

§ 870.708

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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 uncancelled 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, in a manner designated by OPM, 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) The Option B benefit payable upon the death of a reemployed annuitant is the amount in effect as an annuitant,

unless he/she elected to have Option B as an employee.

(5) 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 (a) (2), (3), or (4) of § 870.702; and

(3) Has had Optional insurance as an employee for at least 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.

[62 FR 48731, Sept. 17, 1997; 62 FR 52181, Oct. 6, 1997. Redesignated at 64 FR 72463, Dec. 28, 1999]

§ 870.708 MRA-plus-10 annuitants.

(a) The Basic insurance of an individual whose coverage terminates under § 870.601(b), and who meets the requirements for continuing Basic insurance after retirement as stated in § 870.701(a), 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 an election form.

(b) Optional insurance of an individual whose coverage terminates

under §870.602(b), and who meets the requirements for continuing Optional insurance after retirement under §870.701(e), resumes on the starting date of annuity or on the date OPM receives the application for annuity, whichever is later.

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

Subpart H—Order of Precedence and Designation of Beneficiary

§ 870.801 Order of precedence and payment of benefits.

(a) Except as provided in paragraph (d) of this section, benefits are paid according to the order of precedence stated in 5 U.S.C. 8705(a), 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 provides 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 and 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 insurance is also a designation of beneficiary for Options A and B, unless the insured individual states otherwise in his/her designation.

(d)(1) If there is a court order in effect naming a specific person or per-

sons to receive life insurance benefits upon the death of an insured individual, Basic insurance and Option A and Option B insurance will be paid to the person or persons named in the court order, instead of according to the order of precedence.

(2) To qualify a person for such payment, a certified copy of the court order must be received by the appropriate office on or after July 22, 1998, and before the death of the insured.

(3)(i) For employees, the appropriate office is their employing agency.

(ii) For annuitants, the appropriate office is OPM.

(iii) For compensationers during the first 12 months of nonpay status, the appropriate office is their employing agency.

(iv) For compensationers after separation or the completion of 12 months in nonpay status, the appropriate office is OPM.

(v) For employees and former employees who have ported Option B coverage, the appropriate office is the Portability Office.

(4) If, within the applicable time frames, the appropriate office receives conflicting court orders entitling different persons to the same insurance, benefits will be paid based on whichever court order was issued first.

(e) Upon the death of an insured family member, Option C benefits are paid to the employee, annuitant, or compensationer responsible for withholdings under §870.402(f), except as provided in paragraph (e) of this section.

(f) If an employee, annuitant, or compensationer entitled to receive Option C benefits dies before the benefits are paid, the Option C benefits are paid to the individual(s) entitled to receive Basic life insurance benefits under the statutory order of precedence. However, if the insurance has been assigned in accordance with subpart I of this part, any prior designations of beneficiary were cancelled; benefits in this instance are paid under the statutory order of precedence, starting with the second on the list.

[62 FR 48731, Sept. 17, 1997, as amended at 64 FR 16602, Apr. 6, 1999; 64 FR 72464, Dec. 28, 1999]