

Department of Veterans Affairs

§ 8a.1

U.S.C. 1922(b) is not eligible for supplemental Service-Disabled Veterans' Insurance under 38 U.S.C. 1922A.

[83 FR 18422, Apr. 27, 2018]

§ 8.35 Eligibility for those insured under 38 U.S.C. 1922(a) to purchase insurance under 38 U.S.C. 1922B after December 31, 2025.

An insured under a Legacy Service Disabled Veterans' Insurance policy shall be eligible to purchase VALife coverage after December 31, 2025, upon cancellation of his or her Legacy Service Disabled Veterans' Insurance policy and surrender of any cash value that his or her coverage has accrued in accordance with 38 CFR 8.11. The policyholder must also submit a statement in a form that is prescribed by the Secretary, which clearly indicates that the policyholder desires to terminate his or her existing life insurance coverage in order to apply for VALife and initiate the two-year waiting period imposed by 38 U.S.C. 1922B(c)(2) before such VALife coverage is in force.

(Authority: 38 U.S.C. 501, 1901-1929, 1981-1988)

(The Office of Management and Budget has approved the information collection provisions in this section under control number 2900-0906)

[87 FR 73654, Dec. 1, 2022]

§ 8.36 Issuance of coverage under section 1922B of title 38 U.S.C. following additional elections.

An insured who elects less than the maximum amount of VALife coverage under 38 U.S.C. 1922B(a)(4)(A) shall remain eligible to purchase additional VALife coverage up to the VALife statutory maximum. Any insured who elects to apply for additional VALife coverage shall be subject to the two-year waiting period imposed by 38 U.S.C. 1922B(c)(2) before such additional VALife coverage is in force.

(Authority: 38 U.S.C. 501, 1901-1929, 1981-1988)

(The Office of Management and Budget has approved the information collection provisions in this section under control number 2900-0906.)

[87 FR 73654, Dec. 1, 2022]

PART 8a—VETERANS MORTGAGE LIFE INSURANCE

Sec.

8a.1 Definitions.

8a.2 Maximum amount of insurance.

8a.3 Effective date.

8a.4 Coverage.

AUTHORITY: 38 U.S.C. 501, and 2101 through 2106, unless otherwise noted.

SOURCE: 37 FR 282, Jan. 8, 1972, unless otherwise noted.

§ 8a.1 Definitions.

(a) The term *housing unit* means a family dwelling or unit, together with the necessary land therefor, that has been or will be purchased, constructed, or remodeled with a grant to meet the needs of an eligible individual and of his or her family, and is or will be owned and occupied by the eligible individual as his or her home, or a family dwelling or unit, including the necessary land therefor, acquired by an eligible individual to be used as his or her residence after selling or otherwise disposing of title to the housing unit for which his or her grant was made.

(b) The term *Veterans Mortgage Life Insurance (VMLI)* means the mortgage protection life insurance authorized for individuals under 38 U.S.C. 2106.

(c) The term *initial amount of insurance* means the amount of insurance selected by the insured, which may be less than the statutory maximum of \$200,000 and less than the amount necessary to pay the mortgage indebtedness in full.

(d) The term *mortgage loan* means any loan, lien, or other indebtedness incurred by an eligible individual to buy, build, remodel, or enlarge a housing unit, the payment of which loan, lien, or indebtedness is secured by a mortgage lien, or other equivalent security of record, on the housing unit in the usual legal form employed in the community in which the property is situated. The term also includes refinancing of such an indebtedness to avoid a default, to consolidate liens, to renew or extend the time for payment of the indebtedness, and in cases where the housing unit is being bought, built, remodeled, or enlarged by increasing the amount of such an indebtedness.

(e) The term *owned* means the eligible individual has or will acquire an interest in the housing unit which is:

- (1) A fee simple estate, or
- (2) A leasehold estate, the unexpired term of which, including renewals at the option of the lessee, is not less than 50 years, or
- (3) An interest in a residential unit in a cooperative or a condominium type development which in the judgment of the Under Secretary for Benefits or the Executive Director, Loan Guaranty Service, provides a right of occupancy for a period of not less than 50 years: *Provided*, The title to such estate or interest is or shall be such as is acceptable to prudent lending institutions, informed buyers, title companies, and attorneys, generally, in the community.

(f) The term *eligible individual* means a person who has been determined by the Secretary to be eligible for benefits pursuant to 38 U.S.C. chapter 21.

(Authority: 38 U.S.C. 501, 2101, 2101A, 2106)

[37 FR 282, Jan. 8, 1972, as amended at 42 FR 43835, Aug. 31, 1977; 61 FR 29027, June 7, 1996; 82 FR 48631, Oct. 19, 2017; 86 FR 51275, Sept. 15, 2021]

§8a.2 Maximum amount of insurance.

