

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 (§8.14) 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. Redesignated at 65 FR 7437, Feb. 15, 2000; 65 FR 19658, Apr. 12, 2000]

§ 8.4 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 or other institutions to whom similar awards may have been approved.

(b) The monthly disability compensation, death compensation, dependency and indemnity compensation, retirement pay, disability pension, or death pension so due and payable must be equal to, or in excess of, the amount of the insurance premium figured on a monthly basis.

(c) The authorization may be cancelled by the insured at any time. Such cancellation will be effective on the first day of the month following the month in which it is received by the Department of Veterans Affairs.

(d) If the benefits payable to the insured are apportioned under the regulations of the Department of Veterans

§ 8.5

Affairs now in effect or hereafter issued, the deduction authorized by the insured shall be from that portion awarded to the insured under such regulations.

(e) The deduction authorized by a policyholder issued insurance under 38 U.S.C. 1925 will be automatically adjusted by the Department of Veterans Affairs to take cognizance of any premium adjustment made by the Secretary on such insurance provided the benefit payments due and payable to the insured are of an amount sufficient to pay the monthly insurance premium.

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

[13 FR 7110, Nov. 27, 1948, as amended at 14 FR 5241, Aug. 24, 1949; 24 FR 7327, Sept. 9, 1959; 28 FR 1542, Feb. 19, 1963; 30 FR 3645, Mar. 19, 1965; 54 FR 46231, Nov. 2, 1989. Redesignated and amended at 61 FR 29290, 29291, June 10, 1996. Redesignated at 65 FR 7437, Feb. 15, 2000]

§ 8.5 Authorization for deduction of premiums from compensation, retirement pay, or pension.

Deductions from benefits for the payment of premiums shall be effective on the month the authorization for such deduction is received by the Department of Veterans Affairs or on any successive month specified by the insured. Such deduction shall be applied to the premium due in the succeeding calendar month and shall continue monthly so long as the benefit payments are due and payable to the insured and the amount is sufficient to pay the premium or until such authorization is revoked by the veteran or otherwise terminated. When premium deductions are authorized by the insured, the premium will be treated as paid for purposes of preventing lapse of the insurance, so long as there is due and payable to the insured a benefit amount sufficient to provide the premium payment. If authorization was executed by the Director of a VA hospital or domiciliary or chief officer of a State hospital or other institution to make deductions from an institutional award, the authorization will cease and terminate at the termination of the institutional award and the insurance shall lapse unless another authorization for deduction from monthly ben-

38 CFR Ch. I (7-1-16 Edition)

efit payments is executed by the insured. The insured will be notified by letter directed to the last address of record of the termination of the authorization to deduct premiums, but failure to give such notice shall not prevent lapse.

[61 FR 29291, June 10, 1996. Redesignated at 65 FR 7437, Feb. 15, 2000]

CALCULATION OF TIME PERIOD

§ 8.6 Calculation of time period.

If the last day of a time period specified in §§ 8.2 or 8.3 or allowed for filing an application for National Service life insurance or for applying for reinstatement thereof, or paying premiums due thereon, falls on a Saturday, Sunday, or legal holiday, the time period will be extended to include the following workday.

[33 FR 17916, Dec. 3, 1968. Redesignated and amended at 61 FR 29290, 29291, June 10, 1996. Redesignated at 65 FR 7437, Feb. 15, 2000; 65 FR 19659, Apr. 12, 2000]

REINSTATEMENT

§ 8.7 Reinstatement of National Service Life Insurance except insurance issued pursuant to section 1925 of title 38 U.S.C.

(a) Any policy which lapses and which is not surrendered for a cash value or for paid-up insurance, may be reinstated upon written application signed by the applicant, payment of all premiums in arrears, and evidence of good health as required under § 8.8 (a) or (b), whichever is applicable. If a policy is not reinstated within 6 months from the due date of the premium in default, interest must be paid in addition to premiums for all months in arrears from their respective due dates at the rate of 5 percent per annum, compounded annually. The payment or reinstatement of any indebtedness against a policy must be made upon application for reinstatement, and any excess of indebtedness and interest over the reserve of the policy must be paid at that time. A lapsed National Service Life Insurance policy which is in force under extended term insurance may be reinstated within 5 years from the date extended insurance would expire upon application and payment of