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assignee dies before the insured individual and:

(1) The assignee (or the assignee's heirs) did not designate a beneficiary; or

(2) The assignee's designated beneficiary dies before the insured individual.

(d) The provisions of § 870.802 apply to designations of beneficiary made by assignees.

§ 870.910 Notification of current addresses.

Each assignee and each beneficiary of an assignee must keep the office where the assignment is filed informed of his/her current address.

Subpart J—Benefits for United States Hostages in Iraq and Kuwait and United States Hostages Captured in Lebanon

§ 870.1001 Purpose.

This subpart sets forth the conditions for life insurance coverage according to the provisions of section 599C of Pub. L. 101-513 (104 Stat. 2035).

§ 870.1002 Definitions.

In this subpart:

Hostage and *hostage status* have the meaning set forth in section 599C of Pub. L. 101-513 (104 Stat. 2035).

Pay period for individuals insured under this subpart means the pay period set by the U.S. Department of State.

Period of eligibility means the period beginning on the effective date set forth in § 870.1004 and ending 12 months after hostage status ends for hostages in Iraq and Kuwait and 60 months after hostage status ends for hostages captured in Lebanon.

§ 870.1003 Coverage and amount of insurance.

(a) An individual is covered under this subpart when the U.S. Department of State determines that the individual is eligible under section 599C of Pub. L. 101-513 (104 Stat. 2035).

(b)(1) The amount of Basic life insurance for these individuals is the amount specified in § 870.202, subject to

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the applicable conditions stated in this subpart.

(2) The BIA under § 870.202 is the amount of the payment specified in section 599C(b)(2) of Pub. L. 101-513 (104 Stat. 2035), rounded to the next higher \$1,000, plus \$2,000.

(c) Individuals who have Basic insurance under this section also have group accidental death and dismemberment insurance.

(d) Individuals insured by this subpart are not eligible for Optional insurance.

(e) Individuals insured by this subpart are not considered employees for the purpose of this part.

(f) Eligibility for insurance under this subpart depends on the availability of funds under section 599C(e) of Pub. L. 101-513 (104 Stat. 2035).

§ 870.1004 Effective date of insurance.

Insurance under this subpart was effective on August 2, 1990, for hostages in Iraq and Kuwait and on June 1, 1982, for hostages captured in Lebanon, unless the U.S. Department of State sets a later date.

§ 870.1005 Premiums.

(a) Government contributions and employee withholdings required under subpart D of this part are paid from the funds provided under section 599C(e) of Pub. L. 101-513 (104 Stat. 2035).

(b) If an individual isn't insured for the full pay period, premiums are paid only for the days he/she is actually insured. The daily premium is the monthly premium multiplied by 12 and divided by 365.

(c) OPM may accept the payments required by this section in advance from a State Department appropriation, if necessary to fund the 12-month period of coverage beginning the earlier of:

(1) The day after sanctions or hostilities end; or

(2) The day after the individual's hostage status ends.

(d) OPM will place any funds received under paragraph (c) of this section in an account set up for that purpose. OPM will make the deposit required under 5 U.S.C. 8714 from the account

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when the appropriate pay period occurs.

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§ 870.1006 Cancellation of insurance.

(a) An individual who is insured under this subpart may cancel his/her insurance at any time by written request. The cancellation is effective on the 1st day of the pay period after the pay period in which the U.S. Department of State receives the request.

(b) Cancellation must be requested by the insured individual and cannot be requested by a representative acting on the individual's behalf.

(c) An individual who cancels the insurance under this section cannot obtain the insurance again, unless the U.S. Department of State determines that it would be against equity and good conscience not to allow the individual to be insured.

§ 870.1007 Termination and conversion.

(a) Insurance under this subpart terminates 12 months after hostage status ends, unless the individual cancels the insurance earlier.

(b) Insured individuals whose coverage terminates are eligible for the 31-day extension of coverage and conversion as set forth in subpart F of this part, unless the individual cancelled the coverage.

§ 870.1008 Order of precedence and designation of beneficiary.

Insurance benefits are paid under the order of precedence set forth in 5 U.S.C. 8705(a) and under the provisions of subpart H of this part.

§ 870.1009 Responsibilities of the U.S. Department of State.

(a) The U.S. Department of State functions as the "employing office" for individuals insured under this subpart.

(b) The U.S. Department of State must determine the eligibility of individuals under Pub. L. 101-513 (104 Stat. 2035) for insurance under this subpart. This includes determining whether an individual is barred from insurance under chapter 87 of title 5 U.S.C. because of other life insurance as pro-

vided in section 599C of Pub. L. 101-513 (104 Stat. 2035).

Subpart K—Living Benefits

§ 870.1101 Eligibility for a Living Benefit.

(a) Effective July 25, 1995, an insured individual who is certified by his/her doctor as terminally ill, as defined in § 870.101, may elect to receive a lump-sum payment of Basic insurance.

(b) Optional insurance is not available for payment as a Living Benefit.

(c)(1) The effective date of a Living Benefit election is the date on which the Living Benefit payment is cashed or deposited. Once an election becomes effective, it can't be revoked. No further election of Living Benefits can be made.

(2) If the insured individual dies before cashing or depositing the Living Benefit payment, the payment must be returned to OFEGLI.

(d) If the insured individual has assigned his/her insurance, he/she cannot elect a Living Benefit; nor can an assignee elect a Living Benefit on behalf of an insured individual.

(e) If an individual has elected a Living Benefit, he/she may assign his/her remaining insurance.

§ 870.1102 Amount of a Living Benefit.

(a)(1) An employee may elect to receive either:

(i) A full Living Benefit, which is all of his/her Basic insurance, or

(ii) A partial Living Benefit, which is a portion of his/her Basic insurance, in a multiple of \$1,000.

(2) An annuitant or compensationner may only elect to receive a full Living Benefit.

(b) The amount of Basic insurance elected as a Living Benefit will be reduced by an actuarial amount representing the amount of interest lost to the Fund because of the early payment of benefits.

(c)(1) If an individual elects a full Living Benefit, the post-election BIA will be 0. If an employee elects a partial Living Benefit, the post-election BIA will be the BIA reduced in proportion to the amount of Basic insurance