

shall be based on the same mortality tables and interest rates as the insurance issued under the modified life policy. Settlements on policies involving annuities on insurance issued under this subsection shall be based on the same mortality or annuity tables and interest rates as such settlements on the modified life policy. If the insured is totally disabled on the day before the insured's sixty-fifth birthday and premiums on the insured's modified life insurance policy are being waived under section 1912 of this title or the insured is entitled on that date to waiver under such section the insured shall be automatically granted the maximum amount of insurance authorized under this subsection and premiums on such insurance shall be waived during the continuous total disability of the insured.

(e) After June 30, 1972, and under such regulations as the Secretary may promulgate, insurance may be converted to or exchanged for insurance on a modified life plan under the same terms and conditions as are set forth in subsections (b) and (c) of this section except that at the end of the day preceding the seventieth birthday of the insured the face value of the modified life insurance policy or the amount of extended insurance thereunder shall be automatically reduced by one-half thereof, without any reduction in premium. Any insured whose modified life insurance policy issued under this subsection is in force by payment or waiver of premiums on the day before the insured's seventieth birthday may be granted insurance on the ordinary life plan upon the same terms and conditions as are set forth in subsection (d) of this section except that in applying such provisions the seventieth birthday is to be substituted for the sixty-fifth birthday. Notwithstanding any other provision of law or regulations the Secretary under such terms and conditions as the Secretary determines to be reasonable and practicable and upon written application and payment of the required premiums, reserves, or other necessary amounts made within one year from the effective date of this subsection by an insured having in force a modified life plan issued under subsection (b) or (c) of this section, including any replacement insurance issued under subsection (d) of this section or other provision of this title, can exchange such insurance without proof of good health for an amount of insurance issued under this subsection equal to the insurance then in force or which was in force on the day before such insured's sixty-fifth birthday, whichever is the greater.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1148, § 704; Pub. L. 88-664, § 12(b), Oct. 13, 1964, 78 Stat. 1098; Pub. L. 92-193, Dec. 15, 1971, 85 Stat. 648; Pub. L. 97-295, § 4(21), Oct. 12, 1982, 96 Stat. 1306; Pub. L. 99-576, title VII, § 701(21), Oct. 28, 1986, 100 Stat. 3292; renumbered § 1904 and amended Pub. L. 102-83, §§ 4(b)(1), (2)(E), 5(a), (c)(1), Aug. 6, 1991, 105 Stat. 404-406.)

#### REFERENCES IN TEXT

Section 621 of the National Service Life Insurance Act of 1940, referred to in subsec. (c), is section 621 of act Oct. 8, 1940, ch. 757, title VI, pt. I, as added Apr. 25, 1951, ch. 39, pt. II, § 10, 65 Stat. 36, which was repealed and the provisions thereof reenacted as section 723 [now

1923] of this title by Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1105.

#### PRIOR PROVISIONS

Prior section 1904 was renumbered section 3904 of this title.

Another prior section 1904, Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1216, related to prohibition against duplication of benefits, prior to the general revision of chapter 39 of this title by Pub. L. 91-666, § 2(a), Jan. 11, 1971, 84 Stat. 1998. See section 3903 of this title.

#### AMENDMENTS

1991—Pub. L. 102-83, § 5(a), renumbered section 704 of this title as this section.

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

Subsec. (c). Pub. L. 102-83, § 5(c)(1), substituted "1923(b)" for "723(b)", "1922(a)" for "722(a)" in two places, and "1925" for "725" in two places.

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

Subsec. (d). Pub. L. 102-83, § 5(c)(1), substituted "1912" for "712".

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

1986—Subsec. (d). Pub. L. 99-576, § 701(21)(A), substituted "the insured's" for "his" in four places, and "the insured" for "he" in two places.

Subsec. (e). Pub. L. 99-576, § 701(21)(B), substituted "the insured's" for "his" and "the Administrator" for "he".

1982—Subsec. (e). Pub. L. 97-295 substituted "After June 30, 1972," for "On and after the effective date of this subsection", and substituted "subsection" for "subsections" after "plan issued under".

1971—Subsec. (e). Pub. L. 92-193 added subsec. (e).

1964—Pub. L. 88-664 designated existing provisions as subsec. (a) and added subsecs. (b) to (d).

#### EFFECTIVE DATE OF 1971 AMENDMENT

Pub. L. 92-193 provided that the amendment made by Pub. L. 92-193 is effective first day of first calendar month which begins more than six calendar months after Dec. 15, 1971.

#### EFFECTIVE DATE OF 1964 AMENDMENT

Amendment by Pub. L. 88-664 effective first day of first calendar month which begins more than six calendar months after Oct. 13, 1964, see section 12(d) of Pub. L. 88-664, set out as an Effective Date note under section 1925 of this title.

