

compensation is waived or suspended, optional life insurance continues. When the annuity or compensation is resumed, back payments must be withheld for the full cost of the optional insurance for the period of waiver or suspension during which the person is under age 65.

(b) If suspension of annuity or compensation is because of reemployment, the reemploying office must withhold the full cost of the insurance during each pay period of reemployment.

#### § 870.706 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 benefit payable upon the death of a reemployed annuitant who has basic insurance in force as an employee cannot 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 uncanceled 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 on the Life Insurance Election form 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) 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 (d)(2), (3), or (4) of § 870.701; and

(3) Has had optional insurance in force for 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.

#### § 870.707 MRA-plus-10 annuitants.

(a) The basic insurance of an individual whose coverage terminates under § 870.601(a), and who meets the requirements for continuing basic insurance after retirement as stated in § 870.601(b), 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 election form.

(b) Optional insurance of an individual whose coverage terminates under § 870.602(a), and who meets the requirements for continuing optional insurance after retirement under § 870.602(b), resumes on the starting date of annuity or on the date OPM receives the application for annuity, whichever is later.

#### Subpart H—Order of Precedence and Designation of Beneficiary

##### § 870.801 Order of precedence and payment of benefits.

(a) Benefits are paid according to the order of precedence stated in 5 U.S.C. 8705, as follows:

(1) To the designated beneficiary (or beneficiaries);

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

(3) If none, to the child, or children in equal shares, with the share of any deceased child going to his/her children;

(4) If none, to the parents in equal shares or the entire amount to the surviving parent;

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

(6) If none, to the next of kin according to the laws of the State in which the insured individual legally resided.

(b) If an insured individual provided in a valid designation of beneficiary for insurance benefits to be payable to the insured's estate, or to the Executor, Administrator, or other representative of the insured's estate, or if the benefits would otherwise be payable to the duly appointed representative of the insured's estate under the order of precedence specified in 5 U.S.C. 8705(a), payment of the benefits to the duly appointed representative of the insured's estate bars recovery by any other person.

(c) Option A or B insurance in force on a person on the date of his/her death is paid, on receipt of a valid claim, in the same order of precedence and under the same conditions as basic insurance. A designation of beneficiary for basic