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## AMEND THE WORLD WAR VETERANS' ACT

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MAY 3 (calendar day, MAY 26), 1928.—Ordered to be printed

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Mr. REED of Pennsylvania, from the Committee on Finance, submitted the following

### REPORT

[To accompany H. R. 13039]

The Committee on Finance, to whom was referred the bill (H. R. 13039) to amend the World War veterans' act, 1924, as amended, having had the same under consideration, report it back to the Senate with certain amendments and recommend that the bill do pass.

1. Section 1 of the bill amends section 19 of the act by establishing a uniform statute of limitations for suits on contracts of insurance. At the present time, under the conformity act, the statutes of limitations of the various States apply. The periods of limitations in these statutes vary from 3 to 20 years, the average being 6 years. The committee believes that the average statute of limitation, namely six years, should be applied to these suits, with an additional year from the date of passage of this amendatory act for all suits. In computing the limitation period it is provided that the time from the date of filing claim for insurance benefits to the date of disallowance of the claim by the director shall not be included. Further, it is provided that the period of limitation shall not run during the time a person is under legal disability or is rated as incompetent by the bureau, and that such person shall have three years from date of removal of disability in which to sue. The amended section is made applicable to suits which have been heretofore rejected under the State statutes of limitations, pending suits, as well as future suits.

2. Section 2 of the bill, as amended, amends section 21, subdivision 2, of the World War veterans' act to provide authority in the Director of the United States Veterans' Bureau for the payment of the expenses of original appointments of guardians, curators, and conservators of incompetent beneficiaries. At the present time the law provides for the payment of such expenses incident to any investigation or court proceeding for the removal of a guardian, curator, or conservator, who has not properly executed the duties of his trust,

and the appointment of a new guardian, curator, or conservator, but it is not within the power of the director to secure the appointment of such a fiduciary in the first instance and pay the expenses of the proceeding. The cost of this item is estimated at \$164,000 per annum.

3. Section 3 of the bill as amended amends section 28 of the World War veterans' act, as amended, under which authority now exists for waiver of recovery of payments from any beneficiary, who, in the judgment of the director, is without fault on his part and where, in the judgment of the director, such recovery would defeat the purpose of benefits otherwise authorized or would be against equity and good conscience, by the substitution of the word "person" for the word "beneficiary." Under the language of this section at present, as construed by the bureau and the Comptroller General, the word "beneficiary" does not comprehend persons who are not legal beneficiaries under the statute, for instance, in a case where, upon the evidence submitted, the bureau has paid insurance or compensation to a person who was alleged to be the widow of an ex-service man, but who, it subsequently appears, was not his widow for the reason that prior to her marriage to the veteran he was married to another woman from whom he was not legally divorced, recovery can not be waived because the woman, not being the veterans' widow, could legally not be a beneficiary within the meaning of that term as used in the World War veterans' act, as amended. It is obviously unjust, however, to attempt to recover in such a case, both the payee and the bureau being without fault. The substitution of the word "person" for the word "beneficiary" will cure the situation. There is also included language to the effect that no disbursing officer shall be held liable for any amount paid by him to any person where the recovery of such amount is waived under this section. The purpose of this amendment is to relieve disbursing officers from liability on their bonds through payments made through error, the recovery of which has been waived under authority of section 28. At the present time the Comptroller General holds that, although recovery may be waived in so far as the payee is concerned, the disbursing officer is nevertheless liable under his bond for the erroneous disbursement. It is estimated that this would result in an immediate cost of \$218,500 and an annual cost of \$84,850 thereafter.

4. Section 4 of the bill, as amended, adds a new section to Title I of the World War veterans' act, as amended, to be known as section 34, and to provide authority for the director to enter into private contracts for the services of translators without regard to the civil service laws and the classification act of 1923. This amendment is included to enable the director to procure the translation of correspondence from foreign languages into English, and English into foreign languages, by the piece, where the foreign language is unusual and so seldom encountered in the administration of the bureau as not to justify the hiring of a translator on a salary basis. The director has found it economical to enter into private contracts in such cases rather than to employ a regular translator at an annual salary, but the Comptroller General has held that such procedure is unauthorized. It is estimated that the cost of this provision would be approximately \$300. The amendment is made retroactive to June 7, 1924, in order that translators who have heretofore performed services under this arrangement may be reimbursed.

