

deposit in policyholders' accounts under the insurance program involved.

(Added Pub. L. 100-687, div. B, title XIV, §1401(a)(1), Nov. 18, 1988, 102 Stat. 4128, §728; renumbered §1928 and amended Pub. L. 102-83, §§4(b)(1), (2)(E), 5(a), Aug. 6, 1991, 105 Stat. 404-406.)

AMENDMENTS

1991—Pub. L. 102-83 renumbered section 728 of this title as this section and substituted "Secretary" for "Administrator" wherever appearing.

EFFECTIVE DATE

Section 1401(a)(3) of Pub. L. 100-687 provided that: "The amendments made by this subsection [enacting this section and section 763 [now 1963] of this title] shall take effect with respect to insurance policies maturing after the date of the enactment of this Act [Nov. 18, 1988]."

§ 1929. Authority to adjust premium discount rates

(a) Notwithstanding sections 1902, 1923, and 1925 of this title and subject to subsection (b) of this section, the Secretary may from time to time adjust the discount rates for premiums paid in advance on National Service Life Insurance, Veterans' Special Life Insurance, and Veterans Reopened Insurance.

(b)(1) In adjusting a discount rate pursuant to subsection (a) of this section, the Secretary may not set such rate at a rate lower than the rate authorized for the program of insurance involved under section 1902, 1923, or 1925 of this title.

(2) The Secretary may make an adjustment under subsection (a) of this section only if the Secretary determines that the adjustment is administratively and actuarially sound for the program of insurance involved.

(Added Pub. L. 100-687, div. B, title XIV, §1401(b)(1), Nov. 18, 1988, 102 Stat. 4129, §729; renumbered §1929 and amended Pub. L. 102-83, §§4(b)(1), (2)(E), 5(a), (c)(1), Aug. 6, 1991, 105 Stat. 404-406.)

AMENDMENTS

1991—Pub. L. 102-83, §5(a), renumbered section 729 of this title as this section.

Pub. L. 102-83, §5(c)(1), substituted "1902, 1923, and 1925" for "702, 723, and 725" in subsec. (a) and "1902, 1923, or 1925" for "702, 723, or 725" in subsec. (b)(1).

Pub. L. 102-83, §4(b)(1), (2)(E), substituted "Secretary" for "Administrator" wherever appearing.

EFFECTIVE DATE

Section 1401(b)(2) of Pub. L. 100-687 provided that: "The amendment made by paragraph (1) [enacting this section] shall take effect with respect to premiums paid after the date of the enactment of this Act [Nov. 18, 1988]."

SUBCHAPTER II—UNITED STATES GOVERNMENT LIFE INSURANCE

§ 1940. Definition

For the purposes of this subchapter, the term "insurance" means United States Government life insurance.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1158, §740; renumbered §1940, Pub. L. 102-83, §5(a), Aug. 6, 1991, 105 Stat. 406.)

AMENDMENTS

1991—Pub. L. 102-83 renumbered section 740 of this title as this section.

§ 1941. Amount of insurance

United States Government life insurance shall be issued against death or total permanent disability in any multiple of \$500 and not less than \$1,000 or more than \$10,000. No person may carry a combined amount of National Service Life Insurance and United States Government life insurance in excess of \$10,000 at any one time. The limitations of this section shall not apply to the additional paid up insurance the purchase of which is authorized under section 1907 of this title.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1158, §741; Pub. L. 92-188, §1, Dec. 15, 1971, 85 Stat. 645; renumbered §1941 and amended Pub. L. 102-83, §5(a), (c)(1), Aug. 6, 1991, 105 Stat. 406.)

AMENDMENTS

1991—Pub. L. 102-83 renumbered section 741 of this title as this section and substituted "1907" for "707".

1971—Pub. L. 92-188 made section limitations inapplicable to the additional paid up insurance purchase of which is authorized under section 707 of this title.

EFFECTIVE DATE OF 1971 AMENDMENT

Amendment by Pub. L. 92-188 effective on date established by Administrator but in no event later than first day of first calendar month beginning more than six calendar months after Dec. 15, 1971, see section 4 of Pub. L. 92-188, set out as a note under section 1907 of this title.

§ 1942. Plans of insurance

(a) Regulations shall provide for the right to convert insurance on the five-year level premium term plan into ordinary life, twenty-payment life, endowment maturing at age sixty-two, and into other usual forms of insurance as may be prescribed by the Secretary. Provision shall be made for reconversion of any such policies to a higher premium rate or, upon proof of good health satisfactory to the Secretary, to a lower premium rate, in accordance with regulations to be issued by the Secretary. No reconversion shall be made to a five-year level premium term policy.

(b) An insured who on or after the insured's sixty-fifth birthday has a five-year level premium term policy of insurance in force by payment of premiums may exchange such policy for insurance on a special endowment at age ninety-six plan upon written application; payment of the required premium; and surrender of the five-year level premium term policy and any total disability provision attached thereto with all rights, title, and interests thereunder. However, if it is found by the Secretary subsequent to the exchange that prior thereto the term policy matured because of total permanent disability of the insured or that the insured was entitled to total disability benefits under the total disability provision attached to such policy, the insured, upon surrender of the special endowment at age ninety-six policy and any provision for waiver of premiums issued under subsection (c) of this section with all rights, title, and interest thereunder, will be entitled to benefits payable

under the prior contract. In such case, the cash value less any indebtedness on the endowment policy shall be refunded together with any premiums paid on a provision for waiver of premiums. Insurance on the special endowment at age ninety-six plan shall be issued at the attained age of the insured upon the same terms and conditions as are contained in standard policies of United States Government Life Insurance except:

(1) the insurance shall not mature and no benefits shall be paid thereunder because of total permanent disability;

(2) the premiums for such insurance shall be as prescribed by the Secretary;

(3) such insurance cannot be exchanged, converted, or reconverted to any other plan of insurance;

(4) all cash, loan, paid-up, and extended term insurance values shall be as prescribed by the Secretary; and

(5) the insurance shall be subject to such other changes in terms and conditions as the Secretary determines to be reasonable and practicable.

