§ 870.703 Election of Basic insurance.

(a) An individual who makes an election under § 870.701(c) and who has not elected a Living Benefit must select one of the options in paragraphs (a)(1) through (4) of this section. No one else can make this election on the individual’s behalf.

(1) Termination of the insurance. The individual’s insurance stops upon conversion to an individual policy as provided under § 870.603. If the individual does not 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 of the BIA each 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 of the BIA each 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) Unless an employee has elected a partial Living Benefit under subpart K of this part or an individual has assigned the insurance under subpart I of this part, 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. There is no refund of premiums.

(2) If an individual files a waiver of insurance, the coverage stops without a 31-day extension of coverage or conversion right. Coverage ceases at the end of the month in which OPM received the waiver.

(c) Unless he/she chooses to terminate his/her insurance, an employee who has elected a partial Living Benefit must choose the no reduction election under paragraph (a)(4) of this section. The employee cannot later change to the 75 percent reduction.

(d) If an employee has assigned his or her insurance, he/she cannot cancel an election under paragraph (a)(3) or (a)(4) of this section. Only the assignee(s) may cancel this election. Exception: If the employee elected a partial Living Benefit before assigning the remainder of his or her insurance, the assignee(s) cannot cancel the election under paragraph (a)(4) of this section.

(e)(1) For purposes of this part, a judge who retires under one of the following provisions is considered to be an employee after retirement:

(i) 28 U.S.C. 371(a) or (b);
(ii) 28 U.S.C. 372(a);
(iii) 28 U.S.C. 377;
(iv) 26 U.S.C. 7447;
(v) 11 DC Code 776;
(vi) Section 7447 of the Internal Revenue Code;

(2) The insurance of a judge described in paragraph (e)(1) of this section does not reduce after age 65. Basic insurance continues without interruption or reduction. Exception: If the insured is a judge eligible for compensation, and chooses to receive compensation instead of annuity, he or she must select an option described in paragraph (a) of this section.

§ 870.704 Amount of Option A.

(a) The amount of Option A coverage an annuitant or compensationer can continue is $10,000.

(b) An annuitant’s or compensationer’s Option A coverage reduces by 2 percent of the original amount each 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 beginning of the 2nd month after the date of the insured’s 65th birthday, whichever is later.

(c) Paragraph (b) of this section does not apply to a judge who retires under one of the provisions listed in §870.703(e)(1). For purposes of this part, such a judge is considered to be an employee after retirement, and Option A insurance continues without interruption or reduction. Exception: If the judge is eligible for compensation and chooses to receive compensation instead of annuity, the post-65 reductions and elections apply.

Exception: If the judge is eligible for compensation and chooses to receive compensation instead of annuity, the post-65 reductions and elections apply.

(2)(i) Prior to reaching age 65, an annuitant or compensationer can change from No Reduction to Full Reduction at any time. Exception: If the individual has assigned his or her insurance as provided in subpart I of this part, only the assignee can change from No Reduction to Full Reduction for the Option B coverage.

(3)(i) After reaching age 65, an annuitant or compensationer can change from No Reduction to Full Reduction at any time. Exception: If the individual has assigned his or her insurance as provided in subpart I of this part, only the assignee can change from No Reduction to Full Reduction for the Option B coverage. If an individual age 65 or over changes to Full Reduction, the amount of insurance in force is computed as if he or she had elected Full Reduction initially. There is no refund of premiums.

(ii) After reaching age 65, an annuitant or compensationer cannot change from Full Reduction to No Reduction.

(c)(1) For each multiple of Option B and/or Option C for which an individual 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 compensationer continues to pay premiums appropriate to his or her age.