

§ 8.1

38 CFR Ch. I (7-1-14 Edition)

criteria means the underwriting standards that determine whether a person is in good health. “Good health criteria” are based whenever possible, as far as practicable, on general insurance usage. “Underwriting” is the process that sets the terms, conditions, and prices for an insurance policy, by rating an applicant’s mortality risk.

(c) *What does the term “organic loss of speech” mean?* The term *organic loss of speech* means the loss of the ability to express oneself, both by voice and whisper, through the normal organs of speech if the loss is caused by physical changes in such organs. The fact that some speech can be produced through the use of artificial appliance or other organs of the body will not impact this definition.

(d) *What does the term “disease or injury traceable to the extra hazards of the military service” mean?* The term *disease or injury traceable to the extra hazards of the military service* means a disease or injury that was either caused by or can be traced back to the performance of duty in the active military, naval, or air service.

(e) *What does the term “guardian” mean?* The term *guardian* means any representative certified by the appropriate Veterans Service Center Manager, under § 13.55 of this chapter, to receive benefits in a fiduciary capacity on behalf of the insured or the beneficiary, or to take the actions listed in § 8.32.

[67 FR 54738, Aug. 26, 2002]

EFFECTIVE DATE

§ 8.1 Effective date for an insurance policy issued under section 1922(a) of title 38 U.S.C. (Service-Disabled Veterans’ Insurance).

(a) *What is the effective date of the policy?* The effective date is the date policy coverage begins. Benefits due under the policy are payable any time after the effective date.

(b) *How is the effective date established?* The effective date is the date you deliver both of the following to VA:

- (1) A valid application.
- (2) A premium payment.

NOTE 1 TO PARAGRAPH (b): If your valid application and premium are mailed to VA, the postmark date will be the date of delivery.

NOTE 2 TO PARAGRAPH (b): If a postmark date is not available, the date of delivery will be the date your valid application and premium are received by VA.

(c) *Can you have a different effective date?* Yes, if you would like an effective date other than the date of delivery as described in paragraph (b) of this section, you may choose one of the following three options as an effective date:

(1) The first day of the month in which you deliver your valid application and premium payment to VA. For example, if VA receives your application and premium payment on August 15, you may request an effective date of August 1.

(2) The first day of the month following the month in which you deliver your valid application and premium payment. For example, if VA receives your application and premium payment on August 15, you may request an effective date of September 1.

(3) The first day of any month up to six months prior to the month in which you deliver your valid application and premium payment. For example, if VA receives your application and premium payment on August 15, you may request an effective date of February 1 or the first day of any month following up to August 1. However, you must pay the following:

(i) The insurance reserve amount for the time period for each month starting with the requested effective date up to the first day of the month prior to the month in which you delivered your application to VA; and

(ii) The premium for the month in which you delivered your application to VA.

NOTE TO PARAGRAPH (c): For example, if your postmark date is August 15 and you request an effective date of February 1, you must pay the insurance reserve amount for February 1 through July 31, and also pay the August premium.

[67 FR 54738, Aug. 26, 2002]

PREMIUMS

§ 8.2 Payment of premiums.

(a) *What is a premium?* A premium is a payment that a policyholder is required to make for an insurance policy.

(b) *How can policyholders pay premiums?* Premiums can be paid by:

(1) Cash, check, or money order directly to VA.

(2) Allotment from service or retirement pay.

(3) Automatic deduction from VA benefits (pension, compensation or insurance dividends (see § 8.4)).

(4) Pre-authorized debit from a checking account.

(c) *When should policyholders pay premiums?* (1) Unless premiums are paid in advance, policyholders must pay premiums on the effective date shown on the policy and on the same date of each following month. This is called the "due date."

(2) Policyholders may pay premiums quarterly, semi-annually, or annually in advance.

(d) *What happens if a policyholder does not pay a premium on time?* (1) When a policyholder pays a premium within 31 days from the "due date," the policy remains in force. This 31-day period is called a "grace period." If the insured dies within the 31-day grace period, VA deducts the unpaid premium from the amount of insurance payable.

(2) If a policyholder pays a premium after the 31-day grace period, VA will not accept the payment and the policy lapses effective the date the premium was due; Except that VA will accept a premium paid after the 31-day grace period as a timely payment if:

(i) The policyholder pays the premium within 61 days of the due date; and

(ii) The policyholder is alive at the time the payment is mailed.

(3) When a policyholder pays the premium by mail, the postmark date is the date of payment.

(4) When a policyholder pays a premium by check or money order which is not honored and it is shown by satisfactory evidence that:

The bank did not pay the check or money order because of:	Then:
An error by the bank	The policyholder has an additional 31 days (from the date stamped on VA's notification letter) to pay the premium and any other premiums due through the current month.
An error in the check or money order	The policyholder has an additional 31 days (same as above).
Lack of funds	The premium is considered not paid.

[65 FR 7437, Feb. 15, 2000]

§ 8.3 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