

SERVICEMEN'S INDEMNITY AND INSURANCE ACTS OF
1951

APRIL 12, 1951.—Ordered to be printed

Mr. RANKIN, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 1]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 1) to authorize the payment by the Administrator of Veterans' Affairs of a gratuitous indemnity to survivors of members of the Armed Forces who die in active service, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

PART I—SERVICEMEN'S INDEMNITY

SEC. 1. This part may be cited as the "Servicemen's Indemnity Act of 1951".

SEC. 2. Except as hereinafter provided, on and after June 27, 1950, any person in the active service of the Army, Navy, Air Force, Marine Corps, Coast Guard, or the Reserve components thereof, including the National Guard when called or ordered to active duty or active training duty for fourteen days or more; cadets and midshipmen at the United States Military, Naval, and Coast Guard Academies; commissioned officers of the Public Health Service while entitled to full military benefits as provided in section 212 (a) of the Act of July 1, 1944 (58 Stat. 689), as amended (42 U. S. C. 213); and commissioned officers of the Coast and Geodetic Survey while assigned to duty during a period of war or an emergency as proclaimed by the President or the Congress on projects for the Army, Navy, or Air Force in areas outside the continental United States or in

Alaska or in coastal areas of the United States determined by the Department of Defense to be of immediate military hazard, shall be automatically insured by the United States, without cost to such person, against death in such service in the principal amount of \$10,000: Provided, That any person called to extended active service for a period exceeding thirty days shall continue to be so protected for a period of one hundred and twenty days after separation or release from such active service: Provided further, That persons in the Reserve components, including the National Guard, while engaged in aerial flights in Government owned or leased aircraft for any period, with or without pay, as an incident to their military or naval training, shall be deemed to be in the active service for the purposes of this Act: And provided further, That for the purposes of this part, any person, who, on or after June 27, 1950, was or shall be provisionally accepted and directed or ordered to report to a place for final acceptance or for entry upon active duty in the military or naval service and who died or shall die as the result of disability incurred while en route to such place and within one hundred and twenty days after the incurrence of such disability, or any registrant under the Selective Service Act of 1948, as amended, who on or after June 27, 1950, in response to an order to report for induction into the Armed Forces and who, after reporting to a local draft board, died or dies as the result of disability incurred while en route from such draft board to a designated induction station and within one hundred and twenty days after the incurrence of such disability shall be deemed to have died in active service.

SEC. 3. Upon certification by the Secretary of the service department concerned of the death of any person deemed to have been automatically insured under this part, the Administrator of Veterans' Affairs shall cause the indemnity to be paid as provided in section 4 only to the surviving spouse, child or children (including a stepchild, adopted child, or an illegitimate child if the latter was designated as beneficiary by the insured), parent (including a stepparent, parent by adoption, or person who stood in loco parentis to the insured at any time prior to entry into the active service for a period of not less than one year), brother, or sister of the insured, including those of the half-blood and those through adoption. The insured shall have the right to designate the beneficiary or beneficiaries of the indemnity within the classes herein provided; to designate the proportion of the principal amount to be paid to each; and to change the beneficiary or beneficiaries without the consent thereof but only within the classes herein provided. If the designated beneficiary or beneficiaries do not survive the insured, or if none has been designated, the Administrator shall make payment of the indemnity to the first eligible class of beneficiaries according to the order set forth above, and in equal shares if the class is composed of more than one person. Unless designated otherwise by the insured, the term "parent" shall include only the mother and father who last bore that relationship to the insured.

Any installments of an indemnity not paid to a beneficiary during such beneficiary's lifetime shall be paid to the named contingent beneficiary, if any; otherwise, to the beneficiary or beneficiaries within the permitted class next entitled to priority: Provided, That no payment shall be made to the estate of any deceased person.

SEC. 4. The indemnity shall be payable in equal monthly installments of one hundred and twenty in number with interest at the rate of 2½ per centum per annum.