(c) The Secretary shall, upon application made by the insured at the same time as the insured exchanges the term policy for an endowment policy issued under the provisions of subsection (b) of this section, and upon payment of such extra premium as the Secretary shall prescribe, include in such endowment policy a provision for waiver of premiums on the policy and on the provision during the total permanent disability of the insured, if such disability began after the date of such application and while the policy and the provision are in force by payment of premiums. The Secretary shall not grant waiver of any premium becoming due more than one year before receipt by the Secretary of claim for the same, except as provided in this subsection. Any premiums paid for months during which waiver is effective shall be refunded. The Secretary shall provide by regulations for examination or reexamination of an insured claiming waiver of premiums under this subsection, and may deny waiver for failure to cooperate. If it is found that an insured is no longer totally and permanently disabled, the waiver of premiums shall cease as of the date of such finding and the policy and provision may be continued by payment of premiums as provided therein. In any case in which the Secretary finds that the insured's failure to make timely claim for waiver of premiums, or to submit satisfactory evidence of the existence or continuance of total permanent disability was due to circumstances beyond the insured's control, the Secretary may grant waiver or continuance of waiver of premiums. If the insured dies without filing claim for waiver, the beneficiary, within one year after the death of the insured, or, if the beneficiary is insane or a minor, within one year after removal of such legal disability, may file claim for waiver with evidence of the insured's right to waiver under this subsection. Policies containing a provision for waiver of premiums issued under this subsection may be separately classified for the purpose of dividend distribution from otherwise similar policies not containing such provision.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1158, §742; Pub. L. 87-549, July 25, 1962, 76 Stat. 219; Pub. L. 99-576, title VII, §701(29), Oct. 28, 1986, 100 Stat. 3292; renumbered §1942 and amended Pub. L. 102-83, §§4(a)(2)(C)(iii), (b)(1), (2)(E), 5(a), Aug. 6, 1991, 105 Stat. 404-406.)

AMENDMENTS

1991—Pub. L. 102-83, §5(a), renumbered section 742 of this title as this section.

Subsecs. (a), (b). Pub. L. 102-83, §4(b)(1), (2)(E), substituted "Secretary" for "Administrator" wherever appearing.

Subsec. (c). Pub. L. 102-83, §4(b)(1), (2)(E), substituted "Secretary" for "Administrator" wherever appearing.

Pub. L. 102-83, §4(a)(2)(C)(iii), substituted "by the Secretary" for "in the Veterans' Administration".

1986—Subsec. (b). Pub. L. 99-576, §701(29)(A), substituted "the insured's" for "his" and "the insured" for "he".

Subsec. (c). Pub. L. 99-576, §701(29)(B), substituted "the insured" for "he", "the term" for "his term", and "the insured's control" for "his control", and struck out "his failure" before "to submit".

1962—Pub. L. 87-549 designated existing provisions as subsec. (a) and added subsecs. (b) and (c).

§ 1943. Premiums

The premium rates for insurance shall be the net rates based upon the American Experience Table of Mortality and interest at 3½ percent per annum. Regulations shall prescribe the time and method of payment of premiums, but payments of premiums in advance shall not be required for periods of more than one month each, and may be deducted from the pay or deposit of the insured or be otherwise made at the insured's election.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1158, §743; Pub. L. 97-295, §4(26), Oct. 12, 1982, 96 Stat. 1307; Pub. L. 99-576, title VII, §701(30), Oct. 28, 1986, 100 Stat. 3293; renumbered §1943, Pub. L. 102-83, §5(a), Aug. 6, 1991, 105 Stat. 406.)

AMENDMENTS

1991—Pub. L. 102-83 renumbered section 743 of this title as this section.

1986—Pub. L. 99-576 substituted "the insured's" for "his".

1982—Pub. L. 97-295 substituted "percent" for "per centum".

§ 1944. Policy provisions

(a) Provisions for maturity at certain ages, for continuous installments during the lifetime of the insured or beneficiaries, or both, for refund of premiums, cash, loan, paid-up and extended values, dividends from gains and savings, and such other provisions for the protection and advantage of and for alternative benefits to the insured and the beneficiaries as may be found to be reasonable and practicable may be provided for in insurance contracts or from time to time by regulations.

(b) All calculations on insurance shall be based upon the American Experience Table of Mortality and interest at 3½ percent per annum, except that no deduction shall be made for continuous installments during the life of the insured in case the insured's total and permanent disability continues more than two hundred and forty months.

(c) On and after July 19, 1939, the rate of interest charged on any loan secured by a lien on insurance shall not exceed 5 percent per annum.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1158, §744; Pub. L. 97-295, §4(26), Oct. 12, 1982, 96 Stat. 1307; Pub. L. 99-576, title VII, §701(30), Oct. 28, 1986, 100 Stat. 3293; renumbered §1944, Pub. L. 102-83, §5(a), Aug. 6, 1991, 105 Stat. 406.)

AMENDMENTS

1991—Pub. L. 102-83 renumbered section 744 of this title as this section.

1986—Subsec. (b). Pub. L. 99-576 substituted “the insured’s” for “his”.

1982—Subsecs. (b), (c). Pub. L. 97-295 substituted “percent” for “per centum”.

§ 1945. Renewal

At the expiration of any term period any insurance policy issued on the five-year level premium term plan which has not been exchanged or converted to a permanent plan of insurance and which is not lapsed shall be renewed as level premium term insurance without application for a successive five-year period at the premium rate for the attained age without medical examination. However, renewal shall be effected in cases where the policy is lapsed only if the insured makes application for reinstatement and renewal of the insured’s term policy within five years after the date of lapse, and reinstatement in such cases shall be under the terms and conditions prescribed by the Secretary.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1159, §745; Pub. L. 91-291, §11, June 25, 1970, 84 Stat. 331; Pub. L. 99-576, title VII, §701(30), Oct. 28, 1986, 100 Stat. 3293; renumbered §1945 and amended Pub. L. 102-83, §§4(b)(1), (2)(E), 5(a), Aug. 6, 1991, 105 Stat. 404-406.)

