

EXTENSION OF NATIONAL SERVICE LIFE INSURANCE POLICIES

JUNE 14 (legislative day, JUNE 4), 1945.—Ordered to be printed

Mr. JOHNSON of Colorado, from the Committee on Finance, submitted the following

R E P O R T

[To accompany H. R. 2949]

The Committee on Finance, to whom was referred the bill (H. R. 2949) to extend 5-year-level-premium-term policies for an additional 3 years, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

The purpose of the bill is to extend for a period of 3 years the 5-year-term period of all national service life insurance issued on or before December 31, 1945, which had not been exchanged or converted prior to that date to a plan other than 5-year-level-premium-term insurance.

The National Service Life Insurance Act of 1940 was approved on October 8, 1940. Accordingly the 5-year term period applicable to insurance issued under that act will begin to expire in October of this year. Many members of the armed forces who are carrying this insurance are serving outside the continental limits of the United States, and many will doubtless still be serving overseas when their original 5-year period expires. Many of them will not be in a position to exercise their conversion privileges within the 5-year period as provided under the act. As a result, unless additional legislation is enacted, their insurance will expire and all conversion rights will cease at the end of such period.

Aside from the impracticability of requiring these individuals to exercise their conversion privileges at this time, the collection, transmission, and processing of the applications for such conversion would impose a very serious administrative burden upon the Army and Navy and the Veterans' Administration.

Under the proposed bill premiums chargeable for the additional 3-year period would continue to be collected at the same rates as during the original 5-year period. Obviously, any proposal under which premium rates are permitted to increase would involve substantially the same administrative difficulties and be subject to the same objections as those mentioned above, in that it would require the authorization and deduction of additional allotments to meet such increases.

The bill authorizes the Administrator of Veterans' Affairs to make the changes in dividend and reserve calculations which would be required by the extension provided for in the bill.

The enactment of this proposed legislation has been recommended by the Veterans' Administration.