SEC. 5. *The automatic indemnity coverage authorized by section 2 shall apply to any person in the active service of the named Armed Forces who, upon death in such active service, or within one hundred and twenty days after separation or release from such active service as prescribed in section 2, is insured against such death under a contract of national service life insurance or United States Government life insurance, but only with respect to a principal amount of indemnity equal to the difference between the amount of insurance in force at the time of death and \$10,000. Any person in active service, who is insured under a permanent plan of national service life insurance or United States Government life insurance, may elect to surrender such contract for its cash value. In any such case the person, upon application in writing made within one hundred and twenty days after separation from active service, may be granted, without medical examination, permanent plan insurance on the same plan not in excess of the amount surrendered for cash, or may reinstate such surrendered insurance upon payment of the required reserve and the premium for the current month. Any person in the active service having United States Government life insurance or national service life insurance on the five-year level premium term plan, the term of which expires while such person is in active service after the date of this enactment, shall, upon application made within one hundred and twenty days after separation from service, payment of premiums and evidence of good health satisfactory to the Administrator, be granted an equivalent amount of insurance on the five-year level premium term plan at the premium rate for his then attained age. Waiver of premiums under the National Service Life Insurance Act of 1940, as amended, shall not be denied in any case of issue or reinstatement of insurance on a permanent plan under this section in which it is shown to the satisfaction of the Administrator that total disability of the applicant commenced prior to the date of his application.*

SEC. 6. *The Administrator of Veterans' Affairs is authorized to promulgate such rules and regulations, not inconsistent with the provisions of this part, as are necessary or appropriate to carry out its purposes.*

SEC. 7. *There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this part, to be known as the servicemen's indemnity appropriation, for the payment of liabilities under this part.*

SEC. 8. *Any person guilty of mutiny, treason, spying, or desertion, or who, because of conscientious objections refuses to perform services in the land or naval forces of the United States or refuses to wear the uniform of such force, shall forfeit all rights to an indemnity under this Act: Provided, That restoration to active duty after commission of any such offense shall restore all rights to an indemnity under this Act. No indemnity shall be payable for death inflicted as a lawful punishment for crime or for military or naval offense, except when inflicted by an enemy of the United States.*

SEC. 9. *The provisions of Public Law Numbered 262, Seventy-fourth Congress, approved August 12, 1935 (49 Stat. 607), as amended, titles II and III of Public Law Numbered 844, Seventy-fourth Congress, approved June 29, 1936 (49 Stat. 2031), as amended, and section 15 of Public Law Numbered 2, Seventy-third Congress, March 20, 1933, insofar as they are applicable, shall apply to the provisions of this part: Provided, That assignments of all or any part of the beneficiary's interest may be made by*

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a beneficiary to any other person or persons within the permitted class of beneficiaries, as specified in section 3, if all other persons having contingent rights of equal or greater priority to those of the assignee join in the assignment: Provided further, That such assignment shall not affect any payments made prior to its receipt by the Veterans' Administration.

PART II—PROVISIONS RELATING TO UNITED STATES GOVERNMENT LIFE INSURANCE AND NATIONAL SERVICE LIFE INSURANCE

SEC. 10. The National Service Life Insurance Act of 1940, as amended, is hereby amended by adding the following new sections:

