

(b) An insured who on or after the insured's sixty-fifth birthday has a five-year level premium term policy of insurance in force by payment of premiums may exchange such policy for insurance on a special endowment at age ninety-six plan upon written application; payment of the required premium; and surrender of the five-year level premium term policy and any total disability provision attached thereto with all rights, title, and interests thereunder. However, if it is found by the Secretary subsequent to the exchange that prior thereto the term policy matured because of total permanent disability of the insured or that the insured was entitled to total disability benefits under the total disability provision attached to such policy, the insured, upon surrender of the special endowment at age ninety-six policy and any provision for waiver of premiums issued under subsection (c) of this section with all rights, title, and interest thereunder, will be entitled to benefits payable under the prior contract. In such case, the cash value less any indebtedness on the endowment policy shall be refunded together with any premiums paid on a provision for waiver of premiums. Insurance on the special endowment at age ninety-six plan shall be issued at the attained age of the insured upon the same terms and conditions as are contained in standard policies of United States Government Life Insurance except:

(1) the insurance shall not mature and no benefits shall be paid thereunder because of total permanent disability;

(2) the premiums for such insurance shall be as prescribed by the Secretary;

(3) such insurance cannot be exchanged, converted, or reconverted to any other plan of insurance;

(4) all cash, loan, paid-up, and extended term insurance values shall be as prescribed by the Secretary; and

(5) the insurance shall be subject to such other changes in terms and conditions as the Secretary determines to be reasonable and practicable.

(c) The Secretary shall, upon application made by the insured at the same time as the insured exchanges the term policy for an endowment policy issued under the provisions of subsection (b) of this section, and upon payment of such extra premium as the Secretary shall prescribe, include in such endowment policy a provision for waiver of premiums on the policy and on the provision during the total permanent disability of the insured, if such disability began after the date of such application and while the policy and the provision are in force by payment of premiums. The Secretary shall not grant waiver of any premium becoming due more than one year before receipt by the Secretary of claim for the same, except as provided in this subsection. Any premiums paid for months during which waiver is effective shall be refunded. The Secretary shall provide by regulations for examination or reexamination of an insured claiming waiver of premiums under this subsection, and may deny waiver for failure to cooperate. If it is found that an insured is no longer totally and permanently disabled, the waiver of premiums shall cease as of the date of such finding and the

policy and provision may be continued by payment of premiums as provided therein. In any case in which the Secretary finds that the insured's failure to make timely claim for waiver of premiums, or to submit satisfactory evidence of the existence or continuance of total permanent disability was due to circumstances beyond the insured's control, the Secretary may grant waiver or continuance of waiver of premiums. If the insured dies without filing claim for waiver, the beneficiary, within one year after the death of the insured, or, if the beneficiary is insane or a minor, within one year after removal of such legal disability, may file claim for waiver under this subsection. Policies containing a provision for waiver of premiums issued under this subsection may be separately classified for the purpose of dividend distribution from otherwise similar policies not containing such provision.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1158, §742; Pub. L. 87-549, July 25, 1962, 76 Stat. 219; Pub. L. 99-576, title VII, §701(29), Oct. 28, 1986, 100 Stat. 3292; renumbered §1942 and amended Pub. L. 102-83, §§4(a)(2)(C)(iii), (b)(1), (2)(E), 5(a), Aug. 6, 1991, 105 Stat. 404-406.)

Editorial Notes

AMENDMENTS

1991—Pub. L. 102-83, §5(a), renumbered section 742 of this title as this section.

Subsecs. (a), (b). Pub. L. 102-83, §4(b)(1), (2)(E), substituted "Secretary" for "Administrator" wherever appearing.

Subsec. (c). Pub. L. 102-83, §4(b)(1), (2)(E), substituted "Secretary" for "Administrator" wherever appearing.

Pub. L. 102-83, §4(a)(2)(C)(iii), substituted "by the Secretary" for "in the Veterans' Administration".

1986—Subsec. (b). Pub. L. 99-576, §701(29)(A), substituted "the insured's" for "his" and "the insured" for "he".

Subsec. (c). Pub. L. 99-576, §701(29)(B), substituted "the insured" for "he", "the term" for "his term", and "the insured's control" for "his control", and struck out "his failure" before "to submit".

1962—Pub. L. 87-549 designated existing provisions as subsec. (a) and added subsecs. (b) and (c).

§ 1943. Premiums

The premium rates for insurance shall be the net rates based upon the American Experience Table of Mortality and interest at 3½ percent per annum. Regulations shall prescribe the time and method of payment of premiums, but payments of premiums in advance shall not be required for periods of more than one month each, and may be deducted from the pay or deposit of the insured or be otherwise made at the insured's election.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1158, §743; Pub. L. 97-295, §4(26), Oct. 12, 1982, 96 Stat. 1307; Pub. L. 99-576, title VII, §701(30), Oct. 28, 1986, 100 Stat. 3293; renumbered §1943, Pub. L. 102-83, §5(a), Aug. 6, 1991, 105 Stat. 406.)

Editorial Notes

AMENDMENTS

1991—Pub. L. 102-83 renumbered section 743 of this title as this section.