5. Section 5 of the bill, as amended, adds a new section to Title I of the World War veterans' act, 1924, as amended, to be known as section 35, and to provide authority for the purchase of transcripts of the record, including the evidence of trial of litigated cases. This section is recommended by the bureau in order that in the future review of such cases the bureau would have the full benefit of evidence adduced at trial. It is estimated that this amendment will cost approximately \$10,000 per year.

6. Section 6 of the bill, as amended, adds a new section to Title I of the World War veterans' act, 1924, as amended, to be known as section 36. This section was added by your committee to the House bill on the recommendation of the Veterans' Bureau. Its purpose is to authorize medical examinations in connection with the reinstatement of insurance or claims for permanent and total disability benefits under insurance contracts. This amendment will not only result in benefit to the veteran but will also assist the Veterans' Bureau in securing necessary complete examinations in connection with either reinstatements or claims.

7. Section 7 of the bill, as amended, amends section 201, subdivision (1), of the statute, which now provides an allowance of \$100 plus \$7 for a flag to drape the casket in cases where a veteran dies after discharge or resignation from the service and does not leave assets which, in the judgment of the director, should be applied to meet the expenses of burial and funeral and the transportation of the body, so as to provide for the payment of \$107 in all cases in which the director, in his discretion and with due regard to the circumstances of each case, may decide that the sum should be allowed. Provision is also made that the director may make contracts for burial and funeral services without regard to the laws providing for advertisement and acceptance of the lowest bid, in order that the director shall be no longer bound by the law requiring him to accept the lowest bid offered, but, on the other hand, may accept the bid which will provide the best funeral within the amount allowed for burial and funeral expenses. Further provision is made so as to permit payments under contracts heretofore made on this basis by the director in an effort to provide respectable burials, but which have been disallowed by the Comptroller General. This section also provides that no deduction shall be made from the sum allowed because of any contribution toward the burial made by any State, county, or municipality. This provision was included to correct the ruling of the Comptroller General to the effect that the Federal allowance must be reduced by the amount which a State, county, or municipality may contribute to a veteran's funeral.

This section of the bill, as amended, also amends subdivisions (2) and (f) of section 201 by providing that death compensation shall be payable on behalf of a father or mother whenever dependency arises and the payment of such compensation shall continue only during the period of dependency. Dependency as used in this section in reality means inability to support oneself. At the present time the law provides that dependency of a father or mother must arise within five years after the death of the veteran, and further, that if such dependency arises within the time prescribed, compensation shall continue until the death of the parent irrespective of whether the status of dependency continues. Your committee, on the recom-

mentation of the Veterans' Bureau, has adopted this amendment which is not contained in the House bill.

This section, which in H. R. 13039 was section 6 as it passed the House of Representatives, contained an amendment to subdivision (3) of section 201 which authorized the payment of compensation to children after the age of 18 years and until completion of education or training where such children were pursuing a course of instruction at a school, college, academy, seminary, technical institute or university particularly designated by them and approved by the director. This allowance was to be continued until such children reach the age of 21 years or terminate their attendance at school. The estimated cost of this provision was \$1,007,900. Your committee, after careful consideration of the matter, did not feel that this wide departure from past procedure in dealing with the dependents of deceased veterans was warranted. At the present time the law provides that this compensation should be payable until the child reaches 18 years of age or if the child is permanently incapable of self-support by reason of mental or physical defect the compensation continues indefinitely. It was not believed by your committee that sufficient good would result from the amendment as proposed by the House of Representatives to warrant its adoption.

Section 7 of the bill as it passed the House of Representatives amended section 202, subdivision (7), first paragraph, by increasing the amount of compensation now paid to insane disabled veterans who have no dependents and who are being maintained by the Government in hospitals from \$20 to \$30 per month. This amendment would result in an increased cost to the Government of \$699,000 annually. Your committee did not feel that a sufficient showing had been made as to the necessity for this increased allowance. It must be remembered in connection with this amendment that if the man recovers his mentality the difference between the \$20 rate and the amount of compensation he would otherwise be entitled to is paid to him for the entire period that his compensation has been reduced. If the man does not recover it was felt by your committee, that as long as he was maintained by the Government at no cost to himself and was allowed \$20 per month for personal expenditure, that this amount was sufficient. It is desired to point out in connection with this matter that at the present time there are thousands of insane veterans who have no dependents and for whom large estates, ranging from \$3,000 to \$10,000 each, are being held by guardians. This money is doing no good to the veterans and upon his death will either be paid to distant relatives who have no right to look to the Government for benefits as the result of the veterans' disability or death, or will escheat to the State of residence of the veteran. Your committee did not feel justified in further adding to these estates by increasing the amount of monthly allowance.

