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SENATE

REPORT
No. 1534

AUTHORIZING THE ADMINISTRATOR OF VETERANS' AFFAIRS TO CONTRACT FOR CERTAIN INVESTIGATION REPORTS IN CONNECTION WITH INSURANCE CLAIMS

JUNE 7 (legislative day, JUNE 1), 1948.—Ordered to be printed

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

REPORT

[To accompany S. 2807]

The Committee on Finance, to whom was referred the bill (S. 2807) to authorize the Administrator of Veterans' Affairs to contract for certain investigation reports in connection with insurance claims, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

The purpose of the bill is to facilitate the investigation by the Veterans' Administration of claims for benefits under certain contracts of Government insurance, by authorizing the Administrator of Veterans' Affairs to contract with private companies to furnish investigation reports in connection with such claims.

Existing law authorizes the waiver of payment of premiums under national service life insurance policies during continuous total disability of the insured for six or more consecutive months. United States Government life insurance policies include a provision for monthly payments to insureds on account of total and permanent disability and payment of premiums is waived for the period during which such payments are made. Provisions for total disability income benefits may be embodied in either type of the insurance policies upon payment of additional premiums. It appears that in connection with applications by insureds for waiver of premiums or for payment of benefits, there is often indicated a need for further development of the facts involved. The authority granted to the Administrator by the bill to contract for investigatory services will facilitate the adjudication of such claims.

2 CONTRACT FOR CERTAIN INVESTIGATION REPORTS

Your committee has been advised that in conducting investigations of a similar nature commercial insurance companies are now utilizing the services of credit companies and that through long experience it has been found practicable. Under existing law the Administrator of Veterans' Affairs has authority, similar to that proposed by the bill, with respect to benefits under the GI bill and compensation, pension, and hospitalization benefits under Public, No. 2, Seventy-third Congress, as amended. The enactment of S. 2807 will extend this authority to insurance operations.

The Veterans' Administration has estimated that approximately 20,000 insurance cases will require investigation reports during the fiscal year 1949, with an average cost of \$5 per case.

Your committee is of the view that the granting of the authority proposed by the bill will serve to improve the insurance activities of the Veterans' Administration. It will not only expedite the processing of veterans' insurance claims but will also serve to protect the insurance funds as a result of the more ready access to the facts involved in each case. Accordingly, your committee recommends enactment of the bill.

The letter from the Administrator of Veterans' Affairs recommending the proposed legislation is as follows:

VETERANS' ADMINISTRATION,
Washington 25, D. C., May 28, 1948.

HON. ARTHUR H. VANDENBERG,
President pro tempore of the Senate,
Washington 25, D. C.

DEAR MR. PRESIDENT: There is enclosed a draft of bill to authorize the Administrator of Veterans' Affairs to contract for certain investigation reports in connection with insurance claims, which the Veterans' Administration recommends be enacted into law.

The purpose of the proposal is to facilitate the adjudication by the Veterans' Administration of claims for benefits under certain contracts of Government insurance by authorizing the Administrator of Veterans' Affairs to contract with private companies to furnish investigation reports.

National service life insurance policies provide for the waiver of payment of premiums during continuous total disability of the insured for six or more consecutive months. Policies of United States Government life insurance include a provision for monthly payments to insureds on account of total and permanent disability; payment of premiums is waived for the period during which such payments are made. Provision for total disability income benefits may be embodied in either type of the insurance policies upon payment of additional premiums.

Applications by insureds for waiver of premiums or for payment of benefits, based upon disabling conditions, often indicate the need for further development. Similar problems arise in connection with reviews of approved cases which are made periodically to insure proper administration of the insurance contract benefits.

In conducting investigations of a similar nature commercial insurance companies through long experience have found it practicable to utilize the services of credit companies whose facilities are available throughout the country. The Veterans' Administration considers it sound policy to profit by the experience of the commercial insurance companies. However, existing law does not authorize the Veterans' Administration to contract for such services although similar authority has been given in connection with all benefits granted under the provisions of Public Law 2, Seventy-third Congress, as amended, and the Servicemen's Readjustment Act of 1944, as amended. It is the purpose of the proposed bill to extend this authority to insurance operations.

It is estimated that approximately 20,000 insurance cases will require investigation reports during the fiscal year 1949 with an average cost of \$5 per case. It should be noted in this connection that the institution of the procedure contemplated by the proposed bill will undoubtedly serve to protect the insurance

funds. Further, it will not result in any increased administrative costs but is likely to effect some savings.

The early and favorable consideration of the proposal will be greatly appreciated.

In view of the impending adjournment of the Congress there has not been sufficient time to ascertain from the Bureau of the Budget the relationship of the proposed legislation to the program of the President.

Sincerely yours,

CARL R. GRAY, Jr., *Administrator.*

