

REFUND OF CERTAIN INSURANCE PREMIUMS

FEBRUARY 23 (legislative day, FEBRUARY 8), 1954.—Ordered to be printed

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

REPORT

[To accompany H. R. 5773]

The Committee on Finance, to whom was referred the bill (H. R. 5773) to provide for the refund, under certain conditions, of money paid as premiums on United States Government life insurance or national service life insurance which is canceled for fraud, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

EXPLANATION OF THE BILL

The purpose of the bill is to amend appropriate provisions of the National Service Life Insurance Act of 1940, as amended, and the World War Veterans' Act, 1924, as amended, to provide that in any case in which a contract or policy of insurance is canceled or voided, after the date of the bill's enactment, because of fraud, the Administrator of Veterans' Affairs is authorized and directed to refund to the insured, if living, or, if deceased, to the person designated as beneficiary (or if none survives, to the estate of the insured) all money, without interest, paid as premiums on such contract or policy for any period subsequent to 2 years after the date of issuance, reinstatement, or conversion of such insurance.

Under existing law there is no provision for refund of the premiums paid on United States Government life insurance or national service life insurance procured by fraud. It is the opinion of the Committee on Finance, however, that where fraud is found to exist after a considerable period of time has elapsed, the premiums should be refunded except for the first 2 years (less any dividend, loan, or other payment made to the insured under such contract or policy). It is believed that the premiums paid during the initial 2-year period should defray the administrative costs in handling the policy.

The Veterans' Administration has no objection to the enactment of this legislation in its present form.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SECTION 602 (W) OF THE NATIONAL SERVICE LIFE INSURANCE ACT OF 1940, AS AMENDED

(w) Subject to the provisions of section 612 of the National Service Life Insurance Act of 1940, as amended, all contracts or policies of insurance heretofore or hereafter issued, reinstated, or converted shall be incontestable from the date of issue, reinstatement, or conversion except for fraud, nonpayment of premium, or on the ground that the applicant was not a member of the military or naval forces of the United States: *Provided, That in any case in which a contract or policy of insurance is canceled or voided after the date of enactment of this proviso, because of fraud, the Administrator of Veterans' Affairs is authorized and directed to refund to the insured, if living, or if deceased, to the person designated as beneficiary (or if none survives, to the estate of the insured) all money, without interest, paid as premiums on such contract or policy for any period subsequent to two years after the date such fraud induced the Veterans' Administration to issue, reinstate, or convert such insurance, less any dividends, loan, or other payment made to the insured under such contract or policy.*

SECTION 307 OF THE WORLD WAR VETERANS' ACT OF 1924, AS AMENDED

SEC. 307. All contracts or policies of insurance heretofore or hereafter issued, reinstated, or converted shall be incontestable from the date of issuance, reinstatement, or conversion, except for fraud, nonpayment of premiums, or on the ground that the applicant was not a member of the military or naval forces of the United States, and subject to the provisions of section 23: *Provided, That the insured under such contract or policy may, without prejudicing his rights, elect to make claim to the Veterans' Administration or to bring suit under section 19 of this Act on any prior contract or policy, and if found entitled thereto, shall, upon surrender of any subsequent contract or policy, be entitled to payments under the prior contract or policy: Provided further, That this section shall be deemed to be effective as of April 6, 1917, and applicable from that date to all contracts or policies of insurance: And provided further, That in any case in which a contract or policy of insurance is canceled or voided, after the date of enactment of this proviso, because of fraud, the Administrator of Veterans' Affairs is authorized and directed to refund to the insured, if living, or, if deceased, to the person designated as beneficiary (or if none survives, to the estate of the insured) all money, without interest, paid as premiums on such contract or policy for any period subsequent to two years after the date such fraud induced the Veterans' Administration to issue, reinstate, or convert such insurance less any dividends, loan, or other payment made to the insured under such contract or policy.*