8. Section 8 of the bill, as amended, amends section 202, paragraph (e). This amendment is to carry out the previous amendment contained in section 6 of the bill as amended, with reference to the dependency of parents. It provides that the status of dependency shall be determined as of the first day of each year and the director is authorized to require the submission of proof of dependency in his discretion. It further provides that upon refusal or neglect to submit such proof within a reasonable time payment may be suspended.

9. Section 9 of the bill, as amended, is the same as section 8 of H. R. 13039 as it passed the House of Representatives. This section proposes to amend subdivision (12) of section 202, by substituting the word "may" for the word "shall," so as to give the director discretion in making apportionments of compensation where the disabled person and his wife are not living together, or where the children are not in the custody of the disabled person. At the present time the language of this subdivision is mandatory and leaves no discretion in the director as to whether an apportionment shall be made regardless of the circumstances in the case. The object of the amendment is to permit the director to inquire into the reasons for the separation, and to make apportionments only in those cases where the facts warrant, and although it places on the bureau the functions of a court of domestic relations it nevertheless is important from the standpoint of justice to those veterans who are separated from their wives through the misconduct of the latter, that the law no longer contain a mandate requiring apportionment in favor of a wife without regard to the circumstances of the separation. There would be no increased cost due to this amendment.

10. Sections 9 and 10 of the bill as it passed the House of Representatives which provide for the repeal of sections 206 and 209 of the statute have been eliminated from the bill by your committee. These two sections of the bill as it passed the House of Representatives would remove entirely the time limit on filing claim or the submission of evidence. At the present time the law provides that no compensation shall be payable and that except as provided by subdivision (10) of section 202 of the World War veterans' act, as amended, no treatment shall be furnished unless a claim therefor be filed in case of disability within five years after discharge or resignation from the service, or in case of death during the service within five years after such death is officially recorded in the department under which the person is serving. Further, that when compensation is payable for death or disability occurring after discharge or resignation from the service claim must be made within five years after such death or the beginning of such disability. Also it is provided that the director may extend this time not to exceed five years for good cause shown, and if at the time any right accrues to any person such person is a minor or of unsound mind, or physically unable to make a claim the time shall not begin to run until such disability ceases. Your committee felt that this was a fair provision and that no amendment to the same was warranted on the basis of the facts submitted. The provision of the law with reference to submission of proof which is contained in section 206 is to the effect that no compensation should be payable for death disability which does not occur prior to or within one year after discharge or resignation from the service except as provided in section 200 of the act which relates to the presumption clauses and except where there is an official record of the injury during service or at the time of separation from the service, or where, prior to June 7, 1927, satisfactory evidence has been furnished the bureau to establish the injury was suffered or aggravated during active service. Where there is official record of the injury during service, compensation is payable for death or disability whenever occurring proximately resulting from such injury. Your committee likewise did not feel that the facts presented warranted an amendment to this section of the law.

11. Section 10 of the bill, as amended, is the same as section 11 of the bill as it passed the House of Representatives. This section adds a proviso to section 212 of the World War veterans' act, to provide that where the widow, child, or children of a deceased veteran are entitled to compensation by virtue of an accrued right under the war risk insurance act, as amended, the rates of compensation shall be the same as now paid to widows and children who are receiving compensation under the World War veterans' act, as amended. This amendment is proper in view of the fact that the dependents of veterans who died of injuries received during the period of time covered by the war risk insurance act, but not between April 6, 1917, and July 2, 1921, the period of the World War as defined by the World War veterans' act, are now paid at the rate provided by the old statute. It is fair to put all these dependents on the same basis. This amendment will result in an increased cost to the Government of \$12,000 annually.

12. Section 11 of the bill, as amended, is the same as section 12 of the bill as it passed the House of Representatives. This section amends section 300 of the act by removing the restriction on the designation of a beneficiary for converted insurance to a permitted class. The permitted class of beneficiaries will still remain in the statute in so far as yearly renewable term insurance is concerned. The committee is of the opinion that in view of the fact that the insured under converted insurance is paying an ample premium for the protection afforded, he should be given the same right with regard to designating a beneficiary, or changing a beneficiary, as he would have under a commercial insurance policy. This amendment will make unnecessary the amendment providing that trustees be included among the permitted class of beneficiaries for converted insurance. There will be no additional cost attached to this amendment.

