

and (5) of this Act [amending this section], and those enacting a Veterans' Group Life Insurance program [sections 777, 778, and 779 [now 1977, 1978, and 1979] of this title] shall become effective on the first day of the third calendar month following the month in which this Act is enacted [May 1974]."

#### 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.

#### CONVERSION OF SGLI TO VGLI

Pub. L. 104-275, title IV, § 402(e), Oct. 9, 1996, 110 Stat. 3338, provided that: "The Servicemembers' Group Life Insurance of any member of the Retired Reserve of a uniformed service shall be converted to Veterans' Group Life Insurance effective 90 days after the date of the enactment of this Act [Oct. 9, 1996]."

#### RIGHT OF PERSONS DISCHARGED OR RELEASED FROM UNIFORMED SERVICES TO CONVERT SERVICEMEN'S GROUP LIFE INSURANCE TO INDIVIDUAL POLICIES

Pub. L. 93-289, § 5(b), May 24, 1974, 88 Stat. 168, provided that the amendments made by Pub. L. 93-289, enacting sections 777, 778, and 779 [now 1977, 1978, and 1979] of this title and section 707 of Title 37, Pay and Allowances of the Uniformed Services, and amending sections 723, 765, 767, 768, 769, 770, 771, and 774 [now 1923, 1965, 1967, 1968, 1969, 1970, 1971, and 1974] of this title, not be construed to deprive any person discharged or released from the uniformed services of the United States prior to the date on which the Veterans' Group Life Insurance program (provided for under section 777 [now 1977] of this title) became effective of the right to convert Servicemen's Group Life Insurance to an individual policy under the provisions of law in effect prior to such effective date.

#### § 1969. Deductions; payment; investment; expenses

(a)(1) During any period in which a member, on active duty or active duty for training under a call or order to such duty that does not specify a period of less than thirty-one days, is insured under Servicemembers' Group Life Insurance, there shall be deducted each month from the member's basic or other pay until separation or release from such duty an amount determined by the Secretary (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 such duty in the uniformed service.

(2)(A) During any month in which a member is assigned to the Ready Reserve of a uniformed service under conditions which meet the qualifications of (subparagraph (B) or (C) of section 1965(5) of this title, and is insured under a policy of insurance purchased by the Secretary, under section 1966 of this title, there shall be contributed from the appropriation made for active duty pay of the uniformed service concerned an amount determined by the Secretary (which shall be the same for all such members) as the share of the cost attributable to insuring such member under this policy, less any costs traceable to the extra hazards of such duty in the uniformed services. Any amounts so contributed on behalf of any individual shall be collected by the Secretary concerned from such individual (by deduction from pay or otherwise) and shall be credited to the appropriation from which such contribution was made.

(B) If an individual who is required pursuant to subparagraph (A) to make a direct remittance of costs to the Secretary concerned fails to make the required remittance within 60 days of the date on which such remittance is due, such individual's insurance with respect to which such remittance is required shall be terminated by the Secretary concerned. Such termination shall be made by written notice to the individual's official address and shall be effective 60 days after the date of such notice. Such termination of insurance may be vacated if, before the effective date of termination, the individual remits all amounts past due for such insurance and demonstrates to the satisfaction of the Secretary concerned that the failure to make timely remittances was justifiable.

(3) During any fiscal year, or portion thereof, that a member is on active duty or active duty for training under a call or order to such duty that specifies a period of less than thirty-one days, or is authorized or required to perform inactive duty training scheduled in advance by competent authority, and is insured under Servicemembers' Group Life Insurance, the Secretary concerned shall collect from the member (by deduction from pay or otherwise) an amount determined by the Secretary (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 such duty in the uniformed service.

(4) Any amount not deducted from the basic or other pay of a member insured under Servicemembers' Group Life Insurance, or collected from the member by the Secretary concerned, if not otherwise paid, shall be deducted from the proceeds of any insurance thereafter payable. The initial monthly amount under paragraph (1) or (2) hereof, or fiscal year amount under paragraph (3) hereof, determined by the Secretary to be charged under this section for Servicemembers' Group Life Insurance may be continued from year to year, except that the Secretary may redetermine such monthly or fiscal year amounts from time to time in accordance with experience. No refunds will be made to any member of any amount properly deducted from the member's basic or other pay, or collected from the member by the Secretary concerned, to cover the insurance granted under Servicemembers' Group Life Insurance.