AMENDMENTS

1991—Pub. L. 102-83 renumbered section 745 of this title as this section and substituted “Secretary” for “Administrator”.

1986—Pub. L. 99-576 substituted “the insured’s” for “his”.

1970—Pub. L. 91-291 struck out effective date provision for renewal of policies, provisions that, in case of lapsed policies, such lapse have occurred within two months before the expiration of the term period, special provisions for the interim period between July 23, 1953 and December 31, 1953, and provisions that the section take effect on Sept. 2, 1958, and required that the insurer make application for reinstatement and renewal of his term policy within five years after the date of the lapse.

EFFECTIVE DATE OF 1970 AMENDMENT

Amendment by Pub. L. 91-291 effective June 25, 1970, see section 14(a) of Pub. L. 91-291, set out as a note under section 1317 of this title.

§ 1946. Dividends to pay premiums

Until and unless the Secretary has received from the insured a request in writing for payment of dividends in cash or that the dividends be placed on deposit in accordance with the provisions of the insured’s policy, any regular annual dividends shall be applied in payment of premiums becoming due on insurance after the date the dividend is payable on or after December 31, 1958.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1159, §746; Pub. L. 99-576, title VII, §701(30), Oct. 28, 1986, 100 Stat. 3293; renumbered §1946 and amended Pub.

L. 102-83, §§4(a)(2)(A)(iii)(V), 5(a), Aug. 6, 1991, 105 Stat. 403, 406.)

AMENDMENTS

1991—Pub. L. 102-83 renumbered section 746 of this title as this section and substituted “Secretary” for “Veterans’ Administration”.

1986—Pub. L. 99-576 substituted “the insured’s” for “his”.

§ 1947. Incontestability

Subject to the provisions of section 1954 of this title all contracts or policies of insurance heretofore or hereafter issued, reinstated, or converted shall be incontestable from the date of issuance, reinstatement, or conversion, except for fraud, nonpayment of premiums, or on the ground that the applicant was not a member of the military or naval forces of the United States. The insured under such contract or policy may, without prejudicing the insured’s rights, elect to make claim to the Department or to bring suit under section 1984 of this title on any prior contract or policy, and if found entitled thereto, shall, upon surrender of any subsequent contract or policy, be entitled to payments under the prior contract or policy. In any case in which a contract or policy of insurance is canceled or voided after March 16, 1954, because of fraud, the Secretary shall refund to the insured, if living, or, if deceased, to the person designated as beneficiary (or if none survives, to the estate of the insured) all money, without interest, paid as premiums on such contract or policy for any period subsequent to two years after the date such fraud induced the Secretary to issue, reinstate, or convert such insurance less any dividends, loan, or other payment made to the insured under such contract or policy.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1159, §747; Pub. L. 99-576, title VII, §701(30), Oct. 28, 1986, 100 Stat. 3293; renumbered §1947 and amended Pub. L. 102-83, §§4(a)(2)(A)(iii)(VI), (3), (4), (b)(1), (2)(E), 5(a), (c)(1), Aug. 6, 1991, 105 Stat. 403-406.)

AMENDMENTS

1991—Pub. L. 102-83, §5(a), renumbered section 747 of this title as this section.

Pub. L. 102-83, §5(c)(1), substituted “1954” for “754” and “1984” for “784”.

Pub. L. 102-83, §4(b)(1), (2)(E), substituted “Secretary” for “Administrator” before “shall” in last sentence.

Pub. L. 102-83, §4(a)(3), (4), substituted “Department” for “Veterans’ Administration”.

Pub. L. 102-83, §4(a)(2)(A)(iii)(VI), substituted “Secretary” for “Veterans’ Administration” before “to issue” in last sentence.

1986—Pub. L. 99-576 substituted “the insured’s” for “his”.

§ 1948. Total disability provision

The Secretary shall include in United States Government life insurance policies provision whereby an insured, who is totally disabled as a result of disease or injury for a period of four consecutive months or more before attaining the age of sixty-five years and before default in payment of any premium, shall be paid disability benefits at the rate of \$5.75 monthly for each \$1,000 of insurance in force when total disability benefits become payable. The amount of such

monthly payment under the provisions of this section shall not be reduced because of payment of permanent and total disability benefits under the insurance policy. Such payments shall be effective as of the first day of the fifth consecutive month, and shall be made monthly during the continuance of such total disability. Such payments shall be concurrent with or independent of permanent and total disability benefits under the insurance policy. In addition to the monthly disability benefits the payment of premiums on the life insurance and for the total disability benefits authorized by this section shall be waived during the continuance of such total disability. Regulations shall provide for re-examinations of beneficiaries under this section; and, in the event that it is found that an insured is no longer totally disabled, the waiver of premiums and payment of benefits shall cease and the insurance policy, including the total disability provision, may be continued by payment of premiums as provided in said policy and the total disability provision. Neither the dividends nor the amount payable in any settlement under any United States Government life insurance policy shall be decreased because of disability benefits granted under the provisions of this section. The payment of total disability benefits shall not prejudice the right of any insured, who is totally and permanently disabled, to permanent and total disability benefits under the insured's insurance policy. The provision authorized by this section shall not be included in any United States Government life insurance policy heretofore or hereafter issued, except upon application, payment of premium by the insured, and proof of good health satisfactory to the Secretary. The benefit granted under this section shall be on the basis of multiples of \$500, and not less than \$1,000 or more than the amount of insurance in force at time of application. The Secretary shall determine the amount of the monthly premium to cover the benefits of this section, and in order to continue such benefits in force the monthly premiums shall be payable until the insured attains the age of sixty-five years or until the prior maturity of the policy. In all other respects such monthly premium shall be payable under the same terms and conditions as the regular monthly premium on the United States Government life insurance policy.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1159, §748; Pub. L. 97-295, §4(27), Oct. 12, 1982, 96 Stat. 1307; Pub. L. 99-576, title VII, §701(30), Oct. 28, 1986, 100 Stat. 3293; renumbered §1948 and amended Pub. L. 102-83, §§4(b)(1), (2)(E), 5(a), Aug. 6, 1991, 105 Stat. 404-406.)

