel a waiver and become insured:

(1) Getting a physical exam (providing medical evidence of insurability);

(2) Having a life event; or

(3) Making an election during an open season.

(b) You may elect only certain types of insurance with each of these, as follows:

	Basic	Option A	Option B	Option C
Physical exam	Yes	Yes	Yes	No.
Life event	No	No	Yes (if you have Basic)	Yes (if you have Basic).
Open season	As announced by OPM	As announced by OPM	As announced by OPM	As announced by OPM.

§ 870.508 How do I cancel my waiver by getting a physical exam?

(a) You cannot cancel a waiver of Option C by having a physical exam.

(b)(1) You may cancel a waiver of Basic insurance, Option A, and Option B by getting a physical exam to provide medical evidence of insurability, if at least 1 year has passed since the

effective date of your waiver. You are responsible for any costs associated with the physical exam. *Exception:* The 1-year requirement doesn't apply to Option B coverage if you elected fewer than 5 multiples of Option B because of the limitation stated in § 870.513.

(2) You and your employing office each must complete part of the Request

for Insurance form. Your doctor also must complete part of the form and then send it to OFEGLI.

(c) OFEGLI reviews the Request for Insurance and decides whether to approve it. OFEGLI notifies your agency of its decision, and your agency notifies you.

§ 870.509 What happens after OFEGLI makes its decision?

(a)(1) If OFEGLI approves your Request for Insurance, your Basic insurance (if you do not already have Basic) is effective the first day you are in pay and duty status after OFEGLI's approval.

(2) If you are not in pay and duty status within 31 days after OFEGLI's approval, the approval is revoked automatically, and you are not insured.

(b)(1) If you want to elect Option A or Option B, you must file an election within 31 days after OFEGLI's approval. You may elect any number of multiples of Option B, up to the maximum of 5. Your coverage is effective the first day you are in pay and duty status on or after the day your employing office receives your election. We consider that you again waived any coverage that you do not elect.

(2) If you are not in pay and duty status within 31 days after OFEGLI's approval, the approval is revoked automatically, and you do not have the Optional insurance.

§ 870.510 What is a life event?

A life event is one of the following:

- (a) Marriage;
- (b) Divorce;
- (c) Death of your spouse; or
- (d) Acquiring an eligible child.

§ 870.511 How do I cancel my waiver if I have a life event?

(a)(1) You cannot cancel a waiver of Basic insurance or Option A because of a life event.

(2) You must have Basic insurance to make an Option B or Option C election because of a life event.

(b)(1) You may elect Option B and/or Option C if you get married or acquire an eligible child. If you have Option B or Option C, but you have fewer than 5 multiples, you may increase the number of multiples. *Exception:* If your life event is acquiring a foster child, you cannot make an Option B election.

(2) You may elect Option B or Option C if you get divorced or your spouse dies only if you have at least 1 eligible child. If you have Option B or Option C, but you have fewer than 5 multiples, you may increase the number of multiples.

(3) There are limitations on the number of multiples of Option B you may elect with a life event. See § 870.513(a) of this part.

(c) If you elect Option B and/or Option C, and your life event is acquiring a disabled child age 22 or older, you must provide a doctor's certificate to your employing office at the time you make the election. The

doctor's certificate must show that your child meets the requirements stated in § 870.307.

§ 870.512 When can I make a life event election?

(a) You must make your election, in a way that OPM designates, and provide proof of the event, within 60 days after your life event.

(b) You may also make your election before the life event. In this case you must provide proof of the event within 60 days after the date of the life event.

(c) If you are making an Option C election because of acquiring an eligible foster child, you must file the election with your employing office no later than 60 days after completing the required certification.

(d) Employees with Option C coverage who had a life event between October 30, 1998, and April 23, 1999, had until June 23, 1999, to make an election under this section to increase the number of Option C multiples.

§ 870.513 How many multiples of Options B and C can I elect due to a life event?

(a) For *Option B* you may elect the following number of multiples (the total number of Option B multiples cannot be more than 5):

(1) For marriage, the number of additional family members (spouse and eligible children) you acquire with the marriage.

(2) For acquiring an eligible child or children, the number of eligible children you acquire; foster children are not included in this count.

(3) For divorce or death of your spouse, the total number of eligible children you have.

(4) If you want more multiples of Option B than you can elect with a life event, you may elect additional multiples by following the procedure given in § 870.508 of this part.

(b) For *Option C* you may elect any number of multiples you want, as long as the total is not more than 5.

§ 870.514 When does my Option B and Option C life event coverage become effective?

(a) For *Option B*,

(1) If you file your election on or after the date of your life event, coverage becomes effective the first day you are in pay and duty status on or after the date your employing office receives your election.

(2) If you file your election before your life event, coverage becomes effective the first day you are in pay and duty status on or after the date of your life event.

(b) For *Option C*:

(1) If your election is based on a life event other than acquiring a foster child,

(i) If you file your election on or after the date of your life event, coverage becomes effective the date your employing office receives your election.

(ii) If you file your election before your life event, coverage becomes effective on the date of your life event.

(iii) If you made an Option C election under § 870.512(d), your coverage was effective April 24, 1999.

(2) If your election is based on acquiring a foster child, your coverage is effective the later of:

(i) The date your employing office receives your election; or

(ii) The date you complete the certification.

(3) You do not have to be in pay and duty status for Option C life event coverage to become effective.

§ 870.515 Are there any extensions to the time limit for making a life event election?

(a) If you are not serving in a covered position on the date of your life event, you may make your life event election within 31 days after you do become employed in a covered position.

(b) If you separate from service before the end of the 60-day time limit, you may make your life event election within 31 days after you return to service in a covered position.

(c) If you don't have Basic insurance on the date of your life event, and you are electing it by having a physical exam, you may make an Option C life event election within 31 days after the date OFEGLI approves your Request for Insurance.

§ 870.516 How often does OPM have FEGLI open seasons?

OPM does not hold FEGLI open seasons on a regular basis. We schedule them only occasionally.

§ 870.517 What coverage can I elect during an open season?

When we schedule an open season, we announce the types of coverage you may elect.

§ 870.518 What is the effective date for open season elections?

OPM sets the effective date when we announce an open season. Your new coverage becomes effective the first day of the first pay period which begins on or after the date we set and which follows a pay period in which you meet certain pay and duty status requirements. Before the start of an open season, we will announce the pay and duty status requirements in a **Federal Register** notice.

§ 870.519 Are there any extensions to the open season dates?

(a)(1) The time limit may be extended up to 6 months after the open season ends. To qualify, you must demonstrate to your employing office that you were not able to make your open season election on time for reasons beyond your control.

(2) If your employing office makes that determination, you must make your election within 31 days after your employing office notifies you of the determination.

(b) If you make a belated open season election as described in paragraph (a) of this section, your new coverage becomes effective the first pay period which begins on or after the effective date OPM set. You have to meet the pay and duty status requirements that OPM announced in the **Federal Register**.

§ 870.520 Can annuitants and compensationers get FEGLI coverage?

(a) If you are an annuitant, you cannot elect FEGLI coverage, unless you are reemployed in a position in which you are eligible for FEGLI.

(b)(1) If you are a compensationer within the first 12 months of nonpay status, you may elect coverage. However, you must be back in pay and duty status before your new coverage can become effective. *Exception:* If you make an Option C election due to a life event, you do not have to be in pay and duty status for the coverage to become effective.

(2) If you have separated or completed 12 months in nonpay status, you cannot elect FEGLI coverage.

§ 870.521 What happens if I leave Government and then return to service?

(a) Waivers are cancelled automatically after a 180-day break in service.

(b)(1) When you return to service in a covered position after a break of at least 180 days, you get Basic insurance automatically, as stated in § 870.501.

(2) Unless you waive Basic insurance, you may elect any Optional insurance within 31 days after your return to service.

(3) If you do not make a new Optional insurance election, you will get back whatever Optional insurance you had immediately before you separated from service. Any Optional insurance that you had previously waived is waived again.

(c) When you return to service in a covered position after a break of less than 180 days, you get back whatever Optional insurance you had immediately before you separated from service. You cannot elect more coverage, except as described in § 870.507.

