

NEW MODIFIED LIFE PLAN FOR NSLI POLICYHOLDERS

MAY 26, 1960.—Ordered to be printed

Mr. LONG of Louisiana, from the Committee on Finance, submitted the following

R E P O R T

[To accompany H.R. 11045]

The Committee on Finance, to whom was referred the bill (H.R. 11045) to amend section 704 of title 38, United States Code, to permit the conversion or exchange of policies of national service life insurance to a new modified life plan, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

PURPOSE OF BILL

The principal purpose of H.R. 11045, as passed by the House of Representatives, is to permit holders of national service life insurance policies to convert their term insurance, or to exchange their permanent plan insurance for a new permanent modified life plan with a lower premium rate than the existing permanent plans of Government insurance.

PURPOSE OF COMMITTEE AMENDMENT

The context of Senate bill S. 2675, as amended, was added by the Committee on Finance as an amendment to H.R. 11045, the purpose of which is to provide a 1-year period during which certain veterans may be granted national service life insurance.

EXPLANATION OF THE BILL

This bill, effective July 1, 1961, seeks to provide a new plan of national service life insurance, generally designated as a modified life plan, which would be offered primarily to World War II term policyholders as a substitute for their present term policies. It provides for the same amount of protection as they have today, with two modifications—the amount of the premium would not increase each 5 years as is true of all national service life insurance term contracts, and at age 65 the value of the policy would be reduced in half. However, the

policyholder at age 65 would have the option, if he desired and elected to do so, to maintain the other half of the policy which he would otherwise lose by paying for the insurance at the premium rate for the attained age and without medical examination.

The premium rates on participating insurance would be based on the 1958 Commissioners' Standard Table of Mortality and would provide premiums at a lower level than the American Experience Table of Mortality on which most national service life insurance policies have been written.

The effect of this insurance, insofar as premiums are concerned, is shown in the table reproduced below:

Age	Annual premium for the modified life plan	Annual premium present rates		Level premium after age 65	
		5-year level premium term	Ordinary life	If 50 percent face continued	If 100 percent face continued
30	\$9.83	\$8.41	\$18.47	\$9.83	\$43.22
35	11.72	9.00	21.31	11.72	45.11
40	14.09	10.06	25.10	14.09	47.43
45	17.17	11.72	30.07	17.17	50.55
50	20.84	15.04	36.94	20.84	54.23
55	25.22	20.95	46.53	25.22	58.61
65		47.00	78.97		

The need for this legislation is explained in the following excerpt from the report of the House Committee on Veterans' Affairs:

This bill is the culmination of a continuing interest on the part of the Committee on Veterans' Affairs and the Veterans' Administration in preventing World War II policyholders from suffering the same fate of their World War I brothers in the term insurance field. The rates of premium chargeable today on term policies of World War I or World War II veterans whose ages are in the late sixties and seventies are so high as to make the maintenance of the policies almost prohibitive, and certainly uneconomical. As an example, the committee had recently called to its attention the case of a veteran age 78 who is paying \$1,200 annual premium on a \$10,000 policy. He had already exceeded in premiums paid the face value of the policy, but he needs the protection for his wife in the event of his death and thus had no alternative except to continue the payment of premiums. Perhaps the most horrible example that can be cited is that of a well-known high-ranking officer in World War I who allegedly paid \$21,000 for a \$10,000 term policy.

The Committee on Veterans' Affairs a number of years ago, with the cooperation of the Insurance Department of the Veterans' Administration, mailed out 2,000 letters to World War II term policyholders, pointing out to them the advantages of converting at an early age to a permanent type of policy, and encouraging them to do so if such action would assist them in maintaining the type of protection which was needed for their families. It must be reported with regret that of these 2,000 cases only 3 policyholders converted their policies.

The committee has pending before it, and has had for many Congresses, proposals to pay up at age 60, 65, or 70 all World War I term insurance policies. This would mean that the policyholders would no longer pay premiums on the policy and would require the appropriation from the Federal Government ranging from as high as \$104 million to as little as \$63 million in order to make the fund whole and not to violate the rights of other World War I policyholders. The Congress has understandably refused to favorably consider legislation of this type, limited to perhaps 15,000 potential beneficiaries. The failure to appropriate such sums would create in time a deficit in the fund and would work to the disadvantage of the other policyholders who had converted their policies. It would thus be a breach of contract and would subject the Government to suits which undoubtedly would be successful.

