

**§ 870.204 Amount of optional insurance.**

(a) Option A coverage is \$10,000. However, if an employee's annual rate of pay is more than the sum of the annual rate of basic pay for Level II Executive Schedule positions under 5 U.S.C. 5313 plus \$10,000, Option A coverage automatically increases. The amount of Option A coverage in this case is the difference between the employee's annual rate of pay, (rounded to the next higher thousand if not already an even thousand) and the BIA.

(b) (1) Option B coverage comes in 1, 2, 3, 4, or 5 multiples of an employee's annual pay (after the pay has been rounded to the next higher thousand, if not already an even thousand). A multiple can not be more than the annual rate of basic pay for Level II Executive Schedule positions under 5 U.S.C. 5313, rounded to the next higher thousand.

(2) The amount of Option B coverage automatically changes whenever annual pay is increased or decreased by an amount sufficient to raise or lower pay to a different \$1,000 bracket.

(c) Option C coverage is \$5,000 payable upon the death of a spouse and \$2,500 payable upon the death of a child. Payments are made to the insured individual.

**§ 870.205 Accidental death and dismemberment.**

(a) (1) Accidental death and dismemberment coverage is an automatic part of basic and Option A insurance for employees.

(2) There is no accidental death and dismemberment coverage with Options B and C.

(3) Individuals who are insured as annuitants or compensationers do not have accidental death and dismemberment coverage.

(b) Under basic insurance, accidental death benefits are equal to the BIA, but without the age factor described in § 870.202(c).

(c) (1) Under basic insurance, accidental dismemberment benefits for the loss of a hand, foot, or eye are equal to one-half the BIA. For loss of 2 of these, benefits are equal to the BIA.

(2) For more than one type of loss in a single accident, total benefits cannot be more than the BIA.

(3) Accidental dismemberment benefits are paid to the employee.

(d) Under Option A, accidental death and dismemberment benefits are equal to the amount of Option A.

**Subpart C—Eligibility****§ 870.301 Eligibility for life insurance.**

(a) Each nonexcluded employee is automatically insured for basic insurance unless he/she waives it.

(b) (1) Optional insurance must be specifically elected; it is not automatic.

(2) An employee may elect optional insurance if:

- (i) He/she has basic insurance;
- (ii) He/she doesn't have a waiver of that type of optional insurance still in effect; and
- (iii) His/her periodic pay, after all other deductions, is enough to cover the full cost.

**§ 870.302 Exclusions.**

(a) The following employees are excluded from life insurance coverage by law:

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

(2) An individual who is not a citizen or national of the United States and whose permanent duty station is outside the United States. Exception: An individual who 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 which was then known as the Canal Zone.

(3) An individual first employed by the Government of the District of Columbia on or after October 1, 1987. Exception: An employee of St. Elizabeths Hospital, who accepts employment with the District of Columbia Government following Federal employment without a break in service, as provided in section 6 of Pub. L. 98-621.

(4) Teachers in Department of Defense dependents schools overseas, if employed by the Federal Government in a nonteaching position during the recess period between school years.

(b) The following employees are also excluded from life insurance coverage:

(1) An employee serving under an appointment limited to 1 year or less. Exceptions:

(i) An employee whose full-time or part-time temporary appointment has a regular tour of duty and follows a position in which he/she was insured, with a break in service of no more than 3 days;

(ii) An acting postmaster;

(iii) A Presidential appointee appointed to fill an unexpired term; and

(iv) Certain temporary employees who receive provisional appointments as

defined in §§ 316.401 and 316.403 of this title.

(2) An employee who is employed for an uncertain or purely temporary period, who is employed for brief periods at intervals, or who is expected to work less than 6 months in each year. Exception: An employee who is employed under an OPM-approved career-related work-study program under Schedule B lasting at least 1 year and who is in pay status for at least one-third of the total period of time from the date of the first appointment to the completion of the work-study program.

(3) An intermittent employee (a non-full-time employee without a regularly scheduled tour of duty). Exception: An employee whose intermittent appointment follows, with a break in service of no more than 3 days, a position in which he/she was insured and to which he/she is expected to return.

(4) An employee whose pay, on an annual basis, is \$12 a year or less.

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

(6) An employee paid on a contract or fee basis. Exception: An employee who is a United States citizen, who is appointed by a contract between the employee and the Federal employing authority which requires his/her personal service, and who is paid on the basis of units of time.

(7) An employee paid on a piecework basis. Exception: An employee whose work schedule provides for full-time or part-time service with a regularly scheduled tour of duty.

(c) OPM makes the final determination about whether the above categories apply to a specific employee or group of employees.

**Subpart D—Cost of Insurance****§ 870.401 Withholdings and contributions for basic insurance.**

(a) The cost of basic insurance is shared between the insured individual and the Government. The employee pays two-thirds of the cost, and the Government pays one-third.

(b) (1) During each pay period in which an insured employee is in pay status for any part of the period, \$0.165 must be withheld from the employee's biweekly pay for each \$1,000 of the employee's BIA. The amount withheld from the pay of an employee who is paid on other than a biweekly basis must be prorated and adjusted to the nearest one-tenth of 1 cent.

(2) The amount withheld from the pay of an insured employee whose annual pay is paid during a period shorter than 52 workweeks is the amount obtained