

PROVIDING PRIVILEGE OF RENEWING EXPIRING 5-YEAR LEVEL-PREMIUM TERM POLICIES FOR ANOTHER 5-YEAR PERIOD

MAY 6, 1937.—Ordered to be printed

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

REPORT

[To accompany H. R. 5478]

The Committee on Finance, to whom was referred the bill (H. R. 5478) to amend existing law to provide privilege of renewing expiring 5-year level-premium term policies for another 5-year period, having considered the same, report favorably thereon with amendments and recommend that the bill do pass.

The amendments recommended by the committee are merely clarifying in nature and are designed to make certain that an adequate opportunity will be afforded for the renewal of policies which expire shortly before or shortly after the date of the enactment of this bill.

The purposes of the bill and the reasons for its enactment are set forth in the House report which is incorporated herein as a part of this report.

[H. Rept. No. 384, 75th Cong., 1st sess.]

The Committee on World War Veterans' Legislation, to whom was referred H. R. 5478, to amend existing law to provide privilege of renewing expiring 5-year level-premium term policies for another 5-year period, after consideration, report the same favorably to the House with the recommendation that the bill be passed.

This bill will amend the last proviso of the first paragraph of section 301 of the World War Veterans' Act, 1924, as amended, to read as follows (proposed changes in the present law being indicated):

“Provided further, That at the expiration of ~~the~~ any five-year period a five-year level-premium term policy may be renewed for a second or third five-year period at the premium rate for the attained age without medical examination; and in case the five-year period of any such policy has expired prior to and within five months of the date of the enactment of this amendatory proviso and the policy has not been continued in another form of Government insurance, such policy may be renewed as of the date of its expiration on the same conditions upon payment of the back premiums within five months after such date of enactment; and the Administrator of Veterans' Affairs shall cause notice to be mailed to the holder of any such policy of the provisions of this amendatory proviso.”

Following the establishment of the 5-year level-premium term policy by the act of June 2, 1926, Public, No. 325, Sixty-ninth Congress, upon the expiration

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of the 5-year period, after careful consideration the act of June 24, 1932, Public, No. 194, Seventy-second Congress, was enacted providing that at the expiration of the 5-year period a 5-year level-premium term policy may be renewed for a second 5-year period at the premium rate for the attained age without medical examination, and also covered those cases where the 5-year period of any such policy had expired prior to and within 5 months of the date of the enactment of the act and where the policy had not been continued in another form of Government insurance. During this year, as to the majority of these policies, the second 5-year period will expire and the purpose of the bill is to grant a third 5-year period with the protective provisions incorporated in the act of June 24, 1932. It has been found that the payment of markedly increased premiums under one of the usual forms of Government life insurance or the increased premium required by the continuation of the 5-year level premium term policy after the expiration of the 5-year period works a hardship on many veterans as they are unable to meet the expense required to continue the insurance coverage originally contracted for. Many of these veterans will be unable to carry their insurance unless this extension of 5 years is granted to them and thus will be forced to drop their insurance and so deprive their families of protection, or will be compelled to materially reduce the amount of insurance they are able to purchase at a higher premium rate, which will in turn greatly diminish the protection to their families.

It is understood that no renewal of a 5-year term policy which has expired will be granted where permanent total disability has intervened between date of expiration and renewal. The reasons which prompted the amendment of June 24, 1932, obtain to a greater extent in connection with this bill by virtue of unemployment conditions.