13. Section 12 of the bill, as amended, is the same as section 13 of the bill as it passed the House of Representatives. This section amends section 301 of the act merely to make the provisions of that section conform to the amendatory section removing the permitted class of beneficiaries for converted insurance and to permit reconversion of converted insurance to policies of a lower premium rate, other than the five-year term, where the insured is in good health. Evidence was produced to show that immediately following the war many men bought endowment policies which carry a high premium rate; they are now finding it impossible to continue the premiums on these policies, and it was believed that by permitting them, if they are in good health, to transfer to a lower premium rate policy they would be able to continue the insurance. No additional cost will result under this amendment.

14. Section 13 of the bill, as amended, is the same as section 14 of the bill as it passed the House of Representatives, with an added proviso adopted by your committee on the recommendation of the Veterans' Bureau to the effect that where a veteran has surrendered his policy for cash the terms of this new section shall not apply in so far as the amount of insurance so surrendered is concerned. This section authorizes the granting of converted insurance to any man who has heretofore applied, or has been eligible to apply, for either yearly renewable term or converted insurance if he is now in good health and submits evidence to this effect satisfactory to the director.

The committee believes that this amendment will not only be beneficial to the veterans but also to the United States Government life converted insurance fund, as it will permit men in good health to take out converted insurance, and thereby increase the number of good risks carrying this form of insurance.

15. Section 15 of the bill as it passed the House of Representatives has been completely rewritten by your committee and is contained in section 14 of the bill, as amended. The House provision adds an addition maturing factor for insurance, namely, wherever an insured has been totally disabled for 12 months the benefits should be payable from the beginning of total disability through the continuance of such total disability. In the report submitted by the Veterans' Bureau on this amendment it was pointed out that if the amendment were to be adopted it would be necessary to provide an additional premium to cover the cost of this liberalizing of the maturing factor of Government insurance. At the present time the premium charged on Government insurance covers only the death risk. So far the experience of the Government life-insurance fund has been sufficiently favorable to build up contingency reserves to take care of both the death losses and the permanent total disability losses. However, with this liberal definition of permanent total disability it would not have been possible to maintain the required reserves to meet future losses on the basis of the present premiums. Your committee, therefore, felt that rather than add this amendment to all existing policies that persons now carrying Government insurance, or who hereafter apply for the same, should be given the option of taking this more liberal form of permanent total disability benefit provided they desire to pay the necessary premium to cover the same. There will be no increased cost as the result of the passage of this amendment.

16. Section 15 of the bill as now reported is explained in the following letter from the Director of the Veterans' Bureau:

UNITED STATES VETERANS' BUREAU,  
Washington, May 21, 1928.

Hon. REED SMOOT,  
Chairman Committee on Finance,  
United States Senate.

MY DEAR SENATOR SMOOT: Reference is made to your communication transmitting copy of S. 4395, "A bill to amend section 305 of the World War veterans act, as amended," with request for report thereon.

This bill proposes to add a proviso to section 305 of the World War veterans' act, as amended, to the effect that compensation which is uncollectible by reason of the provisions of section 310 of the war risk insurance act, or section 210 of the World War veterans' act, shall be considered as uncollected compensation for the purposes of this section. The enactment of this proviso will place the adjudication of claims under section 305, which provides for the revival of insurance by uncollected compensation, on the same basis as under the rule applied in the bureau prior to the decision of the Comptroller General in the case of John Hiram Hurst, C-293590, dated April 29, 1927, wherein it was held that the former interpretation of this section by the bureau to the effect that compensation uncollectible by reason of section 310 of the war risk insurance act, as amended, and section 210 of the World War veterans' act, as amended, could be used for the revival of insurance under section 305, was in error. The Hurst decision has been applied only to cases adjudicated since the date of its release, to wit, April 29, 1927. The committee is advised that I am in favor of the enactment of this legislation. It is impossible to furnish an estimate of the cost thereof at the present time, but the committee will be advised in this respect at a later date.

A copy of this letter is enclosed for your use.

Very truly yours,

FRANK T. HINES, Director.