Serious as the situation is in the case of World War I veterans, the cost is catastrophic in the case of World War II veterans where it is estimated that the cost for these veterans at age 60 would be in excess of \$12 billion if policies were paid up at that age.

The committee by proposing this legislation is endeavoring to prevent occurring 20 or 25 years hence what has already occurred in the case of World War I policyholders.

The Veterans' Administration has indicated that the total first 5-year administrative cost of this legislation would be \$760,315; the first-year administrative cost would be \$244,681.

The Veterans' Administration submitted the following favorable report on H.R. 11045 as passed by the House of Representatives:

MAY 16, 1960.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR SENATOR BYRD: The following report on H.R. 11045, 86th Congress, is submitted as requested.

The bill provides a new plan of insurance for national service life insurance (NSLI) policyholders. The plan is modified life insurance which provides a level premium throughout the life of the insured but the face value of the policy will be automatically reduced by 50 percent at the end of the day preceding the insured's 65th birthday. The face value of any extended term insurance in force under the modified life policy would also be reduced by 50 percent at that time.

The insured, upon written application, payment of the required premium, and without medical examination, may be issued additional insurance on the ordinary life plan to replace the amount of insurance which is reduced on his 65th birthday. Such insurance will be issued at age 65 only and will be based on the same mortality tables and interest rates and have the same guaranteed values and settlement options as the insurance which is reduced. In order to be eligible for such replacement insurance the modified life plan must be in force by payment or waiver of premiums at time of reduction. The application for such additional insurance must be made before the insured's

65th birthday and shall be effective on that day. If the insured is totally disabled and premiums on the modified life plan are being waived or he is entitled to such waiver at the time of the reduction he will be automatically granted insurance equal to the amount of the reduction.

The bill permits NSLI policyholders to convert their term insurance or to exchange their permanent plan insurance for the modified life plan. On participating insurance the premium rates and guaranteed values on the new plan would be based on the 1958 Commissioners Standard Ordinary Table of Mortality with interest at the rate of 3 percent per annum. That table provides a more realistic up-to-date mortality basis for calculation of premiums than the American Experience Table of Mortality which is almost a century old. The use of the 1958 Commissioners Standard Ordinary Table of Mortality will provide premiums at a lower participating level than the American Experience Table of Mortality. The insurance will continue to be participating but dividends will be considerably lower under the new plan than at present. The basis for calculation of optional settlements on the insurance is not changed.

On nonparticipating insurance the premium rates and guaranteed values on the modified life plan will be based on the same mortality tables and interest rates as the existing insurance with one exception. The premium rates of insurance issued under section 621 of the National Service Life Insurance Act are based on the Commissioners 1941 Standard Ordinary Table of Mortality with interest at the rate of 2¼ percent per annum. Such policyholders can at the present time convert or exchange their term policy for insurance issued under title 38, United States Code, section 723(b). The premium rates and guaranteed values of insurance issued under that provision are based on table X-18 (1950-54 Intercompany Table of Mortality) and interest at the rate of 2½ percent per annum. Such insurance is issued at a lower premium rate than insurance under section 621 of the National Service Life Insurance Act. Also, the settlement on policies involving annuities under section 723(b) are calculated on the basis of the annuity table for 1949 and interest at the rate of 2½ percent per annum rather than 2¼ percent per annum as under section 621. The bill permits persons holding the section 621 term insurance to convert directly to a modified life plan on the same mortality and annuity tables with the same rate of interest as they would be entitled to had they converted to insurance under section 723(b).

The bill authorizes service-disabled persons who have been issued insurance under title 38, United States Code, section 722(a) to convert or exchange their insurance for the modified life plan. It also permits the original issue of insurance on that plan to eligible persons applying under that provision.

The Veterans' Administration, your committee, and veterans' organizations are aware of the problems that arise because of failure on the part of veterans to convert their term policies. There are at the present time World War I USGLI term policyholders in their sixties and seventies who are paying very high premiums because they failed to heed the advice of the Veterans' Administration to convert their term insurance at the younger ages to a permanent plan of insurance. While the number of USGLI term policyholders is not large (around 15,000 of whom 80 percent are age 60 or higher) there are about 3

million NSLI policyholders who are continuing their insurance on a term plan. The Veterans' Administration is very much concerned with the magnitude of the problem that will develop 20 to 25 years hence as such policyholders attain the advanced ages where term premium rates become progressively more burdensome with each renewal.

