

of appropriations made in this Act for the support of the Army Reserve Components to the extent necessary to implement such a realignment or reorganization; and the provisions in this Act establishing strengths for the Army Reserve and the Army National Guard shall cease to be effective.

Prohibition. SEC. 640. None of the funds provided in this Act shall be available for the expenses of the Special Training Enlistment Program (STEP).

Short title. SEC. 641. This Act may be cited as the "Department of Defense Appropriation Act, 1966".

Approved September 29, 1965.

Public Law 89-214

AN ACT

September 29, 1965
[S. 2127]

To amend title 38, United States Code, in order to provide special indemnity insurance for members of the Armed Forces serving in combat zones, and for other purposes.

Armed Forces,
Indemnity Insur-
ance.
72 Stat. 1148.
38 USC 701 et
seq.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) chapter 19 of title 38, United States Code, is amended by redesignating "Subchapter III—General" thereof as "Subchapter IV—General" and by inserting immediately after subchapter II thereof the following new subchapter III:

"Subchapter III—Servicemen's Group Life Insurance

"§ 765. Definitions

"For the purpose of this subchapter—

"(1) The term 'active duty' means full-time duty as a commissioned or warrant officer, or as an enlisted member of a uniformed service under a call or order to duty that does not specify a period of thirty days or less.

"(2) The term 'member' means a person on active duty in the uniformed services in a commissioned, warrant, or enlisted rank or grade.

"(3) The term 'uniformed services' means the Army, Navy, Air Force, Marine Corps, Coast Guard, Public Health Service, and Environmental Science Services Administration.

"§ 766. Eligible insurance companies

"(a) The Administrator is authorized, without regard to section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), to purchase from one or more life insurance companies a policy or policies of group life insurance to provide the benefits specified in this subchapter. Each such life insurance company must (1) be licensed to issue life insurance in each of the fifty States of the United States and in the District of Columbia, and (2) as of the most recent December 31 for which information is available to the Administrator, have in effect at least 1 per centum of the total amount of group life insurance which all life insurance companies have in effect in the United States.

"(b) The life insurance company or companies issuing such policy or policies shall establish an administrative office at a place and under a name designated by the Administrator.

"(c) The Administrator shall arrange with the life insurance company or companies issuing any policy or policies under this subchapter to reinsure, under conditions approved by him, portions of the total

amount of insurance under such policy or policies with such other life insurance companies (which meet qualifying criteria set forth by the Administrator) as may elect to participate in such reinsurance.

“(d) The Administrator may at any time discontinue any policy or policies which he has purchased from any insurance company under this subchapter.

“§ 767. Persons insured; amount

“(a) Any policy of insurance purchased by the Administrator under section 766 of this title shall automatically insure any member of the uniformed services on active duty against death in the amount of \$10,000 from the first day of such duty, or from the date certified by the Administrator to the Secretary concerned as the date Servicemen's Group Life Insurance under this subchapter takes effect, whichever date is the later date, unless such member elects in writing (1) not to be insured under this subchapter, or (2) to be insured in the amount of \$5,000.

“(b) If any member elects not to be insured under this subchapter or to be insured in the amount of \$5,000, he may thereafter be insured under this subchapter or insured in the amount of \$10,000 under this subchapter, as the case may be, upon written application, proof of good health, and compliance with such other terms and conditions as may be prescribed by the Administrator.

“§ 768. Termination of coverage; conversion

“Each policy purchased under this subchapter shall contain a provision, in terms approved by the Administrator, to the effect that any insurance thereunder on any member of the uniformed services shall cease (except in the case of members absent without leave) one hundred and twenty days after his separation or release from active duty, and that during the period such insurance is in force the insured upon request to the administrative office established under subsection 766(b) of this title shall be furnished a list of life insurance companies participating in the program established under this subchapter and upon written application (within such period) to the participating company selected by the insured and payment of the required premiums be granted insurance without a medical examination on a plan then currently written by such company which does not provide for the payment of any sum less than the face value thereof or for the payment of an additional amount as premiums if the insured engages in the military service of the United States, to replace the Servicemen's Group Life Insurance in effect on the insured's life under this subchapter. In addition to life insurance companies participating in the program established under this subchapter, such list shall include additional life insurance companies (not so participating) which meet qualifying criteria, terms, and conditions established by the Administrator and agree to sell insurance to members and former members in accordance with the provisions of the preceding sentence. In the case of any member who is absent without leave for a period of more than thirty-one days, insurance under this subchapter shall cease as of the date such absence commenced. Any such member so absent without leave, upon return to duty, may again be insured under this subchapter, but only if he complies with the requirements set forth in section 767(b) of this section.