1986—Pub. L. 99-576 substituted "the insured's" for "his".

1982—Pub. L. 97-295 substituted “percent” for “per centum”.

§ 1944. Policy provisions

(a) Provisions for maturity at certain ages, for continuous installments during the lifetime of the insured or beneficiaries, or both, for refund of premiums, cash, loan, paid-up and extended values, dividends from gains and savings, and such other provisions for the protection and advantage of and for alternative benefits to the insured and the beneficiaries as may be found to be reasonable and practicable may be provided for in insurance contracts or from time to time by regulations.

(b) All calculations on insurance shall be based upon the American Experience Table of Mortality and interest at 3½ percent per annum, except that no deduction shall be made for continuous installments during the life of the insured in case the insured's total and permanent disability continues more than two hundred and forty months.

(c) On and after July 19, 1939, the rate of interest charged on any loan secured by a lien on insurance shall not exceed 5 percent per annum.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1158, § 744; Pub. L. 97-295, § 4(26), Oct. 12, 1982, 96 Stat. 1307; Pub. L. 99-576, title VII, § 701(30), Oct. 28, 1986, 100 Stat. 3293; renumbered § 1944, Pub. L. 102-83, § 5(a), Aug. 6, 1991, 105 Stat. 406.)

Editorial Notes

AMENDMENTS

1991—Pub. L. 102-83 renumbered section 744 of this title as this section.

1986—Subsec. (b). Pub. L. 99-576 substituted “the insured's” for “his”.

1982—Subsecs. (b), (c). Pub. L. 97-295 substituted “percent” for “per centum”.

§ 1945. Renewal

At the expiration of any term period any insurance policy issued on the five-year level premium term plan which has not been exchanged or converted to a permanent plan of insurance and which is not lapsed shall be renewed as level premium term insurance without application for a successive five-year period at the premium rate for the attained age without medical examination. However, renewal shall be effected in cases where the policy is lapsed only if the insured makes application for reinstatement and renewal of the insured's term policy within five years after the date of lapse, and reinstatement in such cases shall be under the terms and conditions prescribed by the Secretary.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1159, § 745; Pub. L. 91-291, § 11, June 25, 1970, 84 Stat. 331; Pub. L. 99-576, title VII, § 701(30), Oct. 28, 1986, 100 Stat. 3293; renumbered § 1945 and amended Pub. L. 102-83, §§ 4(b)(1), (2)(E), 5(a), Aug. 6, 1991, 105 Stat. 404-406.)

Editorial Notes

AMENDMENTS

1991—Pub. L. 102-83 renumbered section 745 of this title as this section and substituted “Secretary” for “Administrator”.

1986—Pub. L. 99-576 substituted “the insured's” for “his”.

1970—Pub. L. 91-291 struck out effective date provision for renewal of policies, provisions that, in case of lapsed policies, such lapse have occurred within two months before the expiration of the term period, special provisions for the interim period between July 23, 1953 and December 31, 1953, and provisions that the section take effect on Sept. 2, 1958, and required that the insurer make application for reinstatement and renewal of his term policy within five years after the date of the lapse.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1970 AMENDMENT

Amendment by Pub. L. 91-291 effective June 25, 1970, see section 14(a) of Pub. L. 91-291, set out as a note under section 1317 of this title.

§ 1946. Dividends to pay premiums

Until and unless the Secretary has received from the insured a request in writing for payment of dividends in cash or that the dividends be placed on deposit in accordance with the provisions of the insured's policy, any regular annual dividends shall be applied in payment of premiums becoming due on insurance after the date the dividend is payable on or after December 31, 1958.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1159, § 746; Pub. L. 99-576, title VII, § 701(30), Oct. 28, 1986, 100 Stat. 3293; renumbered § 1946 and amended Pub. L. 102-83, §§ 4(a)(2)(A)(iii)(V), 5(a), Aug. 6, 1991, 105 Stat. 403, 406.)

Editorial Notes

AMENDMENTS

1991—Pub. L. 102-83 renumbered section 746 of this title as this section and substituted “Secretary” for “Veterans' Administration”.

1986—Pub. L. 99-576 substituted “the insured's” for “his”.

§ 1947. Incontestability

Subject to the provisions of section 1954 of this title all contracts or policies of insurance heretofore or hereafter issued, reinstated, or converted shall be incontestable from the date of issuance, reinstatement, or conversion, except for fraud, nonpayment of premiums, or on the ground that the applicant was not a member of the military or naval forces of the United States. The insured under such contract or policy may, without prejudicing the insured's rights, elect to make claim to the Department or to bring suit under section 1984 of this title on any prior contract or policy, and if found entitled thereto, shall, upon surrender of any subsequent contract or policy, be entitled to payments under the prior contract or policy. In any case in which a contract or policy of insurance is canceled or voided after March 16, 1954, because of fraud, the Secretary shall refund to the insured, if living, or, if deceased, to the person designated as beneficiary (or if none survives, to the estate of the insured) all money, without interest, paid as premiums on such contract or policy for any period subsequent to two years after the date such fraud induced the Secretary to issue, reinstate, or convert such insurance