§ 870.522 What happens if I go into a nonpay status?

If you go into a nonpay status, your life insurance continues for up to 12 months. You do not have to pay any premiums. *Exceptions:*

(a) If you are receiving compensation, OWCP withholds the FEGLI premiums from your compensation.

(b) If, while you are in nonpay status, you accept an appointment to another position, the agency where you are receiving a salary withholds the premiums from your salary.

§ 870.523 Special nonpay situations.**(a) Employee organizations:**

(1) If you go on leave without pay (LWOP) to serve as a full-time officer or employee, you may elect to continue your life insurance. You must make the election within 60 days of the start of the LWOP.

(2) Your coverage continues for the length of the appointment, even if your LWOP lasts longer than 12 months.

(3) You must pay to your employing office the full cost of Basic and Optional insurance. There is no Government contribution.

(b) State government, local government, and institutions of higher education:

(1) If you go on LWOP while assigned to one of these, your life insurance continues for the length of the assignment, even if your LWOP lasts longer than 12 months.

(2) You must pay your premiums to your Federal agency on a current basis. The agency must continue to pay its contribution for Basic insurance as long as you make your payment.

(c) International organizations:

(1) If you go on LWOP when transferred to an international organization, you must state in writing whether you want to continue your FEGLI coverage. You may continue FEGLI whether or not you choose to continue your Federal retirement or health benefits.

(2) If you choose to continue your coverage, you must pay your premiums to your Federal agency on a current basis. The agency must continue to pay its contribution for Basic insurance as long as you make your payments.

(3) If you separate from service, instead of going on LWOP, for FEGLI purposes we treat you as being in a nonpay status.

(4) The regulations on transfers to international organizations are in part 352, subpart C, of this chapter.

Subpart F—Termination and Conversion**§ 870.601 When does my Basic insurance stop?**

(a) Unless you are eligible to continue your insurance as an annuitant or compensationer (see subpart G of this part), your Basic insurance stops on the date you separate from service. (See paragraph (f) of this section.)

(b) If you separate from service after meeting the requirement for an immediate annuity under § 842.204(a)(1) of this chapter, and you postpone receiving the annuity as provided by § 842.204(c) of this chapter, your Basic insurance stops on the date you separate from service. (See paragraph (f) of this section.)

(c) If you move to a position in which you are excluded from FEGLI, your Basic insurance stops on the last day in your former position. (See paragraph (f) of this section.) *Exception:* If the position is excluded by regulation (not by law), and you do not have a break in service of more than 3 days, your FEGLI continues.

(d)(1) Unless you are eligible to continue your insurance as a compensationer, your Basic insurance stops on the date you complete 12 months in nonpay status. (See paragraph (f) of this section.)

(2) Your 12-month nonpay period does not have to be continuous. If you return to pay status for less than 4 consecutive months, your 12-month period continues when you go back into a nonpay status. If you've already used up your 12-month period, and you return to service for less than 4 consecutive months, your Basic insurance stops on the last day of the last pay period in pay status.

(3) If you return to pay status for at least 4 consecutive months, you start a new 12-month period if you go back into a nonpay status.

(4) To meet the "4 consecutive months" requirement, you must be in pay status for at least part of each pay period during 4 consecutive months.

(5) If you are entitled to benefits under part 353 of this chapter (USERRA—Uniformed Services Employment and Reemployment Rights Act of 1994), we consider you to be an employee in nonpay status.

(e) Unless you choose to make direct premium payments under § 870.409, your Basic insurance stops at the end of the pay period in which your employing office determines that your pay, annuity, or compensation is not enough to cover the full cost of Basic insurance. (See paragraph (f) of this section.)

(f)(1) When your Basic insurance stops as described in paragraphs (a), (b), (c), (d), and (e) of this section, we consider it a termination. When your insurance terminates, you are entitled to a 31-day extension of coverage from the date of the termination.

(2) You do not have to pay any premiums for the 31-day extension, and your employing office does not have to pay any Government contribution for the 31-day extension.

(3) Your coverage during this 31-day extension does not include AD&D benefits.

(g) Your Basic insurance also stops if you file a waiver as described in § 870.505. We consider this a voluntary cancellation. You do not get a 31-day extension of coverage if you cancel your insurance.

§ 870.602 When does my Optional insurance stop?

(a)(1) Your Optional insurance stops at the same time your Basic insurance stops. (See paragraph (d) of this section.)

(2) If your Optional insurance stops because of separation or completing 12 months in a nonpay status, and you meet the requirements for portability (see subpart L of this part), you may choose to port your Option B coverage, instead of having it terminate.

(b)(1) If you are eligible to continue your Basic insurance as an annuitant or compensation, but you are not eligible to continue your Optional insurance (see §§ 870.701 and 870.702 of this part), your Optional insurance stops on the date that your Basic insurance is continued or reinstated. (See paragraph (d) of this section.)

(2) If you are a compensation, who meets the requirements for portability (see subpart L of this part), you may choose to port your Option B coverage, instead of having it terminate.

(c)(1) Unless you choose to make direct premium payments under § 870.409, your Optional insurance stops at the end of the pay period in which your employing office determines that your pay, annuity, or compensation is not enough to cover the full cost of your Optional insurance. (See paragraph (d) of this section.)

(2) If your pay, annuity, or compensation is enough to cover the cost of some of your Optional insurance, but not all of it, and you choose not to make direct premium payments, your Optional insurance stops in the following order:

- (i) Option C;
- (ii) Option A; then
- (iii) Option B.

(d)(1) When your Optional insurance stops as described in paragraphs (a), (b),

and (c) of this section, we consider it a termination. When your insurance terminates, you are entitled to a 31-day extension of coverage from the date of the termination. You do not have to pay any premiums for the 31-day extension.

(2) Your Option A coverage during the 31-day extension does not include AD&D benefits.

(e) Your Optional insurance also stops if you file a waiver as described in § 870.505. We consider this a voluntary cancellation. You do not get a 31-day extension of coverage if you cancel your insurance.

§ 870.603 Can I convert my insurance to a private policy?

(a) Whenever your group coverage stops (except for a voluntary cancellation), you may convert any or all of your Basic and Optional insurance to an individual policy. You do not have to have a medical examination. The premiums for your individual policy depend on your age and class of risk. *Exception:* You cannot convert if you return to service in a covered position within 3 days after the terminating event.

(b) If you have assigned your insurance, the assignee(s) has (have) the right to convert, instead of you. In this case, the word “you” in this section and in §§ 870.604, 870.605, and 870.606 refers to your assignee(s). Your assignee(s) must pay the premiums for the converted coverage.

(c) Your employing office must notify you (or your assignee(s)) of your right to convert when your insurance stops. It must give you this notification either before or immediately after the event that causes your insurance to stop.

(d) Unless you have assigned your insurance, only you have the right to convert. No one may convert on your behalf.

§ 870.604 How long do I have to convert my insurance?

(a) You must submit your request for conversion information to OFEGLI. OFEGLI must receive your request within 65 days after the date of the terminating event (79 days, if you live overseas).

(b) If you do not use your conversion right within that time period, we consider that you have refused coverage.

§ 870.605 Are there any extensions to the time limit for conversion?

(a) The time limit may be extended up to 6 months after the date of the terminating event. To qualify, you must demonstrate to OFEGLI that:

(1) Your employing office did not give you the required notification and you

were not aware of the time limit for conversion; or

(2) You were not able to convert on time for reasons beyond your control.

(b) If OFEGLI approves your request to convert, you must convert within 31 days of that approval.

§ 870.606 When is my conversion policy effective?

Your individual conversion policy is effective at the end of your 31-day extension of coverage.

§ 870.607 Can my family members convert my Option C coverage?

(a) Your family members may convert Option C coverage (and name beneficiaries of their choice) if:

(1) You die; or

(2) Your insurance stops under circumstances that allow you to convert your coverage, but you do not convert your Option C coverage.

(b) Family members may convert an amount up to the full value of your Option C insurance. (For your spouse, the maximum amount possible is \$25,000; for an eligible child the maximum amount possible is \$12,500.) Family members may also convert a lesser amount of coverage.

(c)(1) If you have Option C coverage and you die, your employing office must send a conversion notice to your family members at your last address on file.

