

(d) **ACTUARIAL GAINS OR LOSSES.**—If at the time of any such valuation the Board of Actuaries determines that there has been an actuarial gain or loss to the Fund as a result of changes in actuarial assumptions since the last valuation or as a result of any differences, between actual and expected experience since the last valuation, the Board shall recommend to the Secretary a premium rate schedule for the amortization of the cumulative gain or loss to the Fund resulting from such changes in assumptions and any previous such changes in assumptions or from the differences in actual and expected experience, respectively, through an increase or decrease in the payments that would otherwise be made to the Fund.

(e) **INSUFFICIENT ASSETS.**—If at any time liabilities of the Fund exceed assets of the Fund as a result of members of the Ready Reserve being ordered to active duty as described in section 12521(2) of this title, and funds are unavailable to pay benefits completely, the Secretary shall request the President to submit to Congress a request for a special appropriation to cover the unfunded liability. If appropriations are not made to cover an unfunded liability in any fiscal year, the Secretary shall reduce the amount of the benefits paid under the insurance program to a total amount that does not exceed the assets of the Fund expected to accrue by the end of such fiscal year. Benefits that cannot be paid because of such a reduction shall be deferred and may be paid only after and to the extent that additional funds become available.

(f) **DEFINITION OF PRESENT VALUE.**—The Board of Actuaries shall define the term “present value” for purposes of this subsection.

(Added Pub. L. 104-106, div. A, title V, §512(a)(1), Feb. 10, 1996, 110 Stat. 303.)

§ 12530. Payment of benefits

(a) **COMMENCEMENT OF PAYMENT.**—An insured member who serves in excess of 30 days of covered service shall be paid the amount to which such member is entitled on a monthly basis beginning not later than one month after the 30th day of covered service.

(b) **METHOD OF PAYMENT.**—The Secretary shall prescribe in the regulations the manner in which payments shall be made to the member or to a person designated in accordance with subsection (c).

(c) **DESIGNATED RECIPIENTS.**—(1) A member may designate in writing another person (including a spouse, parent, or other person with an insurable interest, as determined in accordance with the regulations prescribed by the Secretary) to receive payments of insurance benefits under the insurance program.

(2) A member may direct that payments of insurance benefits for a person designated under paragraph (1) be deposited with a bank or other financial institution to the credit of the designated person.

(d) **RECIPIENTS IN EVENT OF DEATH OF INSURED MEMBER.**—Any insurance payable under the insurance program on account of a deceased member's period of covered service shall be paid, upon the establishment of a valid claim, to the beneficiary or beneficiaries which the deceased

member designated in writing. If no such designation has been made, the amount shall be payable in accordance with the laws of the State of the member's domicile.

(Added Pub. L. 104-106, div. A, title V, §512(a)(1), Feb. 10, 1996, 110 Stat. 304.)

§ 12531. Purchase of insurance

(a) **PURCHASE AUTHORIZED.**—The Secretary may, instead of or in addition to underwriting the insurance program through the Fund, purchase from one or more insurance companies a policy or policies of group insurance in order to provide the benefits required under this chapter. The Secretary may waive any requirement for full and open competition in order to purchase an insurance policy under this subsection.

(b) **ELIGIBLE INSURERS.**—In order to be eligible to sell insurance to the Secretary for purposes of subsection (a), an insurance company shall—

(1) be licensed to issue insurance in each of the 50 States and in the District of Columbia; and

(2) as of the most recent December 31 for which information is available to the Secretary, have in effect at least one percent of the total amount of insurance that all such insurance companies have in effect in the United States.

(c) **ADMINISTRATIVE PROVISIONS.**—(1) An insurance company that issues a policy for purposes of subsection (a) shall establish an administrative office at a place and under a name designated by the Secretary.

(2) For the purposes of carrying out this chapter, the Secretary may use the facilities and services of any insurance company issuing any policy for purposes of subsection (a), may designate one such company as the representative of the other companies for such purposes, and may contract to pay a reasonable fee to the designated company for its services.

(d) **REINSURANCE.**—The Secretary shall arrange with each insurance company issuing any policy for purposes of subsection (a) to reinsure, under conditions approved by the Secretary, portions of the total amount of the insurance under such policy or policies with such other insurance companies (which meet qualifying criteria prescribed by the Secretary) as may elect to participate in such reinsurance.

(e) **TERMINATION.**—The Secretary may at any time terminate any policy purchased under this section.

(Added Pub. L. 104-106, div. A, title V, §512(a)(1), Feb. 10, 1996, 110 Stat. 304.)

§ 12532. Termination for nonpayment of premiums; forfeiture

(a) **TERMINATION FOR NONPAYMENT.**—The coverage of a member under the insurance program shall terminate without prior notice upon a failure of the member to make required monthly payments of premiums for two consecutive months. The Secretary may provide in the regulations for reinstatement of insurance coverage terminated under this subsection.

(b) **FORFEITURE.**—Any person convicted of mutiny, treason, spying, or desertion, or who re-

fuses to perform service in the armed forces or refuses to wear the uniform of any of the armed forces shall forfeit all rights to insurance under this chapter.

(Added Pub. L. 104-106, div. A, title V, § 512(a)(1), Feb. 10, 1996, 110 Stat. 305.)

§ 12533. Termination of program

(a) IN GENERAL.—The Secretary shall terminate the insurance program in accordance with this section.