“§ 769. Deductions; payment; investment; expenses

“(a) During any period in which a member is insured under a policy of insurance purchased by the Administrator, under section 766 of this title, there shall be deducted each month from his basic or other pay until separation or release from active duty an amount determined

by the Administrator (which shall be the same for all such members) as the share of the cost attributable to insuring such member under such policy, less any costs traceable to the extra hazard of active duty in the uniformed service. Any amount not deducted from the basic or other pay of a member insured under this subchapter while on active duty, if not otherwise paid, shall be deducted from the proceeds of any insurance thereafter payable. The initial monthly amount determined by the Administrator to be charged under this subsection for insurance under this subchapter may be continued from year to year, except that the Administrator may redetermine such monthly amount from time to time in accordance with experience. No refunds will be made to any member of any such amount properly deducted from his basic or other pay to cover the insurance granted under this subchapter.

“(b) For each month for which any member is so insured, there shall be contributed from the appropriation made for his pay an amount determined by the Administrator and certified to the Secretary concerned to be the cost of such insurance which is traceable to the extra hazard of active duty in the uniformed services. Such cost shall be determined by the Administrator on the basis of the excess mortality suffered by members and former members of the uniformed services insured under this subchapter above that incurred by the male civilian population of the United States of the same age as the median age of members of the uniformed services (disregarding a fraction of a year) as shown by the records of the uniformed services, the primary insurer or insurers, and the Department of Health, Education, and Welfare, together with the most current estimates of such mortality. The Administrator is authorized to make such adjustments regarding such contributions from pay appropriations as may be indicated from actual experience.

“(c) An amount equal to the first amount due on any such insurance may be advanced from current appropriations for active-service pay to any such member, which amount shall constitute a lien upon any service or other pay accruing to the person from whom such advance was made and shall be collected therefrom if not otherwise paid. No disbursing or certifying officer shall be responsible for any loss incurred by reason of such advance.

“(d) (1) The sums withheld from the basic or other pay of members under subsection (a) of this section, and the sums contributed from appropriations under subsection (b) of this section, together with the income derived from any dividends or premium rate adjustments received from insurers shall be deposited to the credit of a revolving fund established in the Treasury of the United States. All premium payments and extra hazard costs on any insurance policy or policies purchased under section 766 of this title and the administrative cost to the Veterans' Administration of insurance issued under this subchapter shall be paid from the revolving fund.

“(2) The Administrator is authorized to set aside out of the revolving fund such amounts as may be required to meet the administrative costs to the Veterans' Administration of insurance issued under this subchapter and all current premium payments and extra hazard costs on any insurance policy or policies purchased under section 766 of this title. The Secretary of the Treasury is authorized to invest in and to sell and retire special interest-bearing obligations of the United States for the account of the revolving fund. Such obligations issued for this purpose shall have maturities fixed with due regard for the needs of the fund and shall bear interest at a rate equal to the average market yield (computed by the Secretary of the Treasury on the basis of market quotations as of the end of the calendar month next preceding the date of issue) on all marketable interest-bearing

obligations of the United States then forming a part of the public debt which are not due or callable until after the expiration of four years from the end of such calendar month; except that where such average market yield is not a multiple of one-eighth of 1 per centum, the rate of interest of such obligation shall be the multiple of one-eighth of 1 per centum nearest such market yield.

“(3) Notwithstanding the provisions of section 782 of this title, the Administrator shall, from time to time, determine the administrative costs to the Veterans’ Administration which in his judgment are properly allocable to insurance issued under this subchapter and shall transfer such cost from the revolving fund to the appropriation ‘General operating expenses, Veterans’ Administration’.