(b) For each month for which any member is so insured, there shall be contributed from the appropriation made for active duty pay of the uniformed service concerned an amount determined by the Secretary and certified to the Secretary concerned to be the cost of Servicemembers' Group Life Insurance which is traceable to the extra hazard of duty in the uniformed services. Effective January 1, 1970, such cost shall be determined by the Secretary on the basis of the excess mortality incurred by members and former members of the uniformed services insured under Servicemembers' Group Life Insurance above what their mortality would have been under peacetime conditions as such mortality is determined by the Secretary using such methods and data as the Secretary shall determine to be reasonable and practicable. The Secretary is authorized to make such adjust-

ments regarding contributions from pay appropriations as may be indicated from actual experience.

(c) An amount equal to the first amount due on Servicemembers' Group Life 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, or collected from them by the Secretary concerned, 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 Servicemembers' Group Life Insurance and the administrative cost to the Department of insurance issued under this subchapter shall be paid from the revolving fund.

(2) The Secretary is authorized to set aside out of the revolving fund such amounts as may be required to meet the administrative costs to the Department of insurance issued under this subchapter and all current premium payments and extra hazard costs on any insurance policy or policies purchased under section 1966 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 1982 of this title, the Secretary shall, from time to time, determine the administrative costs to the Department which in the Secretary's 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, Department of Veterans Affairs".

(e) The Secretary of Defense shall prescribe regulations for the administration of the functions of the Secretaries of the military departments under this section. Such regulations shall prescribe such procedures as the Secretary of Defense, after consultation with the Secretary, may consider necessary to ensure that such

functions are carried out in a timely and complete manner and in accordance with the provisions of this section, including specifically the provisions of subsection (a)(2) of this section relating to contributions from appropriations made for active duty pay.

(f)(1) No tax, fee, or other monetary payment may be imposed or collected by any State, or by any political subdivision or other governmental authority of a State, on or with respect to any premium paid under an insurance policy purchased under this subchapter.

(2) Paragraph (1) of this subsection shall not be construed to exempt any company issuing a policy of insurance under this subchapter from the imposition, payment, or collection of a tax, fee, or other monetary payment on the net income or profit accruing to or realized by that company from business conducted under this subchapter, if that tax, fee, or payment is applicable to a broad range of business activity.

(g)(1)(A) During any period in which a spouse of a member is insured under this subchapter and the member is on active duty, there shall be deducted each month from the member's basic or other pay until separation or release from active duty an amount determined by the Secretary as the premium allocable to the pay period for providing that insurance coverage. No premium may be charged for providing insurance coverage for a child.

(B) During any month in which a member is assigned to the Ready Reserve of a uniformed service under conditions which meet the qualifications set forth in subparagraph (B) or (C) of section 1965(5) of this title and the spouse of the member is insured under a policy of insurance purchased by the Secretary under section 1966 of this title, there shall be contributed from the appropriation made for active duty pay of the uniformed service concerned an amount determined by the Secretary as the share of the cost attributable to insuring the spouse of such member under this policy, less any costs traceable to the extra hazards of such duty in the uniformed services. Any amounts so contributed on behalf of any individual shall be collected by the Secretary concerned from such individual (by deduction from pay or otherwise) and shall be credited to the appropriation from which such contribution was made.

(2)(A) The Secretary shall determine the premium amounts to be charged for life insurance coverage for spouses of members under this subchapter.

(B) The premium amounts shall be determined on the basis of sound actuarial principles and shall include an amount necessary to cover the administrative costs to the insurer or insurers providing such insurance.

(C) Each premium rate for the first policy year shall be continued for subsequent policy years, except that the rate may be adjusted for any such subsequent policy year on the basis of the experience under the policy, as determined by the Secretary in advance of that policy year.

(h) Any overpayment of a premium for insurance coverage for an insurable dependent of a member that is terminated under section 1968(a)(5) of this title shall be refunded to the member.

