excluded from life insurance stops on his/her last day in the former position, subject to a 31-day extension of

coverage.

(d)(1) Except as provided in §870.701. the basic insurance of an insured employee who is in nonpay status stops on the date the employee completes 12 months in nonpay status, subject to a 31-day extension of coverage. The 12 months' nonpay status may be broken by periods of less than 4 consecutive months in pay status. If an employee has at least 4 consecutive months in pay status after a period of nonpay status, he/she is entitled to begin the 12 months' continuation of basic insurance again. If an employee has used up his/ her 12 months' continuation in nonpay status and returns to duty for less than 4 consecutive months, his/her basic insurance stops on the 32nd day after the last day of the last pay period in pay status.

(2) For the purpose of this paragraph, 4 consecutive months in pay status means any 4-month period during which the employee is in pay status for at least part of each pay period.

§870.602 Termination of optional insurance.

(a) The optional insurance of an insured employee stops when his/her basic insurance stops, subject to the same 31-day extension of coverage.

(b) The optional insurance of an employee who separates from service after meeting the requirement for an immediate annuity under § 842.204(a)(1) of this title and who postpones receiving the annuity, as provided by §842.204(c) of this title, stops on the date he/she separates from service, subject to a 31-day extension of coverage.

(c) If, because of a waiver, an insured employee isn't eligible to continue optional coverage as an annuitant or compensationer (see § 870.701), the optional insurance stops on the date that his/her basic insurance is continued or reinstated under the provisions of § 870.701, subject to a 31day extension of coverage.

(d) If, at the time of an individual's election of basic insurance during receipt of annuity or compensation (see § 870.701), he/she elects no basic life insurance, the optional insurance stops at the end of the month in which the election is received in OPM, subject to a 31-day extension of coverage.

(e) Except as provided in § 870.404, optional insurance stops, subject to a 31-day extension of coverage, at the end of the pay period in which it's determined that an individual's periodic pay, compensation, or annuity, after all

other deductions, isn't enough to cover the full cost of the optional insurance. If an individual has more than one type of optional insurance, and his/her pay, compensation, or annuity is sufficient to cover some but not all of the insurance, Option C terminates first, followed by Option A and then Option B.

§870.603 Conversion of basic and optional insurance.

(a)(1) When group coverage terminates for any reason other than voluntary cancellation, an employee may apply to convert all or any part of his/her basic and optional insurance to an individual policy; no medical examination is required. The premiums for the individual policy are based on the employee's age and class of risk. An employee is eligible to convert the policy only if he/she doesn't return, within 3 calendar days from the terminating event, to a position allowing coverage under the group plan.

(2) The employing agency must notify the employee of the loss of coverage and the right to convert to an individual policy either before or immediately after the event causing the loss of coverage.

(3) The employee must submit the request for conversion information to OFEGLI. It must be postmarked within 31 days following the date of the terminating event or within 31 days of the date the employee received the notice of loss of group coverage and right to convert, whichever is later.

(4) An employee who fails to use his/ her conversion right within 31 days after receiving notice of the right to convert or within 31 days of the terminating event, whichever is later, is considered to have refused coverage, unless OFEGLI determines the failure was for reasons beyond the employee's control, as described in paragraph (a)(5) of this section.

(5) When the employee fails to request conversion information within the time limit set in paragraph (a)(3) of this section for reasons beyond his/her control, he/she may make a belated request by writing to OFEGLI. The employee must make the request within 6 months after becoming eligible to convert the insurance. The employee must show that he/she wasn't notified of the loss of coverage and the right to convert and was not otherwise aware of it or that he/she was unable to convert to an individual policy for reasons beyond his/her control. OFEGLI will determine if the employee is eligible to convert. When the request is approved, the employee must convert within 31 days of that determination.

(b) The individual conversion policy is effective the day after the group

coverage ends. The employee must pay the premiums for any period retroactive to that date.

(c) The 31-day extension of coverage provided under this subpart does not depend upon timely notification of the right to convert to an individual policy. The extension cannot be continued beyond 31 days.

Subpart G—Annuitants and Compensationers

§ 870.701 Eligibility for life insurance.

- (a) When an insured employee retires, basic life insurance (but not accidental death and dismemberment) continues or is reinstated if he/she:
- (1) Is entitled to retire on an immediate annuity under a retirement system for civilian employees, including the retirement system of a nonappropriated fund instrumentality of the Department of Defense or the Coast Guard;
- (2) Was insured for the 5 years of service immediately before the date the annuity starts, or for the full period(s) of service during which he/she was eligible to be insured if less than 5 years; and
- (3) Has not converted to an individual policy as described in §870.603. If it is not determined that an individual is eligible to continue the group coverage as an annuitant until after he/she has converted, the group enrollment must be reinstated. The conversion policy must be voided, and the premiums already paid on the policy must be refunded to the individual.
- (b) A compensationer's basic life insurance (but not accidental death and dismemberment) continues or is reinstated if he/she:
- (1) Has been insured for the 5 years of service immediately before the date of entitlement to compensation, or for the full period(s) of service during which he/she was eligible to be insured if less than 5 years; and
- (2) Has not converted to an individual policy as described in §870.603. If it is not determined that an individual is eligible to continue the group coverage as a compensationer until after he/she has converted, the group enrollment must be reinstated. The conversion policy must be voided, and the premiums already paid on the policy must be refunded to the individual.
- (c) An individual who meets the requirements under paragraphs (a) or (b) of this section or § 870.707 for continuation or reinstatement of life insurance must complete a written election on the appropriate form at the time entitlement is established. For the election to be valid, OPM must receive