

Department of Veterans Affairs

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shall be paid in cash. Such special dividends shall not be accepted to accumulate on deposit or as a dividend credit.

(Authority: 38 U.S.C. 1944)

[36 FR 368, Jan. 12, 1971, as amended at 48 FR 1963, Jan. 17, 1983. Redesignated at 61 FR 29025, June 7, 1996]

LOANS

§ 6.13 Policy loans.

At any time after the first policy year and upon the execution of a loan agreement satisfactory to the Secretary the United States will lend to the insured on the sole security of his/her United States Government Life Insurance policy any amount which shall not exceed 94 percent of the cash value, and any indebtedness shall be deducted from the amount advanced on such loan. The loan shall bear interest at a rate not to exceed 5 percent per annum, payable annually, and the loan may be repaid in full or in amounts of \$5 or more. Failure to pay either the amount of the loan or the interest thereon shall not void the policy unless the total indebtedness shall equal or exceed the cash value thereof. When the amount of the indebtedness equals or exceeds the cash value, the policy shall cease and become void.

(Authority: 38 U.S.C. 1944)

[48 FR 1963, Jan. 17, 1983. Redesignated and amended at 61 FR 29025, June 7, 1996]

CASH VALUE

§ 6.14 Cash value; other than special endowment at age 96 plan policy.

Provisions for cash value shall become effective at the completion of the first policy year on any plan of United States Government Life Insurance other than the special endowment at age 96 plan policy; all values, reserves, and net single premiums being based on the American Experience Table of Mortality, with interest at the rate of 3½ percent per annum. The cash value shall be the reserve together with any dividend accumulations. For each month after the first policy year the reserve at the end of the preceding policy year shall be increased by one-twelfth of the increase in reserve for the current policy year. Upon written

request therefor and upon complete surrender of the insurance with all claims thereunder made by the insured the United States will pay to the insured the cash value of the policy less any indebtedness. Unless otherwise requested by the insured, a surrender will be deemed completed as of the end of the month in which the application for cash surrender is delivered to the Department of Veterans Affairs, or as of the date of the check for the cash value, whichever is later. If the application is forwarded by mail, properly addressed, the postmark date will be taken as the date of delivery.

(Authority: 38 U.S.C. 1944)

[48 FR 1963, Jan. 17, 1983. Redesignated and amended at 61 FR 29025, June 7, 1996]

§ 6.15 Cash value; special endowment at age 96 plan policy.

Provisions for cash value shall become effective at the completion of the first policy year; all values and net single premiums are as prescribed by the Secretary and published in VA Pamphlet 90-2A. The cash value at the end of the first policy year and at the end of any policy year thereafter shall be the reserve as set forth in the policy together with any dividend accumulations. For each month after the first policy year the reserve at the end of the preceding policy year shall be increased by one-twelfth of the increase in reserve for the current policy year. Upon written request therefor and upon complete surrender of the insurance with all claims thereunder made by the insured, the United States will pay to the insured the cash value of the policy less any indebtedness, provided the policy has been in force for at least 1 year. Unless otherwise requested by the insured, a surrender will be deemed completed as of the end of the month in which the application for cash surrender is delivered to the Department of Veterans Affairs, or as of the date of the check for the cash value, whichever is later. If the application is forwarded by mail, properly addressed, the postmark date will be taken as the date of delivery. If it is forwarded through

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military channels, the date the application is placed in military channels will be taken as the date of delivery.

(Authority: 38 U.S.C. 1944)

[48 FR 1963, Jan. 17, 1983. Redesignated at 61 FR 29025, June 7, 1996]

§ 6.16 Payment of cash value in monthly installments.

Effective January 1, 1971, in lieu of payment of cash value in one sum, the insured may elect to receive payment in monthly installments under option 2 as set forth in the insurance contract or as a refund life income option. If the insured dies before the agreed number of monthly installments have been paid, the remaining unpaid monthly installments will be payable to the designated beneficiary in one sum, unless the insured or such beneficiary has elected to continue the installments under the option selected by the insured. If no designated beneficiary survives, the present value of any remaining unpaid installments shall be paid to the estate of the insured, provided such payment would not escheat.

[61 FR 29025, June 7, 1996]

INDEBTEDNESS

§ 6.17 Collection of any indebtedness.

At the maturity of a United States Government life insurance policy by total permanent disability or death, any indebtedness, unless paid off in cash, shall be liquidated by reducing the amount of each monthly installment in the proportion which the indebtedness bears to the commuted value of monthly installments as may then be payable under the policy, excluding dividend accumulations. If the policy is payable in one sum at death, any indebtedness shall be deducted from the amount payable under the policy.

[13 FR 7096, Nov. 27, 1948. Redesignated at 61 FR 29025, June 7, 1996]

TOTAL PERMANENT DISABILITY BENEFITS

§ 6.18 Other disabilities deemed to be total and permanent.

(a) In addition to the conditions specified in 38 U.S.C. 1958, the following

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also will be deemed to be total and permanent disabilities: Organic loss of speech; permanently helpless or permanently bedridden.

(b) Organic loss of speech will mean the loss of the ability to express oneself, both by voice and whisper, through the normal organs of speech if such loss is caused by organic changes in such organs. Where such loss exists, the fact that some speech can be produced through the use of an artificial appliance or other organs of the body will be disregarded.

[61 FR 29025, June 7, 1996]

DEATH BENEFITS

§ 6.19 Evidence to establish death of the insured.

Whenever a claim is filed on account of the death of a person insured under yearly renewable term insurance or United States Government life insurance, the proof of death shall be established in accordance with the provisions of Part 3 of this chapter.

[26 FR 1856, Mar. 3, 1961. Redesignated and amended at 61 FR 29025, June 7, 1996]

DETERMINATION OF LIABILITY UNDER SECTIONS 302 AND 313, WORLD WAR VETERANS' ACT, 1924, SECTIONS 607 AND 602 (V)(2), NATIONAL SERVICE LIFE INSURANCE ACT, 1940, AS AMENDED, AND SECTIONS 1921 AND 1957 OF TITLE 38 UNITED STATES CODE

§ 6.20 Jurisdiction.

The Insurance Claims Sections are vested with exclusive jurisdiction in determining the liability of the United States and the United States Government Life Insurance Fund for waiver of payment of premiums, payment of total, total permanent disability, and death insurance benefits under United States Government life insurance and to determine the liability of the United States and the National Service Life Insurance Fund for waiver of payment of premiums due to total disability, payment of total disability insurance