(2) If your coverage stops and you do not convert, your family members must contact your agency or retirement system to request a conversion notice if they want to convert.

(d) Your family members must submit the request for conversion to OFEGLI within 31 days of the later of:

(1) The date of your death or the terminating event; or

(2) The date they receive the notice of the right to convert.

(e) Your family members' conversion policy is effective at the end of your 31-day extension of coverage.

(f)(1) Your spouse does not have the right to convert when he/she loses eligibility due to divorce or annulment of your marriage.

(2) Your children do not have the right to convert when they marry, reach age 22, or otherwise no longer meet the definition of “child” given in § 870.101.

Subpart G—Annuitants and Compensationers

§ 870.701 Can I keep my life insurance when I retire?

(a) When you retire, you may keep your FEGLI if you meet the following requirements:

(1) You retire on an immediate annuity under a retirement system for

civilian employees. This includes the retirement system of a nonappropriated fund instrumentality of the Department of Defense or the Coast Guard;

(2) You meet the "5-year/all-opportunity" requirement. This means you had FEGLI for either:

(i) The 5 years of service immediately before the date your annuity starts, or

(ii) The entire time you were eligible for FEGLI, if that's less than 5 years; and

(3) You do not convert your insurance, as described in subpart F of this part. (If we do not determine that you are eligible to continue FEGLI as an annuitant until after you have converted your coverage, your group coverage may be reinstated. To qualify, you must void your conversion policy. We will reinstate your group coverage retroactively, and the company issuing your conversion policy must refund your premiums.)

(b) Your Basic and Option A insurance as an annuitant does not include AD&D benefits.

§ 870.702 Can I keep my life insurance if I become a compensationner?

(a) During your first 12 months in nonpay status while you are a compensationner, you keep your FEGLI coverage as an employee.

(b) When you separate or complete 12 months in nonpay status, you may continue your FEGLI if you meet the following requirements:

(1) You had FEGLI for either:

(i) The 5 years of service immediately before the date you became entitled to receive compensation, or

(ii) The entire time you were eligible for FEGLI, if that's less than 5 years; and

(2) You do not convert your insurance, as described in subpart F of this part. (If we do not determine that you are eligible to continue FEGLI as a compensationner until after you have converted your coverage, your group coverage may be reinstated. To qualify, you must void your conversion policy. We will reinstate your group coverage retroactively, and the company issuing your conversion policy must refund your premiums.)

(c) Your Basic and Option A insurance as a compensationner does not include AD&D benefits.

§ 870.703 Do I have to meet the 5-year/all-opportunity requirement for all my insurance?

(a)(1) To continue a particular type of insurance as an annuitant or compensationner, you must meet the 5-year/all-opportunity requirement for that type of insurance. For Option B and Option C, the requirement applies to each multiple.

(2) If you do not meet the requirement for a particular type or multiple of insurance, that coverage or multiple will terminate. You will get the 31-day extension of coverage and right to convert for any insurance that terminates.

(b) There are no waivers of the 5-year/all-opportunity requirement.

(c) For the purpose of meeting the 5-year/all-opportunity requirement, we do not consider you to have been eligible for Option C during any period when you had no eligible family members.

§ 870.704 How much insurance can I continue as an annuitant or compensationner?

(a) *Basic insurance*: The amount you may continue as an annuitant or compensationner is your BIA on the date your insurance would otherwise stop because of your separation or completion of 12 months in nonpay status. If you elected a partial living benefit, this amount is your post-election BIA.

(b) *Option A*: You may continue \$10,000.

(c) *Option B and Option C*: You may continue the number of multiples that meet the 5-year/all-opportunity requirement. You may also choose to continue fewer multiples.

§ 870.705 Are these the amounts that will be paid when I die or if a family member dies?

(a)(1) *Basic insurance*: Your BIA is the starting point for determining the amount that OFEGLI will pay when you die.

(2) If you are under age 45, you still have the extra benefit described in § 870.204. *Exception*: If you retired or started receiving compensation before October 10, 1980, you do not have an extra benefit.

(3) If you are age 65 or older, the amount of benefits may be reduced, depending on the election you made. See § 870.706.

(4) You do not have AD&D benefits when you are insured as an annuitant or compensationner.

(b)(1) *Option A*: If you are under age 65, the benefit payable is \$10,000.

(2) If you are age 65 or older, the Option A benefit payable is reduced. See § 870.708(a).

(3) You do not have AD&D benefits when you are insured as an annuitant or compensationner.

(c)(1) *Option B and Option C*: If you are under age 65, the benefit payable is the full amount you continued (unless you later cancelled some of the coverage).

(2) If you are age 65 or older, the benefit payable may be reduced,

depending on the election you made. See § 870.708.

§ 870.706 What kind of election can I make about reductions in my Basic insurance?

(a)(1) At the time you retire or become insured as a compensationner, you must choose the level of post-65 reduction you want for your Basic insurance. There are 3 choices: 75% Reduction, 50% Reduction, and No Reduction.

(2) You must make your election in a way that OPM designates. We must receive your election before we make a final decision on your application for annuity (or supplemental annuity) or your request to continue FEGLI as a compensationner. If you do not make an election, you get 75% Reduction automatically.

(3) If you elected a partial living benefit under subpart K of this part, you must elect No Reduction.

(4) Only you may make this initial election. No one may make the election on your behalf.

(b) The amount of Basic insurance payable reduces by 2 percent of your BIA each month. The reduction continues until 75 percent of your BIA is gone, and 25 percent remains.

(1) This reduction starts at the beginning of the 2nd month after the date you turn 65.

(2) If you are already age 65 or older when you retire or become insured as a compensationner, the reduction starts at the beginning of the 2nd month after the date you separate or complete 12 months in nonpay status.

(c) The amount of Basic insurance payable reduces by 1 percent of your BIA each month. The reduction continues until 50 percent of your BIA is gone, and 50 percent remains.

(1) This reduction starts at the beginning of the 2nd month after the date you turn 65.

(2) If you are already age 65 or older when you retire or become insured as a compensationner, the reduction starts at the beginning of the 2nd month after the date you separate or complete 12 months in nonpay status.

(d) The amount of Basic insurance payable does not reduce. The full amount of your BIA remains payable when you die.

(e) See § 870.403 for how your election affects your premiums.

§ 870.707 Can I change my post-65 reduction election for Basic insurance?

(a) You may make certain changes. They are shown in the following table and discussed in more detail after the table:

You (or your assignee) can change basic insurance from	To 75% reduction	To 50% reduction	To no reduction
75% Reduction	Not applicable	No	No.
50% Reduction	Yes	Not applicable	No.
No Reduction	Yes (unless you elected a partial living benefit).	No	Not applicable.

(b)(1) If you elect 50% Reduction or No Reduction, you may cancel this election at any time. You will then get 75% Reduction. *Exceptions:*

(i) If you have assigned your insurance, you cannot cancel your election of 50% Reduction or No Reduction. Only your assignee(s) can cancel your election.

(ii) If you elected a partial living benefit, you must elect No Reduction for your Basic insurance. You cannot later cancel that election. If you assigned your remaining coverage after electing a partial living benefit, your assignee(s) cannot cancel your election of No Reduction.

(2) The amount of your Basic insurance remaining switches automatically to the amount that would be in effect if you had elected 75% Reduction originally. You do not get a refund of the extra premiums you paid for the higher level of coverage.

(c)(1) If you elect 75% Reduction, you cannot cancel the election.

(2) If you elect 50% Reduction, you cannot change the election to No Reduction.

(3) If you elect No Reduction, you cannot change the election to 50% Reduction.

§ 870.708 What kind of election can I make about reductions in my Optional insurance?

(a)(1) For Option A, there is no election for the post-65 reduction.

(2) The amount of Option A insurance payable reduces 2 percent of the original amount each month. The reduction continues until 75 percent (\$7,500) of your coverage is gone, and 25 percent (\$2,500) remains.

(b)(1) You must make a post-65 reduction election for Option B and Option C. There are 2 choices: Full Reduction and No Reduction.

(2) If you do not make an election, you get Full Reduction automatically.

