

the election form before it has made a final decision on the individual's application for annuity or supplemental annuity or an individual's request to continue life insurance as a compensator. If there is no valid election, OPM considers the individual to have chosen the option described in paragraph (a)(2) of § 870.702.

(d) If the annuity or compensation of an insured individual is terminated, or if the Department of Labor finds that an insured compensator is able to return to duty, his/her basic life insurance held as an annuitant or compensator stops on the date of the termination or finding. There is no 31-day extension of coverage or conversion right.

(e)(1) An annuitant or compensator who is eligible to continue or have reinstated basic insurance is also eligible to continue or have reinstated optional insurance if he/she meets the same coverage requirements for optional insurance as those stated in paragraph (a) or (b) of this section for basic insurance.

(2) For the purpose of continuing insurance as an annuitant or compensator, an employee is not considered to have been eligible for Option C during any period when the employee had no eligible family member.

#### § 870.702 Election of basic insurance.

(a) An individual who makes an election under § 870.701(c) must select one of the following options:

(1) Termination of the insurance. The individual's insurance stops upon conversion to an individual policy as provided under § 870.603. If the individual doesn't convert to an individual policy, insurance stops at the end of the month in which OPM or the employing office receives the election;

(2) Continuation or reinstatement of basic insurance with a maximum reduction of 75 percent during retirement. Premiums are withheld from annuity or compensation (except as provided under § 870.401(d)(1)). The amount of basic life insurance in force reduces by 2 percent a month until the maximum reduction is reached. This reduction starts at the beginning of the 2nd month after the date the insurance would otherwise have stopped or the date of the insured's 65th birthday, whichever is later;

(3) Continuation or reinstatement of basic insurance with a maximum reduction of 50 percent during retirement. Premiums are withheld from annuity or compensation. The amount of basic insurance in force reduces by 1 percent a month until the maximum reduction is reached. This reduction

starts at the beginning of the 2nd month after the date the insurance would otherwise have stopped or the date of the insured's 65th birthday, whichever is later; or

(4) Continuation or reinstatement of basic insurance with no reduction after age 65. Premiums are withheld from annuity or compensation.

(b)(1) An insured individual may cancel an election under paragraph (a)(3) or (a)(4) of this section at any time. The amount of basic insurance automatically switches to the amount that would have been in force if the individual had originally elected the 75 percent reduction. This revised amount is effective at the end of the month in which OPM receives the request to cancel the previous election.

(2) If the individual files a waiver of insurance, the coverage stops without a 31-day extension of coverage or conversion right. This is effective at the end of the month in which OPM receives the waiver.

#### § 870.703 Amount of life insurance.

(a)(1) The amount of an annuitant's or compensator's basic insurance is his/her BIA on the date insurance would otherwise have stopped because of separation from service or completion of 12 months in nonpay status, minus any reductions applicable under § 870.702(a).

(2) For the purpose of paying benefits upon the death of a retired insured individual under age 45, the BIA is multiplied by the appropriate age factor shown in § 870.202(c). Exception: If the insured individual retired before October 10, 1980.

(b) The amount of an annuitant's or compensator's Option A coverage reduces by 2 percent a month up to a maximum reduction of 75 percent. This reduction starts at the beginning of the 2nd month after the date the insurance would otherwise have stopped or the date of the insured's 65th birthday, whichever is later.

(c) (1) The number of multiples of Option B coverage an annuitant or compensator can continue is the smallest number of multiples in force during the applicable period of service required to continue Option B.

(2) Each multiple of an annuitant's or compensator's Option B coverage reduces by 2 percent a month. This reduction starts at the beginning of the 2nd month after the date the insurance would otherwise have stopped or the insured's 65 birthday, whichever is later. At 12 noon on the day before the 50th reduction, the insurance stops, with no extension of coverage or conversion right.

(d) The amount of an annuitant's or compensator's Option C coverage on each family member reduces by 2 percent a month. This reduction starts at the beginning of the 2nd month after the date the insurance would otherwise have stopped or the annuitant's or compensator's 65th birthday, whichever is later. At 12 noon on the day before the 50th reduction, the insurance stops, with no extension of coverage or conversion right.

(e)(1) Judges retiring under 28 U.S.C. 371 (a) and (b), 28 U.S.C. 372(a), and 26 U.S.C. 7447 are considered employees under the FEGLI law. Basic and optional insurance for these judges continues without interruption or reduction upon retirement.

(2) If a judge chooses to receive compensation instead of an annuity, his/her optional insurance reduces as stated in paragraphs (b), (c), and (d) of this section.

#### § 870.704 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 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 election form.

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

(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.

#### § 870.705 Waiver or suspension of annuity or compensation.

(a) Except as provided in paragraph (b) of this section, when annuity or