

higher thousand, if it's not already an even thousand dollar amount.

(4) Premiums for converted life insurance are based on the insured individual's age and class of risk at the time the conversion policy is issued.

(5) The employing office must notify each assignee of the conversion right at the time the assigned group insurance terminates.

(c) An assignment terminates 31 days after the insurance terminates, unless the insured individual is reemployed in or returns to a position in which he/she is entitled to coverage under this part within 31 days after the insurance terminates. Exception: If an employee elects portability for Option B coverage, an assignment remains in effect. If the individual returns to Federal service, Basic insurance and any Option A insurance acquired through returning to service is subject to the existing assignment.

[62 FR 48731, Sept. 17, 1997, as amended at 64 FR 72465, Dec. 28, 1999]

**§ 870.908 Annuitants and compensationers.**

(a) If an employee assigns Basic insurance and later becomes eligible to continue such insurance coverage as an annuitant or compensationer as provided in § 870.701:

(1) At the time he/she retires or becomes eligible as a compensationer, the insured individual may elect unreduced or partially reduced insurance coverage as provided in § 870.702(a). This right remains with the insured individual and does not transfer to the assignee. Exception: if the insured individual elected a partial Living Benefit as an employee under subpart K of this part, he/she can only elect unreduced insurance coverage.

(2) After the individual has made the election described in paragraph (a)(1) of this section, the assignee (or, if more than one, all of the assignees acting together) may, at any time, elect to cancel the annuitant's or compensationer's election of increased coverage, as provided in § 870.702(b). The right to cancel the election transfers to the assignee; the annuitant or compensationer cannot cancel the election after making an assignment. Exception: if the individual elected a par-

tial Living Benefit as an employee under subpart K of this part, the assignee(s) cannot cancel the election of unreduced insurance coverage.

(b) When more than one assignee has been named, at the time the insured individual becomes eligible to continue coverage as an annuitant or compensationer, some assignees may choose to convert their part of the insurance, while others may choose to continue the coverage during the insured individual's retirement or receipt of compensation. The amount of each type of continued insurance is determined by the total percentage of the shares of the assignees who choose to continue the coverage.

(c)(1) When an annuitant who has assigned his/her insurance is reemployed in a position in which he/she is entitled to life insurance coverage, the coverage he/she acquires as a reemployed annuitant is subject to the existing assignment.

(2) The right of a reemployed annuitant to elect Option B coverage as an employee rather than as an annuitant under § 870.705(d)(3) remains with the insured individual and does not transfer to the assignee. Any Option B coverage elected as an employee is subject to the existing assignment.

**§ 870.909 Designations and changes of beneficiary.**

(a)(1) An assignment automatically cancels an insured individual's prior designation of beneficiary. After making an assignment, an individual cannot designate a beneficiary; the right to designate beneficiaries transfers to the assignee.

(2) Each assignee may designate a beneficiary or beneficiaries to receive insurance benefits upon the death of the insured individual and may also later change the beneficiaries. An assignee may designate himself/herself the primary beneficiary and name another contingent beneficiary(ies) to receive insurance benefits if the assignee dies before the insured individual.

(b) Benefits for assigned insurance are paid to the assignee(s) if the assignee(s) did not designate a beneficiary.

(c) Benefits for assigned insurance are paid to an assignee's estate if the