AMENDMENTS

1991—Pub. L. 102-83 renumbered section 748 of this title as this section and substituted "Secretary" for "Administrator" wherever appearing.

1986—Pub. L. 99-576 substituted "the insured's" for "his".

1982—Pub. L. 97-295 substituted "premium" for "permium" after "payment of".

§ 1949. Change of beneficiary

Subject to regulations, the insured shall at all times have the right to change the beneficiary or beneficiaries of a United States Government

life insurance policy without the consent of such beneficiary or beneficiaries.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1160, §749; renumbered §1949, Pub. L. 102-83, §5(a), Aug. 6, 1991, 105 Stat. 406.)

AMENDMENTS

1991—Pub. L. 102-83 renumbered section 749 of this title as this section.

§ 1950. Payment to estates

If no beneficiary of insurance is designated by the insured, either while alive or by last will, or if the designated beneficiary does not survive the insured, then there shall be paid to the estate of the insured the present value of the remaining unpaid monthly installments. If the designated beneficiary survives the insured and dies before receiving all of the installments of insurance payable and applicable, then there shall be paid to the estate of such beneficiary the present value of the remaining unpaid monthly installments. No payments shall be made to any estate which under the laws of the residence of the insured or the beneficiary, as the case may be, would escheat, but same shall escheat to the United States and be credited to the United States Government Life Insurance Fund.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1160, §750; Pub. L. 99-576, title VII, §701(31), Oct. 28, 1986, 100 Stat. 3293; renumbered §1950, Pub. L. 102-83, §5(a), Aug. 6, 1991, 105 Stat. 406.)

AMENDMENTS

1991—Pub. L. 102-83 renumbered section 750 of this title as this section.

1986—Pub. L. 99-576 substituted "while alive or by last will" for "in his lifetime or by his last will and testament".

§ 1951. Payment of insurance

United States Government life insurance, except as provided in this subchapter, shall be payable in two hundred and forty equal monthly installments. When the amount of an individual monthly payment is less than \$5, such amount may in the discretion of the Secretary be allowed to accumulate without interest and be disbursed annually.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1161, §751; renumbered §1951 and amended Pub. L. 102-83, §§4(b)(1), (2)(E), 5(a), Aug. 6, 1991, 105 Stat. 404-406.)

AMENDMENTS

1991—Pub. L. 102-83 renumbered section 751 of this title as this section and substituted "Secretary" for "Administrator".

§ 1952. Optional settlement

(a) The Secretary may provide in insurance contracts for optional settlements, to be selected by the insured, whereby such insurance may be made payable either in one sum or in installments for thirty-six months or more. A provision may also be included in such contracts authorizing the beneficiary to elect to receive payment of the insurance in installments for thirty-six months or more, but only if the in-

sured has not exercised the right of election as provided in this subchapter. Even though the insured may have exercised the right of election the beneficiary may elect to receive such insurance in installments spread over a greater period of time than that selected by the insured. Notwithstanding any provision to the contrary in any insurance contract, the beneficiary may, in the case of insurance maturing after September 30, 1981, and for which the insured has not exercised the right of election of the insured as provided in this subchapter, elect to receive payment of the insurance in one sum.

(b) Under such regulations as the Secretary may promulgate, the cash surrender value of any policy of insurance or the proceeds of an endowment contract which matures by reason of completion of the endowment period may be paid to the insured (1) in equal monthly installments of from thirty-six to two hundred and forty in number, in multiples of twelve; or (2) as a refund life income in monthly installments payable for such periods certain as may be required in order that the sum of the installments certain, including a last installment of such reduced amount as may be necessary, shall equal the cash value of the contract, less any indebtedness, with such payments continuing throughout the lifetime of the insured. However, all settlements under option (2) above shall be calculated on the basis of The Annuity Table for 1949. If the option selected requires payment of monthly installments of less than \$10, the amount payable shall be paid in such maximum number of monthly installments as are a multiple of twelve as will provide a monthly installment of not less than \$10.

(c)(1) Following the death of the insured and in a case not covered by section 1950 of this title—

(A) if the first beneficiary otherwise entitled to payment of the insurance does not make a claim for such payment within two years after the death of the insured, payment may be made to another beneficiary designated by the insured, in the order of precedence as designated by the insured, as if the first beneficiary had predeceased the insured; and

(B) if, within four years after the death of the insured, no claim has been filed by a person designated by the insured as a beneficiary and the Secretary has not received any notice in writing that any such claim will be made, payment may (notwithstanding any other provision of law) be made to such person as may in the judgment of the Secretary be equitably entitled thereto.

(2) Payment of insurance under paragraph (1) shall be a bar to recovery by any other person.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1161, § 752; Pub. L. 91-291, § 12, June 25, 1970, 84 Stat. 332; Pub. L. 97-66, title IV, § 403(b), Oct. 17, 1981, 95 Stat. 1031; Pub. L. 99-576, title VII, § 701(32), Oct. 28, 1986, 100 Stat. 3293; renumbered § 1952 and amended Pub. L. 102-83, §§ 4(b)(1), (2)(E), 5(a), Aug. 6, 1991, 105 Stat. 404-406; Pub. L. 108-183, title I, § 103(b), Dec. 16, 2003, 117 Stat. 2655.)

AMENDMENTS

2003—Subsec. (c). Pub. L. 108-183 added subsec. (c).