(a) Each eligible individual is authorized an initial amount of insurance up to a maximum of \$200,000 in VMLI to insure his or her life during periods he or she is obligated under a mortgage loan, except that, as to an individual housing unit, whenever there is a reduction in the actual amount of insurance in force as provided for in §8a.4(a) the amount of VMLI thereafter available to insure the life of the same individual on the same housing unit is permanently reduced by a like amount.

(b) The maximum amount of insurance in force on any one life at one time shall not exceed the lesser of the following amounts:

- (1) \$200,000.
- (2) For insurance issued prior to December 24, 1987, the reduced maximum amount of insurance then available to an eligible individual.
- (3) The amount of the unpaid principal of the mortgage loan outstanding on the date of approval of the grant on a housing unit then owned and occupied by the eligible individual, or on a

housing unit being or to be constructed or remodeled for the eligible individual, and such initial amount of insurance may be adjusted upward, subject to the maximum insurance available to the eligible individual, or downward, depending upon the amount of the mortgage loans outstanding on the date of full disbursement of the grant, or on the date of final settlement of the purchase, construction, or remodeling agreement, whichever date is the later date.

(4) Where an eligible individual ceases to own the housing unit which was subject to a mortgage loan that resulted in his or her life being insured under VMLI, and becomes obligated under a mortgage loan on another housing unit occupied or to be occupied by the eligible individual, the amount of the unpaid principal outstanding on the mortgage loan on the newly acquired housing unit on the date insurance hereunder is placed in effect.

(5) Where an eligible individual incurs or refinances a mortgage loan, subject to the provisions of paragraph (a) of this section, the amount of the incurred or refinanced mortgage loan.

(6) If title to an undivided interest in a housing unit is or will be vested in a person other than the spouse of an eligible individual, the amount of VMLI or his or her life shall be computed to be such part of the total of the unpaid principal of the loan outstanding on the housing unit as is proportionate to the undivided interest of the individual in the entire property.

(7) All claims, arising out of the deaths of insured individuals occurring prior to October 1, 1976, shall be subject to the \$30,000 lifetime maximum amount of insurance then in effect. All claims, arising out of the deaths of insured individuals occurring on or after October 1, 1976, but prior to December 1, 1992, shall be subject to the \$40,000 lifetime maximum amount of insurance then in effect.

(8) All claims, arising out of the deaths of insured individuals occurring prior to December 24, 1987, shall be subject to the provisions of paragraph (a) of this section then in effect which limited the amount of VMLI coverage to a lifetime maximum per eligible individual.

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(c) Any eligible individual who prior to October 1, 1976, was covered by \$30,000 VMLI and who on that date became eligible to have his or her coverage increased may elect to retain the lesser amount of coverage he or she had in effect prior to that date.

(Authority: 38 U.S.C. 501, 2101, 2101A, 2106)

[52 FR 48682, Dec. 24, 1987, as amended at 59 FR 59921, Nov. 21, 1994; 61 FR 29027, June 7, 1996; 82 FR 48631, Oct. 19, 2017]

§ 8a.3 Effective date.

(a) Where the grant was approved prior to August 11, 1971, VMLI shall be effective August 11, 1971, if on that date, the eligible individual was obligated under a mortgage loan, and any such eligible individual is automatically insured, unless he or she elects in writing not to be insured, or fails to respond within 60 days after the date a final request is made or mailed to the eligible individual for information on which his or her premium can be based.

(b) Where the grant is approved on or after August 11, 1971, VMLI shall be effective on the date of approval of the grant, if on that date the eligible individual is obligated under a mortgage loan, and any such eligible individual is automatically insured, unless he or she elects in writing not to be insured, or fails to respond within 60 days after the date a final request is made or mailed to the eligible individual for information on which his or her premium can be based.

(c) In any case in which an individual would have been eligible for VMLI on August 11, 1971, or on the date of approval of his or her grant, whichever date is the later date, but such insurance did not become effective because he or she was not obligated under a mortgage loan on that date, or because he or she elected in writing not to be insured, or failed to timely respond to a request for information on which his or her premium could be based, the insurance will be effective on a date agreed upon by the individual and the Secretary, but only if the individual files an application in writing with the Department of Veterans Affairs for such insurance, submits evidence that he or she meets the health requirements of the Secretary, together with information on which his or her pre-

miums can be based, and is or becomes obligated under a mortgage loan upon the date agreed upon as the effective date of his or her insurance.

(d) In any case in which an eligible individual disposes of the housing unit purchased, constructed or remodeled in part with a grant, or a subsequently acquired housing unit, and becomes obligated under a mortgage loan on another housing unit occupied or to be occupied by the eligible individual, the insurance will be effective upon a date requested by the individual and agreed to by the Secretary, but only if the eligible individual files an application for such insurance, submits evidence that he or she meets the health requirements of the Secretary, furnishes information on which his or her premium can be based, and is or becomes obligated under a mortgage loan on the date the insurance is to become effective.