"SEC. 619. On and after the date of enactment of the Insurance Act of 1951, except as otherwise provided in section 12 thereof, section 5 of the Servicemen's Indemnity Act of 1951, and sections 620 and 621 hereof, no National Service life insurance or United States Government life insurance shall be granted to any person under the provisions of the National Service Life Insurance Act of 1940, as amended, or the World War Veterans' Act, 1924, as amended, nor shall any United States Government life insurance or National Service life insurance, on which the United States is authorized by law to pay the premium, be issued or granted to any person under any provision of law, nor shall the United States pay premiums on insurance issued prior to this enactment under the provisions of Public Law Numbered 289, Seventy-seventh Congress, November 5, 1941, Public Law Numbered 571, Seventy-seventh Congress, June 5, 1942, Public Law Numbered 658, Seventy-seventh Congress, July 8, 1942, Public Law Numbered 698, Seventy-seventh Congress, August 4, 1942, Public Law Numbered 729, Seventh-ninth Congress, August 13, 1946, or any other law for any period subsequent to the end of the second calendar month following the date of this enactment: Provided, That the foregoing shall not be construed to prohibit the granting or issuing of National Service life insurance or United States Government life insurance in cases in which acceptable applications accompanied by proper and valid remittances or authorizations for the payment of premiums have, on or before the date of approval of this amendatory Act, been received by the Veterans' Administration, or which have, on or before said date, been placed in the mails properly directed to the Veterans' Administration, or been delivered to an authorized representative of any of the uniformed services.

"SEC. 620. Any person who is released from active service under other than dishonorable conditions on or after the date of enactment of the Insurance Act of 1951, and is found by the Administrator to be suffering from a disability or disabilities for which compensation would be payable if 10 per centum or more in degree and except for which such person would be insurable according to the standards established by the Administrator for qualifying under the good health provisions of this Act, as amended, shall, upon application in writing made within one year from the date service connection of such disability is determined by the Veterans' Administration and payment of premiums as provided in this Act, as amended, be granted insurance by the United States against the death of such person occurring while such insurance is in force: Provided that insurance granted under this section shall be issued upon the same terms and conditions as are contained in the standard policies of national service life insurance except (1) the premium rates for such insurance shall be based on the Commissioners 1941 Standard Ordinary Table of

Mortality and interest at the rate of 2¼ per centum per annum; (2) all cash, loan, paid-up, and extended values shall be based upon the Commissioners 1941 Standard Ordinary Table of Mortality and interest at the rate of 2¼ per centum per annum; (3) all settlements on policies involving annuities shall be calculated on the basis of The Annuity Table for 1949, and interest at the rate of 2¼ per centum per annum; (4) insurance granted under the provisions of this section shall be on a non-participating basis and all premiums and other collections therefor shall be credited directly to a revolving fund in the Treasury of the United States, and any payments on such insurance shall be made directly from such fund. Appropriations to such fund are hereby authorized. Except as herein provided, the provisions of this Act other than those contained in section 621 shall be for application to such insurance: Provided, That as to insurance issued under this section waiver of premiums pursuant to section 602 (n) shall not be denied on the ground that the service-connected disability became total prior to the effective date of such insurance. All persons granted indemnity protection under section 2 of the Servicemen's Indemnity Act of 1951 shall be deemed to be in the active service for the purpose of applying for insurance under this section: Provided, That as to persons incurring disability under the conditions stated in the last proviso of section 2 of the Servicemen's Indemnity Act of 1951, application for insurance must be filed within one year after the incurrance of such disability.

"SEC. 621. (a) Any person entitled to indemnity protection under section 2 of the Servicemen's Indemnity Act of 1951 who is ordered into active service for a period exceeding thirty days, shall, upon application in writing made within one hundred and twenty days after separation from such active service and payment of premiums as hereinafter provided, and without medical examination, be granted insurance by the United States against the death of such person occurring while such insurance is in force. Insurance granted under this section shall be issued upon the same terms and conditions as are contained in the standard policies of national service life insurance on the five-year level premium term plan except (1) all such insurance may be renewed for successive five-year term periods at the attained ages, but may not be exchanged for or converted to insurance on any other plan; (2) the premium rates for such insurance shall be based on the Commissioners 1941 Standard Ordinary Table of Mortality and interest at the rate of 2¼ per centum per annum; (3) all settlements on policies involving annuities shall be calculated on the basis of The Annuity Table for 1949, and interest at the rate of 2¼ per centum per annum; (4) insurance issued hereunder shall be on a nonparticipating basis and all premiums and other collections therefor shall be credited to a revolving fund in the Treasury of the United States and the payments on such term insurance shall be made directly from such fund. Appropriations to such fund are hereby authorized.