1991—Pub. L. 102-83 renumbered section 752 of this title as this section and substituted "Secretary" for "Administrator" in subsecs. (a) and (b).

1986—Subsec. (a). Pub. L. 99-576 substituted "the right" for "his right" in two places.

1981—Subsec. (a). Pub. L. 97-66 inserted provision empowering beneficiaries, in the case of insurance maturing after Sept. 30, 1981, and for which the insured has not exercised the right of election of the insured as provided in this subchapter, to elect to receive payment of the insurance in one sum.

1970—Pub. L. 91-291 designated existing provisions as subsec. (a) and added subsec. (b).

EFFECTIVE DATE OF 2003 AMENDMENT

Amendment by Pub. L. 108-183 effective Oct. 1, 2004, see section 103(c) of Pub. L. 108-183, set out as a note under section 1917 of this title.

EFFECTIVE DATE OF 1981 AMENDMENT

Amendment by Pub. L. 97-66 effective Oct. 17, 1981, see section 701(b)(1) of Pub. L. 97-66, set out as a note under section 1114 of this title.

EFFECTIVE DATE OF 1970 AMENDMENT

Amendment by Pub. L. 91-291 effective first day of first calendar month which begins more than six calendar months after June 25, 1970, see section 14(a) of Pub. L. 91-291, set out as a note under section 1317 of this title.

TRANSITION PROVISION

For transition provision relating to subsec. (c)(1) of this section, see section 103(d) of Pub. L. 108-183, set out as a note under section 1917 of this title.

§ 1953. Assignments

Any person to whom United States Government life insurance shall be payable may assign such person's interest in such insurance to the spouse, child, grandchild, parent, brother, sister, uncle, aunt, nephew, niece, brother-in-law, or sister-in-law of the insured. Insofar as applicable, the definitions contained in section 3 of the World War Veterans' Act, 1924, in effect on December 31, 1958, shall apply to this section.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1161, § 753; Pub. L. 96-128, title III, § 304, Nov. 28, 1979, 93 Stat. 986; renumbered § 1953, Pub. L. 102-83, § 5(a), Aug. 6, 1991, 105 Stat. 406.)

REFERENCES IN TEXT

Section 3 of the World War Veterans' Act, 1924, referred to in text, is section 3 of act June 7, 1924, ch. 320, 43 Stat. 607, which was classified to section 424 of former Title 38, Pensions, Bonuses, and Veterans' Relief, and which was repealed and the provisions thereof reenacted as section 101 of this title by Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1105.

AMENDMENTS

1991—Pub. L. 102-83 renumbered section 753 of this title as this section.

1979—Pub. L. 96-128 substituted "such person's" for "his".

EFFECTIVE DATE OF 1979 AMENDMENT

Amendment by Pub. L. 96-128 effective Nov. 28, 1979, see section 601(b) of Pub. L. 96-128, set out as a note under section 1114 of this title.

§ 1954. Forfeiture

No yearly renewable term insurance or United States Government life insurance shall be pay-

able for death inflicted as a lawful punishment for crime or military offense, except when inflicted by the enemy. In such cases the cash surrender value of United States Government life insurance, if any, on the date of such death shall be paid to the designated beneficiary if living, or if there be no designated beneficiary alive at the death of the insured the said value shall be paid to the estate of the insured.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1161, §754; renumbered §1954, Pub. L. 102-83, §5(a), Aug. 6, 1991, 105 Stat. 406.)

AMENDMENTS

1991—Pub. L. 102-83 renumbered section 754 of this title as this section.

§ 1955. United States Government Life Insurance Fund

(a) All premiums paid on account of United States Government life insurance shall be deposited and covered into the Treasury to the credit of the United States Government Life Insurance Fund and shall be available for the payment of losses, dividends, refunds, and other benefits provided for under such insurance, including such liabilities as shall have been or shall hereafter be reduced to judgment in a district court of the United States or the United States District Court for the District of Columbia, and for the reimbursement of administrative costs under subsection (c). Payments from this fund shall be made upon and in accordance with awards by the Secretary.

(b) The Secretary is authorized to set aside out of the funds so collected such reserve funds as may be required, under accepted actuarial principles, to meet all liabilities under such insurance; and the Secretary of the Treasury is authorized to invest and reinvest the said United States Government Life Insurance Fund, or any part thereof, in interest-bearing obligations of the United States or bonds of the Federal farm-loan banks and to sell said obligations of the United States or the bonds of the Federal farm-loan banks for the purposes of such Fund.

(c)(1) For each fiscal year for which this subsection is in effect, the Secretary shall, from the United States Government Life Insurance Fund, reimburse the "General operating expenses" account of the Department for the amount of administrative costs determined under paragraph (2) for that fiscal year. Such reimbursement shall be made from any surplus earnings for that fiscal year that are available for dividends on such insurance after claims have been paid and actuarially determined reserves have been set aside. However, if the amount of such administrative costs exceeds the amount of such surplus earnings, such reimbursement shall be made only to the extent of such surplus earnings.

(2) The Secretary shall determine the administrative costs to the Department for a fiscal year for which this subsection is in effect which, in the judgment of the Secretary, are properly allocable to the provision of United States Government Life Insurance (and to the provision of any total disability income insurance added to the provision of such insurance).

(3) This subsection shall be in effect only with respect to fiscal year 1996.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1161, §755; renumbered §1955 and amended Pub. L. 102-83, §§4(b)(1), (2)(E), 5(a), Aug. 6, 1991, 105 Stat. 404-406; Pub. L. 104-99, title II, §201(b), Jan. 26, 1996, 110 Stat. 36.)

CODIFICATION

Amendment by Pub. L. 104-99 is based on section 107(3) of H.R. 2099, One Hundred Fourth Congress, as passed by the House of Representatives on Dec. 7, 1995, which was enacted into law by Pub. L. 104-99.

