

applies in writing for protection under this subchapter, unless the Secretary of Veterans Affairs determines that the insured's policy is not entitled to protection under this subchapter.

**(b) Notification and application**

The Secretary of Veterans Affairs shall notify the Secretary concerned of the procedures to be used to apply for the protections provided under this subchapter. The applicant shall send the original application to the insurer and a copy to the Secretary of Veterans Affairs.

**(c) Limitation on amount**

The total amount of life insurance coverage protection provided by this subchapter for a servicemember may not exceed \$250,000, or an amount equal to the Servicemember's Group Life Insurance maximum limit, whichever is greater, regardless of the number of policies submitted.

(Oct. 17, 1940, ch. 888, title IV, §402, as added Pub. L. 108-189, §1, Dec. 19, 2003, 117 Stat. 2852.)

**Editorial Notes**

CODIFICATION

Section was formerly classified to section 542 of the former Appendix to this title prior to editorial reclassification and renumbering as this section.

PRIOR PROVISIONS

A prior section 402 of act Oct. 17, 1940, ch. 888, art. IV, 54 Stat. 1183; Oct. 6, 1942, ch. 581, §13, 56 Stat. 774; Pub. L. 102-12, §9(13), Mar. 18, 1991, 105 Stat. 40, related to form of application, reports to Secretary of Veterans Affairs by insurer, and deeming of policy modified upon application for protection, prior to the general amendment of this Act by Pub. L. 108-189. See section 3973 of this title.

**Statutory Notes and Related Subsidiaries**

EFFECTIVE DATE

Section applicable to any case not final before Dec. 19, 2003, see section 3 of Pub. L. 108-189, set out as a note under section 3901 of this title.

**§ 3973. Application for insurance protection**

**(a) Application procedure**

An application for protection under this subchapter shall—

- (1) be in writing and signed by the insured, the insured's legal representative, or the insured's beneficiary, as the case may be;
- (2) identify the policy and the insurer; and
- (3) include an acknowledgement that the insured's rights under the policy are subject to and modified by the provisions of this subchapter.

**(b) Additional requirements**

The Secretary of Veterans Affairs may require additional information from the applicant, the insured and the insurer to determine if the policy is entitled to protection under this subchapter.

**(c) Notice to the Secretary by the insurer**

Upon receipt of the application of the insured, the insurer shall furnish a report concerning the policy to the Secretary of Veterans Affairs as required by regulations prescribed by the Secretary.

**(d) Policy modification**

Upon application for protection under this subchapter, the insured and the insurer shall have constructively agreed to any policy modification necessary to give this title full force and effect.

(Oct. 17, 1940, ch. 888, title IV, §403, as added Pub. L. 108-189, §1, Dec. 19, 2003, 117 Stat. 2852.)

**Editorial Notes**

CODIFICATION

Section was formerly classified to section 543 of the former Appendix to this title prior to editorial reclassification and renumbering as this section.

PRIOR PROVISIONS

A prior section 403 of act Oct. 17, 1940, ch. 888, art. IV, 54 Stat. 1184; Oct. 6, 1942, ch. 581, §13, 56 Stat. 775; Pub. L. 102-12, §9(14), Mar. 18, 1991, 105 Stat. 40, related to determination of policies entitled to protection, notice to parties, and lapse of policies for nonpayment of premiums, prior to the general amendment of this Act by Pub. L. 108-189. See section 3974 of this title.

**Statutory Notes and Related Subsidiaries**

EFFECTIVE DATE

Section applicable to any case not final before Dec. 19, 2003, see section 3 of Pub. L. 108-189, set out as a note under section 3901 of this title.

**§ 3974. Policies entitled to protection and lapse of policies**

**(a) Determination**

The Secretary of Veterans Affairs shall determine whether a policy is entitled to protection under this subchapter and shall notify the insured and the insurer of that determination.

**(b) Lapse protection**

A policy that the Secretary determines is entitled to protection under this subchapter shall not lapse or otherwise terminate or be forfeited for the nonpayment of a premium, or interest or indebtedness on a premium, after the date on which the application for protection is received by the Secretary.

**(c) Time application**

The protection provided by this subchapter applies during the insured's period of military service and for a period of two years thereafter.

(Oct. 17, 1940, ch. 888, title IV, §404, as added Pub. L. 108-189, §1, Dec. 19, 2003, 117 Stat. 2853.)

**Editorial Notes**

CODIFICATION

Section was formerly classified to section 544 of the former Appendix to this title prior to editorial reclassification and renumbering as this section.

PRIOR PROVISIONS

A prior section 404 of act Oct. 17, 1940, ch. 888, art. IV, 54 Stat. 1184; Oct. 6, 1942, ch. 581, §13, 56 Stat. 775; Pub. L. 102-12, §9(15), Mar. 18, 1991, 105 Stat. 40, related to restrictions on payment of dividends and insured's right to change beneficiary, prior to the general amendment of this Act by Pub. L. 108-189. See section 3975 of this title.

