

Manual: Personnel
Chapter Series CC--Commissioned Corps Personnel Manual
Part 2--Commissioned Corps Personnel Administration

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Public Health Service

Chapter CC29--Officers' Relations, Services, and Benefits
Subchapter CC29.9--Miscellaneous
Personnel INSTRUCTION 2--Soldiers' and Sailors' Civil Relief Act

CONTENTS

<u>Section</u>	<u>Subject</u>	<u>Page</u>
A.	Purpose and Scope.....	1
B.	Authority.....	2
C.	Background.....	2
D.	General Provisions.....	3
E.	Liabilities and Obligations.....	3
F.	Rights Under Leases.....	5
G.	Domicile for Tax Purposes.....	6
H.	Motor Vehicles.....	8
I.	Life Insurance Policies.....	8
Exhibit I	50 U.S.C. App. Section Titles for the Soldiers' and Sailors' Civil Relief Act of 1940, As Amended.....	10
Exhibit II	Form VA 29-380, "Application for Protection of Commercial Life Insurance Policy".....	12

Section A. Purpose and Scope

1. The purpose of this INSTRUCTION is to provide information concerning the rights, privileges, immunities, and benefits available to active duty PHS commissioned officers under the Soldiers' and Sailors' Civil Relief Act of 1940, as amended (hereinafter cited as the SSCR Act).

2. This INSTRUCTION provides general information on the major provisions of the SSCR Act and is not intended to be utilized as a source of legal reference or authority. Specific legal matters that may arise involving the SSCR Act should be discussed with an attorney. For reference purposes, United States Code (U.S.C.) citations for the various sections of the SSCR Act are contained in Exhibit I.

Section B. Authority

1. The statutory authority that extends to active duty PHS commissioned officers the benefits available under the SSCR Act (50 U.S.C. App. 501 et seq.) is contained in section 1101 of Public Law 94-278, which amended Section 212(e) of the PHS Act (42 U.S.C. 213(e)). Public Law 94-278 became effective April 22, 1976.
2. Regulations dealing with governmental guarantee of commercial life insurance policy premiums are contained in 38 CFR 7.2 et seq.

Section C. Background

1. The purpose of the SSCR Act is to afford members of the uniformed services protection from civil litigation while serving on active duty. The suspension of enforcement of civil liabilities and the temporary suspension of legal proceedings and transactions which may prejudice the rights of persons serving on active duty in the uniformed services are means by which the purpose of the SSCR Act is accomplished. Prior to the enactment of Public Law 94-278, only PHS commissioned officers on detail to a branch of the Armed Forces were entitled to these benefits. However, since the passage of Public Law 94-278, all active duty PHS officers are entitled to the benefits of the SSCR Act, irrespective of their duties or location of duty stations.
2. For the most part, only certain specific provisions of the SSCR Act will be utilized by PHS officers. To exercise many of the rights and immunities, the officer must show that the obligation was undertaken prior to his/her call to active duty and that his/her ability to meet the obligation has been materially affected by his/her call to active duty. Since the current pay rates are far in excess of those in effect in 1940 when the SSCR Act was originally enacted, and since the PHS Commissioned Corps is an all commissioned officer personnel system, it is assumed that very seldom will there be justification for many of the remedies potentially available under the SSCR Act. Therefore, this INSTRUCTION presents general information on those sections of the SSCR Act that are most likely to be of interest to PHS commissioned officers.

Section D. General Provisions

1. Eligibility. The following are eligible for the provisions available under the SSCR Act:
 - a. PHS commissioned officers serving on active duty, and
 - b. Dependents of active duty PHS officers with respect to provisions dealing with evictions, installment contracts, mortgages, trust deeds, foreclosures, termination of leases, and life insurance policies (50 U.S.C. App. 530-536).
2. Scope of Protection. Generally, the SSCR Act provides protection to officers concerning civil matters and does not apply to criminal charges or proceedings against such officers.

Section E. Liabilities and Obligations

A major provision of the SSCR Act deals with the temporary suspension of legal proceedings and transactions involving civil matters. The SSCR Act does not furnish the officer with complete immunity from his/her obligation to honor a debt or liability. Rather, the SSCR Act merely provides that legal proceedings that are initiated to enforce obligations against persons in the uniformed services may be suspended.

A PHS officer may, at any time during or within six months after his/her period of active duty, apply to a court of competent jurisdiction for a stay of enforcement of any obligation or liability incurred prior to his/her period of active duty. The court must grant an application for a stay unless the court decides that the officer's ability to prosecute or defend the lawsuit is not materially affected by reason of his/her active duty. Additionally, a court, on its own action, may stay any action or proceeding initiated against an officer on active duty. The court may grant the stay before, during, or within sixty days after the period of the officer's service, unless the court decides that the officer's ability to comply with the judgment order entered or sought is not materially affected by reason of his/her active service.

While a court ordered stay is in effect, whether by application or on a court's own motion, no fine or penalty shall accrue by reason of failure to comply with the terms of the obligation. It is important to note that obligations and liabilities incurred during an officer's period of active service, with the exception of taxes or assessments, are not covered by the SSCR Act.

1. Installment Contracts, Mortgages, Trust Deeds, etc. It is possible that an officer may not be able to fulfill contractual obligations, such as installment or mortgage payments, entered into prior to active service. To protect an officer from repossession or foreclosure actions on the property involved, the SSCR Act permits a court of competent jurisdiction to stay or, in rare instances, terminate an officer's contractual obligations if the officer's ability (or that of his/her dependents or persons secondarily liable) to comply with his/her (their) contractual obligations is materially impaired by reason of his/her active service. The officer may apply for relief to a court of competent jurisdiction during or within six months after his/her active service. In all cases, the court will make such disposition of the case as it deems equitable to the interests of the parties involved.