(3) If you elected a living benefit, it has no effect on your Optional insurance. You may elect whatever you want for Option B and Option C.

(4) You do not have to make the same election for both Option B and Option C. If you want, you may make different elections for each one.

(5) This initial election applies to all multiples of a particular type of insurance. You cannot elect initially to have some multiples of an option reduce and others not reduce.

(6) Only you may make this initial election. No one may make the election on your behalf.

(c) The amount of Option B and/or Option C insurance payable reduces by 2 percent of the original amount each month. The reduction continues until your insurance is completely gone. This happens at the end of the last day before the 50th reduction. You do not get a 31-day extension of coverage or right to convert.

(d) The amount of Option B and/or Option C insurance payable does not reduce. The full amount of your Option B coverage remains payable when you die. The full amount of your Option C coverage remains payable when an eligible family member dies.

(e)(1) The reductions described in paragraphs (a) and (c) of this section start at the beginning of the 2nd month after the date you turn 65.

(2) If you are already age 65 or older when you retire or become insured as a compensationner, the reductions start at the beginning of the 2nd month after the date you separate or complete 12 months in nonpay status.

(f)(1) Your Option A coverage is free, starting the month after the month in which you turn 65.

(2) If you elect Full Reduction for Option B or Option C, that coverage is free, starting the month after the month in which you turn 65.

(3) If you elect No Reduction for Option B or Option C, you continue to pay the premiums for your age group for that coverage, as long as you remain insured.

§ 870.709 When do I have to make the post-65 reduction election for Option B and Option C?

(a) At the time you retire or become insured as a compensationner, you must elect the number of multiples you want to continue during retirement or while receiving compensation.

(b)(1) If you separate for retirement or become insured as a compensationner on or after April 24, 1999, you must elect either Full Reduction or No Reduction for all the multiples you continue.

(2) If you do not make an election, you get Full Reduction automatically.

§ 870.710 What if I was already retired or insured as a compensationner on April 24, 1999?

(a) If you were already retired or insured as a compensationner on April 24, 1999, and you had Option B, you were given an opportunity to make a reduction election for Option B.

(1) If you were under age 65, you were notified of the right to elect No Reduction. Your retirement system will send you an actual election notice before your 65th birthday, as provided in § 870.711(d).

(2) If you were age 65 or older, and you still had some Option B coverage remaining, you were given the opportunity to stop further reductions. You had until October 24, 1999, to make an election. If you elected No Reduction, the amount of your Option B coverage in effect on April 24, 1999, was frozen. You had to pay premiums retroactive to April 24, 1999.

(b) If you were already retired or insured as an annuitant or compensationner on April 24, 1999, you could not make a reduction election for Option C.

§ 870.711 Can I change my post-65 reduction election for Option B or Option C?

(a) You may make certain changes. They are shown in the following tables and discussed in more detail after the tables:

Can change <i>Option B</i> from	You	Your assignee
Full Reduction to No Reduction—if you are under age 65	Yes	No.
Full Reduction to No Reduction—if you are age 65 or older	No, except as stated in § 870.711(d)(2)	No.
No Reduction to Full Reduction—if you are under age 65	Yes, unless you assigned your insurance	Yes.
No Reduction to Full Reduction—if you are age 65 or older	Yes, unless you assigned your insurance	Yes.

Can change <i>Option C</i> from	You	Your assignee
Full Reduction to No Reduction—if you are under age 65	Yes	No.
Full Reduction to No Reduction—if you are age 65 or older	No, except as stated in § 870.711(d)(2)	No.
No Reduction to Full Reduction—if you are under age 65	Yes	No.
No Reduction to Full Reduction—if you are age 65 or older	Yes	No.

(b)(1) Before you reach age 65, you may change from No Reduction to Full Reduction at any time. *Exception:* If you have assigned your insurance, only your assignee(s) may change from No Reduction to Full Reduction for your Option B coverage.

(2) Before you reach age 65, you may change from Full Reduction to No Reduction at any time.

(c)(1) After you reach age 65, you may change from No Reduction to Full Reduction at any time. *Exception:* If you have assigned your insurance, only your assignee(s) may change from No Reduction to Full Reduction for your Option B coverage. If you change to Full Reduction after you reach age 65, the amount of insurance remaining switches automatically to the amount that would be in effect if you had elected Full Reduction originally. You do not get a refund of the premiums you paid after age 65.

(2) After you reach age 65, you cannot change from Full Reduction to No Reduction, except as provided in paragraph (d)(2) of this section.

(d)(1) Shortly before you reach age 65, your retirement system will send a reminder about the election you made and will offer you a chance to change the election. At that time, you may choose to have some multiples of Option B and Option C reduce and some not reduce.

(2) If you are already age 65 or older at the time you retire or become insured as a compensationner, your retirement system will send the reminder and give you the opportunity to change your election as soon as the retirement processing or compensation transfer is complete.

(3) If you have assigned your insurance, and if you elected No Reduction for Option B coverage, your retirement system will send the reminder notice for Option B to your assignee(s).

(4) If you want to change your reduction election, you must return the notice by the end of the month following the month in which you turn 65. If you are already over age 65, you must return the notice by the end of the 4th month after the date of the letter. If you do not return the election notice, you will keep your initial election.

§ 870.712 Do the post-65 reductions apply to all annuitants and compensationners?

(a) There is an exception if you are a judge, and you retire under one of the following provisions:

- (1) 28 U.S.C. 371(a) or (b);
- (2) 28 U.S.C. 372(a); or
- (3) 26 U.S.C. 7447.

(b) If this exception applies to you, you do not have any post-65 reductions. For FEGLI purposes, we consider you an employee. Your Basic and Optional insurance continues without interruption or reduction. *Exception:* If you are a judge eligible for compensation, and you choose to receive that instead of your annuity, the post-65 reductions and elections do apply to you.

§ 870.713 What if I'm an MRA+10 annuitant?

(a) An MRA+10 annuity counts as an immediate annuity. (See § 870.101 for the definition of an immediate annuity.) You must meet the 5-year/all-opportunity requirement described in § 870.701(a). If you do, OPM sends you a notice of insurance eligibility and an election form.

(b) Your FEGLI will be reinstated on the later of:

- (1) The date your annuity starts; or
- (2) The date we receive your application for annuity.

(c) You may reinstate only the coverage you had immediately before your insurance stopped—or a lesser amount of coverage. You cannot elect any new coverage.

(d) You must make a post-65 reduction election for Basic insurance and for Option B and Option C, if you have that coverage. OPM must receive your election within 60 days after the date we send it to you.

§ 870.714 What if I don't want to continue my insurance as an annuitant or compensationner?

(a) You don't have to continue your insurance if you don't want to. At the time you retire or would become insured as a compensationner, you may choose not to continue some or all of your FEGLI. However, if you do not continue your Basic insurance, you cannot continue any of your Optional insurance.

(b) Any coverage that you choose not to continue terminates, with the 31-day

extension of coverage and right to convert. (See subpart F.)

§ 870.715 When does my insurance as an annuitant or compensationner stop?

(a) If you are retired on disability, and your annuity stops because you recover or return to earning capacity, your FEGLI stops. Your FEGLI stops on the date your annuity stops, with the 31-day extension of coverage and right to convert. *Exception:* If you apply for and receive an immediate annuity under other provisions of retirement law, your FEGLI continues.

(b) If you are a compensationner, and the Department of Labor finds that you are able to return to work, your FEGLI stops. Your coverage stops on the date your compensation stops, with the 31-day extension of coverage and right to convert. *Exceptions:* Your FEGLI continues if:

(1) You become an annuitant and are eligible to continue your coverage as an annuitant; or

(2) You return to work in a covered position.

(c) Unless you have assigned your insurance, you may cancel your insurance at any time, as described in § 870.505.

§ 870.716 Can my insurance be reinstated?

(a)(1) If you are an annuitant whose insurance stopped as described in § 870.710(a), and your disability annuity is restored (after December 31, 1983), you may reinstate your FEGLI.

(2) If your annuity is restored as described in paragraph (a)(1) of this section, OPM will mail you a notice of insurance eligibility and an election form. If you want to reinstate your FEGLI, you must complete the election form and return it to OPM. We must receive your election within 60 days after the date we send it to you.

