

## INTEREST RATE ON LOANS SECURED BY GOVERNMENT LIFE INSURANCE

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

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

### REPORT

[To accompany S. 447]

The Committee on Finance, to whom was referred the bill (S. 447) to reduce the rate of interest on loans secured by United States Government life insurance to 3 percent per annum, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The purpose of this bill, as is indicated by its title, is to reduce the interest rate on loans secured by liens on United States Government life (converted) insurance policies.

The existing rate of 5 percent on such loans, which was established under section 7 of Public Law 198, Seventy-sixth Congress, approved July 19, 1939, is higher than the rates charged at the present time by many banks and other private lending institutions on loans secured by insurance policies. Veterans desiring to obtain loans on their Government life insurance policies are prevented, by provisions of law prohibiting the assignment of such policies, from borrowing from banks and private lending institutions on the security of these policies and thus obtaining the benefits of the lower rates. Accordingly, the committee believes that a reduction of the existing rate is warranted at this time.

The committee held hearings on the bill at which representatives of various veterans' organizations and the Veterans' Administration appeared and testified. On the basis of this testimony, the committee concluded that an interest rate of 4 percent on these loans would be equitable from the standpoint of both the Government and the policyholders, and would in no way jeopardize the solvency of the Government life insurance fund. Accordingly, the committee recommends that the bill be amended so as to provide for a 4-percent rate, and also to provide an effective date, and that it be enacted as so amended.