(Added Pub. L. 89-214, §1(a), Sept. 29, 1965, 79 Stat. 881, §769; amended Pub. L. 91-291, §4, June 25, 1970, 84 Stat. 329; Pub. L. 93-289, §§6, 10(2), May 24, 1974, 88 Stat. 168, 172; Pub. L. 97-66, title IV, §402, Oct. 17, 1981, 95 Stat. 1031; Pub. L. 99-576, title VII, §701(39), Oct. 28, 1986, 100 Stat. 3293; Pub. L. 100-322, title III, §332(a), May 20, 1988, 102 Stat. 537; renumbered §1969 and amended Pub. L. 102-83, §§4(a)(3), (4), (b)(1), (2)(E), 5(a), (c)(1), Aug. 6, 1991, 105 Stat. 404-406; Pub. L. 103-337, div. A, title VI, §651(d), Oct. 5, 1994, 108 Stat. 2793; Pub. L. 103-446, title XII, §1201(e)(8), (i)(3), Nov. 2, 1994, 108 Stat. 4685, 4688; Pub. L. 104-106, div. A, title VI, §647(a), Feb. 10, 1996, 110 Stat. 370; Pub. L. 104-275, title IV, §§402(d), 405(b)(1)(C), Oct. 9, 1996, 110 Stat. 3337, 3339; Pub. L. 106-419, title III, §313(b), Nov. 1, 2000, 114 Stat. 1855; Pub. L. 107-14, §4(d), June 5, 2001, 115 Stat. 29; Pub. L. 109-13, div. A, title I, §1012(c)(2), May 11, 2005, 119 Stat. 245; Pub. L. 109-80, §2, Sept. 30, 2005, 119 Stat. 2045; Pub. L. 110-389, title IV, §403(a)(2)(B), (c), Oct. 10, 2008, 122 Stat. 4174.)

## AMENDMENTS

2008—Subsec. (g)(1)(B). Pub. L. 110-389, §403(c), struck out “(which shall be the same for all such members)” after “determined by the Secretary”.

Pub. L. 110-389, §403(a)(2)(B), substituted “subparagraph (B) or (C) of section 1965(5) of this title” for “section 1965(5)(B) of this title”.

2005—Subsec. (b). Pub. L. 109-13, §1012(c)(2), which directed designation of existing provisions as par. (1) and addition of par. (2), was repealed by Pub. L. 109-80. See Effective and Termination Dates of 2005 Amendments note below. Par. (2) read as follows: “For each month for which a member insured under this subchapter is serving in an operation or area designated as described by paragraph (1)(A) of section 1967(e) of this title, there may, at the election of the Secretary concerned under paragraph (4)(A) of such section, be contributed from the appropriation made for active duty pay of the uniformed service concerned an amount determined by the Secretary and certified to the Secretary concerned to be the cost of Servicemembers' Group Life Insurance which is traceable to the cost of providing insurance for the member under section 1967 of this title in the amount of \$150,000.”

2001—Subsecs. (g), (h). Pub. L. 107-14 added subsecs. (g) and (h).

2000—Subsec. (a)(2)(A). Pub. L. 106-419 substituted “subparagraph (B) or (C) of section 1965(5) of this title” for “section 1965(5)(B) of this title”.

1996—Subsec. (a)(1). Pub. L. 104-275, §405(b)(1)(C), substituted “Servicemembers' Group” for “Servicemen's Group”.

Subsec. (a)(2). Pub. L. 104-106 designated existing provisions as subpar. (A) and added subpar. (B).

Subsec. (a)(2)(A). Pub. L. 104-275, §402(d)(1), struck out “is assigned to the Reserve (other than the Retired Reserve) and meets the qualifications of section 1965(5)(C) of this title, or is assigned to the Retired Reserve and meets the qualifications of section 1965(5)(D) of this title,” after “qualifications of section 1965(5)(B) of this title.”

Subsec. (a)(3), (4). Pub. L. 104-275, §405(b)(1)(C), substituted “Servicemembers' Group” for “Servicemen's Group” wherever appearing.

Subsecs. (b) to (d)(1). Pub. L. 104-275, §405(b)(1)(C), substituted “Servicemembers' Group” for “Servicemen's Group” wherever appearing.

Subsecs. (e) to (g). Pub. L. 104-275, §402(d)(2), (3), redesignated subsecs. (f) and (g) as (e) and (f), respectively, and struck out former subsec. (e) which related to premiums for Servicemen's Group Life Insurance for members assigned to the Retired Reserve of a uniformed service.

1994—Subsec. (a)(2). Pub. L. 103-337, §651(d)(1), substituted “is assigned to the Reserve” for “or is assigned

to the Reserve” and inserted “or is assigned to the Retired Reserve and meets the qualifications of section 1965(5)(D) of this title,” after “section 1965(5)(C) of this title.”