AMENDMENTS

1996—Subsec. (a). Pub. L. 104-99 inserted "and for the reimbursement of administrative costs under subsection (c)" after "District of Columbia".

Subsec. (c). Pub. L. 104-99 added subsec. (c).

1991—Pub. L. 102-83 renumbered section 755 of this title as this section and substituted "Secretary" for "Administrator" in subsecs. (a) and (b).

§ 1956. Military and naval insurance appropriation

All sums heretofore or hereafter appropriated for the military and naval insurance appropriation and all premiums collected for yearly renewable term insurance deposited and covered into the Treasury to the credit of this appropriation shall be made available to the Department. All premiums that may hereafter be collected for yearly renewable term insurance shall be deposited and covered into the Treasury for the credit of this appropriation. Such sum is made available for the payment of the liabilities of the United States incurred under contracts of yearly renewable term insurance. Payments from this appropriation shall be made upon and in accordance with the awards by the Secretary.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1162, §756; renumbered §1956 and amended Pub. L. 102-83, §§4(a)(3), (4), (b)(1), (2)(E), 5(a), Aug. 6, 1991, 105 Stat. 404-406.)

AMENDMENTS

1991—Pub. L. 102-83, §5(a), renumbered section 756 of this title as this section.

Pub. L. 102-83, §4(b)(1), (2)(E), substituted "Secretary" for "Administrator".

Pub. L. 102-83, §4(a)(3), (4), substituted "Department" for "Veterans' Administration".

§ 1957. Extra hazard costs

(a) The United States shall bear the excess mortality and disability cost resulting from the hazards of war on United States Government life insurance.

(b) Whenever benefits under United States Government life insurance become, or have become, payable because of total permanent disability of the insured or because of the death of the insured as a result of disease or injury traceable to the extra hazard of the military or naval service, as such hazard may be determined by the Secretary, the liability shall be borne by the United States. In such cases the Secretary shall transfer from the military and naval insurance appropriation to the United States Government Life Insurance Fund a sum which, together with the reserve of the policy at the time of maturity by total permanent disability or death, will equal the then value of such benefits. When a person receiving total permanent disability ben-

efits under a United States Government life insurance policy recovers from such disability and is then entitled to continue a reduced amount of insurance, the Secretary shall transfer to the military and naval insurance appropriation all of the loss reserve to the credit of such policy claim except a sum sufficient to set up the then required reserve on the reduced amount of the insurance that may be continued, which sum shall be retained in the United States Government Life Insurance Fund for the purpose of such reserve.

(c) Whenever benefits under the total disability provision become, or have become, payable because of total disability of the insured as a result of disease or injury traceable to the extra hazard of the military or naval service, as such hazard may be determined by the Secretary, the liability shall be borne by the United States, and the Secretary shall transfer from the military and naval insurance appropriation to the United States Government Life Insurance Fund from time to time any amounts which become or have become payable to the insured on account of such total disability, and shall transfer from the United States Government Life Insurance Fund to the military and naval insurance appropriation the amount of the reserve held on account of the total disability benefit. When a person receiving such payments on account of total disability recovers from such disability and is then entitled to continued protection under the total disability provision, the Secretary shall transfer to the United States Government Life Insurance Fund a sum sufficient to set up the then required reserve on such total disability benefit.

(d) Any disability for which a waiver was required as a condition to tendering a person a commission under Public Law 816, Seventy-seventh Congress, shall be deemed to be a disability resulting from an injury or disease traceable to the extra hazard of military or naval service for the purpose of applying this section.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1162, §757; renumbered §1957 and amended Pub. L. 102-83, §§4(b)(1), (2)(E), 5(a), Aug. 6, 1991, 105 Stat. 404-406.)

REFERENCES IN TEXT

Public Law 816, Seventy-seventh Congress, referred to in subsec. (d), is act Dec. 18, 1942, ch. 768, §§1, 2, 56 Stat. 1066. Section 1 of that Act enacted section 853c-5 of former Title 34, Navy, and was repealed by act July 9, 1952, ch. 608, pt. VIII, §803, 66 Stat. 505. Section 2 of that Act enacted section 853c-6 of former Title 34, and was omitted from the Code in the general revision and reenactment of Title 10, Armed Forces, by act Aug. 10, 1956, ch. 1041, 70A Stat. 1.

AMENDMENTS

1991—Pub. L. 102-83 renumbered section 757 of this title as this section and substituted “Secretary” for “Administrator” wherever appearing in subsecs. (b) and (c).

§ 1958. Statutory total permanent disability

Without prejudice to any other cause of disability, the permanent loss of the use of both feet, of both hands, or of both eyes, or of one foot and one hand, or of one foot and one eye, or of one hand and one eye, or the loss of hearing

of both ears, or the organic loss of speech, shall be deemed total permanent disability for insurance purposes. This section shall be deemed to be in effect on and after April 6, 1917, and shall apply only to automatic insurance, yearly renewable term insurance, and United States Government life insurance issued prior to December 15, 1936.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1163, §758; renumbered §1958, Pub. L. 102-83, §5(a), Aug. 6, 1991, 105 Stat. 406.)

AMENDMENTS

1991—Pub. L. 102-83 renumbered section 758 of this title as this section.

§ 1959. Waiver of disability for reinstatement

(a) In the event that all provisions of the rules and regulations other than the requirements as to the physical condition of the applicant have been complied with, an application for reinstatement, in whole or in part, of lapsed United States Government life insurance may be approved if made within two years after the date of lapse and if the applicant's disability is the result of an injury or disease, or of an aggravation thereof, suffered or contracted in the active military or naval service during the period beginning April 6, 1917, and ending July 2, 1921, and the applicant during the applicant's lifetime submits proof satisfactory to the Secretary showing that the applicant is not totally and permanently disabled. As a condition to the acceptance of an application for reinstatement under this section, the applicant shall be required to pay all the back monthly premiums which would have become payable if such insurance had not lapsed, together with interest at the rate of 5 per centum per annum, compounded annually, on each premium from the date said premium is due by the terms of the policy.