The modified life plan proposed by the bill will not, of course, fully solve the problem. However, it should help. It is believed that one of the major deterrents to conversion is the difference in cost between term and permanent plans of insurance. The modified life plan will provide permanent plan insurance at a lower premium rate than the existing permanent plans of insurance. This is true because the protection is cut in half at age 65 and a more realistic table is used for calculation of premiums on participating insurance. A comparison of premiums per \$1,000 of participating insurance is as follows:

Age	Annual premium for the modified life plan	Annual premium present rates		Level premium after age 65	
		5-year level premium term	Ordinary life	If 50 percent face continued	If 100 percent face continued
30	\$9.83	\$8.41	\$18.47	\$9.83	\$43.22
35	11.72	9.00	21.31	11.72	46.11
40	14.09	10.08	25.10	14.09	47.48
45	17.17	11.72	30.07	17.17	50.56
50	20.84	15.04	36.94	20.84	54.23
55	25.22	20.95	46.53	25.22	58.61
65		47.00	78.97		

It is not known how many NSLI term policyholders will convert or exchange their insurance to the modified life plan under the bill. It is contemplated that all NSLI term policyholders will be notified of their right to convert to the new plan at the time their term insurance has to be renewed. If it is assumed that 300,000 term policyholders convert and 10,000 permanent plan policyholders apply for change of plan the estimated administrative cost to the Department of Insurance for the first 5 years following the effective date of the bill would be as follows:

1st year	\$244,681
2d year	110,349
3d year	114,245
4th year	114,355
5th year	176,685

Since H.R. 11045 will tend to alleviate the problem of the NSLI term policyholders at the older ages, the Veterans' Administration recommends its favorable consideration by your committee.

The Bureau of the Budget advises that there is no objection to the submission of this report to the committee.

Sincerely,

SUMNER G. WHITTIER, *Administrator.*

EXPLANATION OF COMMITTEE AMENDMENT

The committee amendment proposes to—

(1) Restore for 1 year after January 1, 1961, the eligibility (in effect prior to April 25, 1951) of veterans who had active service between October 8, 1940, and September 2, 1945, both dates inclusive, for World War II participating national service life insurance.

(2) Authorize for 1 year after January 1, 1961 (and for the first time), the issuance of the same type of postservice participating national service life insurance to veterans who had active service between September 3, 1945, and April 24, 1951, both dates inclusive.

(3) Restore for 1 year after January 1, 1961, the eligibility of persons separated from active service on and after April 25, 1951, and prior to date of enactment of the bill, who have a service-connected disability but are otherwise in good health, for nonparticipating service disabled veterans insurance.

(4) Provide a 1-year period after January 1, 1961, during which veterans separated from active service on and after April 25, 1951, and prior to January 1, 1957, may be granted nonparticipating national service life insurance on a limited convertible term or permanent plan.

(5) Require that the administrative cost of the insurance granted to persons in the above groups, except the service disabled veterans, be borne by the insureds by means of (a) reduction in dividends in the participating insurance group, and (b) a loading of the premiums in the nonparticipating insurance group.

(6) Provide that a medical examination, when required of an applicant for insurance, other than service disabled veterans insurance (item (3) above), shall be at the applicant's expense and by a duly licensed physician.

(7) Exclude from eligibility under the bill persons who served (a) before July 1, 1946, in the organized military forces of the Government of the Commonwealth of the Philippines, while such forces were in the service of the Armed Forces of the United States, or (b) in the Philippine Scouts under section 14 of the Armed Forces Voluntary Recruitment Act of 1945. This exclusion would be consistent with the longstanding statutory limitations as to such persons (now in 38 U.S.C. 107).

The right to apply for and be granted national service life insurance was originally limited to persons in the active service on or after October 8, 1940. Public Law 589, 79th Congress, approved August 1, 1946, among other things, amended the National Service Life Insurance Act to provide that any individual who had active service between October 8, 1940, and September 2, 1945, both dates inclusive, could be granted such insurance upon application, payment of premiums, and (with the exception of certain service-disabled persons who applied prior to January 1, 1950) a showing of good health at the time of application. This continued to be the law up to April 25, 1951, at which time the authority to issue insurance to persons in the active service and to persons who served during the indicated period was terminated by Public Law 23, 82d Congress.