(3) If you are reinstating your insurance, you may reinstate only the types of coverage you had immediately before your insurance stopped. You may also choose to reinstate only some types of Optional insurance or to reinstate fewer multiples of Option B or Option C. If you reinstate less coverage than you are eligible for, we consider that you are cancelling any coverage that do not reinstate. You cannot elect any new coverage.

(4) Your reinstated coverage becomes effective on the first day of the month after the date we receive your election. Your annuity withholdings are reinstated at the same time.

(5) If you are age 65 or older, and you elected 75% Reduction or 50% Reduction for Basic insurance or Full Reduction for Option B and/or Option C, the amount of your reinstated insurance is the same amount you would have if your insurance had not stopped. We determine the amount by computing the reductions during the period after your insurance stopped.

(b) If you are a compensationner whose insurance stopped as described in § 870.710(b), your FEGLI cannot be reinstated unless you successfully appeal the termination of your compensation.

(c) If your insurance stops for any other reason, it cannot be reinstated.

§ 870.717 What happens if I retire and then come back to work for the Federal Government?

(a) If your annuity stops when you are reemployed, the life insurance you have as an annuitant also stops.

(1) If you are reemployed in an excluded position, you get the 31-day extension and right to convert. You cannot get FEGLI as an employee.

(2) If you are reemployed in a covered position, you get FEGLI as an employee.

(b) If your annuity continues when you are reemployed, and you are reemployed in an excluded position, you keep your insurance as an annuitant.

(c)(1) If your annuity continues when you are reemployed, and you are reemployed in a covered position, any Basic, Option A, and Option C insurance you have as an annuitant is suspended. Your annuitant withholdings for this insurance are also suspended. The suspension is effective the day before your first day in pay status in your reemployment.

(2) Your Basic, Option A, and Option C insurance transfers to your employment. The amount of your Basic insurance and the withholdings for your Basic insurance are based on your salary in reemployment. Your agency employing office makes the Government contribution for Basic insurance, instead of OPM.

(3)(i) If you have Option B as an annuitant, you keep that coverage as an annuitant unless you elect to have it as an employee.

(ii) If you want to have Option B as an employee, you must make the election within 31 days after the date of your reemployment. If you make this election, the Option B you have as an

annuitant is suspended the day before your Option B as an employee becomes effective. The amount of your Option B coverage and your withholdings are based on your salary in reemployment.

(d) If you are reemployed in a covered position, in addition to your annuitant coverage transferring to your employment, you will get back any coverage that terminated at the time you separated for retirement. *Exception:* If you have Option B coverage as an annuitant, and there were some multiples of Option B that terminated when you retired, you will not get those multiples back unless you elect to transfer your Option B coverage to your employment.

(e) If you are reemployed and then go into a nonpay status, the insurance you have through your reemployment terminates after 12 months. If this happens, you will get back your suspended annuitant coverage. If you later return to a pay status, your annuitant coverage will again be suspended, and you will get back the coverage you had through your reemployment.

§ 870.718 Can I elect more life insurance if I return to service?

(a) If you have a break in service of at least 180 days before you are reemployed, you may elect any coverage that you previously waived.

(b) If your break in service is less than 180 days, you may elect coverage only as described in § 870.507.

§ 870.719 What happens if I die or a family member dies after I return to service?

(a) If you die while you are reemployed, for each type of insurance you have, the amount payable is:

(1) *Basic insurance:* the higher of:
(i) The amount you have through your reemployment; or

(ii) The amount of your suspended annuitant coverage.

(2) *Option A:* the amount you have through your reemployment.

(3) *Option B:* the amount based on your election (either keeping Option B as an annuitant or having it as an employee).

(b) If you have Option C and an eligible family member dies while you are reemployed, the amount payable is the amount you have through your reemployment.

§ 870.720 What happens when I separate from service again?

(a) When you separate from service, you may keep the insurance you got through your reemployment if:

(1) You meet the 5-year/all-opportunity requirement described in § 870.701; and

(2) You qualify for a supplemental annuity or receive a new retirement right. If your retirement system does not allow its annuitants to receive a supplemental annuity or new retirement right, but you otherwise meet the requirements for one, we consider that you meet the requirements of this paragraph.

(b) If you meet the requirements in paragraph (a) of this section, this is what happens to each type of insurance you have:

(1) *Basic insurance:* You must choose between the insurance you got through your reemployment and your suspended annuitant coverage. (If you are age 65 or older and elected 75% Reduction or 50% Reduction, the reductions continued while your insurance was suspended.)

(2) *Option A and Option C:* You automatically continue the coverage you got through your reemployment.

(3) *Option B:*

(i) If you kept your Option B as an annuitant, you continue that coverage.

(ii) If you elected Option B as an employee, you must choose between the Option B you got through your reemployment and your suspended annuitant coverage. (If you are age 65 or older and elected Full Reduction, the reductions continued while your insurance was suspended.)

(c) If you are making an election under both paragraph (b)(1) and paragraph (b)(3)(ii) of this section, you do not have to make the same choice for Basic and Option B. You may choose to continue one type of coverage from your reemployment and the other type from your suspended annuitant insurance.

(d)(1) If you are eligible and choose to continue the Basic insurance and/or the Option B you got through your reemployment, you must make a new post-65 reduction election.

(2) If you are eligible to continue the Option C you got through your reemployment, you must make a new post-65 reduction election.

§ 870.721 What happens if I come back to work part-time, but I'm still receiving compensation?

(a) When you return to active Federal service, your insurance as a compensationner stops.

(1) If you are employed in an excluded position, you get the 31-day extension of coverage and right to convert. You cannot get FEGLI as an employee.

(2) If you are employed in a covered position, your FEGLI transfers to your employment. The amount of your Basic insurance and Option B, if you have that coverage, is based on your salary in reemployment.

(b) If you:

(1) Applied for retirement, and your application was approved, but

(2) You suspended receipt of your annuity while receiving compensation, we consider you to be a reemployed annuitant. The provisions of §§ 870.717, 870.718, 870.719, and 870.720 apply to you.

Subpart H—Order of Precedence and Designation of Beneficiary

§ 870.801 Who gets the life insurance benefits when I die?

(a) If you have assigned your insurance, OFEGLI will pay benefits to your assignee or your assignee's designated beneficiary. See § 870.915.

(b) If you have not assigned your insurance, and there is a valid court order in effect naming a specific person or persons to receive the life insurance benefits when you die, OFEGLI will pay the benefits to the person(s) named in the court order.

(c) If you have not assigned your insurance and there is no valid court order in effect, OFEGLI pays benefits according to an order of precedence, which is stated in 5 U.S.C. 8705(a). The same order of precedence applies to Basic insurance, Option A, and Option B. The order of precedence is:

(1) To your designated beneficiary or beneficiaries;

(2) If none, to your widow(er);

(3) If none, to your child, or children in equal shares. If any child dies before you, that child's share goes to his/her children or grandchildren;

(4) If none, to your parents in equal shares. If one of your parents dies before you, your surviving parent gets the entire amount;

(5) If none, to the executor or administrator of your estate;

(6) If none, to your next of kin, according to the laws of the State where you had your legal residence at the time of your death.

(d) Assignments and court orders preempt the order of precedence and are the only exceptions to the order of precedence.

§ 870.802 What are the requirements for a court order to be valid?

(a) For a court order to be valid, the appropriate office must receive a certified copy on or after July 22, 1998, and before you die. The appropriate office is:

(1) If you are an employee, or a compensationner within the first 12 months of nonpay status, your employing agency;

(2) If you are insured as an annuitant or compensationner, OPM; and

(3) If you have ported Option B coverage, the Portability Office.

(b) If, within the stated time frames, the appropriate office receives conflicting court orders, entitling different persons to the same insurance, OFEGLI will pay benefits based on whichever court order was issued first.

§ 870.803 Can I designate a beneficiary?

(a) If you want benefits paid differently from the order of precedence, you must file a designation of beneficiary. *Exception:* If you have assigned your insurance, you cannot designate a beneficiary. Only your assignee(s) may designate beneficiaries.

