

§ 870.706

5 CFR Ch. I (1-1-03 Edition)

elects Full Reduction, the coverage reduces by 2 percent of the original amount each month. This reduction starts at the beginning of the 2nd month after the date the insurance would otherwise have stopped or the beginning of the 2nd month after the insured's 65th birthday, whichever is later. At 12:00 noon on the day before the 50th reduction, the insurance stops, with no extension of coverage or conversion right.

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

(d)(1) Employees who were already retired or insured as compensationners on April 24, 1999, and who had Option B, were given an opportunity to make an election for Option B.

(i) Annuitants and compensationners who were under age 65 were notified of the option to elect No Reduction. The retirement system will send these individuals an actual election notice before their 65th birthday, as provided in paragraph (b)(4) of this section.

(ii) Annuitants and compensationners who were age 65 or older, and who still had some Option B coverage remaining, were given the opportunity to stop further reductions. These individuals had until October 24, 1999, to make the No Reduction election. The amount of Option B coverage retained was the amount in effect on April 24, 1999. Those annuitants and compensationners who elected No Reduction were required to pay premiums retroactive to April 24, 1999.

(2) Employees who were already retired or insured as compensationners on April 24, 1999, could not elect No Reduction for Option C.

[64 FR 72464, Dec. 23, 1999]

§ 870.706 Reinstatement of life insurance.

(a) An annuitant whose disability annuity terminates because he/she recovers from the disability or because his/her earning capacity returns, and whose disability annuity is later restored under 5 U.S.C. 8337(e) (after December 31, 1983), may elect to resume

the Basic insurance held immediately before his/her disability annuity terminated. OPM must receive the election within 60 days after OPM mails a notice of insurance eligibility and an election form.

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

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

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

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

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

[62 FR 48731, Sept. 17, 1997; 62 FR 52181, Oct. 6, 1997. Redesignated at 64 FR 72463, Dec. 23, 1999]

§ 870.707 Reemployed annuitants.

(a)(1) If an insured annuitant is appointed to a position in which he/she is eligible for insurance, the amount of his/her Basic life insurance as an annuitant (and any applicable annuity withholdings) is suspended on the day before the 1st day in pay status under the appointment, unless the reemployed annuitant waives all insurance coverage. The Basic insurance benefit payable upon the death of a reemployed annuitant who has Basic insurance in force as an employee can't be less than the benefit which would have been payable if the individual hadn't been reemployed.

(2) Except as provided in paragraph (b) of this section, the Basic insurance obtained as an employee stops with no 31-day extension of coverage or conversion right, on the date reemployment terminates. Any suspended Basic insurance (and any applicable annuity

withholdings) is reinstated on the day following termination of the reemployment.

(b) Basic insurance obtained during reemployment can be continued after the reemployment terminates if:

(1) The annuitant qualifies for a supplemental annuity or receives a new retirement right;

(2) He/she has had Basic insurance as an employee for at least 5 years of service immediately before separation from reemployment or for the full period(s) during which such coverage was available to him/her, whichever is less; and

(3) He/she doesn't convert to nongroup insurance when Basic insurance as an employee would otherwise terminate.

(c) If the Basic insurance obtained during reemployment is continued as provided in paragraph (b) of this section, any suspended Basic life insurance stops, with no 31-day extension of coverage or conversion right.

(d) (1) An annuitant appointed to a position in which he/she is eligible for Basic insurance, is also eligible for Optional insurance as an employee, unless he/she has on file an uncancelled waiver of Basic or Optional insurance.

(2) If the individual has Option A or C as an annuitant, that insurance (and applicable annuity withholdings) is suspended on the day before his/her 1st day in pay status under the appointment. Unless he/she waives Option A or C (or waives Basic insurance), he/she obtains Option A or C as an employee.

(3) If the individual has Option B as an annuitant, that insurance (and applicable annuity withholdings) continues as if the individual weren't reemployed, unless:

(i) The individual files with his/her employing office an election of Option B, in a manner designated by OPM, within 31 days after the date of reemployment, in this case Option B (and applicable annuity withholdings) as an annuitant is suspended on the date that Option B as an employee becomes effective; or

(ii) The individual waives Basic insurance.

(4) The Option B benefit payable upon the death of a reemployed annuitant is the amount in effect as an annuitant,

unless he/she elected to have Option B as an employee.

(5) Except as provided in paragraph (e) of this section, the Optional insurance obtained as an employee stops, with no 31-day extension or conversion right, on the date reemployment terminates. The amount of suspended Optional insurance which remains in force after applicable monthly reductions after age 65 (and corresponding withholdings) is reinstated on the day after reemployment terminates.

(e) Optional life insurance obtained during reemployment may be continued after the reemployment terminates if the annuitant:

(1) Qualifies for a supplemental annuity or receives a new retirement right;

(2) Continues his/her Basic life insurance under paragraph (a) (2), (3), or (4) of § 870.702; and

(3) Has had Optional insurance as an employee for at least the 5 years of service immediately before separation from reemployment or for the full period(s) of service during which it was available to him/her, whichever is less.

(f) If Optional insurance obtained during reemployment is continued as provided in paragraph (e) of this section, any suspended Optional insurance stops, with no 31-day extension of coverage or conversion right.

(g) If a reemployed annuitant waives life insurance as an employee, the waiver also cancels his/her life insurance as an annuitant.

[62 FR 48731, Sept. 17, 1997; 62 FR 52181, Oct. 6, 1997. Redesignated at 64 FR 72463, Dec. 28, 1999]

§ 870.708 MRA-plus-10 annuitants.

(a) The Basic insurance of an individual whose coverage terminates under § 870.601(b), and who meets the requirements for continuing Basic insurance after retirement as stated in § 870.701(a), resumes on the starting date of annuity or on the date OPM receives the application for annuity, whichever is later. The individual must file an election as provided in § 870.701(c) so that OPM receives it within 60 days after OPM mails a notice of insurance eligibility and an election form.

(b) Optional insurance of an individual whose coverage terminates