

105TH CONGRESS
2D SESSION

S. 2108

To amend chapter 19, of title 38, United States Code, to provide that Service-members' Group Life Insurance and Veterans' Group Life Insurance under such chapter may, upon application, be paid to an insured person who is terminally ill.

IN THE SENATE OF THE UNITED STATES

MAY 21, 1998

Mr. SPECTER (by request) introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

A BILL

To amend chapter 19, of title 38, United States Code, to provide that Servicemembers' Group Life Insurance and Veterans' Group Life Insurance under such chapter may, upon application, be paid to an insured person who is terminally ill.

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.**

4 This act may be cited as the "Servicemembers' and
5 Veterans' Group Life Insurance Accelerated Death Bene-
6 fits Act".

1 **SEC. 2. OPTION TO RECEIVE ACCELERATED DEATH BENE-**
2 **FITS.**

3 (a) IN GENERAL.—Chapter 19 of title 38, United
4 States Code, is amended by adding at the end of sub-
5 chapter III the following new section:

6 **§ 1980. Option to receive accelerated death benefits**

7 “(a) For the purpose of this section, a person shall
8 be considered to be ‘terminally ill’ if such person has a
9 medical prognosis that such person’s life expectancy is less
10 than a period prescribed by regulation by the Secretary
11 of Veterans Affairs. The maximum time period prescribed
12 in regulation shall not exceed 12 months.

13 “(b) The Department of Veterans Affairs shall pre-
14 scribed regulations under which any terminally ill person
15 insured under Servicemembers’ Group Life Insurance or
16 Veterans’ Group Life Insurance may elect to receive in
17 a lump-sum payment a portion of the face value of the
18 insurance as an accelerated death benefit reduced by an
19 amount necessary to assure that there is no increase in
20 the actuarial value of the benefit paid, as determined in
21 regulations issued by the Secretary. The Secretary may
22 prescribe by regulation the maximum amount of the accel-
23 erated death benefit available under this section that the
24 Secretary finds to be administratively practicable and ac-
25 tuarially sound, but in no instance shall the benefit exceed
26 50 percent of the face value of the person’s insurance in

1 force on the date the election is approved. The insured
2 may elect to receive an amount that is less than the maxi-
3 mum prescribed by the Secretary. The Secretary shall pre-
4 scribe in regulation increments in which the partial benefit
5 can be elected.

6 “(c) The portion of the face amount of the insurance
7 which was not paid in a lump sum as accelerated death
8 benefits shall remain payable in accordance with the provi-
9 sions of this chapter.

10 “(d) Deductions under section 1969 and premiums
11 under section 1977(c) shall be reduced, in a manner con-
12 sistent with the percentage reduction in the face amount
13 of the insurance as a result of payment of accelerated
14 death benefits, effective with respect to any amounts
15 which would otherwise become due on or after the date
16 of payment under this subsection.

17 “(e) The regulations shall include provisions regard-
18 ing the form and manner in which an application under
19 this subsection shall be made and the procedures in ac-
20 cordance with which any such application shall be consid-
21 ered.

22 “(f) An election to receive benefits under this section
23 shall be irrevocable, and not more than one such election
24 may be made by any individual, even if the individual

1 elects to receive less than the maximum amount of acceler-
2 ated benefits prescribed by regulation.

3 “(g) If a person insured under Servicemembers’
4 Group Life Insurance elects to receive accelerated death
5 benefits under this section, and the insured’s
6 Servicemembers’ Group Life Insurance is thereafter con-
7 verted to Veterans’ Group Life Insurance as provided in
8 section 1968(b) of this title, the amount of accelerated
9 benefits paid under this section shall reduce the amount
10 of Veterans’ Group Life Insurance available to the insured
11 under section 1977(a) of this title.”.

12 (b) Section 1970(g) of title 38, United States Code,
13 is amended by—

14 (1) striking “of benefits” in the first sentence
15 and inserting “Any” at the beginning of that sen-
16 tence;

17 (2) adding “an insured or” following “or on ac-
18 count of,”; and

19 (3) adding the following at the end of the sub-
20 section: “Neither the amount of any payments made
21 under this subchapter nor the name and address of
22 the recipient of such payments shall be reported
23 under subpart B of chapter 61 of the Internal Reve-
24 nue Code of 1986.”.

1 (c) CLERICAL AMENDMENT.—The table of sections
2 at the beginning of chapter 19, title 38, United States
3 Code, is amended by adding the following new item after
4 the item relating to section 1979:

“1980. Option to receive accelerated death benefits.”.

5 (d) EFFECTIVE DATE.—The amendments made by
6 section 2 shall take effect 90 days after the date of the
7 enactment of this Act.

8 (e) All regulations necessary to implement these
9 amendments shall be promulgated through notice and
10 comment rulemaking in accordance with 5 U.S.C. section
11 553.

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