(b) If there is a valid court order on file as described in § 870.802, you cannot designate a beneficiary (other than the person(s) named in the court order) unless:

(1) The person(s) named in the court order agrees in writing;

(2) The court order is modified so that the person previously named is no longer named, without naming a new person to receive the benefits. The appropriate office must receive a certified copy of the modified court order before you die. (If the court order is modified, but you do not designate a beneficiary, OFEGLI will pay benefits according to the order of precedence.); or

(3) The court order applies to only part of your insurance benefits. In this case, you may designate a beneficiary to receive the benefits that are not included under the court order. If you do not designate a beneficiary for these benefits, OFEGLI will pay according to the order of precedence.

§ 870.804 How do I make a designation?

(a) Unless you have assigned your insurance, no one except you may designate a beneficiary. No one may make a designation on your behalf. If you have assigned your insurance, no one except your assignee(s) may designate a beneficiary.

(b)(1) Your designation must be in writing. You must sign the designation, and 2 people must witness your signature and also sign the designation.

(2) You cannot name one (or both) of your witnesses as a beneficiary.

(3) If your employing office erroneously accepts a designation listing a beneficiary who is also a witness, that person is disqualified from receiving benefits under the designation.

(i) If that person is the only beneficiary listed, the designation is invalid. OFEGLI will pay benefits under your last valid designation. If you do not have a valid designation on file, OFEGLI will pay benefits to the next person(s) under the order of precedence.

(ii) If you have listed other beneficiaries, the designation may still be valid. In this case, the remaining beneficiaries will receive equal shares of the disqualified person's share of the benefits when you die.

(c) If you make a designation or a change of beneficiary in your will or any other document, and it does not meet the requirements of this section, it is not valid. OFEGLI will pay benefits as if you did not make a designation.

(d)(1) You (or your assignee(s)) may name any individual, firm, corporation, or legal entity as a beneficiary.

Exception: You cannot designate an agency of the Federal or District of Columbia Government.

(2) You must designate percentages or fractions. You cannot designate dollar amounts. If you designate 2 or more beneficiaries, you may also designate a type of insurance to go to each beneficiary.

(e) Your designation may state that a beneficiary is entitled to the insurance benefits only if he/she survives you by a specified period of time (not more than 30 days). If that beneficiary does not survive for the specified period of time, OFEGLI will pay benefits as if that beneficiary had died before you.

§ 870.805 Where do I have to file my designation form?

(a)(1) If you are an employee, or a compensationner within the first 12 months of nonpay status, your agency employing office must receive your designation before you die.

(2) If you are insured as an annuitant or compensationner, OPM must receive your designation before you die.

(3) If you have ported Option B coverage, the Portability Office must receive your designation before you die.

(b) A faxed designation is valid if:

(1) The appropriate office, as stated in paragraph (a) of this section, receives the faxed designation before you die;

(2) The appropriate office receives the original designation within 30 days after receiving the faxed designation; and

(3) The original designation is identical to the faxed designation.

§ 870.806 Can I change my designation?

Yes. Unless you have assigned your insurance, or unless you are subject to the court order provisions stated in § 870.804, you may change your designation at any time. You cannot waive your right to change designated beneficiaries, and the right cannot be restricted in any way. You do not have to notify the previous beneficiary, and you do not have to have the previous beneficiary's approval.

§ 870.807 How long does my designation last?

(a) Your designation of beneficiary cancels automatically 31 days after your insurance stops, unless within those 31 days you are reemployed in a position that entitles you to FEGLI. *Exception:* If you port Option B, your designation remains in effect. In this case, if you return to Federal service, Basic and any Option A insurance acquired through returning to service is included in the existing designation.

(b) If you assign your insurance, your designation cancels automatically on the effective date of the assignment.

§ 870.808 How does OFEGLI pay Option C benefits if an eligible family member dies?

(a) If you have Option C and an eligible family member dies, OFEGLI pays benefits to you.

(b) If you are entitled to receive Option C benefits, but you die before OFEGLI makes the payment, OFEGLI will pay whoever is entitled to receive your Basic insurance benefits under the statutory order of precedence. If you assigned your insurance, OFEGLI will still follow the order of precedence for payment of Option C benefits in this situation, but will start with the second on the list (widow(er)).

Subpart I—Assignment**§ 870.901 Who is allowed to make an assignment?**

(a) Effective July 10, 1984, section 208 of the Bankruptcy Amendments and Federal Judgeship Act of 1984, Pub. L. 98–353 (98 Stat. 355), allows Federal judges to assign their FEGLI coverage.

(b) Effective October 3, 1994, section 4 of Pub. L. 103–336 (108 Stat. 2661) allows all Federal employees, annuitants, and compensationers to assign their FEGLI coverage.

§ 870.902 What insurance can I assign?

(a) If you make an assignment, you assign your Basic, Option A, and Option B insurance. An assignment applies to all of this coverage; you cannot assign only part of your insurance.

(b) You cannot assign Option C.

(c) If you elected a living benefit under subpart K of this part, you may assign your remaining coverage.

§ 870.903 Who can I assign my insurance to?

(a) You may assign your insurance to one or more individuals, corporations, trusts, or other entities.

(b) You cannot name contingent assignees, in case your primary assignee dies before you do.

(c) If you assign your insurance to 2 or more assignees, you must state the

percentage or fraction to go to each assignee. You cannot assign dollar amounts, and you cannot assign types of insurance.

(d) Once assigned, the value of your insurance increases or decreases automatically, as provided by this part. *Exception:* If you elected a partial living benefit before assigning the remainder of your insurance, the amount of your Basic insurance does not increase or decrease.

§ 870.904 Can I change or cancel my assignment?

No. An assignment is irrevocable. Once you have assigned your insurance, you cannot undo the assignment or change it in any way.

§ 870.905 How do I make an assignment?

(a) Only you may assign your insurance. No one may make an assignment on your behalf.

(b)(1) To assign your insurance, you must complete an approved assignment form. (Assignments submitted before November 28, 1986, were acceptable without an approved assignment form.) You must sign the form, and 2 people must witness your signature and also sign the form.

(2) You cannot assign your insurance to one of your witnesses.

(c) A court order may direct you to make an assignment to the person(s) named in the court order. For an assignment to be effective, you must follow the procedures in this section.

§ 870.906 Where do I have to file my assignment form?

(a) If you are an employee, or a compensationner within the first 12 months of nonpay status, you must submit the assignment form to your agency employing office.

(b) If you are insured as an annuitant or compensationner, you must submit the assignment form to OPM.

(c) If you have ported Option B coverage, you must submit the assignment form to the Portability Office.

§ 870.907 When is my assignment effective?

Your assignment is effective on the date the employing office receives your properly completed, signed, and witnessed assignment form.

§ 870.908 Can I elect more insurance after I make an assignment?

Yes. You have the right to elect insurance as described in subpart E of this part. Any Option A or Option B coverage that you elect is included automatically in your existing assignment.

§ 870.909 Can I cancel or reduce my insurance after I make an assignment?

(a) No. You cannot cancel or reduce your insurance after you make an assignment. The right to cancel or reduce your insurance transfers to the assignee(s).

(b) If there is more than 1 assignee, all assignees must agree to the cancellation or reduction.

§ 870.910 Who pays the premiums after I make an assignment?

You, the insured individual, still pay the premiums after you assign your insurance. The premiums are withheld from your pay, annuity, or compensation, the same as they were before you made the assignment.

§ 870.911 What happens when I retire or become insured as a compensationner?

(a)(1) If you are eligible to continue your insurance as an annuitant or compensationner, the assignment will continue.

(2) You will make the initial post-65 reduction election for Basic insurance and Option B.

(b)(1) Once you've made your initial post-65 reduction election for Basic, you cannot change it. However, unless you've elected a partial living benefit, your assignee(s) may change your post-65 reduction election as stated in subpart G of this part.

(2) Once you've made your initial post-65 reduction election for Option B:

(i) If you elected Full Reduction, only you may change to No Reduction, as stated in § 870.711.

(ii) If you elected No Reduction, only your assignee may change to Full Reduction, as stated in § 870.711.

(c)(1) Your assignee may choose to convert your insurance instead of continuing it when you become insured as an annuitant or compensationner.