#### § 1905. Renewal

All level premium term policies, except as otherwise provided in this section, shall cease and terminate at the expiration of the term period. At the expiration of any term period any five-year level premium term policy 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 will be effected in cases where the policy is lapsed only if the insured makes application for reinstatement and renewal of the 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. In any case in which the insured is shown by evidence satisfactory to the Secretary to be totally disabled at the expiration of the level premium term period of the insurance under conditions which would entitle the in-

sured to continued insurance protection but for such expiration, the insurance, if subject to renewal under this section, shall be automatically renewed for an additional period of five years at the premium rate for the then attained age, unless the insured has elected insurance on some other available plan.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1148, § 705; Pub. L. 91-291, § 8, June 25, 1970, 84 Stat. 331; Pub. L. 99-576, title VII, § 701(22), Oct. 28, 1986, 100 Stat. 3292; renumbered § 1905 and amended Pub. L. 102-83, §§ 4(b)(1), (2)(E), 5(a), Aug. 6, 1991, 105 Stat. 404-406.)

#### PRIOR PROVISIONS

Prior section 1905, Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1216; Pub. L. 90-77, title II, § 204(b), Aug. 31, 1967, 81 Stat. 184, related to applications, prior to the general revision of chapter 39 of this title by Pub. L. 91-666, § 2(a), Jan. 11, 1971, 84 Stat. 1998.

#### AMENDMENTS

1991—Pub. L. 102-83 renumbered section 705 of this title as this section and substituted "Secretary" for "Administrator" in two places.

1986—Pub. L. 99-576 substituted "the" for "his" in three places and "the insured" for "him".

1970—Pub. L. 91-291 made it a requirement for renewal of lapsed policies that the insured make application for reinstatement and renewal of his term policy within five years after the date of lapse and struck out provision that the lapse occur within two months before the expiration of the term period.

#### 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.

### § 1906. Policy provisions

Provisions for cash, loan, paid-up, and extended values, dividends from gains and savings, refund of unearned premiums, and such other provisions as may be found to be reasonable and practicable may be provided for in the policy of insurance from time to time by regulations promulgated by the Secretary.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1149, § 706; renumbered § 1906 and amended Pub. L. 102-83, §§ 4(b)(1), (2)(E), 5(a), Aug. 6, 1991, 105 Stat. 404-406.)

#### AMENDMENTS

1991—Pub. L. 102-83 renumbered section 706 of this title as this section and substituted "Secretary" for "Administrator".

### § 1907. Payment or use of dividends

(a) Until and unless the Secretary has received from the insured a request or directive in writing exercising any other dividend option allowable under the insured's policy, any dividend accumulations and unpaid dividends shall be applied in payment of premiums becoming due on insurance subsequent to the date the dividend is payable after January 1, 1952.

(b) No claim by an insured for payment in cash of a special dividend declared prior to January 1, 1952, shall be processed by the Secretary unless such claim was received within six years after such dividend was declared. Whenever any claim for payment of a special dividend, the processing

of which is barred by this subsection, is received by the Secretary, it shall be returned to the claimant, with a copy of this subsection, and such action shall be a complete response without further communication.

(c) The Secretary, upon application in writing made by the insured for insurance under this subsection, and without proof of good health, is authorized to apply any dividend due and payable on national service life insurance after the date of such application to purchase paid up insurance. Also, the Secretary, upon application in writing made by the insured during the one-year period beginning September 1, 1991, and without proof of good health, is authorized to apply any national service life insurance dividend credits and deposits of such insured existing at the date of the insured's application to purchase paid up insurance. After September 1, 1992, the Secretary may, from time to time, provide for further one-year periods during which insureds may purchase additional paid up insurance from existing dividend credits and deposits. Any such period for the purchase of additional paid up insurance may be allowed only if the Secretary determines in the case of any such period that it would be actuarially and administratively sound to do so. Any dividends, dividend credits, or deposits on endowment policies may be used under this subsection only to purchase additional paid up endowment insurance which matures concurrently with the basic policy. Any dividends, dividend credits, or deposits on policies (other than endowment policies) may be used under this section only to purchase additional paid up whole life insurance. The paid up insurance granted under this subsection shall be in addition to any insurance otherwise authorized under this title, or under prior provisions of law. The paid up insurance granted under this subsection shall be issued on the same terms and conditions as are contained in the standard policies of national service life insurance except (1) the premium rates for such insurance and all cash and loan values thereon shall be based on such table of mortality and rate of interest per annum as may be prescribed by the Secretary; (2) the total disability income provision authorized under section 1915 of this title may not be added to insurance issued under this section; and (3) the insurance shall include such other changes in terms and conditions as the Secretary determines to be reasonable and practicable.

(Pub. L. 85-857, Sept. 2, 1958, 72 Stat. 1149, § 707; Pub. L. 91-291, § 9, June 25, 1970, 84 Stat. 331; Pub. L. 92-188, § 2, Dec. 15, 1971, 85 Stat. 645; Pub. L. 97-295, § 4(22), Oct. 12, 1982, 96 Stat. 1306; Pub. L. 99-576, title VII, § 701(23), Oct. 28, 1986, 100 Stat. 3292; renumbered § 1907 and amended Pub. L. 102-83, §§ 4(a)(2)(A)(iii)(I), (C)(i), (b)(1), (2)(E), 5(a), (c)(1), Aug. 6, 1991, 105 Stat. 403-406; Pub. L. 102-86, title II, § 203, Aug. 14, 1991, 105 Stat. 416.)

#### AMENDMENTS

1991—Pub. L. 102-83, § 5(a), renumbered section 707 of this title as this section.

Subsec. (a). Pub. L. 102-83, § 4(a)(2)(A)(iii)(I), substituted "Secretary" for "Veterans' Administration".

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