72 Stat. 1165.

“§ 770. Beneficiaries; payment of insurance

“(a) Any amount of insurance under this subchapter in force on any member or former member on the date of his death shall be paid, upon the establishment of a valid claim therefor, to the person or persons surviving at the date of his death, in the following order of precedence:

“First, to the beneficiary or beneficiaries as the member or former member may have designated by a writing received in the uniformed services prior to such death;

“Second, if there be no such beneficiary, to the widow or widower of such member or former member;

“Third, if none of the above, to the child or children of such member or former member and descendants of deceased children by representation;

“Fourth, if none of the above, to the parents of such member or former member or the survivor of them;

“Fifth, if none of the above, to the duly appointed executor or administrator of the estate of such member or former member;

“Sixth, if none of the above, to other next of kin of such member or former member entitled under the laws of domicile of such member or former member at the time of his death.

“(b) If any person otherwise entitled to payment under this section does not make claim therefor within one year after the death of the member or former member, or if payment to such person within that period is prohibited by Federal statute or regulation, payment may be made in the order of precedence as if such person had predeceased the member or former member, and any such payment shall be a bar to recovery by any other person.

“(c) If, within two years after the death of the member or former member, no claim for payment has been filed by any person entitled under the order of precedence set forth in this section, and neither the Administrator nor the administrative office established by the insurance company or companies pursuant to section 766(b) of this title has received any notice that any such claim will be made, payment may be made to a claimant as may in the judgment of the Administrator be equitably entitled thereto, and such payment shall be a bar to recovery by any other person. If, within four years after the death of the member or former member, payment has not been made pursuant to this section and no claim for payment by any person entitled under this section is pending, the amount payable shall escheat to the credit of the revolving fund referred to in section 769(d).

“(d) The member may elect settlement of insurance under this subchapter either in a lump sum or in thirty-six equal monthly installments. If no such election is made by the member the beneficiary or beneficiaries may elect settlement either in a lump sum or in thirty-six equal monthly installments. If the member has elected settlement in

a lump sum, the beneficiary or beneficiaries may elect settlement in thirty-six equal monthly installments.

“§ 771. Basic tables of premiums; readjustment of rates

“(a) Each policy or policies purchased under section 766 of this title shall include for the first policy year a schedule of basic premium rates by age which the Administrator shall have determined on a basis consistent with the lowest schedule of basic premium rates generally charged for new group life insurance policies issued to large employers, this schedule of basic premium rates by age to be applied, except as otherwise provided in this section, to the distribution by age of the amount of group life insurance under the policy at its date of issue to determine an average basic premium per \$1,000 of insurance. Each policy so purchased shall also include provisions whereby the basic rates of premium determined for the first policy year shall be continued for subsequent policy years, except that they may be readjusted for any subsequent year, based on the experience under the policy, such readjustment to be made by the insurance company or companies issuing the policy on a basis determined by the Administrator in advance of such year to be consistent with the general practice of life insurance companies under policies of group life insurance issued to large employers.

“(b) The total premiums for the policy or policies shall be the sum of the amounts computed according to the provisions of subsection (a) above and the estimated costs traceable to the extra hazard of active duty in the uniformed services as determined by the Administrator, subject to the provision that such estimated costs traceable to the extra hazard shall be retroactively readjusted annually in accordance with section 769(b).

“(c) Each policy so purchased shall include a provision that, in the event the Administrator determines that ascertaining the actual age distribution of the amounts of group life insurance in force at the date of issue of the policy or at the end of the first or any subsequent year of insurance thereunder would not be possible except at a disproportionately high expense, the Administrator may approve the determination of a tentative average group life premium, for the first or any subsequent policy year, in lieu of using the actual age distribution. Such tentative average premium rate shall be redetermined by the Administrator during any policy year upon request by the insurance company or companies issuing the policy, if experience indicates that the assumptions made in determining the tentative average premium rate for that policy year were incorrect.