"(b) The Administrator is authorized to invest in, and the Secretary of the Treasury is authorized to sell and retire, special interest-bearing obligations of the United States for the account of the revolving fund with a maturity date as may be agreed upon by the Administrator and Secretary: Provided, That the rate of interest on such obligations shall be fixed by the Secretary of the Treasury at a rate not exceeding the average interest rate on all marketable obligations of the United States Treasury outstanding as of the end of the month preceding the date of issue of this special obligation.

"SEC. 622. After the date of enactment of this section, any person while in active service for a continuous period in excess of thirty days who is insured under national service life insurance or United States Government life insurance shall be entitled, upon written application, to a waiver of all premiums on five-year level premium term insurance and that portion of any permanent insurance premiums representing the cost of the pure insurance risk, as determined by the Administrator, becoming due after the first day of the second calendar month following the date of enactment of this section, or the first day of the second calendar month following entry into active service, whichever is the later date, and during the remainder of such continuous active service and 120 days thereafter: Provided, That no premium shall be waived under this section for any period prior to the date of application therefor: Provided, That if the term of any five-year level premium term insurance on which premiums have been waived under this section expires while the insured is in active service, such term shall be automatically renewed for an additional five-year period and the premiums due at the then attained age shall be waived as provided above: Provided further, That the election by an insured of the premium waiver benefits of this section shall thereby render his contract of insurance non-participating during the period such premium waiver is in effect: Provided further, That whenever benefits under such insurance become payable because of the maturity of such policy of insurance while the insured is in active service or within one hundred and twenty days thereafter, liability for payment of such benefits shall be borne by the United States in an amount which, when added to any reserve of the policy at the time of maturity, will equal the then value of such benefits under such policy. Where life contingencies are involved in the calculation of the value of such benefits, the calculation of such liability or liabilities shall be based upon such mortality table or tables as the Administrator may prescribe with interest at the rate of 2¼ per centum per annum as to insurance issued under sections 620 and 621, at the rate of 3 per centum per annum as to other national service life insurance, and 3½ per centum per annum as to United States Government life insurance. The Administrator is authorized and directed to transfer from time to time from the national service life insurance appropriation to the National Service Life Insurance Fund and from the military and naval insurance appropriation to the United States Government Life Insurance Fund such sums as may be necessary to carry out the provisions of this section."

SEC. 11. The first sentence of section 602 (m) (2) of the National Service Life Insurance Act of 1940, as amended, is hereby amended to read as follows:

"(2) In any case in which the insured provided for the payment of premiums on his insurance by authorizing in writing the deduction of premiums from his service pay, such insurance shall be deemed not to have lapsed or not to have been forfeited because of desertion under section 612, so long as he remained in active service prior to the date of enactment of the Insurance Act of 1946, notwithstanding the fact that deduction of premiums was discontinued because—

"(A) the insured was discharged to accept a commission; or

"(B) the insured was absent without leave, if restored to active duty; or

"(C) the insured was sentenced by court martial, if he was restored to active duty, required to engage in combat, or killed in combat."

SEC. 12. Nothing contained in part I or part II of this Act shall be construed to cancel or restrict any rights under insurance contracts issued on or prior to the date of this enactment.

*SEC. 13. This part may be cited as the "Insurance Act of 1951".
And the Senate agree to the same.*

J. E. RANKIN,
A. LEONARD ALLEN,
OLIN E. TEAGUE,
CARL ELLIOTT,
EDITH NOURSE ROGERS,
BERNARD W. KEARNEY,
ALVIN E. O'KONSKI,

Managers on the Part of the House.