(b) Premium liens established under the provisions of section 304 of the World War Veterans' Act, 1924, shall continue to bear interest at the rate of 5 per centum per annum, compounded annually, and will be deducted from any settlement of insurance to which they are attached.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1163, §759; Pub. L. 99-576, title VII, §701(33), Oct. 28, 1986, 100 Stat. 3293; renumbered §1959 and amended Pub. L. 102-83, §§4(b)(1), (2)(E), 5(a), Aug. 6, 1991, 105 Stat. 404-406.)

REFERENCES IN TEXT

Section 304 of the World War Veteran's Act, 1924, referred to in subsec. (b), is section 304 of act June 7, 1924, ch. 320, title III, 43 Stat. 625, which enacted section 515 of former Title 38, Pensions, Bonuses, and Veterans' Relief, and which was repealed and the provisions thereof reenacted as this section by Pub. L. 85-857, §14(51), Sept. 2, 1958, 72 Stat. 1271.

AMENDMENTS

1991—Pub. L. 102-83 renumbered section 759 of this title as this section and substituted “Secretary” for “Administrator” in subsec. (a).

1986—Subsec. (a). Pub. L. 99-576 substituted “the applicant's” for “his” and “the applicant” for “he”.

§ 1960. Waiver of premium payments on due date

(a) The Secretary is authorized to provide by regulations for waiving the payment of pre-

miums on United States Government life insurance on the due date thereof and the insurance may be deemed not to lapse in the cases of the following persons: (1) those who are confined in hospital under the Department for a compensable disability during the period while they are so confined; (2) those who are rated as temporarily totally disabled by reason of any injury or disease entitling them to compensation during the period of such total disability and while they are so rated; (3) those who, while mentally incompetent and for whom no legal guardian had been or has been appointed, allowed or may allow their insurance to lapse during the period for which they have been or hereafter may be rated mentally incompetent, or until a guardian has notified the Department of the guardian's qualification, but not later than six months after appointment of a guardian. In mentally incompetent cases the waiver is to be made without application and retroactive when necessary. Relief from payment of premiums on the due date thereof shall be for full calendar months, beginning with the month in which said confinement to hospital, the temporary total disability rating, or the mental incompetency began or begins and ending with that month during the half or major fraction of which such persons are no longer entitled to waiver as provided above.

(b) All premiums the payment of which when due is waived as provided in this section shall bear interest at the rate of 5 percent per annum, compounded annually, from the due date of each premium, and if not paid by the insured shall be deducted from the insurance in any settlement thereunder, or when the same matures either because of permanent total disability or death. In the event any lien or other indebtedness established by this section or prior corresponding provision of law exists against any policy of United States Government life insurance in excess of the then cash surrender value thereof at the time of the termination of such policy of insurance for any reason other than by death or total permanent disability the Secretary is authorized to transfer and pay from the military and naval insurance appropriation to the United States Government Life Insurance Fund a sum equal to the amount such lien or indebtedness exceeds the then cash surrender value.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1163, §760; Pub. L. 97-295, §4(28), Oct. 12, 1982, 96 Stat. 1307; Pub. L. 99-576, title VII, §701(34), Oct. 28, 1986, 100 Stat. 3293; renumbered §1960 and amended Pub. L. 102-83, §§4(a)(3), (4), (b)(1), (2)(E), 5(a), Aug. 6, 1991, 105 Stat. 404-406.)

AMENDMENTS

1991—Pub. L. 102-83, §5(a), renumbered section 760 of this title as this section.

Subsec. (a). Pub. L. 102-83, §4(b)(1), (2)(E), substituted "Secretary" for "Administrator".

Pub. L. 102-83, §4(a)(3), (4), substituted "Department" for "Veterans' Administration" in two places.

Subsec. (b). Pub. L. 102-83, §4(b)(1), (2)(E), substituted "Secretary" for "Administrator".

1986—Subsec. (a). Pub. L. 99-576 substituted "the guardian's" for "his".

1982—Subsec. (b). Pub. L. 97-295 substituted "percent" for "per centum".

§ 1961. Authority for higher interest rates for amounts payable to beneficiaries

Notwithstanding section 1944(b) of this title, if the beneficiary of an insurance policy issued under the provisions of this subchapter receives the proceeds of such policy under a settlement option under which such proceeds are paid in equal monthly installments over a limited period of months, the interest that may be added to each such installment may be at a rate that is higher than the interest rate prescribed in such section. The Secretary may from time to time establish a higher interest rate under the preceding sentence only in accordance with a determination that such higher rate is administratively and actuarially sound. Any such higher interest rate shall be paid on the unpaid balance of such monthly installments.

(Added Pub. L. 96-128, title III, §303(a), Nov. 28, 1979, 93 Stat. 986, §761; renumbered §1961 and amended Pub. L. 102-83, §§4(b)(1), (2)(E), 5(a), (c)(1), Aug. 6, 1991, 105 Stat. 404-406.)

AMENDMENTS

1991—Pub. L. 102-83, §5(a), renumbered section 761 of this title as this section.

Pub. L. 102-83, §5(c)(1), substituted "1944(b)" for "744(b)".

Pub. L. 102-83, §4(b)(1), (2)(E), substituted "Secretary" for "Administrator".

EFFECTIVE DATE

Section effective Nov. 28, 1979, see section 601(b) of Pub. L. 96-128, set out as an Effective Date of 1979 Amendment note under section 1114 of this title.

§ 1962. Authority for higher monthly installments payable to certain annuitants

(a) Subject to subsections (b) and (c) of this section, the Secretary may from time to time adjust the dollar amount of the monthly installments payable to a beneficiary of United States Government Life Insurance who is receiving the proceeds of such insurance under a life annuity settlement option. The Secretary may make such an adjustment only if the Secretary determines that the adjustment is administratively and actuarially sound. The Secretary may make such an adjustment without regard to the provisions of section 1944 of this title with respect to interest rates and the use of mortality tables.

