

## Department of Veterans Affairs

## § 8.5

### SETTLEMENT OF INSURANCE MATURING ON OR AFTER AUGUST 1, 1946

- 8.31 Conditional designation of beneficiary.
- 8.32 Application for reinstatement of total disability income provision.

### NATIONAL SERVICE LIFE INSURANCE POLICY

- 8.33 Policy provisions.

#### APPEALS

- 8.34 Appeals to Board of Veterans Appeals.
- 8.35 Total disability for twenty years or more.
- 8.36 Guardian: definition and authority.

AUTHORITY: 38 U.S.C. 501, 1901-1929, 1981-1988, unless otherwise noted.

#### APPLICATIONS

### § 8.0 Definition of and criteria for “good health”.

(a) *Definition.* The words *good health*, when used in connection with insurance, mean that the applicant is, from clinical or other evidence, free from disease, injury, abnormality, infirmity, or residual of disease or injury to a degree that would tend to weaken or impair the normal functions of the mind or body or to shorten life.

(b) *Criteria.* Underwriting standards for determining whether an individual is in *good health*, based as far as practicable on general insurance usage, will be developed and published.

[33 FR 3176, Feb. 20, 1968, as amended at 47 FR 11657, Mar. 18, 1982. Redesignated and amended at 61 FR 29290, June 10, 1996]

#### EFFECTIVE DATE

### § 8.1 Effective date for insurance issued under section 1922(a) of title 38 U.S.C.

The effective date may be established upon written request of the applicant as follows:

(a) As of the date on which valid application and tender of premium are made.

(b) As of the first day of the month in which valid application and tender of premium are made.

(c) As of the first day of the month following the month in which valid application and tender of premium are made.

(d) As of the first day of any month, but not more than 6 months prior to the month in which valid application

and tender of premium are made: *Provided*, That there be paid an amount equal to the full reserve on the insurance at the end of the month prior to the month in which application is made, and the full premium on the amount of insurance for the month in which application is made.

[61 FR 29291, June 10, 1996]

#### PREMIUMS

### § 8.2 Payment of premiums.

Premiums on National Service Life Insurance may be paid by direct remittance to the Department of Veterans Affairs, or by allotment of service pay or retirement pay.

(Authority: 38 U.S.C. 1908)

[61 FR 29291, June 10, 1996]

### § 8.3 Correction of errors.

Where timely tender of the required premium is made by check or draft which is not paid on presentation for payment, but it is shown by satisfactory evidence that such nonpayment was due to an error on the part of the bank on which such check or draft was drawn, or was the result of an error in the instrument or in the execution thereof, and not for the lack of funds, the insured will be given an additional 31 days from the date of the letter that gives notice of such nonpayment in which to tender an amount sufficient to pay all premiums through the current month.

[61 FR 29291, June 10, 1996]

### § 8.4 Acceptance of a late premium.

Where a premium on National Service life insurance is not paid within the grace period but payment is tendered during the lifetime of the insured and within 61 days of the due date, such tender may be regularly applied as a timely premium payment.

[33 FR 364, Jan. 10, 1968. Redesignated at 61 FR 29290, June 10, 1996]

### § 8.5 Revival of insurance.

(a) If the sole reason death or total disability benefits under a policy of National Service life insurance cannot be granted is that the policy had lapsed, the insurance will be considered

in force under premium-paying conditions on the date of death or the date of commencement of total disability if,

(1) On the date of lapse there were accrued dividends, not then payable, resulting from premiums paid since the last anniversary date of the policy and such dividends were equal to or greater in amount than the total of the monthly premiums which have become due from and including the date of lapse to the date of death or date of commencement of total disability, and/or

(2) At the end of the grace period for the unpaid premium causing lapse there were due and payable to the policyholder unpaid dividends, refundable premiums, pure insurance risk credits, other refundable credits or total disability benefit payments arising from the policyholder's U.S. Government or National Service life insurance which are equal to or greater in amount than the total of the monthly premiums which have become due from and including the date of lapse to the date of death or date of commencement of total disability.

(3) For purposes of this section amounts under paragraphs (a)(1) and (2) of this section may be combined. In that case, the amount, if any, of dividend accrued under paragraph (a)(1) of this section will first be determined and the amount available under paragraph (a)(2) of this section, if any, will be added thereto for the purpose of determining if the total amount thus available is equal to or greater than the total of monthly premiums which have become due.

(4) In determining the amount of monthly premiums which have become due under paragraphs (a)(1) and (2) of this section a shortage of 10 percent per monthly premium may be allowed for a period not to exceed 3 months.

(5) In determining the monthly premiums which have become due for adjustment purposes under paragraphs (a)(1) and (2) of this section, the premium for the monthly due date immediately preceding the date of death or date of commencement of total disability may be omitted because of the coverage provided by the allowable grace period (§8.9) and if the conditions of paragraph (b) of this section are met, the premium for the second due date

immediately preceding the date of death or date of commencement of total disability may be omitted.

