

(c) The deposit described in §§ 870.401(f) and 870.402(i) must be made no later than 60 calendar days after the date the employing office determines the amount of the underdeduction that has occurred, regardless of whether or when the underdeduction is recovered by the agency. The agency must determine whether to waive collection of the overpayment of pay, in accordance with 5 U.S.C. 5584, as implemented by 4 CFR ch. I, subchapter G. However, if the agency involved is excluded from the provisions of 5 U.S.C. 5584, it may use any applicable authority to waive the collection.

(d) Effective October 21, 1972, when an employee returns to work after being suspended or fired erroneously, no withholdings are made from the back pay.

(e) If an individual's periodic pay, compensation, or annuity isn't sufficient to cover the full withholdings, any amount available for life insurance withholding must be applied first to basic insurance, with any remainder applied to optional insurance.

§ 870.404 Direct premium payments under 5 U.S.C. chapter 84 (Federal Employees' Retirement System—FERS).

(a) If the FERS annuity, excluding subchapter III of 5 U.S.C. chapter 84 (Thrift Savings Plan), is too low to cover any of the insurance premiums, the retirement system must notify the annuitant of the opportunity to pay his/her share of the basic premium and the optional premium(s) directly to the retirement system.

(b) The retirement system must establish a method for accepting these direct premium payments. The retirement system must provide the annuitant with a premium payment schedule and the requirements for continued enrollment.

(c) The annuitant must send the retirement system the required premium(s) for every pay period during which the coverage(s) continue, excluding the 31-day temporary extension of coverage provided in § 870.601. The annuitant must make payment after the pay period in which he/she is covered, according to the schedule established by the retirement system. If it does not receive payment by the due date, the retirement system must notify the annuitant that coverage(s) will be continued only if he/she makes payment within 15 days after receiving the notice. The basic and optional insurance coverage(s) of an annuitant who does not pay within the specified time limit terminate. An individual whose coverage(s) terminate

because of nonpayment of premium cannot reelect or reinstate coverage, except as provided in paragraph (d) of this section.

(d) If, for reasons beyond his/her control, an annuitant is unable to pay within 15 days after receiving the notice, he/she may request reinstatement of coverage by writing to the retirement system. Such a request must be made within 30 calendar days from the date of termination and must be accompanied by proof that the annuitant was prevented from paying within the time limit for reasons beyond his/her control. The retirement system will decide if the individual is eligible for reinstatement of coverage. If the decision is yes, the coverage is reinstated back to the date of termination.

(e) Termination of coverage for failure to pay premiums within the time limit established according to paragraph (c) of this section is effective at the end of the last pay period for which payment has been received on time.

(f) The retirement system must submit all direct premium payments, along with its regular life insurance premiums, to OPM according to procedures set by OPM.

Subpart E—Coverage

§ 870.501 Basic insurance: Effective dates of automatic coverage.

(a)(1) When an employee is appointed or transferred to a position in which he/she is eligible for insurance, the employee is automatically insured for basic insurance on the day he/she enters on duty in pay status, unless, before the end of the first pay period, the employee files a waiver of basic insurance with the employing office or had previously filed a waiver which remains in effect.

(2) An insured employee who moves to another covered position is automatically insured on the effective date of the move, unless the employee files a waiver of basic insurance with the new employing office before the end of the first pay period in the new position.

(b) An employee who returns to pay and duty status after a period of more than 12 months of nonpay status is automatically insured at the time he/she actually enters on duty in pay status, unless, before the end of the first pay period, the employee files a waiver of basic insurance coverage with the employing office or had previously filed a waiver which remains in effect.

(c) For an employee who serves in cooperation with a non-Federal agency and who is paid in whole or in part from non-Federal funds, OPM sets the

effective date. 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 into the Employees' Life Insurance Fund on a timely basis, 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 and transmit that amount to the Federal agency for deposit into the Employees' Life Insurance Fund on a timely basis.

(d) If an employee waived basic insurance on or before February 28, 1981, the waiver was automatically cancelled effective on the 1st day the employee entered on duty in pay status on or after April 1, 1981. Basic insurance coverage was automatically effective on the date of the waiver's cancellation, unless the employee filed a new waiver of basic insurance with the employing office before the end of the pay period during which the coverage became effective.

§ 870.502 Basic insurance: Waiver/cancellation of insurance.

(a) An insured individual may cancel his/her basic insurance at any time by filing a waiver of basic insurance coverage. An employee files with the employing office. An annuitant files with OPM or other office that administers his/her retirement system. If still employed, a compensation officer files with the employing office, and if not still employed, with OWCP. The waiver is effective, and the insurance stops, at the end of the pay period in which the waiver is properly filed.

(b) An individual who cancels his/her basic insurance automatically cancels all forms of optional insurance.

§ 870.503 Basic insurance: Cancelling a waiver.

(a) An annuitant who has filed a waiver of basic insurance cannot cancel the waiver.

(b) An employee who has filed a waiver of basic insurance may cancel the waiver and become insured if:

- (1) At least 1 year has passed since the effective date of the waiver, and
- (2) He/she provides satisfactory medical evidence of insurability.

(c) OFEGLI reviews the Request for Insurance filed by an employee who has complied with paragraph (b) of this section and decides whether to approve it. The insurance is effective when, after OFEGLI's approval, the employee actually enters on duty in pay status in