(b) The Secretary shall determine the amount in the trust fund in the Treasury held for payment of proceeds to United States Government Life Insurance beneficiaries attributable to interest and mortality gains on the reserves held for annuity accounts. Such amount shall be available for distribution to the life annuitants referred to in subsection (a) of this section as a fixed percentage of, and in addition to, the monthly installment amount to which the annuitants are entitled under this subchapter. For the purposes of this section, gains on the reserves are defined as funds attributable solely to annuity accounts that are in excess of actuarial liabilities.

(c) The monthly amount of an annuity authorized in section 1944 of this title, as adjusted under this section, may not be less than the monthly amount of such annuity that would otherwise be applicable without regard to this section.

(Added Pub. L. 100-322, title III, §331(b)(1), May 20, 1988, 102 Stat. 536, §762; renumbered §1962 and amended Pub. L. 102-83, §§4(b)(1), (2)(E), 5(a), (c)(1), Aug. 6, 1991, 105 Stat. 404-406.)

AMENDMENTS

1991—Pub. L. 102-83, §5(a), renumbered section 762 of this title as this section.

Subsec. (a). Pub. L. 102-83, §5(c)(1), substituted "1944" for "744".

Pub. L. 102-83, §4(b)(1), (2)(E), substituted "Secretary" for "Administrator" wherever appearing.

Subsec. (b). Pub. L. 102-83, §4(b)(1), (2)(E), substituted "Secretary" for "Administrator".

Subsec. (c). Pub. L. 102-83, §5(c)(1), substituted "1944" for "744".

§ 1963. Authority for payment of interest on settlements

(a) Subject to subsection (b) of this section, the Secretary may pay interest on the proceeds of a United States Government Life Insurance policy from the date the policy matures to the date of payment of the proceeds to the beneficiary or, in the case of an endowment policy, to the policyholder.

(b)(1) The Secretary may pay interest under subsection (a) of this section only if the Secretary determines that the payment of such interest is administratively and actuarially sound for the settlement option involved.

(2) Interest paid under subsection (a) shall be at the rate that is established by the Secretary for dividends held on credit or deposit in policyholders' accounts.

(Added Pub. L. 100-687, div. B, title XIV, §1401(a)(2), Nov. 18, 1988, 102 Stat. 4128, §763; renumbered §1963 and amended Pub. L. 102-83, §§4(b)(1), (2)(E), 5(a), Aug. 6, 1991, 105 Stat. 404-406.)

AMENDMENTS

1991—Pub. L. 102-83 renumbered section 763 of this title as this section and substituted "Secretary" for "Administrator" wherever appearing.

EFFECTIVE DATE

Section effective with respect to insurance policies maturing after Nov. 18, 1988, see section 1401(a)(3) of Pub. L. 100-687, set out as a note under section 1928 of this title.

SUBCHAPTER III—SERVICEMEMBERS' GROUP LIFE INSURANCE

AMENDMENTS

1996—Pub. L. 104-275, title IV, §405(b)(2)(A), Oct. 9, 1996, 110 Stat. 3339, substituted "SERVICEMEMBERS' GROUP" for "SERVICEMEN'S GROUP".

§ 1965. Definitions

For the purpose of this subchapter—

(1) The term "active duty" means—

(A) full-time duty in the Armed Forces, other than active duty for training;

(B) full-time duty (other than for training purposes) as a commissioned officer of the Regular or Reserve Corps of the Public Health Service;

(C) full-time duty as a commissioned officer of the National Oceanic and Atmospheric Administration; and

(D) full-time duty as a cadet or midshipman at the United States Military Academy, United States Naval Academy, United States Air Force Academy, or the United States Coast Guard Academy.

(2) The term "active duty for training" means—

(A) full-time duty in the Armed Forces performed by Reserves for training purposes;

(B) full-time duty for training purposes performed as a commissioned officer of the Reserve Corps of the Public Health Service;

(C) full-time duty as a member, cadet, or midshipman of the Reserve Officers Training Corps while attending field training or practice cruises; and

(D) in the case of members of the National Guard or Air National Guard of any State, full-time duty under sections 316, 502, 503, 504, or 505 of title 32, United States Code.

(3) The term "inactive duty training" means—

(A) duty (other than full-time duty) prescribed or authorized for Reserves (including commissioned officers of the Reserve Corps of the Public Health Service) which duty is scheduled in advance by competent authority to begin at a specific time and place; and

(B) in the case of a member of the National Guard or Air National Guard of any State, such term means duty (other than full-time duty) which is scheduled in advance by competent authority to begin at a specific time and place under sections 316, 502, 503, 504, or 505 of title 32, United States Code.

(4) The terms "active duty for training" and "inactive duty training" do not include duty performed as a temporary member of the Coast Guard Reserve, and the term "inactive duty training" does not include (A) work or study performed in connection with correspondence courses, or (B) attendance at an educational institution in an inactive status.

(5) The term "member" means—

(A) a person on active duty, active duty for training, or inactive duty training in the uniformed services in a commissioned, warrant, or enlisted rank, or grade, or as a cadet or midshipman of the United States Military Academy, United States Naval Academy, United States Air Force Academy, or the United States Coast Guard Academy;

(B) a person who volunteers for assignment to the Ready Reserve of a uniformed service and is assigned to a unit or position in which such person may be required to perform active duty, or active duty for training, and each year will be scheduled to perform at least twelve periods of inactive duty training that is creditable for retirement purposes under chapter 1223 of title 10 (or under chapter 67 of that title as in effect before the effective date of the Reserve Officer Personnel Management Act);

(C) a person who volunteers for assignment to a mobilization category in the Individual Ready Reserve, as defined in section 12304(i)(1)¹ of title 10; and

¹ See References in Text note below.