88TH CONGRESS 2d Session } HOUSE OF REPRESENTATIVES { REPORT No. 1930

VETERANS PENSIONS—NSLI

OCTOBER 2, 1964.—Ordered to be printed

Mr. TEAGUE of Texas, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H.R. 1927]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 1927) to amend title 38, United States Code, to revise the pension program for veterans of World War I, World War II, and the Korean conflict, and their widows and children, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 4.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, and 14, and agree to the same.

Amendment numbered 15:

That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment, as follows:

Page 4, of the Senate engrossed amendments, strike out line 9 and all that follows through line 11 on page 13, and insert:

"§ 725. Limited period for acquiring insurance

"(a) Any person (other than a person referred to in subsection (f) of this section) heretofore eligible to apply for National Service Life Insurance after October 7, 1940, and before January 1, 1957, who is found by the Administrator to be suffering (1) from a service-connected disability or disabilities for which compensation would be payable if 10 per centum or more in degree and except for which such person would be insurable according to the standards of good health established by the Administrator; or (2) from a non-service-connected disability which renders such person uninsurable according to the standards of good health established by the Administrator and such person establishes to the satis-

faction of the Administrator that he is unable to obtain commercial life insurance at a substandard rate, shall, upon application in writing made within one year after the effective date of this section, compliance with the health requirements of this section and payment of the required premiums, be granted insurance under this section.

"(b) If, notwithstanding the applicant's service-connected disability, he is insurable according to the standards of good health established by the Administrator, the insurance granted under this section shall be issued upon the same terms and conditions as are contained in the standard policies of National Service Life Insurance except (1) five-year level premium term insurance may not be issued; (2) the net premium rates shall be based on the 1958 Commissioners Standard Ordinary Basic Mortality Table, increased at the time of issue by such an amount as the Administrator determines to be necessary for sound actuarial operations, and thereafter such premiums may be adjusted as the Administrator determines to be so necessary but at intervals of not less than two years; (3) an additional premium to cover administrative costs to the Government as determined by the Administrator at times of issue shall be charged for insurance issued under this subsection and for any total disability income provision attached thereto, and thereafter such costs may be adjusted as the Administrator determines to be necessary but at intervals of not less than five years; (4) all cash, loan, extended and paid-up insurance values shall be based on the 1958 Commissioners Standard Ordinary Basic Mortality Table; (5) all settlements on policies involving annuities shall be calculated on the basis of The Annuity Table for 1949; (6) all calculations in connection with insurance issued under this subsection shall be based on interest at the rate of 3½ per centum per annum; (7) the insurance shall include such other changes in terms and conditions as the Administrator determines to be reasonable and practicable; (8) the insurance and any total disability income provision attached thereto shall be on a nonparticipating basis and all premiums and other collections therefor shall be credited to a revolving fund established in the Treasury of the United States and the payments on such insurance and total disability income provisions shall be made directly from such fund.

"(c) If the applicant's service-connected disability or disabilities render him uninsurable according to the standards of good health established by the Administrator, or if the applicant has a non-service-connected disability which renders him uninsurable according to the standards of good health established by the Administrator and such person establishes to the satisfaction of the Administrator that he is unable to obtain commercial life insurance at a substandard rate and such uninsurability existed as of the date of approval of this section, the insurance granted under this section shall be issued upon the same terms and conditions as are contained in standard policies of National Service Life Insurance, except (1) five-year level premium term insurance may not be issued; (2) the premiums charged for the insurance issued under this subsection shall be increased at the time of issue by such an amount as the Administrator determines to be necessary for sound actuarial operations and thereafter such premiums may be adjusted from time to time as the Administrator determines to be necessary; for the purpose of any increase at time of issue or later adjustment the service-connected group and the non-service-connected group may be separately classified; (3) an additional premium to cover administrative costs to the Government as determined by the Administrator at the time of issue shall be charged for insurance issued