WALTER F. GEORGE,
TOM CONNALLY,
HARRY FLOOD BYRD,
EDWIN C. JOHNSON,
E. D. MILLIKIN,
ROBERT A. TAFT,
HUGH BUTLER,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 1) to authorize the payment by the Administrator of Veterans' Affairs of a gratuitous indemnity to survivors of members of the Armed Forces who die in active service, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The managers on the part of the House in the conference on H. R. 1 (to authorize the payment by the Administrator of Veterans' Affairs of a gratuitous indemnity to survivors of members of the Armed Forces who die in active service, and for other purposes), faced a most difficult problem in resolving the differences between the two Houses.

H. R. 1, as passed by the House by a unanimous roll call vote of 390 to 0 on January 24, 1951, provided, in substance, for a gratuitous indemnity in the amount of \$10,000 to be paid to the beneficiaries (largely the immediate families) of any person in the Armed Forces who died on or after June 27, 1950. This protection was continued for 90 days after discharge on a free basis and provision was also made for a post-service insurance for those men who were unable to obtain insurance at standard commercial rates because of service-connected disabilities. No provision was made for insurance after service for those persons discharged without disability.

After hearings on the House bill, the Senate Committee on Finance on February 14, 1951, reported H. R. 1 in substantially the same form as passed by the House with certain technical changes and providing for 120 days of free coverage after discharge in lieu of the 90 days provided for in the House-approved bill. When the Senate considered the proposal on the floor on February 26, 1951, an amendment was adopted which struck out all after the enacting clause of the bill as passed by the House and reported by the Senate committee and inserted in lieu thereof a provision which proposed free coverage of national service life insurance in the amount of \$10,000 from June 27, 1950, forward and to 120 days after the passage of the bill. All of the existing provisions of the National Service Life Insurance Act would have been left undisturbed. A person dying in service after the one hundred and twentieth day and who had not taken out insurance would have no insurance or indemnity coverage of any kind, and a man suffering a disability who had neglected to take out insurance would thereafter be unable to secure any insurance even though his disability were service-connected.

Thus, it can be seen that the conferees had presented to them two diametrically opposed points of view, two entirely different legislative proposals. Under these conditions, the managers on the part of the House believe that the compromise version which is presented herewith is as reasonable a proposal as should be expected. While the House managers are convinced of the wisdom of the bill as approved

by the House, the managers do recommend the adoption of the conference report. In essence, the bill agreed upon by the conferees contains substantially all of the provisions included in H. R. 1 as passed by the House, but with coverage for 120 days after discharge without cost to the serviceman and with certain technical amendments adopted from the Senate-reported version which are believed to be desirable or at least do not detract from the fundamental premises of the act. In addition, there has been included a provision that within 120 days after discharge, any veteran may obtain national service life insurance, but only on the 5-year level premium renewable term plan, and on a nonparticipating basis, with premiums being based upon the Commissioners' 1941 Standard Ordinary Table of Mortality with interest at 2¼ percent per annum. The net result is to provide a man aged 20 with insurance at 21 cents per thousand as against 64 cents per thousand paid by World War I and II veterans at the same age. (See end of this statement for comparison of premium rates.) The difference between the premium rates will be substantially equivalent to the dividends payable on insurance issued for the higher premiums under existing law. The veteran will thus get protection at a rate comparable to the present rate. It will give him the opportunity to get the maximum of protection with a minimum of cost.

ANALYSIS OF THE BILL BY SECTIONS

Section 1 provides that part I may be cited as the Servicemen's Indemnity Act of 1951.

Section 2 provides that on and after June 27, 1950; except as otherwise provided, any person in the active service of the Army, Navy, Air Force, Marine Corps, Coast Guard, or the Reserve components thereof, including the National Guard under the conditions hereinafter noted, shall be automatically insured, without cost to the person, against death in active service in the amount of \$10,000. Also included in this coverage are cadets and midshipmen of the United States Military, Naval, and Coast Guard Academies, and commissioned officers of the Public Health Service and Coast and Geodetic Survey while engaged in specified types of duty. In addition, servicemen called for active service for a period exceeding 30 days will be covered after separation from the service for a period of 120 days. This additional protection would not be available to a man who spends a few days each month in active-duty training as a part of some local Reserve unit.

