

104TH CONGRESS
2D SESSION

H. R. 2843

To amend title 38, United States Code, to change the name of the Servicemen's Group Life Insurance program to Servicemembers' Group Life Insurance, to authorize the termination of life insurance under that program when premiums are not paid, to provide for coverage under that program to be provided automatically at the maximum level unless the servicemember elects a lower level, and to make other improvements to life insurance programs administered by the Secretary of Veterans Affairs.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 1996

Mr. STUMP (for himself, Mr. MONTGOMERY, Mr. EVERETT, Mr. EVANS, and Mr. SMITH of New Jersey) introduced the following bill; which was referred to the Committee on Veterans' Affairs

A BILL

To amend title 38, United States Code, to change the name of the Servicemen's Group Life Insurance program to Servicemembers' Group Life Insurance, to authorize the termination of life insurance under that program when premiums are not paid, to provide for coverage under that program to be provided automatically at the maximum level unless the servicemember elects a lower level, and to make other improvements to life insurance programs administered by the Secretary of Veterans Affairs.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; REFERENCES TO TITLE 38,**
4 **UNITED STATES CODE.**

5 (a) SHORT TITLE.—This Act may be cited as the
6 “Veterans’ Insurance Reform Act of 1995”.

7 (b) REFERENCES.—Except as otherwise expressly
8 provided, whenever in this Act an amendment is expressed
9 in terms of an amendment to a section or other provision,
10 the reference shall be considered to be made to a section
11 or other provision of title 38, United States Code.

12 **SEC. 2. AUTHORITY TO TERMINATE SERVICEMEN’S GROUP**
13 **LIFE INSURANCE WHEN PREMIUMS ARE NOT**
14 **PAID.**

15 (a) AUTHORITY.—Section 1969(a)(2) is amended—

16 (1) by inserting “(A)” after “(2)”; and

17 (2) by adding at the end the following:

18 “(B) If an individual who is required pursuant to
19 subparagraph (A) to make a direct remittance of costs to
20 the Secretary concerned fails to make the required remit-
21 tance within 60 days of the date on which such remittance
22 is due, such individual’s insurance with respect to which
23 such remittance is required shall be terminated by the Sec-
24 retary concerned. Such termination shall be made by writ-
25 ten notice to the individual’s official address and shall be

1 effective 60 days after the date of such notice. Such termi-
2 nation of insurance may be vacated if, before the effective
3 date of termination, the individual remits all amounts past
4 due for such insurance and demonstrates to the satisfac-
5 tion of the Secretary concerned that the failure to make
6 timely remittances was justifiable.”.

7 (b) CONFORMING AMENDMENT.—Section 1968(a) is
8 amended by inserting “(or discontinued pursuant to sec-
9 tion 1969(a)(2)(B) of this title)” in the matter preceding
10 paragraph (1) after “upon the written request of the
11 insured”.

12 **SEC. 3. AUTOMATIC MAXIMUM COVERAGE UNDER SERVICE-**
13 **MEN’S GROUP LIFE INSURANCE.**

14 (a) AUTOMATIC MAXIMUM COVERAGE.—Section
15 1967 is amended in subsections (a) and (c) by striking
16 out “\$100,000” each place it appears and inserting in lieu
17 thereof in each instance “\$200,000”.

18 (b) INFORMATION TO BE PROVIDED MEMBERS.—
19 Subsection (e) of such section is amended to read as fol-
20 lows:

21 “(e) Whenever a member has the opportunity to
22 make an election under subsection (a) not to be insured
23 under this subchapter, or to be insured under this sub-
24 chapter in an amount less than the maximum amount, and
25 at such other times periodically thereafter as the Secretary

1 concerned considers appropriate, the Secretary concerned
2 shall furnish to the member general information concern-
3 ing life insurance. Such information shall include—

4 “(1) the purpose and role of life insurance in fi-
5 nancial planning;

6 “(2) the difference between term life insurance
7 and whole life insurance;

8 “(3) the availability of commercial life insur-
9 ance; and

10 “(4) the relationship between Servicemembers’
11 Group Life Insurance and Veterans’ Group Life In-
12 surance.”.