Public Law 23, 82d Congress (Servicemen's Indemnity Act of 1951 and Insurance Act of 1951), among other things, provided for the payment of a maximum of 10,000 free automatic servicemen's indemnity for death in active service, and for the issue of nonparticipating insurance under the National Service Life Insurance Act to persons discharged on or after April 25, 1951. The new postservice insurance was available to two groups. Five-year term insurance (under sec. 621) was authorized for persons who applied therefor within 120 days after discharge from active service. Insurance on term and permanent plans (under sec. 620) was provided for persons

with a service-connected disability if applied for within 1 year from the date service connection is determined by the Veterans' Administration. One of the reasons advanced by the Congress for the enactment of Public Law 23 was the desire to remove the Government from the life insurance business as far as practicable.

Public Law 881, 84th Congress (Servicemen's and Veterans' Survivor Benefits Act), effective January 1, 1957, consolidated the free \$10,000 servicemen's indemnity program and the death compensation program into a new death benefit program (dependency and indemnity compensation) and terminated authority to issue post-service term insurance under section 621 of the National Service Life Insurance Act, thus limiting the initial issue of postservice insurance to the service-connected disabled (under sec. 620 of that act).

Although persons who served between October 8, 1940, and September 2, 1945, had 4 or 5 years after discharge from service (up to April 25, 1951) within which to apply for national service life insurance, many failed to either take it out or were forced to let it lapse because of financial difficulties and unemployment during a rehabilitation period. Some veterans did not take advantage of the opportunity to apply for such insurance because at the time of discharge they were not married and had no family responsibilities. The Finance Committee amendment merely provides another period of eligibility for these veterans who served during the periods of October 8, 1940, and September 2, 1945, and September 3, 1945, and April 24, 1951.

Under this amendment the administrative costs to be borne by the insured shall include such costs incurred by the Veterans' Administration as well as costs which may be incurred by other Government agencies such as Departments of the Treasury and Justice. The committee has been advised that the administrative expenses of the Department of Insurance of the Veterans' Administration has averaged about \$4 per policy per year over the past few years. However, it is expected that the declining trend in administrative costs will continue due to improved operating techniques and automatic data processing. A study completed about 7 years ago (House Committee Print No. 55, "Insurance Operations of the Veterans' Administration," May 15, 1953), adjusted because of certain changed conditions, indicates that the additional expense incurred by other Veterans' Administration activities and other Government agencies, properly allocable to insurance administrative cost, would average an added 25 percent. It would therefore appear that the total administrative cost to be charged against dividends or added to the premiums for insurance issued under section 723(b) would, at present, be about \$5 per policy per year. A complete study would have to be made of all expense elements in order to arrive at a current figure of the administrative costs to be charged. Therefore, the committee amendment provides that the period during which applications for insurance may be made is not to begin until after January 1, 1961, so as to allow sufficient time for the Veterans' Administration to complete the cost study and determine the cost factor to be included in the premium.

The Committee on Finance believes that the Veterans' Administration can administer this bill without a material increase in personnel and incurring other additional costs not charged against dividends or included in the amount of the premium to be paid by the insured. To be certain that this intent is carried out, the amendment directs the

Administrator of Veterans' Affairs to file with the Senate Committee on Finance and the House Committee on Veterans' Affairs, at the end of each fiscal year, a detailed report on the cost of the program borne by the insured and any additional expenditures resulting from enactment of this amendment.

A similar measure has been recommended by the Senate Committee on Finance and has passed the Senate without a dissenting vote on three previous occasions. The measure has widespread support from veterans and veterans' organizations. Among those groups strongly in support of the measure are the American Legion, the Veterans of Foreign Wars, AMVETS, and the Disabled American Veterans. While the committee is cognizant of objections voiced by the Veterans' Administration, which are directed to the advisability of veterans taking out insurance policies with private insurance companies, the committee has conferred with the Veterans' Administration and the Bureau of the Budget on this issue previously and adheres to its previously expressed position. Most veterans who would be benefited by this measure can be excused for their previous failure to take out their national service life insurance either because of lesser family obligations at the time their service was terminated or lack of financial capacity to pay the premiums at that time. While the privilege of taking out national service life insurance was terminated April 25, 1951, with respect to World War II, a similar privilege was continued after World War I for veterans of that war for a total of 33 years.