The indemnity would be extended, as of June 27, 1950, to persons, including volunteers for enlistment and reservists called to active duty, who were or shall be provisionally accepted and directed or ordered to report to a place for final acceptance or for entry upon active duty and who died or shall die as the result of disability incurred while en route to such place and within 120 days after such incurrence. Similar coverage is extended to selectees who, in response to an order to report for induction and after reporting to a local draft board, died or dies as the result of disability incurred while en route from such draft board to a designated induction station and within 120 days after such incurrence. In all such cases, the death shall be deemed to have occurred in active service for the purposes of part I:

Section 3 directs the Administrator of Veterans' Affairs to pay the indemnity, upon certification of the death by the Secretary of the service department concerned, to the surviving spouse, child or children, parent, brother or sister. Unless designated otherwise, the term "parent" would include only the mother and father who last bore that relationship, to the insured. This, it will be seen, limits the beneficiaries to the survivors in the immediate family of the insured. Beneficiaries within these classes may be named by the insured. If the designated beneficiary or beneficiaries do not survive the insured, or if none has been designated, the indemnity is payable to the first eligible class of beneficiaries according to the order set forth above, and in equal shares if the class is composed of more than one person. Any installments not paid to a beneficiary during such beneficiary's lifetime are payable to the named contingent beneficiary, if any; otherwise, to the beneficiary or beneficiaries within the permitted class next entitled to priority. No payments may be made to the estate of any deceased person.

Section 4. The indemnity is payable in equal monthly installments of 120 in number, with interest at the rate of 2½ percent per annum. The conferees are advised that this will amount to \$92.90 per month for a 10-year period in cases in which the maximum indemnity is payable.

Section 5 limits the total liability of the Government to \$10,000 in any case where an indemnified person also has Government insurance in force. Thus, if a man in the service had \$5,000 of national service life insurance in force at the time of his death on or after June 27, 1950, the beneficiary would receive \$5,000 national service life insurance and \$5,000 gratuitous indemnity.

Provision is made that any person in the active service who has national service life insurance or United States Government life insurance on a permanent plan in force may surrender such policy and receive its cash surrender value. Within 120 days after separation from active service, and without medical examination, he may upon written application be granted permanent-type insurance on the same plan but not in excess of the amount surrendered, or he may reinstate such surrendered insurance upon payment of the required reserve and the premium for the current month.

While no rights of reinstatement under existing contracts of insurance will be impaired or denied by reason of enactment of the bill, the National Service Life Insurance Act and regulations issued thereunder provide presently that insurance surrendered for cash may not be reinstated nor may the person in such case be granted new insurance in any amount in excess of the difference between the amount of insurance surrendered and \$10,000. Accordingly, section 5 is designed, among other things, to preserve the right of those who surrender their policy for cash to continue their insurance upon separation from service and to be eligible for full indemnity benefits while in service.

Rights under existing 5-year level-premium term insurance policies of reinstatement, conversion, or renewal are likewise not impaired by the provisions of the bill. However, in certain instances the 5-year-term period will expire while insureds are in the active service and under conditions which would make it difficult or impossible for them to reinstate, renew, or convert their insurance prior to the expiration of the term. In order to preserve the rights of policyholders in such

cases who have not applied for waiver of premiums authorized under section 622 of the National Service Life Insurance Act, as amended, provision is made that any person in the active service having United States Government life insurance or national service life insurance on the 5-year level-premium term plan, the term of which expires while such person is in active service after the date of its enactment, shall, upon application made within 120 days after separation from service, payment of premiums and evidence of good health satisfactory to the Administrator, be granted an equivalent amount of insurance on the 5-year level-premium term plan at the premium rate for his then attained age.