“(d) Each policy so purchased shall contain a provision stipulating the maximum expense and risk charges for the first policy year, which charges shall have been determined by the Administrator on a basis consistent with the general level of such charges made by life insurance companies under policies of group life insurance issued to large employers. Such maximum charges shall be continued from year to year, except that the Administrator may redetermine such maximum charges for any year either by agreement with the insurance company or companies issuing the policy or upon written notice given by the Administrator to such companies at least one year in advance of the beginning of the year for which such redetermined maximum charges will be effective.

“(e) Each such policy shall provide for an accounting to the Administrator not later than ninety days after the end of each policy year, which shall set forth, in a form approved by the Administrator, (1) the amounts of premiums actually accrued under the policy from its date of issue to the end of such policy year, (2) the total of all mor-

tality and other claim charges incurred for that period, and (3) the amounts of the insurers' expense and risk charge for that period. Any excess of the total of item (1) over the sum of items (2) and (3) shall be held by the insurance company or companies issuing the policy as a special contingency reserve to be used by such insurance company or companies for charges under such policy only, such reserve to bear interest at a rate to be determined in advance of each policy year by the insurance company or companies issuing the policy, which rate shall be approved by the Administrator as being consistent with the rates generally used by such company or companies for similar funds held under other group life insurance policies. If and when the Administrator determines that such special contingency reserve has attained an amount estimated by the Administrator to make satisfactory provision for adverse fluctuations in future charges under the policy, any further excess shall be deposited to the credit of the revolving fund established under section 766 of this title. If and when such policy is discontinued, and if after all charges have been made, there is any positive balance remaining in such special contingency reserve, such balance shall be deposited to the credit of the revolving fund, subject to the right of the insurance company or companies issuing the policy to make such deposit in equal monthly installments over a period of not more than two years.

“§ 772. Benefit certificates

“The Administrator shall arrange to have each member insured under a policy purchased under section 766 of this title receive a certificate setting forth the benefits to which the member is entitled thereunder, to whom such benefit shall be payable, to whom claims should be submitted, and summarizing the provisions of the policy principally affecting the member. Such certificate shall be in lieu of the certificate which the insurance company or companies would otherwise be required to issue.

“§ 773. Forfeiture

“Any person guilty of mutiny, treason, spying, or desertion, or who, because of conscientious objections, refuses to perform service in the Armed Forces of the United States or refuses to wear the uniform of such force, shall forfeit all rights to Servicemen's Group Life Insurance under this subchapter. No such insurance 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.

“§ 774. Advisory Council on Servicemen's Group Life Insurance

“There is hereby established an Advisory Council on Servicemen's Group Life Insurance consisting of the Secretary of the Treasury as Chairman, the Secretary of Defense, the Secretary of Commerce, the Secretary of Health, Education, and Welfare, and the Director of the Bureau of the Budget, each of whom shall serve without additional compensation. The Council shall meet once a year, or oftener at the call of the Administrator, and shall review the operations under this subchapter and advise the Administrator on matters of policy relating to his activities thereunder.

“§ 775. Jurisdiction of District Courts

“The district courts of the United States shall have original jurisdiction of any civil action or claim against the United States founded upon this subchapter.

“§ 776. Effective date

“The insurance provided for in this subchapter and the deductions and contributions for that purpose shall take effect on the date desig-

nated by the Administrator and certified by him to each Secretary concerned."

72 Stat. 1115.

(b) Section 211(a) of title 38, United States Code, is amended by inserting "775," immediately before "784".

SEC. 2. The analysis of chapter 19 of title 38, United States Code, is amended (1) by redesignating "SUBCHAPTER III—GENERAL" as "SUBCHAPTER IV—GENERAL" and (2) by inserting after

"760. Waiver of premium payment on due date."

the following:

"SUBCHAPTER III—SERVICEMEN'S GROUP LIFE INSURANCE

"Sec.

"765. Definitions.

"766. Eligible insurance companies.

"767. Persons insured; amount.

"768. Termination of coverage; conversion.

"769. Deductions; payment; investment; expenses.

"770. Beneficiaries; payment of insurance.

"771. Basic tables of premiums; readjustment of rates.

"772. Benefit certificates.

"773. Forfeiture.

"774. Advisory Council on Servicemen's Group Life Insurance.