13 **SEC. 4. RENAMING OF SERVICEMEN’S GROUP LIFE INSUR-**
14 **ANCE PROGRAM.**

15 (a) IN GENERAL.—The program of insurance oper-
16 ated by the Secretary of Veterans Affairs under sub-
17 chapter III of chapter 19 of title 38, United States Code,
18 is hereby redesignated as the Servicemembers’ Group Life
19 Insurance program.

20 (b) AMENDMENTS TO CHAPTER 19.—(1) Sections
21 1967(a), (c), and (f), 1968(b), 1969(a)–(e), 1970(a), (f),
22 and (g), 1971(b), 1973, 1974, and 1977(a), (d), (e), and
23 (g) are amended by striking out “Servicemen’s Group”
24 each place it appears and inserting in lieu thereof
25 “Servicemembers’ Group”.

1 (2)(A) The heading of subchapter III of chapter 19
2 is amended to read as follows:

3 “SUBCHAPTER III—SERVICEMEMBERS’ GROUP
4 LIFE INSURANCE (FORMERLY SERVICE-
5 MEN’S GROUP LIFE INSURANCE)”.

6 (B) The heading of section 1974 is amended to read
7 as follows:

8 **“§1974. Advisory Council on Servicemembers’ Group**
9 **Life Insurance (formerly Servicemen’s**
10 **Group Life Insurance)”.**

11 (3) The table of sections at the beginning of chapter
12 19 is amended—

13 (A) by striking out the item relating to sub-
14 chapter III and inserting in lieu thereof the follow-
15 ing:

“SUBCHAPTER III—SERVICEMEMBERS’ GROUP LIFE INSURANCE (FORMERLY
SERVICEMEN’S GROUP LIFE INSURANCE)”; and

16 (B) by striking out the item relating to section
17 1974 and inserting in lieu thereof the following:

“1974. Advisory Council on Servicemembers’ Group Life Insurance (formerly
Servicemen’s Group Life Insurance)”.

18 (c) OTHER CONFORMING AMENDMENTS.—(1) Sec-
19 tion 1315(f)(1)(F) is amended by striking out “service-
20 men’s” the first place it appears and inserting in lieu
21 thereof “servicemembers”.

1 (2) Sections 3017(a) and 3224(1) are amended by
2 striking out “Servicemen’s” each place it appears and in-
3 serting in lieu thereof “Servicemembers’”.

4 **SEC. 5. MERGER OF RETIRED RESERVE SERVICEMEMBERS’**
5 **GROUP LIFE INSURANCE AND VETERANS’**
6 **GROUP LIFE INSURANCE AND EXTENSION OF**
7 **VETERANS’ GROUP LIFE INSURANCE TO**
8 **MEMBERS OF THE READY RESERVE.**

9 (a) DEFINITION OF MEMBER.—Section 1965(5) is
10 amended—

11 (1) by inserting “and” at the end of subpara-
12 graph (B);

13 (2) by striking out subparagraphs (C) and (D);
14 and

15 (3) by redesignating subparagraph (E) as sub-
16 paragraph (C).

17 (b) PERSONS INSURED.—Section 1967 is amended—

18 (1) in subsection (a)—

19 (A) by inserting “and” at the end of para-
20 graph (1);

21 (B) by striking out paragraphs (3) and
22 (4); and

23 (C) by striking out “or the first day a
24 member of the Reserves, whether or not as-
25 signed to the Retired Reserve of a uniformed

1 service, meets the qualifications of section
2 1965(5)(C) of this title, or the first day a mem-
3 ber of the Reserves meets the qualifications of
4 section 1965(5)(D) of this title,”;

5 (2) by striking out subsection (d); and

6 (3) by redesignating subsections (e) and (f) as
7 subsections (d) and (e), respectively.