A brief summary of the cost aspects of this amendment is furnished in the following report of the Veterans' Administration:

VETERANS' ADMINISTRATION,
OFFICE OF GENERAL COUNSEL,
Washington, D.C., May 19, 1960.

HON. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR SENATOR BYRD: Responding to your request transmitted by Mrs. Springer we are pleased to furnish a brief summary of the cost aspects of Senator Long's bill, S. 2675 (adopted as an amendment to H.R. 11045).

As you know, the bill provides that the administrative cost of the new insurance granted to all veterans (except the service disabled) is to be borne by the insureds by means of (a) reduction in dividends in the participating insurance group and (b) a loading of the premiums in the nonparticipating insurance group. Pending a complete study of all expense elements we have estimated that such cost would be in the neighborhood of \$5 per policy each year.

Under the bill the amount of all such administrative costs must be transferred each year to the general fund receipts in the Treasury. Therefore, in order to defray the increased operating expenses that will arise from the bill it will be necessary for the Veterans' Administration to secure additional annual administrative appropriations. Such additional appropriated funds will, of course, be offset by the amounts representing administrative costs transferred to the general fund receipts in the Treasury.

If the bill is enacted the only major additional cost to the Government will be the excess losses on the service-disabled insurance and

the excess cost of the participating insurance benefits which arise from death or total disability traceable to the extra hazard of military or naval service. Under the basic insurance law these costs are borne by the Government. On the basis of the arbitrary assumptions set forth in our report (as to the numbers and amounts of the policies that will be issued) it is estimated that the total of these costs will be \$215,000 for the first year and \$430,000 for each of the next 4 years. In addition, there will be some administrative cost, probably negligible, with respect to the service-disabled insurance which, under the bill, is not to be borne by those policyholders.

We hope the foregoing will clarify the cost aspects of S. 2675 and its probable fiscal effect on the Government.

Very truly yours,

T. F. DALEY,
Associate General Counsel for Legislative Services.

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 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 704, TITLE 38, UNITED STATES CODE

§ 704. PLANS OF INSURANCE

(a) Insurance may be issued on the following plans: Five-year level premium term, ordinary life, twenty-payment life, thirty-payment life, twenty-year endowment, endowment at age sixty, and endowment at age sixty-five. Level premium term insurance may be converted as of the date when any premium becomes or has become due, or exchanged as of the date of the original policy, upon payment of the difference in reserve, at any time while such insurance is in force and within the term period to any of the foregoing permanent plans of insurance, except that conversion to an endowment plan may not be made while the insured is totally disabled.

(b) *Under such regulations as the Administrator may promulgate a policy of participating insurance may be converted or exchanged for insurance issued under this subsection on a modified life plan. Insurance issued under this subsection shall be on the same terms and conditions as the insurance which it replaces, except (1) the premium rates for such insurance shall be based on the 1958 Commissioners Standard Ordinary Table of Mortality and interest at the rate of 3 per centum per annum; (2) all cash, loan, paid-up, and extended values shall be based on the 1958 Commissioners Standard Ordinary Table of Mortality and interest at the rate of 3 per centum per annum; and (3) at the end of the day preceding the sixty-fifth birthday of the insured the face value of the modified life insurance or extended term insurance shall be automatically reduced by one-half thereof, without any reduction in premium.*

(c) *Under such regulations as the Administrator may promulgate, a policy of nonparticipating insurance may be converted or exchanged to insurance issued under this subsection on a modified life plan. Insurance issued under this subsection shall be on the same terms and conditions as*

the insurance which it replaces, except that (1) term insurance issued under section 621 of the National Service Life Insurance Act of 1940 shall be deemed for the purposes of this subsection to have been issued under section 723(b) of this title; and (2) at the end of the day preceding the sixty-fifth birthday of the insured the face value of the modified life insurance or extended term insurance shall be automatically reduced by one-half thereof, without any reduction in premium. Any person eligible for insurance under section 722(a) of this title may be granted modified life insurance under this subsection which, subject to exception (2) above, shall be issued on the same terms and conditions specified in section 722(a).