(2) If there is more than one assignee, some assignees may choose to convert their part of your insurance instead of continuing it when you become insured as an annuitant or compensationner, and other assignees may choose to continue their part of your insurance.

(3) The amount of each type of continued insurance is determined by the total percentage of the shares of the assignees who choose to continue the coverage.

(d)(1) If you become reemployed in a position that entitles you to FEGLI, the insurance you get through your employment is included automatically in your existing assignment.

(2) The right to elect Option B as an employee rather than keeping it as an annuitant (see § 870.717(c)(3)) stays with you; it does not transfer to the

assignee(s). Any Option B coverage you elect as an employee is included in your existing assignment.

§ 870.912 What happens if my insurance terminates after I make an assignment?

(a)(1) If your insurance stops, each assignee has the right to convert all or a part of his/her share of your insurance. The conditions stated in subpart F of this part apply to your assignee(s).

(2) Any assignee who does not convert his/her share of your insurance loses all ownership of the insurance.

(b) When there is more than 1 assignee, the maximum amount of insurance each assignee may convert is determined by the dollar amount corresponding to the assignee's share of your total insurance. This amount will be rounded up to the next higher thousand.

(c)(1) Premiums for the converted insurance are based on your age and class of risk at the time your assignee converts.

(2) If an assignee converts your insurance, the assignee is responsible for paying the premiums on the converted coverage.

(d) If you have assigned your insurance, your employing office must notify your assignee(s) of the right to convert when your insurance terminates.

§ 870.913 How long does my assignment last?

(a) Your assignment cancels automatically 31 days after your insurance stops, unless within those 31 days you are reemployed in a position that entitles you to FEGLI. *Exception:* If you port Option B, your assignment remains in effect. In this case, if you return to Federal service, Basic insurance and any Option A or additional Option B insurance acquired through returning to service is included in the existing assignment.

(b) Your assignee has the right to assign your insurance to someone else, including assigning it back to you. If this happens, all the rights of the assignee revert to you.

§ 870.914 Can I designate a beneficiary after I've assigned my insurance?

No. When you assign your insurance, any designation of beneficiary you have on file cancels automatically. You cannot file a new designation. Only your assignee has the right to designate a beneficiary. The provisions of § 870.804 apply to your assignee(s).

§ 870.915 If I've assigned my insurance, who gets the life insurance benefits when I die?

(a) Each assignee may designate a beneficiary (or beneficiaries). An assignee may designate himself/herself as the primary beneficiary and name another contingent beneficiary(ies) in case the assignee dies before you.

(b) If your assignee does not designate a beneficiary, OFEGLI will pay benefits to your assignee when you die.

(c) If your assignee dies before you and did not designate a beneficiary, OFEGLI will pay benefits to your assignee's estate when you die.

§ 870.916 Current addresses.

Each assignee and each beneficiary of an assignee must keep the office where your assignment is filed informed of his/her current address.

Subpart J—Benefits for United States Hostages in Iraq and Kuwait and United States Hostages Captured in Lebanon

§ 870.1001 Purpose.

This subpart gives the conditions for life insurance coverage for certain hostages. The provisions for this coverage are in section 599C of Pub. L. 101-513 (104 Stat. 2035).

§ 870.1002 Special definitions for this subpart.

Hostage and *hostage status* have the meaning given in section 599C of Pub. L. 101-513 (104 Stat. 2035).

Pay period for individuals insured under this subpart means the pay period that the U.S. Department of State sets up.

§ 870.1003 Who is eligible for FEGLI under this subpart?

(a)(1) The U.S. State Department determines who is eligible for coverage.

(2) Those who are eligible for hostage coverage are not considered employees for the purpose of this part.

(b) Eligibility for insurance under this subpart depends on the availability of funds under section 599C(e) of Pub. L. 101-513 (104 Stat. 2035).

§ 870.1004 What is the amount of insurance for those eligible as hostages?

(a)(1) Section 599C(b)(2) of Pub. L. 101-513 (104 Stat. 2035) specifies a payment for these individuals. The BIA is the amount of this payment, rounded to the next higher \$1,000, plus \$2,000.

(2) Basic insurance includes AD&D coverage.

(b) These hostages are not eligible for Optional insurance.

§ 870.1005 What is the effective date of this coverage?

(a)(1) For hostages in Iraq and Kuwait coverage was effective August 2, 1990.

(2) For hostages captured in Lebanon coverage was effective June 1, 1982.

(b) The U.S. Department of State may set a later effective date.

§ 870.1006 How are the premiums paid?

(a) Section 599C of Pub. L. 101-513 provides funds for the FEGLI premiums.

(b) If the person is not insured for the full pay period, premiums are paid only for the days he/she is actually insured. The daily premium is the monthly premium multiplied by 12 and divided by 365.

(c) OPM may accept the premium payments in advance from a State Department appropriation, if it is necessary to fund the 12-month period beginning the earlier of:

(1) The day after hostilities or sanctions end; or

(2) The day after the person's hostage status ends.

(d) OPM will place any funds received under paragraph (c) of this section in an account set up for that purpose. OPM will make the deposit required under 5 U.S.C. 8714 from the account when the appropriate pay period occurs.

§ 870.1007 Can a person insured as a hostage cancel the insurance?

(a) A person insured under this subpart may cancel the insurance at any time by written request. The insured individual must request the cancellation. No one can make the request on the person's behalf.

(b) The cancellation is effective on the first day of the pay period after the pay period in which the U.S. Department of State receives the request.

(c) A person who cancels insurance under this section cannot get the insurance again, unless the State Department determines that it would be against equity and good conscience not to allow the person to be insured.

§ 870.1008 How are benefits paid when a person insured as a hostage dies?

When a person insured as a hostage dies, OFEGLI pays benefits according to the same statutory order of precedence that applies to other FEGLI coverage. A person insured under this subpart has the right to designate a beneficiary(ies); the provisions of subpart H of this part apply.

§ 870.1009 How long does the insurance continue?

(a) Unless the person cancels coverage earlier, insurance under this subpart stops:

(1) For hostages in Iraq and Kuwait, 12 months after hostage status ends; and
 (2) For hostages captured in Lebanon, 60 months after hostage status ends.

(b) When his/her insurance terminates, the person gets the 31-day extension of coverage and the right to convert. (See subpart F of this part.)

§ 870.1010 State Department responsibilities.

(a) The U.S. Department of State serves as the "employing office" for persons insured under this subpart.

(b) The State Department must determine the eligibility of persons under this subpart. This includes determining whether a person is barred from FEGLI because of other life insurance, as provided in section 599C of Pub. L. 101-513 (104 Stat. 2035).

Subpart K—Living Benefits

§ 870.1101 Who is eligible for a living benefit?

Effective July 25, 1995, you may receive a living benefit if you are terminally ill, as defined in § 870.101. *Exception:* If you have assigned your insurance, you cannot elect a living benefit.

§ 870.1102 How much can I elect as a living benefit?

(a) Only Basic insurance is available for a living benefit. You cannot get Optional insurance as a living benefit.

(b)(1) If you are an employee, you may elect to receive either:

(i) A full living benefit, which is all of your Basic insurance; or

(ii) A partial living benefit, which is a portion of your Basic insurance, in a multiple of \$1,000.

(2) If you are insured as an annuitant or compensation, you may elect only a full living benefit. You cannot elect a partial living benefit.

(c) The amount of Basic insurance available for payment is based on your age 9 months from the date OFEGLI receives your application.

(d) The amount of Basic insurance you elect as a living benefit will be reduced by an actuarial amount representing the amount of interest lost to the Fund because of the early payment of benefits.

§ 870.1103 How do I apply for a living benefit?

(a)(1) You must request an application form directly from OFEGLI. Neither your employing office nor OPM has the form.

(2) You must complete the first part of the application and have your doctor complete the second part. You or your doctor must send the completed application directly to OFEGLI.

(b) Another person may apply for a living benefit on your behalf if all of the following conditions are met:

(1) You must be physically or mentally incapable of making an election;

(2) The applicant must have a power of attorney or court order authorizing him/her to elect a living benefit on your behalf; and

(3) The applicant must either be your sole beneficiary or have each beneficiary's written and signed consent.