(6) When a policy is deemed in force under premium-paying conditions by operation of this section, the amount of any shortage included in the calculation and the premium for any monthly due date omitted in the calculation will become a lien against the policy.

(7) The provisions of this section may be applied if, on the date of death, the insurance is in force under the extended term insurance provision (§8.17) and a policy loan was outstanding on the date of lapse or a dividend deposit balance was included in the cash value as determined at time of lapse.

(8) If accrued dividends under paragraph (a)(1) of this section and/or amounts due and payable under paragraph (a)(2) of this section exist in connection with more than one policy of the same veteran and one or more policies lapsed prior to the date of death or date of commencement of total disability, the amounts available will be related first to the policy or policies on which they arose if such policy or policies are lapsed. Any amount available under paragraphs (a)(1) and (2) of this section which is not required to place in force the policy upon which it arose or which is insufficient to place in force the policy upon which it arose, may be combined with similar amounts available on any other policy whenever the total of such amounts is sufficient to place another policy in force.

(9) Where more than one policy is involved and credits are not needed or are insufficient to revive the policy on which the credits arose, the credits will be used insofar as they are sufficient to revive the policy or policies under which the most insurance is payable.

(10) No total disability income provision will be considered in force under this section unless it lapsed at the same time as the life insurance contract and both the life insurance and total disability income provision can be considered in force through the same date and benefits are payable under the total disability income provision. An exception will be a paid-in-full limited pay contract on which total disability income provision premiums are due and payable to age 65.

(11) When a total disability income provision lapsed at the same time as the life insurance, the premium for the provision will be considered separately in determining if the amounts available are equal to or in excess of the monthly premiums which have become due. In such a case if the amounts available are sufficient, both the life insurance and the provision will be revived. If the amounts are insufficient for that purpose, they will be applied to revive the policy or policies with the greatest amount payable in death cases or the policy or policies providing the greatest life insurance and total disability benefit in total disability cases.

(12) Accrued dividends and/or credits on any policy of National Service or U.S. Government life insurance held by the policyholder may be considered for the purpose of this section.

(b) If the sole reason death or total disability benefits under a policy of National Service life insurance cannot be granted is that the policy had lapsed, the insurance will be considered in force on the date of death or date of commencement of total disability if,

(1) The policyholder died or became totally disabled within 61 days of the due date of the unpaid premiums, and

(2) The policy prior to the lapse had been in force for 5 years or more. In determining in-force status under this subparagraph if the original effective date of the insurance (when necessary, include predecessor contracts involving renewal, conversion or replacement/reinstatement under 38 U.S.C. 1981) is 5 years or more earlier than the date of death or date of total disability and during the 5 years immediately preceding the date of lapse the insurance has not been lapsed at any one time in excess of 6 months, the requirement will be satisfied. When insurance is considered in force under this section the amount of the monthly premium due on the date of lapse and the following monthly premium(s) will become a lien against the policy.

(3) The provisions of this section may be applied if, on the date of death, the insurance is in force under the extended term insurance provision (§8.17) and a policy loan was outstanding on the date of lapse or a dividend deposit

balance was included in the cash value as determined at time of lapse.

[33 FR 17915, Dec. 3, 1968. Redesignated and amended at 61 FR 29290, 29291, June 10, 1996]

**§8.6 Payment of premiums; insured in active service or entitled to retirement pay.**

Premiums on National Service life insurance may be paid by persons in the active military, naval, or Coast Guard service or by persons entitled to retirement pay from such services: (a) By direct remittance to the Department of Veterans Affairs, or (b) by allotment of service pay or retirement pay.

[16 FR 12989, Dec. 27, 1951]

**§8.6 Deduction of insurance premiums from compensation, retirement pay, or pension.**

The insured under a National Service life insurance policy which is not lapsed may authorize the monthly deduction of premiums from disability compensation, death compensation, dependency and indemnity compensation, retirement pay, disability pension, or death pension that may be due and payable to him under any laws administered by the Department of Veterans Affairs in accordance with the following provisions.

(a) The authorization may be made by an insured or the insured's legal representative. If the authorization is made by the insured's legal representative, it must be in writing over the signature of the representative and forwarded to the Department of Veterans Affairs along with a copy of the document which evidences the individual's authority to act on behalf of the insured. If an insured is incompetent and has no legal representative and has a spouse to whom benefits are being paid pursuant to Part 13 of this chapter, the spouse may authorize payment of insurance premiums through the deduction system. If an insured is incompetent and has no legal representative and an institutional award has been made in his or her behalf, the authorization may be executed by the Director of the field facility in which the insured is hospitalized or receiving domiciliary care, and in appropriate cases by the chief officers of State hospitals