"775. Jurisdiction of District Courts.

"776. Effective date."

SEC. 3. (a) In the case of each veteran who died or dies—

(1) as a direct result of actions of hostile forces;

(2) as a direct result of an accident involving a military or naval aircraft or an aircraft under charter to the Department of Defense, Army, Navy, or Air Force;

(3) as a direct result of the extra hazard of military or naval service, as such hazard may be determined by the Administrator; or

(4) while performing service for which incentive pay for hazardous duty or special pay is authorized by section 301, 304, or 310 of title 37, United States Code;

76 Stat. 461;
77 Stat. 215;
Ante, p. 547.

while in the active military, naval, or air service during the period from January 1, 1957, to the date immediately preceding the date on which the Servicemen's Group Life Insurance program is placed in effect pursuant to section 776 of title 38, United States Code, both dates inclusive, the Administrator of Veterans' Affairs shall pay a death gratuity to the widow or widower, child or children, or parent or parents of such veteran, as provided in subsection (b), in an amount not exceeding \$5,000, determined as provided in subsection (c), but only if (A) application is made for such death gratuity within one year after the date of enactment of this Act and (B) the person or persons receiving a death gratuity under this section waive all future rights to death compensation and dependency and indemnity compensation, under title 38, United States Code, on account of the death of such veteran.

Ante, p. 885.

(b) The death gratuity authorized by this section shall be paid to the following classes of persons and in the order named—

(1) to the widow or widower of the veteran, if living;

(2) if no widow or widower, to the child or children of the veteran, if living, in equal shares;

(3) if no widow, widower, or child, to the parent or parents of the veteran who last bore that relationship, if living, in equal shares.

(c) (1) The death gratuity authorized by this section shall be \$5,000 reduced by the aggregate amount of (A) United States Government Life Insurance and National Service Life Insurance paid or payable

on account of the death of such veteran and (B) any death compensation or dependency and indemnity compensation received on account of the death of such veteran by the person or persons who receive such death gratuity.

(2) In any case where two or more persons are eligible for a death gratuity under this section on account of the death of the same veteran but one or more of such persons do not waive future death compensation or dependency and indemnity compensation payable under title 38, the Administrator shall pay his or their share of such death gratuity to the person or persons waiving such compensation. However, the death compensation or dependency and indemnity compensation payable to any other person shall not be increased solely as the result of an election and waiver under this section.

(3) The right of any person to payment of a death gratuity under this section shall be conditioned upon his being alive to receive such payment. No person shall have a vested right to any such payment and any payment not made during the person's lifetime shall be paid to the person or persons within the permitted class next entitled to priority, as provided in subsection (b).

(d) Any terms used in this section which are defined in section 101 or 102(b) of title 38, United States Code, shall, for the purposes of this section, have the meanings given to them by such section 101 or 102(b), except that (1) the term "veteran", as used in this section, includes a person who dies while in the active military, naval, or air service and (2) the term "child" shall not be limited with respect to age or marital status.

(e) Appropriations made to the Veterans' Administration for "Compensation and Pensions" shall be available for the payment of death gratuities under this section.

Approved September 29, 1965.

Definitions,
exceptions.
72 Stat. 1106.

Public Law 89-215

AN ACT

To extend to thirty days the time for filing petitions for removal of civil actions from State to Federal courts.

September 29, 1965
[H. R. 3989]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (b) of section 1446 of title 28, United States Code, is amended to read as follows:

State courts,
Time for filing
removal petitions.
63 Stat. 101.

"(b) The petition for removal of a civil action or proceeding shall be filed within thirty days after the receipt by the defendant, through service or otherwise, of a copy of the initial pleading setting forth the claim for relief upon which such action or proceeding is based, or within thirty days after the service of summons upon the defendant if such initial pleading has then been filed in court and is not required to be served on the defendant, whichever period is shorter.

"If the case stated by the initial pleading is not removable, a petition for removal may be filed within thirty days after receipt by the defendant, through service or otherwise, of a copy of an amended pleading, motion, order or other paper from which it may first be ascertained that the case is one which is or has become removable."

Approved September 29, 1965.