Section 6 authorizes the Administrator of Veterans' Affairs to promulgate such rules and regulations as may be necessary or appropriate to carry out the purposes of part I. He presently has such authority under the National Service Life Insurance Act with reference to the amendments of that act proposed under part II of the bill.

Section 7 authorizes appropriations for the payment of liabilities under the Servicemen's Indemnity Act of 1951.

Section 8 provides that any person guilty of mutiny, treason, spying, or desertion, or who, because of conscientious objections, refuses to perform service in the land or naval forces of the United States, shall forfeit all rights to an indemnity under the act; also, that no benefit shall be payable for death inflicted as a lawful punishment, except when inflicted by an enemy of the United States. However, the section contains a proviso which makes it clear that restoration to active duty after commission of any such offense shall restore all rights to an indemnity.

Section 9 makes applicable to part I the provisions of Public Laws 262 and 844 of the Seventy-fourth Congress, as amended, and section 15, Public Law 2, Seventy-third Congress, which, among other things, would exempt the indemnity from taxation and claims of creditors; provide for the payment of benefits to minors and incompetents, with or without guardians; regulate the recognition and fees of attorneys and agents; and provide penalties for fraud. Provision is also made in this section that all or any part of the beneficiary's interest may be assigned to any person in the permitted classes when all other such persons having contingent rights of equal or greater priority join in the assignment.

PART II—INSURANCE ACT OF 1951

Section 10 adds four new sections, sections 619, 620, 621, and 622, to the National Service Life Insurance Act of 1940, as amended.

Section 619 limits the issuance of United States Government life insurance or national service life insurance to any person after its enactment except as provided in sections 5 and 10 of the bill. In addition, it is provided that the Government, after the end of the second calendar month following the date of enactment, shall no longer pay the premiums on any policies under the acts specified in this section. It was felt desirable that a specific provision be made that no further premiums on insurance be paid by the Government, inasmuch as all persons within the purview of these acts will be covered by the automatic free indemnity. They will, of course, have the privilege of continuing such insurance by the payment of premiums, if they desire.

Section 620 provides for the issuance of insurance under the National Service Life Insurance Act of so-called "H" insurance (health insurance) to those men who, by reason of service-connected disabilities for which compensation would be payable if 10 percent or more in degree, would be uninsurable according to standards established by the Administrator. It is further provided in this section that application for such insurance must be made within one year from the date the service connection is determined to exist by the Veterans' Administration. This, it will be seen, is a very liberal provision for any service-connected disabled veteran to obtain insurance. The insurance issued, in accordance with prevailing practice, would be of a nonparticipating character. In addition, those individuals who are disabled on their way to report for induction or for active military duty will be entitled to the same sort of insurance. The authorization for a new table of mortality will result in substantially lower premium rates, thus providing additional benefits to disabled veterans concerned.

Section 621 provides the basis for new post-service insurance for which veterans in the future will be eligible to apply within 120 days from their discharge from service. As previously indicated, this insurance will be of a nonparticipating type and the premiums will be based on the Commissioners' 1941 Standard Table of Mortality, with interest at the rate of 2¼ percent per annum. Annuity settlements will be calculated on The Annuity Table for 1949, described in the November 1949 issue of Transactions, publication of the Society of Actuaries. It is prepared by William A. Jenkins and Edward A. Lew, both of whom are actuaries of recognized standing in the insurance field. (This article is reproduced on pages 2045 to 2109 in the hearings of the House Committee on Veterans' Affairs on related bills in the Eighty-first Congress.) Premiums and other collections shall be credited directly to a revolving fund in the Treasury with a provision for such appropriations as may be necessary. A comparison of the premium rates under such insurance with the rates for existing 5-year level term national service life insurance follows:

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Monthly premium rate per \$1,000 based on Commissioners 1941 Standard Ordinary Table at 2¼ percent, existing national service life insurance, and U. S. Government life insurance