(d) Any insured who is issued, or converts or exchanges his insurance to, a modified life plan under subsection (b) or (c) of this section may upon written application and payment of premiums made before his sixty-fifth birthday be granted national service life insurance, on an ordinary life plan, without physical examination, in an amount of not less than \$500, in multiples of \$250, but not in excess of one-half of the face amount of the modified life insurance in force by payment or waiver of premiums on the day before the sixty-fifth birthday of the insured. Insurance issued under this subsection shall be effective on the sixty-fifth birthday of the insured. The premium rate, cash, loan, paid-up, and extended values on the ordinary life insurance issued under this subsection shall be based on the same mortality tables and interest rates as the insurance issued under a modified life plan. Settlements on policies involving annuities on insurance issued under this subsection shall be based on the same mortality or annuity tables and interest rates as such settlement on a modified life plan. If the insured is totally disabled on the day before his sixty-fifth birthday and premiums on his modified life insurance are being waived under section 712 of this title or he is entitled on that date to waiver under such section he shall be automatically granted the maximum amount of insurance authorized under this subsection and premiums on such insurance shall be waived during the continuous total disability of the insured.

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TITLE 38—UNITED STATES CODE

CHAPTER 19.—INSURANCE

SUBCHAPTER I.—NATIONAL SERVICE LIFE INSURANCE

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§ 725. LIMITED PERIOD FOR ACQUIRING INSURANCE

(a)(1) Any person heretofore eligible to apply for participating national service life insurance between October 8, 1940, and April 24, 1951, both dates inclusive, shall, upon application made in writing within one year after January 1, 1961, submission of evidence satisfactory to the Administrator showing such person to be in good health at the time of such application, and payment of the required premiums, be granted insurance under the same terms and conditions as are contained in standard participating policies of national service life insurance.

(2) *All premiums paid and other income received on account of National Service Life Insurance granted under the authority contained in this subsection and on any total disability income provision which may be attached thereto shall be segregated in the National Service Life Insurance Fund and, together with interest earned thereon, shall be available for the payment of liabilities under such life and disability insurance.*

(3) *Notwithstanding the provisions of section 782 of this title, the Administrator shall determine annually the administrative costs which in his judgment are properly allocable to such life and disability insurance and shall thereupon transfer the amount of such costs from any surplus otherwise available for dividends on such life and disability insurance from the National Service Life Insurance Fund to the general fund receipts in the Treasury. The Administrator of Veterans' Affairs is directed to submit to the Senate Committee on Finance and the House Committee on Veterans' Affairs, at the end of each fiscal year, a detailed report on additional costs occasioned by issuance of new policies under section 2 of this bill.*

(b) *Any person heretofore eligible to apply for insurance under section 620 of the National Service Life Insurance Act of 1940, as amended, or subsection (a) of section 722 of this title, shall, notwithstanding any time limitation for filing application for insurance contained in such sections, upon application made in writing within one year after January 1, 1961, be granted insurance under subsection (a) of section 722 of this title, subject to the other limitations and conditions applicable to such insurance.*

(c) *Any person heretofore eligible to apply for insurance under section 621 of the National Service Life Insurance Act of 1940, as amended, shall, upon application in writing made within one year after January 1, 1961, and submission of evidence satisfactory to the Administrator showing such person to be in good health at the time of such application and payment of the required premiums, be granted insurance under subsection (b) of section 723 of this title subject to the limitations and conditions applicable to such insurance, except that (1) until January 1, 1962, limited convertible term insurance may be issued but not renewed after the applicant's fiftieth birthday, and (2) the premiums charged for such insurance and for any total disability income provision which may be attached thereto shall include an additional amount for administrative costs as determined and fixed by the Administrator at the time of issue. The Administrator is authorized to transfer annually an amount representing such administrative costs from the revolving fund to the general fund receipts in the Treasury.*

(d) *Notwithstanding the provisions of section 782 of this title, a medical examination when required of an applicant for issuance of insurance under subsection (a) or (c) of this section shall be at his own expense by a duly licensed physician.*

(e) *No insurance shall be granted under this section to any person referred to in section 107 of this title.*

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