8 (c) DURATION AND TERMINATION OF COVERAGE.—
9 Section 1968 is amended—

10 (1) in subsection (a)—

11 (A) by striking out “subparagraph (B),
12 (C), or (D) of section 1965(5)” and inserting in
13 lieu thereof “section 1965(5)(B)”;

14 (B) by striking out the period at the end
15 of paragraphs (1) and (2) and inserting in lieu
16 thereof a semicolon;

17 (C) by striking out the period at the end
18 of paragraph (3) and inserting in lieu thereof “;
19 and”;

20 (D) in paragraph (4)—

21 (i) by striking out “from such” in the
22 matter preceding subparagraph (A) and all
23 that follows through “(A) unless on” and
24 inserting in lieu thereof “from such assign-
25 ment, unless on”;

1 (ii) by striking out the semicolon after
2 “such assignment” and inserting in lieu
3 thereof a period; and

4 (iii) by striking out subparagraphs
5 (B) and (C); and

6 (E) by striking out paragraphs (5) and
7 (6); and

8 (2) in subsection (b), by striking out the last
9 two sentences.

10 (d) PREMIUMS.—Section 1969 is amended—

11 (1) in subsection (a)(2), by striking out “is as-
12 signed to the Reserve (other than the Retired Re-
13 serve) and meets the qualifications of section
14 1965(5)(C) of this title, or is assigned to the Retired
15 Reserve and meets the qualifications of section
16 1965(5)(D) of this title,”;

17 (2) by striking out subsection (e); and

18 (3) by redesignating subsections (f) and (g) as
19 subsections (e) and (f), respectively.

20 **SEC. 6. CONVERSION TO COMMERCIAL LIFE INSURANCE**
21 **POLICY.**

22 (a) SGLI CONVERSION.—Subsection (b) of section
23 1968, as amended by section 5(c)(2), is amended—

24 (1) by inserting “(1)” after “(b)” at the begin-
25 ning of the subsection;

1 (2) by striking out “would cease,” in the first
2 sentence and all that follows through the period at
3 the end of the sentence and inserting in lieu thereof
4 “would cease—

5 “(A) shall be automatically converted to Veter-
6 ans’ Group Life Insurance, subject to (i) the timely
7 payment of the initial premium under terms pre-
8 scribed by the Secretary, and (ii) the terms and con-
9 ditions set forth in section 1977 of this title; or

10 “(B) at the election of the member, shall be
11 converted to an individual policy of insurance as de-
12 scribed in section 1977(e) of this title upon written
13 application for conversion made to the participating
14 company selected by the member and payment of the
15 required premiums.”; and

16 (3) by designating the second sentence as para-
17 graph (2) and in that sentence striking out “Such
18 automatic conversion” and inserting in lieu thereof
19 “Automatic conversion to Veterans’ Group Life In-
20 surance under paragraph (1)”.

21 (b) VGLI CONVERSION.—Section 1977 is amended—

22 (1) in subsection (a)—

23 (A) by inserting “(1)” after “(a)”;

24 (B) by striking out the last two sentences;

25 and

1 (C) by adding at the end the following:

2 “(2) If any person insured under Veterans’ Group
3 Life Insurance again becomes insured under
4 Servicemembers’ Group Life Insurance but dies before ter-
5 minating or converting such person’s Veterans’ Group In-
6 surance, Veterans’ Group Life Insurance shall be payable
7 only if such person is insured for less than \$200,000
8 under Servicemembers’ Group Life Insurance, and then
9 only in an amount which, when added to the amount of
10 Servicemembers’ Group Life Insurance payable, does not
11 exceed \$200,000.”; and

12 (2) in subsection (e)—

13 (A) in the first sentence, by inserting “at
14 any time” after “shall have the right”; and

15 (B) by striking out the third sentence and
16 inserting in lieu thereof the following: “The
17 Veterans’ Group Life Insurance policy will ter-
18minate on the day before the date on which the
19 individual policy becomes effective.”.

20 **SEC. 7. EFFECTIVE DATE.**

21 The Servicemembers’ Group Life Insurance of any
22 member of the Retired Reserve of a uniformed service in
23 force on the date of the enactment of this Act shall be

- 1 converted, effective 90 days after that date, to Veterans'
- 2 Group Life Insurance.

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