Subsec. (d)(3). Pub. L. 103-446, §1201(i)(3), substituted “Department of Veterans Affairs” for “Department”.

Subsec. (e). Pub. L. 103-446, §1201(e)(8), substituted “subsections (a) and (c) of section 1971” for “sections 1971(a) and (c)” and “subsections (d) and (e) of section 1971” for “sections 1971(d) and (e)”.

Pub. L. 103-337, §651(d)(2), substituted “subparagraph (C) or (D) of section 1965(5)” for “section 1965(5)(C)”.

1991—Pub. L. 102-83, §5(a), renumbered section 769 of this title as this section.

Subsec. (a). Pub. L. 102-83, §5(c)(1), substituted “1965(5)(B)” for “765(5)(B)”, “1965(5)(C)” for “765(5)(C)”, and “1966” for “766” in par. (2).

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

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

Subsec. (d)(1). Pub. L. 102-83, §4(a)(3), (4), substituted “Department” for “Veterans Administration”.

Subsec. (d)(2). Pub. L. 102-83, §5(c)(1), substituted “1966” for “766”.

Pub. L. 102-83, §4(b)(1), (2)(E), substituted “Secretary” for “Administrator”.

Pub. L. 102-83, §4(a)(3), (4), substituted “Department” for “Veterans Administration”.

Subsec. (d)(3). Pub. L. 102-83, §5(c)(1), substituted “1982” for “782”.

Pub. L. 102-83, §4(b)(1), (2)(E), substituted “Secretary” for “Administrator” and “Secretary's” for “Administrator's”.

Pub. L. 102-83, §4(a)(3), (4), substituted “Department” for “Veterans Administration” in two places.

Subsec. (e). Pub. L. 102-83, §5(c)(1), substituted “1965(5)(C)” for “765(5)(C)”, “1971(a)” for “771(a)”, “1966(b)” for “766(b)”, and “1971(d)” for “771(d)”.

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

Subsec. (f). Pub. L. 102-83, §4(b)(1), (2)(E), substituted “Secretary” for “Administrator”.

1988—Subsec. (g). Pub. L. 100-322 added subsec. (g).

1986—Subsec. (a)(1). Pub. L. 99-576, §701(39)(A), substituted “the member's” for “his”.

Subsec. (a)(3). Pub. L. 99-576, §701(39)(B), substituted “the member” for “him”.

Subsec. (a)(4). Pub. L. 99-576, §701(39)(C), substituted “the member” for “him” in two places and “the member's” for “his”.

Subsec. (b). Pub. L. 99-576, §701(39)(D), substituted “the Administrator” for “he” before “shall determine”.

Subsec. (d)(3). Pub. L. 99-576, §701(39)(E), substituted “the Administrator's” for “his”.

Subsec. (e). Pub. L. 99-576, §701(39)(F), substituted “the Administrator” for “he” before “may determine”.

1981—Subsec. (f). Pub. L. 97-66 added subsec. (f).

1974—Subsec. (a)(1). Pub. L. 93-289, §6(1), substituted “is insured under Servicemen's Group Life Insurance” for “is insured under a policy of insurance purchased by the Administrator, under section 766 of this title”.

Subsec. (a)(2). Pub. L. 93-289, §6(2), added par. (2). Former par. (2) redesignated (3).

Subsec. (a)(3). Pub. L. 93-289, §6(1), (2), redesignated former par. (2) as (3), and substituted “is insured under Servicemen's Group Life Insurance” for “is insured under a policy of insurance purchased by the Administrator, under section 766 of this title.” Former par. (3) redesignated (4).

Subsec. (a)(4). Pub. L. 93-289, §6(2), (3), redesignated former par. (3) as (4), and substituted “paragraph (1) or (2) hereof, or fiscal year amount under paragraph (3) hereof”, for “subsection (1) hereof, or fiscal year amount under subsection (2) hereof”, and “Servicemen's Group Life Insurance” for “this subchapter” in two places, and for “insurance under this subchapter”.

Subsec. (b). Pub. L. 93-289, §6(4), substituted “Servicemen's Group Life Insurance” for “such insurance” in

first sentence, and "Servicemen's Group Life Insurance" for "this subchapter" in second sentence.

