

ELIMINATION OF HARDSHIPS AND INEQUALITIES UNDER NATIONAL SERVICE LIFE INSURANCE ACT

SEPTEMBER 19 (legislative day, SEPTEMBER 1), 1944.—Ordered to be printed

Mr. GEORGE, from the Committee on Finance, submitted the following

R E P O R T

[To accompany S. 2058]

The Committee on Finance, to whom was referred the bill (S. 2058) to liberalize certain provisions of the National Service Life Insurance Act of 1940, as amended, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

The purpose of this bill is sufficiently explained in the letter from the Administrator of Veterans' Affairs incorporated herein and made a part of this report. In short, the proposed amendments are necessary to eliminate hardships and inequalities resulting from the National Service Life Insurance Act, as amended to date.

VETERANS' ADMINISTRATION,
Washington, July 5, 1944.

The PRESIDENT OF THE SENATE,
The Capitol, Washington, D. C.

SIR: There is transmitted herewith draft of a proposed bill entitled "A bill to liberalize certain provisions of the National Service Life Insurance Act of 1940, as amended," with the request that the same be introduced and considered for enactment at the earliest practicable date.

The amendments included in the proposed draft are designed to supplement the proposed amendments contained in a draft of a bill forwarded to you by the Veterans' Administration under date of June 15, 1944, and should be considered in connection with the same.

Section 1 of the draft would presume premiums were paid on the \$10,000 insurance granted to aviation cadets and aviation students by Public Law 97 and Public Law 99, Seventy-seventh Congress, approved June 3, 1941. These acts granted \$10,000 insurance at Government expense to aviation cadets and aviation students while undergoing training until commissioned. Until enactment of Public Law 658, Seventy-seventh Congress, approved July 8, 1942, persons so insured were not required to continue insurance after being commissioned. In many instances, due to misunderstandings, such persons failed to continue such insurance by payment of the premiums after being commissioned and consequently had no insurance in force at the time of their deaths. Since enactment of Public Law 658 aviation students and aviation cadets are required to continue their insurance

after being commissioned and while on duty involving participation in regular and frequent aerial flights. The proposed amendment would provide insurance for those officers who failed to continue insurance granted them under Public Law 97 or Public Law 99, Seventy-seventh Congress, and who died prior to enactment of Public Law 658, Seventy-seventh Congress.

Section 2 of the draft would add a new subsection (s) to section 602 of the National Service Life Insurance Act of 1940, as amended, to provide that payment of insurance benefits shall not be denied in any case in which the applicant for insurance died prior to July 1, 1942, and the Administrator of Veterans' Affairs finds that the failure to pay premiums or to effect deductions thereof as provided in section 602 (m) hereof, could in any way be attributed to the inadequacy of the Service Department's procedure for authorizing deductions of premiums from active service pay prior to that date, or to want of proper instructions as to the requirements of such procedure, provided that premiums due on such insurance shall be deducted from the proceeds of the insurance unless otherwise adjusted.

There are many cases in which, for some reason or other, particularly in case of officers, premiums were not in fact deducted although the applicant for insurance clearly indicated his intention to pay premiums by means of having deductions made from his active-service pay. This was due to the inadequacies of the system of deductions of premiums from pay for active military service prior to July 1, 1942. These inadequacies have been eliminated since that date and section 2 of the draft will obviate the hardships resulting from the former system.

As heretofore stated, all of the proposed amendments have been shown by experience to be necessary to eliminate hardships and inequalities resulting from the National Service Life Insurance Act of 1940, as amended, to date.

Advice has been received from the Bureau of the Budget that there would be no objection by that office to the submission of this proposed legislation to the Congress for its consideration.

Respectfully,

FRANK T. HINES, *Administrator.*

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