under this subsection and for any total disability income provision attached thereto (for which the insured may subsequently become eligible) and thereafter such costs may be adjusted as the Administrator determines to be necessary but at intervals of not less than five years and for this purpose the service-connected and non-service-connected can be separately classified; (4) the insurance and any total disability income provision attached thereto shall be on a nonparticipating basis; (5) all settlements on policies involving annuities shall be calculated on the basis of The Annuity Table for 1949; (6) all calculations in connection with insurance issued under this subsection shall be based on interest at the rate of 3½ per centum per annum; (7) the insurance shall include such other changes in terms and conditions as the Administrator determines to be reasonable and practicable; (8) all premiums and other collections on the insurance and any total disability income provision attached thereto shall be credited to the National Service Life Insurance appropriation, and the payments on such insurance and total disability income provision shall be made directly from such appropriation. Appropriations necessary to carry out the provisions of this subsection are hereby authorized.

"(d)(1) There is authorized to be appropriated such sums as may be required to provide capital for the revolving fund to carry out the purpose of subsection (b) of this section. Such appropriations shall be advanced to the revolving fund as needed and shall bear interest as determined by the Secretary of the Treasury, taking into consideration the average yield on all marketable interest-bearing obligations of the United States of comparable maturities then forming a part of the public debt and shall be repaid to the Treasury over a reasonable period of time.

"(2) The Administrator is authorized to set aside out of the revolving fund established under subsection (b) of this section such reserve amounts as may be required under accepted actuarial principles to meet all liabilities on insurance issued under subsection (b) of this section and any total disability income provision attached thereto. 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 782 of this title, the Administrator shall, from time to time, determine the administrative costs to the Government which in his judgment are properly allocable to insurance issued under this section and any total disability income provision attached thereto, and shall transfer from the revolving fund, or the National Service Life Insurance appropriation, as appropriate, the amount of such cost allocable to the Veterans' Administration to the appropriation 'General Operating Expenses, Veterans' Administration', and the remainder of such cost to the general fund receipts in the Treasury. The initial administrative costs of issuing insurance under this section

and any total disability income provision attached thereto shall be so transferred over such period of time as the Administrator determines to be reasonable and practicable.

"(e) Notwithstanding the provisions of section 782 of this title, a medical examination (including any supplemental examination or tests) when required of an applicant for issuance of insurance under this section or any total disability income provisions attached thereto shall be at the applicant's own expense by a duly licensed physician.

"(f) No insurance shall be granted under this section to any person referred to in section 107 of this title or to any person while on active duty or active duty for training under a call or order to such duty for a period of thirty-one days or more."

And the Senate agree to the same.

OLIN E. TEAGUE,
W. J. BRYAN DORN,
WALTER S. BARING,
ROBERT A. EVERETT,
W. H. AYRES,
ROSS ADAIR,
JOHN P. SAYLOR,
Managers on the Part of the House.
HARRY BYRD,
RUSSELL LONG,
GEORGE SMATHERS,
CLINTON ANDERSON,
PAUL DOUGLAS,
JOHN WILLIAMS,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 1927) to amend title 38, United States Code, to revise the pension program for veterans of World War I, World War II, and the Korean conflict, and their widows and children, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate accepted most of the House provisions, but added rates which were more liberal than those approved by the House on August 11, 1964, when it passed the bill by a unanimous vote of 388 ayes to 0 nays.

Amendment No. 1: Section 3 of the House bill removed from existing law the requirement that a veteran who has attained age 65 must have a 10-percent disability and that his unemployability be attributable thereto in order to be eligible to receive a veteran's pension.

A survey conducted by the Committee on Veterans' Affairs in the month of April 1964 covering all 68 regional offices of the Veterans' Administration showed that of 10,587 pension cases denied for all reasons, 5 were denied for inability to show a 10-percent disability at age 65; 60 were unable to show unemployability.

The Senate amendment struck out this provision of the House bill.

The House recedes.

