

**§ 870.704**

**5 CFR Ch. I (1-1-05 Edition)**

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.

(2) If an 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.

(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. He/she cannot later change to the 75 percent reduction.

(d) If an employee has assigned his/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/her insurance, the assignee(s) cannot cancel the election under paragraph (a)(4) of this section.

[62 FR 48731, Sept. 17, 1997. Redesignated at 64 FR 72463, Dec. 28, 1999]

**§ 870.704 Amount of Option A.**

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

(b) An annuitant's or compensationner'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.

[64 FR 72463, Dec. 28, 1999]

**§ 870.705 Amount and election of Option B and Option C.**

(a) The number of multiples of Option B and Option C coverage an annuitant or compensationner can continue is the highest number of multiples in force during the applicable period of service required to continue Option B and Option C.

(b)(1)(i) At the time an employee retires or becomes insured as a compensationner, he/she must elect the number of allowable multiples he/she wishes to continue during retirement or while receiving compensation.

(ii) An employee who elects to continue fewer multiples than the number for which he/she is eligible is considered to have cancelled the multiples that are not continued.

(iii) Employees separating for retirement and employees becoming insured as compensationners on or after April 24, 1999, must also elect either Full Reduction or No Reduction for all of the multiples being continued.

(iv) An employee who does not make a reduction election is considered to have chosen Full Reduction.

(2)(i) Prior to reaching age 65, an annuitant or compensationner can change from No Reduction to Full Reduction at any time. Exception: If the individual has assigned his/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.

(ii) Prior to reaching age 65, an annuitant or compensationner can change from Full Reduction to No Reduction at any time.

(3)(i) After reaching age 65, an annuitant or compensationner can change from No Reduction to Full Reduction at any time. Exception: If the individual has assigned his/her insurance as provided in subpart I of this part,