(e) In any case where an eligible individual insured under VMLI, refinances the mortgage loan which is the basis for such insurance on his or her life, any increase in the amount of insurance or any delay in the rate of reduction of insurance will be effective only if the eligible individual files an application for insurance, submits evidence that he or she meets the health requirements of the Secretary, and furnishes information on which his or her premium can be based.

(Authority: 38 U.S.C. 501, 2101, 2101A, 2106)

[42 FR 43835, Aug. 31, 1977, as amended at 61 FR 29027, June 7, 1996; 82 FR 48631, Oct. 19, 2017]

§ 8a.4 Coverage.

(a) The amount of VMLI in force on his or her life at any one time shall be reduced simultaneously (1) with the reduction in the principal of the mortgage loan, whether or not the mortgage loan is amortized, and (2) in addition, if the mortgage loan is amortized, according to the schedule for the reduction of the principal of the mortgage loan whether or not the schedule payments are timely made.

(b) If the amount of the mortgage loan exceeds \$200,000, or the reduced maximum amount of insurance selected by an eligible individual, whichever amount is the lesser, the amount

of insurance in force on the life of the individual shall remain at a constant level until the principal amount of the mortgage loan which is basis for establishing the amount of insurance is reduced to \$200,000, or to the amount of the reduced maximum amount of insurance selected by the individual, at which time the amount of insurance in force on his or her life shall be reduced in accordance with the schedule for the reduction of the principal of the mortgage loan, and whether or not the scheduled payments are timely made.

(c) Subject to the \$200,000 maximum amount of insurance, and to the reduced maximum amount of insurance selected by the eligible individual, he or she is entitled to be insured under VMLI or to apply for such insurance as often as he or she becomes obligated under a mortgage loan or a refinanced mortgage loan on a housing unit or a successor housing unit owned and occupied by the eligible individual. Where an individual who is not automatically insured under VMLI applies for such insurance, he or she shall be required to meet the health standards and other conditions established by the Secretary for such insureds.

(Authority: 38 U.S.C. 501, 2101, 2101A, 2106)

[37 FR 282, Jan. 8, 1972, as amended at 42 FR 43836, Aug. 31, 1977; 52 FR 48682, Dec. 24, 1987; 59 FR 59921, Nov. 21, 1994; 61 FR 29027, June 7, 1996; 82 FR 48631, Oct. 19, 2017]

PART 9—SERVICEMEMBERS' GROUP LIFE INSURANCE AND VETERANS' GROUP LIFE INSURANCE

Sec.

- 9.1 Definitions.
- 9.2 Effective date; applications.
- 9.3 Waiver or reduction of coverage.
- 9.4 Beneficiaries and options.
- 9.5 Payment of proceeds.
- 9.6 Assignments.
- 9.7 Administrative decisions.
- 9.8 Termination of coverage.
- 9.9 Conversion privilege.
- 9.10 Health standards.
- 9.11 Criteria for reinsurers and converters.
- 9.12 Reinsurance formula.
- 9.13 Actions on the policy.
- 9.14 Accelerated Benefits.
- 9.20 Traumatic injury protection.
- 9.21 Schedule of Losses.
- 9.22 VA's access to records maintained by the insurer, reinsurer(s), and their successors.

9.23 Submission of certain applications and forms affecting entitlement to Servicemembers' Group Life Insurance and Veterans' Group Life Insurance.

9.24 Insurable dependents who become eligible members, and eligible members who marry eligible members.

AUTHORITY: 38 U.S.C. 501, 1965-1980A, unless otherwise noted.

SOURCE: 40 FR 4135, Jan. 28, 1975, unless otherwise noted.

EDITORIAL NOTE: Nomenclature changes to part 9 appear at 62 FR 35970, July 3, 1997, and 62 FR 45733, Sept. 9, 1997.

§ 9.1 Definitions.

The following definitions are in addition to those definitions in 38 U.S.C. 101 and 1965:

(a) The term *policy* means Group Policy No. G-32000, which was effective September 29, 1965, purchased from the insurer pursuant to 38 U.S.C. 1966, executed and attested on December 30, 1965, and amended thereafter.

(b) The term *administrative office* means the Office of Servicemembers' Group Life Insurance, located at 80 Livingston Avenue, Roseland, New Jersey 07068.

(c) The term *insurer* means the commercial life insurance company or companies selected under 38 U.S.C. 1966 to provide insurance coverage specified in the policy.

(d) The term *reinsurer* means any life insurance company meeting all the criteria set forth in § 9.10 which reinsures a portion of the total amount of insurance covered by the policy and issues individual life insurance policies to members under the provisions of 38 U.S.C. 1968(b) and 1977(e).

(e) The term *converter* means any life insurance company meeting all the criteria set forth in § 9.10 which issues individual life insurance policies to members under the provisions of 38 U.S.C. 1968(b) and 1977(e).

(f) The term *coverage* means Servicemembers' Group Life Insurance or Veterans' Group Life Insurance payable while the member is insured under the policy.

(g) The term *termination of duty* means (1) In the case of active duty or active duty for training being performed under a call or order that does not specify a period of less than 31