Subsec. (c). Pub. L. 93-289, §6(5), substituted "Servicemen's Group Life Insurance" for "any such insurance".

Subsec. (d)(1). Pub. L. 93-289, §6(6), substituted "Servicemen's Group Life Insurance" for "any insurance policy or policies purchased under section 766 of this title".

Subsec. (d)(3). Pub. L. 93-289, §10(2), capitalized "Operating Expenses".

Subsec. (e). Pub. L. 93-289, §6(7), added subsec. (e).

1970—Subsec. (a). Pub. L. 91-291, §4(1), separated provisions covering deduction of the cost of insurance from the pay of members into provisions covering such deduction in the case of persons on active duty or active duty for training under a call or order to such duty that does not specify a period of not less than thirty-one days and provisions covering such deduction in the case of persons on active duty or active duty for training under a call or order to such duty specifying a period of less than thirty-one days or persons authorized or required to perform inactive duty training scheduled in advance by competent authority and inserted provision for the collection of sums from individuals by the Secretary concerned.

Subsec. (b). Pub. L. 91-291, §4(1), substituted the mortality which members and former members of the uniform services concerned would have been under peacetime conditions as determined by the Administrator for the mortality of the male civilian population of the United States of the same age as the median age of members of the uniformed services as shown by the records of the uniformed services, the primary insurer or insurers, and the Department of Health, Education, and Welfare as the standard against which the excess mortality suffered by members of the uniformed services would be measured to determine the extent to which the cost of insurance was traceable to the extra hazard of active duty in the uniformed services.

Subsec. (d)(1). Pub. L. 91-291, §4(2), inserted reference to collection of sums by Secretary concerned.

#### EFFECTIVE DATE OF 2008 AMENDMENT

Pub. L. 110-389, title IV, §403(e)(3), Oct. 10, 2008, 122 Stat. 4175, provided that: "The amendment made by subsection (c) [amending this section] shall take effect as if enacted on June 5, 2001, immediately after the enactment of the Veterans' Survivor Benefits Improvements Act of 2001 (Public Law 107-14; 115 Stat. 25)."

#### EFFECTIVE AND TERMINATION DATES OF 2005 AMENDMENTS

Amendment by Pub. L. 109-80 effective Aug. 31, 2005, and this section shall be applied as if section 1012 of Pub. L. 109-13 had not been enacted, see section 2 of Pub. L. 109-80, set out as a note under section 1967 of this title.

Amendment by Pub. L. 109-13 effective through the earlier of Dec. 31, 2005, or, with respect to certain sections of Public Law 109-13, the date of the enactment into law of legislation that supersedes the provisions of, or the amendments made by, those sections, see section 115 of Pub. L. 109-77, set out as a note under section 1967 of this title.

#### EFFECTIVE DATE OF 2001 AMENDMENT

Amendment by Pub. L. 107-14 effective on the first day of the first month that begins more than 120 days after June 5, 2001, see section 4(g)(1) of Pub. L. 107-14, set out as a note under section 101 of this title.

#### EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by Pub. L. 104-106 effective Apr. 1, 1996, see section 647(c) of Pub. L. 104-106, set out as a note under section 1968 of this title.

#### EFFECTIVE DATE OF 1988 AMENDMENT

Pub. L. 100-322, title III, §332(b), May 20, 1988, 102 Stat. 537, provided that: "The amendment made by sub-

section (a) [amending this section] shall take effect with respect to premiums paid for periods beginning after June 30, 1988."

#### EFFECTIVE DATE OF 1981 AMENDMENT

Amendment by Pub. L. 97-66 effective Oct. 17, 1981, see section 701(b)(1) of Pub. L. 97-66, set out as a note under section 1114 of this title.

#### 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.

### § 1970. Beneficiaries; payment of insurance

(a) Any amount of insurance under this subchapter in force on any member or former member on the date of the insured's death shall be paid, upon the establishment of a valid claim therefor, to the person or persons surviving at the date of the insured's 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 prior to death (1) in the uniformed services if insured under Servicemembers' Group Life Insurance, or (2) in the administrative office established under section 1966(b) of this title if separated or released from service, or if assigned to the Retired Reserve, and insured under Servicemembers' Group Life Insurance, or if insured under Veterans' Group Life Insurance;

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 the insured's 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 Secretary nor the administrative office established by the insurance company or companies pursuant to section 1966(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 Secretary be equitably entitled thereto, and such