

There are two instances where the interest reaches substantial proportions: (1) on amounts due because of death of insureds and payment is delayed; and (2) in USGLI cases where the insured specifically requests the VA to withhold payment of all installments due him on account of his being totally and permanently disabled. Related to this are those instances where the insured, also totally and permanently disabled, is not paid the benefits to which he is entitled because of being incompetent without a guardian.

The Commission recommends that interest be paid, at a rate to be established in January of each year (except where the interest is \$10 or less) on the following types of delayed insurance payments:

- a. Death Claims and Matured Endowments--beginning 31 days after date of death, or maturing of insurance, and ending on date preceding first payment to beneficiary.
- b. Total and Total Permanent Disability, Including Premium Refunds Thereunder--beginning 31 days after receipt of claim together with necessary proof.
- c. Dividends and Cash Value--beginning 31 days after due, with a similar rule to be applied to any other miscellaneous refundable amount.

RECOMMENDATION NO. 41

The Commission recommends that the Veterans Administration be permitted to adjust VSLI premiums commensurate with the Fund experience.

Background to Recommendation:

In 1951, PL 82-23 closed NSLI and USGLI to new issues and made available a term insurance policy to those separated from service on or after April 25, 1951, and before January 1, 1957. The program, Veterans Service Life Insurance (VSLI), was set up on a non-participating basis. The mortality basis used, however, was at a higher rate than required for the program.

The VSLI Fund is currently earning \$3,000,000 a year, of which about \$2,000,000 comes from interest earned on the Fund in excess of that originally contemplated. The remaining \$1,000,000 comes from term policyholders who are paying