(b) TERMINATION OF NEW ENROLLMENTS.—The Secretary may not enroll a member of the Ready Reserve for coverage under the insurance program after November 18, 1997.

(c) TERMINATION OF COVERAGE.—(1) The enrollment under the insurance program of insured members other than insured members described in paragraph (2) is terminated as of November 18, 1997. The enrollment of an insured member described in paragraph (2) is terminated as of the date of the termination of the period of covered service of that member described in that paragraph.

(2) An insured member described in this paragraph is an insured member who on November 18, 1997, is serving on covered service for a period of service, or has been issued an order directing the performance of covered service, that satisfies or would satisfy the entitlement-to-benefits provisions of this chapter.

(d) TERMINATION OF PAYMENT OF BENEFITS.—The Secretary may not make any benefit payment under the insurance program after November 18, 1997, other than to an insured member who on that date (1) is serving on an order to covered service, (2) has been issued an order directing performance of covered service, or (3) has served on covered service before that date for which benefits under the program have not been paid to the member.

(e) TERMINATION OF INSURANCE FUND.—The Secretary shall close the Fund not later than 60 days after the date on which the last benefit payment from the Fund is made. Any amount remaining in the Fund when closed shall be covered into the Treasury as miscellaneous receipts.

(Added Pub. L. 105-85, div. A, title V, § 512(a), Nov. 18, 1997, 111 Stat. 1729; amended Pub. L. 107-107, div. A, title X, § 1048(c)(15), Dec. 28, 2001, 115 Stat. 1226.)

AMENDMENTS

2001—Subsecs. (b), (c)(1). Pub. L. 107-107, § 1048(c)(15)(A), substituted “November 18, 1997.” for “the date of the enactment of this section.”

Subsecs. (c)(2), (d). Pub. L. 107-107, § 1048(c)(15)(B), substituted “November 18, 1997,” for “the date of the enactment of this section”.

CHAPTER 1215—MISCELLANEOUS PROHIBITIONS AND PENALTIES

Sec.

[12551. Repealed.]
12552. Funeral honors functions at funerals for veterans.

AMENDMENTS

2002—Pub. L. 107-314, div. A, title V, § 515(b), Dec. 2, 2002, 116 Stat. 2540, struck out item 12551 “Prohibition

of use of Air Force Reserve AGR personnel for Air Force base security functions”.

1999—Pub. L. 106-65, div. A, title V, § 578(k)(2)(C), Oct. 5, 1999, 113 Stat. 631, substituted “honors functions at funerals for veterans” for “honor guard functions: prohibition of treatment as drill or training” in item 12552.

1998—Pub. L. 105-261, div. A, title V, § 567(c)(2), Oct. 17, 1998, 112 Stat. 2031, added item 12552.

1997—Pub. L. 105-85, div. A, title V, § 515(a), Nov. 18, 1997, 111 Stat. 1732, substituted table of sections consisting of item 12551 for “[No present sections]”.

[§ 12551. Repealed. Pub. L. 107-314, div. A, title V, § 515(a), Dec. 2, 2002, 116 Stat. 2539]

Section, added Pub. L. 105-85, div. A, title V, § 515(a), Nov. 18, 1997, 111 Stat. 1732, related to prohibition of use of Air Force Reserve AGR personnel for Air Force base security functions.

§ 12552. Funeral honors functions at funerals for veterans

Performance by a Reserve of funeral honors functions at the funeral of a veteran (as defined in section 1491(h) of this title) may not be considered to be a period of drill or training, but may be performed as funeral honors duty under section 12503 of this title.

(Added Pub. L. 105-261, div. A, title V, § 567(c)(1), Oct. 17, 1998, 112 Stat. 2031; amended Pub. L. 106-65, div. A, title V, § 578(g)(4), Oct. 5, 1999, 113 Stat. 628; Pub. L. 106-398, § 1 [[div. A], title X, § 1087(a)(21)], Oct. 30, 2000, 114 Stat. 1654, 1654A-291.)

AMENDMENTS

2000—Pub. L. 106-398 inserted period at end.

1999—Pub. L. 106-65 substituted “honors functions at funerals for veterans” for “honor guard functions: prohibition of treatment as drill or training” in section catchline and amended text generally. Prior to amendment, text read as follows: “Performance by a Reserve of honor guard functions at the funeral of a veteran may not be considered to be a period of drill or training otherwise required.”

CHAPTER 1217—MISCELLANEOUS RIGHTS AND BENEFITS

Sec.

12601. Compensation: Reserve on active duty accepting from any person.
12602. Members of Army National Guard of United States and Air National Guard of United States: credit for service as members of National Guard.
12603. Attendance at inactive-duty training assemblies: commercial travel at Federal supply schedule rates.
12604. Billeting in Department of Defense facilities: Reserves attending inactive-duty training.
12605. Presentation of United States flag: members transferred from an active status or discharged after completion of eligibility for retired pay.

AMENDMENTS

2000—Pub. L. 106-398, § 1 [[div. A], title VI, § 663(a)(2)], Oct. 30, 2000, 114 Stat. 1654, 1654A-168, added item 12604.

1999—Pub. L. 106-65, div. A, title VI, § 652(a)(2), Oct. 5, 1999, 113 Stat. 665, added item 12605.

1998—Pub. L. 105-261, div. A, title VI, § 635(b), Oct. 17, 1998, 112 Stat. 2045, added item 12603.

§ 12601. Compensation: Reserve on active duty accepting from any person

Any Reserve who, before being ordered to active duty, was receiving compensation from any