**Statutory Notes and Related Subsidiaries**

## EFFECTIVE DATE

Section applicable to any case not final before Dec. 19, 2003, see section 3 of Pub. L. 108-189, set out as a note under section 3901 of this title.

**§ 3975. Policy restrictions****(a) Dividends**

While a policy is protected under this subchapter, a dividend or other monetary benefit under a policy may not be paid to an insured or used to purchase dividend additions without the approval of the Secretary of Veterans Affairs. If such approval is not obtained, the dividends or benefits shall be added to the value of the policy to be used as a credit when final settlement is made with the insurer.

**(b) Specific restrictions**

While a policy is protected under this subchapter, cash value, loan value, withdrawal of dividend accumulation, unearned premiums, or other value of similar character may not be available to the insured without the approval of the Secretary. The right of the insured to change a beneficiary designation or select an optional settlement for a beneficiary shall not be affected by the provisions of this subchapter.

(Oct. 17, 1940, ch. 888, title IV, §405, as added Pub. L. 108-189, §1, Dec. 19, 2003, 117 Stat. 2853.)

**Editorial Notes**

## CODIFICATION

Section was formerly classified to section 545 of the former Appendix to this title prior to editorial reclassification and renumbering as this section.

## PRIOR PROVISIONS

A prior section 405 of act Oct. 17, 1940, ch. 888, art. IV, 54 Stat. 1184; Oct. 6, 1942, ch. 581, §13, 56 Stat. 775; Pub. L. 102-12, §9(16), Mar. 18, 1991, 105 Stat. 40, related to deduction of unpaid premiums upon settlement of policies maturing during protection, prior to the general amendment of this Act by Pub. L. 108-189. See section 3976 of this title.

**Statutory Notes and Related Subsidiaries**

## EFFECTIVE DATE

Section applicable to any case not final before Dec. 19, 2003, see section 3 of Pub. L. 108-189, set out as a note under section 3901 of this title.

**§ 3976. Deduction of unpaid premiums****(a) Settlement of proceeds**

If a policy matures as a result of a servicemember's death or otherwise during the period of protection of the policy under this subchapter, the insurer in making settlement shall deduct from the insurance proceeds the amount of the unpaid premiums guaranteed under this subchapter, together with interest due at the rate fixed in the policy for policy loans.

**(b) Interest rate**

If the interest rate is not specifically fixed in the policy, the rate shall be the same as for policy loans in other policies issued by the insurer at the time the insured's policy was issued.

**(c) Reporting requirement**

The amount deducted under this section, if any, shall be reported by the insurer to the Secretary of Veterans Affairs.

(Oct. 17, 1940, ch. 888, title IV, §406, as added Pub. L. 108-189, §1, Dec. 19, 2003, 117 Stat. 2853.)

**Editorial Notes**

## CODIFICATION

Section was formerly classified to section 546 of the former Appendix to this title prior to editorial reclassification and renumbering as this section.

## PRIOR PROVISIONS

A prior section 406 of act Oct. 17, 1940, ch. 888, art. IV, 54 Stat. 1184; Oct. 6, 1942, ch. 581, §13, 56 Stat. 775; Apr. 3, 1948, ch. 170, §6, 62 Stat. 160, related to guaranty of premiums and interest by United States, settlement of amounts due upon expiration of protection, subrogation of United States, and crediting debt repayments, prior to the general amendment of this Act by Pub. L. 108-189. See section 3977 of this title.

**Statutory Notes and Related Subsidiaries**

## EFFECTIVE DATE

Section applicable to any case not final before Dec. 19, 2003, see section 3 of Pub. L. 108-189, set out as a note under section 3901 of this title.

**§ 3977. Premiums and interest guaranteed by United States****(a) Guarantee of premiums and interest by the United States****(1) Guarantee**

Payment of premiums, and interest on premiums at the rate specified in section 3976 of this title, which become due on a policy under the protection of this subchapter is guaranteed by the United States. If the amount guaranteed is not paid to the insurer before the period of insurance protection under this subchapter expires, the amount due shall be treated by the insurer as a policy loan on the policy.

**(2) Policy termination**

If, at the expiration of insurance protection under this subchapter, the cash surrender value of a policy is less than the amount due to pay premiums and interest on premiums on the policy, the policy shall terminate. Upon such termination, the United States shall pay the insurer the difference between the amount due and the cash surrender value.

**(b) Recovery from insured of amounts paid by the United States****(1) Debt payable to the United States**

The amount paid by the United States to an insurer under this subchapter shall be a debt payable to the United States by the insured on whose policy payment was made.

**(2) Collection**

Such amount may be collected by the United States, either as an offset from any amount due the insured by the United States or as otherwise authorized by law.

**(3) Debt not dischargeable in bankruptcy**

Such debt payable to the United States is not dischargeable in bankruptcy proceedings.