(c) OFEGLI reviews the application, obtains certification from your employing office regarding the amount of your insurance, and verifies that you have not assigned your insurance. OFEGLI then determines whether you meet the requirements to elect a living benefit.

(d)(1) If OFEGLI needs additional information, it will contact you or your doctor.

(2) Under certain circumstances, OFEGLI may require a medical examination before making a decision. In this case, OFEGLI must pay for the medical exam.

§ 870.1104 What happens after OFEGLI approves my application?

(a) If OFEGLI approves your application, it sends you a check and an explanation of benefits.

(b) You can change your mind about electing a living benefit until you cash or deposit the check. If this happens, you must mark the check "void" and return it to OFEGLI.

(c) Your living benefit election is effective on the date you cash or deposit the check. After that date you cannot change your mind and revoke the election.

(d) Once you have cashed or deposited the check, OFEGLI sends an explanation of benefits to your employing office, so it can make the necessary changes in your premium withholdings.

(e) If you die before cashing or depositing the check, the payment must be returned to OFEGLI.

§ 870.1105 What if OFEGLI doesn't approve my application?

If OFEGLI does not approve your application, it will notify you and your employing office. OFEGLI's decision is not subject to administrative review or appeal, but you may submit additional medical information. You may also reapply at a later date if your situation changes.

§ 870.1106 What happens to the rest of my coverage after I elect a living benefit?

(a)(1) If you elect a full living benefit, your post-election BIA is \$0. Withholdings for Basic insurance stop at the end of the pay period in which your living benefit election is effective. Your Basic AD&D coverage reduces to \$0 on the effective date of your living benefit election.

(2) If you elect a partial living benefit, your post-election BIA is a reduced amount (see § 870.205). Your withholdings and the Government contribution for Basic insurance are based on the amount of your post-election BIA and are reduced at the end of the pay period in which your living benefit election is effective. Your Basic AD&D coverage reduces to equal your post-election BIA.

(b)(1) Your post-election BIA cannot change. Subsequent changes in pay will have no effect on the amount of your Basic insurance.

(2) If you retire or become insured as a compensation after electing a partial living benefit, you must elect No Reduction for your Basic insurance.

(c) Electing a living benefit has no effect on your Optional insurance.

(d) After electing a living benefit, you may assign the remainder of your insurance.

(e) You may elect a living benefit only once. If you elect a partial living benefit, you cannot later elect a living benefit for some or all of your remaining Basic insurance.

§ 870.1107 What happens if I live longer than 9 months?

If you live longer than 9 months, you do not have to return the living benefit payment.

Subpart L—Portability

§ 870.1201 Portability permitted.

(a) Effective April 24, 1999, until April 24, 2002, you may port (keep) Option B coverage that would otherwise terminate.

(b) You cannot port Basic insurance, Option A, or Option C.

§ 870.1202 What are the eligibility requirements for portability?

(a) You are eligible to port your Option B if:

(1) Your coverage is terminating because you are separating or completing 12 months in nonpay status; and

(2) You meet the 5-year/all-opportunity requirement stated in § 870.701.

(b) If you have assigned your insurance, it is your assignee(s) who has(have) the right to port. Your

assignee(s) must pay the premiums for the ported coverage.

§ 870.1203 How much Option B can I port?

(a)(1) You may port the number of Option B multiples that meet the 5-year/all-opportunity requirement.

(2) You may also choose to port fewer multiples. If you do, any multiples that you do not port terminate, with the 31-day extension of coverage and right to convert.

(b)(1) If you port your coverage, you may reduce the number of multiples at any time. *Exception:* If you have assigned your insurance, only your assignee has the right to reduce the number of multiples.

(2) You cannot increase the number of multiples.

(c) If you port Option B, future salary changes have no effect on the amount of your coverage.

(d) The amount of your ported coverage reduces by 50% at the beginning of the 2nd month after you reach age 70. If you are already age 70 or older at the time you port your Option B, the reduction takes place the 2nd month after the effective date of your ported coverage.

§ 870.1204 What is the cost of the ported coverage?

(a)(1) Ported Option B costs the same as "regular" Option B. (See § 870.405(d).)

(2) In addition to the premium payments for Option B, you must pay a monthly administrative fee for ported coverage. OPM negotiates the amount of this administrative fee with the Portability Office.

(b) When your coverage reduces, as stated in § 870.1203(d), your premiums also reduce, based on the new amount of your coverage.

§ 870.1205 How do I port my coverage?

(a) If you are eligible to port your Option B, your employing office must notify you (or your assignee) in writing of the loss of coverage and your right to port. The employing office must do this either before or immediately after the event that causes your coverage to stop.

(b)(1) If you want to port your Option B, you must submit your request to the Portability Office. The Portability office must receive your request within 65 days after the date of the terminating event (79 days, if you live overseas).

(2) If you do not request portability within the required time frame, we consider that you have refused coverage.

§ 870.1206 Are there any extensions to the time limit for porting?

(a) The time limit may be extended up to 6 months after the date of the terminating event. To qualify, you must demonstrate to the Portability Office that:

(1) Your employing office did not give you the required notification and you were not aware of the time limit for porting your Option B; or

(2) You were not able to port on time for reasons beyond your control.

(b) If the Portability Office approves your request to port, you must port within 31 days of that approval.

§ 870.1207 When is my ported coverage effective?

Your ported coverage is effective the day after your coverage as an employee stops.

§ 870.1208 What about designations, assignments, and court orders?

(a)(1) If you have a valid designation of beneficiary on file at the time you port your Option B, that designation remains in effect for the ported coverage.

(2) If you want to designate a beneficiary after you have ported your coverage, you must submit the designation form to the Portability Office.

(3) If you return to Federal service, any valid designation of beneficiary remains in effect.

(b)(1) If you have assigned your coverage, and your assignee ports your Option B, that assignment remains in effect.

(2) If you want to make an assignment after you have ported your coverage, you must submit the assignment form to the Portability Office.

(3) If you return to Federal service, any valid assignment remains in effect. Basic insurance and any Option A and additional Option B coverage you get through your employment is included automatically in your existing assignment.

(c)(1) If your employing office received a valid court order on or after July 22, 1998, that court order remains valid for your ported coverage.

(2) Anyone wanting to submit a court order relating to your ported coverage must submit it to the Portability Office.

(3) If you return to Federal service, any valid court order on file remains in effect.

(d) When you submit a request to port your Option B, your employing office must send the originals of all designations, assignments, and court orders on file to the Portability Office.

§ 870.1209 Can I cancel my ported coverage?

(a) You may cancel your ported coverage or reduce the number of multiples at any time. *Exception:* If you have assigned your insurance, only your assignee may cancel or reduce your coverage.

(b) If you do not make a premium payment on time, the Portability Office will send you a notice stating that your coverage will continue only if you make the payment within 15 days after receiving the notice (45 days, if you live overseas). We consider that you received the notice 5 days after the date on the notice (19 days, if you live overseas). If you do not make the payment within this time frame, your Option B coverage cancels.

(c) If your ported coverage cancels, whether voluntarily or for nonpayment, you do not get the 31-day extension of coverage or the right to convert.

§ 870.1210 How long does my ported coverage last?

Your ported coverage stops at the earlier of:

(a) April 24, 2002. You get the 31-day extension of coverage and the right to convert, as stated in subpart F of this part.

(b) The beginning of the 2nd calendar month after you reach 80. If you are already age 80 or older at the time you port your Option B, your coverage stops at the beginning of the 2nd month after the effective date of the ported coverage. You get the 31-day extension of coverage and the right to convert, as stated in subpart F of this part.

§ 870.1211 What happens if I come back to work?

(a)(1) When you return to active Federal service, your agency must notify the Portability Office.

(2) The Portability Office must terminate your ported coverage and send the originals of all designations, assignments, and court orders to your new employing office.

(b) You will get back the number of multiples of Option B that you had before the terminating event.

Exceptions:

(1) If you cancel a multiple or multiples of Option B at the time you port or after you port, you will get back only the number of multiples remaining.

(2) If you cancel your Option B coverage, or if your coverage cancels for nonpayment of premiums, you will not get back any Option B coverage.

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