Amendment No. 2: Section 4 of the House bill amended the tables establishing income brackets and pension rates for veterans with and without dependents, and widows of veterans with and without dependents. These tables are set forth in sections 521 and 541 of title 38 of the United States Code. The House bill changed the income brackets now in these sections and increased the pension rates. The Senate amendment restored the income brackets now in sections 521 and 541 of title 38, United States Code, but increased the pension rates above those in the House bill.

The House recedes.

Amendment No. 3: Under existing law, whenever there is no widow entitled to pension there is paid to the child or children pension at the monthly rate of $35 for one child, and $15 for each additional child. The Senate amendment added a new section to the bill increasing the $35 amount to $38.

The House recedes.

Amendment No. 4: In determining a veteran's eligibility for pension under existing law, the first $1,200 of the wife's income is excluded, but the balance is counted.

The House bill proposed to exclude $1,200 or all earned income, whichever was greater.

The Senate amendment proposed to exclude $1,500 or all earned income, whichever was lesser.

The Senate recedes.

Amendment No. 5: Section 8 of the House bill provided that in the case of a veteran who is in receipt of an aid-and-attendance allowance and is hospitalized, the allowance will not be discontinued until the first day of the second month following his admission. The Senate amendment struck out this provision.

The House recedes. An identical provision was included in Public Law 88-450 which was enacted after the bill passed the House.

Amendments Nos. 6, 7, 8, 9, and 11: These amendments make technical changes in the House bill.

The House recedes in order to conform to the other action agreed upon by the committee of conference.

Amendments Nos. 10, 12, 13, and 14: Sections 11 and 12(b) of the House bill provided an effective date of November 1, 1964, for the 10-percent income exclusion factor. Section 12(b) of the House bill also provided that the 10-percent income exclusion factor made by the amendment to section 503(6) of title 38, United States Code, would not apply to any individual receiving pension on October 31, 1964, under chapter 15 of title 38, or subsequently determined entitled to such pension on such date, until his contributions have been recouped under the provisions of section 503(6) of title 38, United States Code, as in effect on October 31, 1964.

The Senate amendments struck out the effective dates of November 1, 1964, thus making the 10-percent income exclusion factors effective on the general effective date of the bill, January 1, 1965. The Senate amendment also struck out the two October 31, 1964, dates and substituted for each the date of December 31, 1964.

The House recedes.

Amendment No. 15: No provision relating to insurance appeared in the House version; the Senate added the amendment 15 permitting the reopening of national service life insurance for all veterans who served in the Armed Forces between October 8, 1940, and December 31, 1956—healthy veterans and those with service-connected disabilities. The plans, under the Senate version, would have included term and permanent plans.

The Senate also added the form of modified life insurance which was passed by the House in the form of H.R. 220 in the 1st session of the 88th Congress. Similar proposals had passed the House in the 86th and 87th Congresses. All of these proposals were offered in an effort to prevent the World War II policyholders from having to pay the higher term rates for the advanced ages or face the probability of losing their insurance. The conference agreement retains this feature.

The conference agreement on the other insurance features permits a reopening of national service life insurance for 1 year for service-connected disabled as well as a limited group of non-service-connected who are generally rated as uninsurable or who can only obtain insurance at substandard rates. In all cases administrative costs would be borne by the insured. This is estimated to be $5 per policy per year. Examples of types of disabilities which are not compensable under the provisions of the Veterans' Administration's schedule for rating disabilities and which would not qualify for this insurance are a healed appendectomy scar, tinnitus not associated with trauma, and dental disorders such as treatable carious teeth, replaceable missing teeth, pyorrhea, and vincent's stomatitis.

Approximately 3,300,000 service-connected veterans are estimated to be eligible for this insurance and an unknown number of non-service-connected veterans.

The reopening premiums are:

Annual net costs per $10,000 insurance

	Ordinary life		
	Age 35	Age 45	Age 55
Preferred risk, service-connected, insurable	$149.20	$228.40	$365.40
Substandard risk, service- and non-service-connected	200.80	287.10	451.30

And the Senate agree to the same.

OLIN E. TEAGUE,
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