5-YEAR LEVEL PREMIUM TERM PLAN

Age at issue	Commissioners Standard Ordinary Table	National service life insurance (World War II)	U. S. Government life (World War I)	Age at issue	Commissioners Standard Ordinary Table	National service life insurance (World War II)	U. S. Government life (World War I)
18.....	\$0.20	\$0.64	\$0.64	45.....	\$0.82	\$0.99	\$0.99
19.....	.21	.65	.64	46.....	.88	1.03	1.03
20.....	.21	.65	.65	47.....	.95	1.08	1.08
21.....	.22	.65	.65	48.....	1.02	1.14	1.14
22.....	.23	.66	.66	49.....	1.10	1.20	1.20
23.....	.24	.66	.66	50.....	1.19	1.27	1.27
24.....	.25	.67	.67	51.....	1.28	1.35	1.35
25.....	.26	.67	.67	52.....	1.38	1.44	1.43
26.....	.27	.68	.68	53.....	1.49	1.54	1.53
27.....	.28	.69	.68	54.....	1.61	1.65	1.64
28.....	.29	.69	.69	55.....	1.75	1.77	1.76
29.....	.31	.70	.70	56.....	1.89	1.90	1.89
30.....	.32	.71	.71	57.....	2.04	2.05	2.04
31.....	.34	.72	.72	58.....	2.21	2.21	2.21
32.....	.36	.73	.73	59.....	2.40	2.40	2.39
33.....	.38	.74	.74	60.....	2.60	2.60	2.59
34.....	.40	.75	.75	61.....	2.82	2.82	2.81
35.....	.43	.76	.76	62.....	3.05	3.07	3.06
36.....	.45	.77	.77	63.....	3.31	3.34	3.33
37.....	.48	.79	.79	64.....	3.59	3.64	3.63
38.....	.51	.81	.80	65.....	3.90	3.97	3.96
39.....	.54	.83	.82	66.....	4.23	4.34	4.33
40.....	.58	.85	.84	67.....	4.59	4.74	4.73
41.....	.62	.87	.87	68.....	4.98	5.18	5.17
42.....	.67	.89	.89	69.....	5.41	5.66	5.64
43.....	.71	.92	.92	70.....	5.87	6.18	6.16
44.....	.76	.95	.95				

Section 11 incorporates the amendment offered by Senator Aiken of Vermont on the floor of the Senate which provides coverage for a limited group of World War II cases not eligible for benefits under section 602 (n) (2) of the National Service Life Insurance Act, as amended, because of the forfeiture provisions contained in section 612 of said act, where the serviceman had authorized in writing a deduction from his pay for national service life insurance, and was subsequently court-martialed, thus forfeiting his rights to insurance. In certain cases, persons who deserted were later restored to active duty and killed in action believing that their insurance was in force. It is believed that restoration to active service should include restoration of rights to insurance. This provision is in line with section 8 of H. R. 1 and the managers are convinced that this is an equitable provision and therefore agreed to include it.

Section 12 provides that nothing in the act shall be construed to cancel or restrict in any way any rights under insurance contracts issued on or prior to the date of its enactment. The committee has been advised that in the absence of this specific provision the language of the bill would not preclude renewal of term insurance if otherwise authorized, or future reinstatement or conversion of policies which have lapsed before or after the enactment of the bill. Should the question arise as a result of improper interpretation by any Government agency, it is the opinion of the committee that the courts would sustain the position that contract rights cannot be affected by subsequent legislation. In any event, section 11 will remove any doubt as to such matters.

14 SERVICEMEN'S INDEMNITY AND INSURANCE ACTS OF 1951

Section 13 states that part II may be cited as the "Insurance Act of 1951."

J. E. RANKIN,
A. LEONARD ALLEN
OLIN E. TEAGUE,
CARL ELLIOTT,
EDITH NOURSE ROGERS,
BERNARD W. KEARNEY,
ALVIN E. O'KONSKI,
Managers on the Part of the House.

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