

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.

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## 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

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## 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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