2. Interest. 50 U.S.C. App. 526 states:

"No obligation or liability bearing interest at a rate in excess of 6 per centum per annum incurred by a person in military service prior to his entry into such service shall, during any part of the period of military service which occurs after the date of enactment of the Soldiers' and Sailors' Civil Relief Act Amendments of 1942 [Oct. 6, 1942], bear interest at a rate in excess of 6 per centum per annum unless, in the opinion of the court, upon application thereto by the obligee, the ability of such person in military service to pay interest upon such obligation or liability at a rate in excess of 6 per centum per annum is not materially affected by reason of such service, in which case the court may make such order as in its opinion may be just. As used in this section, the term "interest" includes service charges, renewal charges, fees, or any other charges (except bona fide insurance) in respect of such obligation or liability."

Basically, the above means that when an officer owes money and the interest rate exceeds six percent annually, this rate will automatically be reduced to six percent annually when the officer enters active duty. This protection exists, however, only so long as the creditor cannot convince a court that the officer has the ability to pay a higher rate of interest during his/her period of active service. This section does not apply to any obligation or liability entered into after the officer's active duty.

Section F. Rights Under Leases

1. Termination of Leases. 50 U.S.C. App. 534 provides that a lease covering premises occupied for dwelling, professional, business, agricultural, or similar purposes, may be terminated by the lessee by written notice to the lessor, if the lessee enters active service subsequent to the execution of the lease agreement. The protections provided by 50 U.S.C. App. 534 apply only if, in the opinion of a court of competent jurisdiction, the ability of the officer to comply with the contractual obligations of the lease is materially affected by reason of the officer's active service.
 - a. Only leases entered into prior to active service are covered by 50 U.S.C. App. 534. Leases entered into during or after active service are not covered.
 - b. An officer shall give written notice of termination only after entering active service. A notice of termination delivered or mailed prior to entering on active service is not considered a valid notice under 50 U.S.C. App. 534.
 - c. A notice to terminate a lease must be addressed to the lessor (or to his/her grantee) or to the lessor's (or his/her grantee's) agent. The notice should be delivered or, if mailed, placed in a properly stamped envelope and deposited in the United States mails. Oral notice to the lessor has been deemed insufficient under terms of 50 U.S.C. App. 534.
 - d. Termination of a lease providing for monthly payment of rent is not effective until thirty days after the first date on which the next rental payment is due and payable after the date when such notice is delivered or mailed. For example, an individual's lease agreement provides for rental payment on the first day of each month. The individual is called to active duty as a PHS commissioned officer on July 14 and immediately effects delivered or mailed notice of termination of his/her lease agreement. Since termination of the lease agreement becomes effective thirty days after the next rental payment is due subsequent to the date when such notice is delivered or mailed, the officer is liable for all rental payments through August 31 unless agreement to the contrary is reached with the lessor. In this example, if the notice is not given until August 3, the lessee will be liable for all rental payments through September 30.
 - e. A lease providing for other than monthly rental payments is terminated on the final day of the month in which the notice is mailed or delivered. Any unpaid rental for a period preceding termination shall be prorated and any rental paid in advance for a period succeeding termination shall be refunded by the lessor (or his/her assignee).
2. Transfer, Retirement, or Separation. The authority to terminate leases does not apply in the case of transfer after entry on duty or upon retirement or separation. Again, it is emphasized that the SSCR Act does not extend any protection to lease agreements entered into after a person is called to active duty as a PHS commissioned officer. Therefore, an officer who enters a lease agreement while on active duty should make certain that such agreement provides for termination on thirty-days or less written notice if he/she receives a change of duty station order.

Section G. Domicile for Tax Purposes

1. Under 50 U.S.C. App. 574, an officer does not lose his/her domicile when the sole reason for absence from his/her domicile is in compliance with PHS orders. Likewise, an officer does not necessarily acquire a new domicile when he/she is absent from his/her original domicile in compliance with those orders. Therefore, PHS commissioned officers are entitled to establish a state of domicile for purposes of state, local, and personal property taxes.
2. A domicile is that place where a person intends to make a true, fixed, and permanent home and principal establishment and to which, whenever that person is absent, he/she has the intention of returning. By contrast, residence simply requires bodily presence as an inhabitant in a given place with no intention of making it one's permanent home. Once a domicile is established, an officer does not lose that domicile while residing elsewhere, even though two states may be involved. Consequently, an officer may have more than one residence but only one domicile.
3. The determination of the location of an officer's domicile is important because domicile controls the jurisdiction of taxing authorities. Factors used by courts to determine an individual's domicile include, but are not limited to, the following:
 - a. Place where the officer is registered to vote;
 - b. Location of Collector of Internal Revenue office to which the officer's Federal income tax return is filed;
 - c. Place of issuance of motor vehicle title and registration and motor vehicle operator's license;
 - d. Purchase of residential property or an unimproved residential lot;
 - e. State to which income taxes are paid; and
 - f. Place of domicile as evidenced by a last will and testament.

If some but not all of the factors above exist or occur with respect to a state claimed as an officer's domicile, the burden is usually upon the officer concerned to establish by the factors above, to the satisfaction of the state taxing authorities concerned, that the state claimed is his/her true domicile. Failure to do so may adversely impact on certain privileges which depend upon domicile, e.g., eligibility for resident tuition at state universities. Similarly, it is imperative that an officer be as consistent as possible in matters pertaining to domicile. An officer who tries to take advantage of various benefits in different states may jeopardize the legality of his/her domicile. Consequently, it may be prudent to endure some of the disadvantages that may arise from declaring a state as a legal domicile rather than risk being challenged by a court to prove the claim.

4. When an officer's domicile is other than the state in which he/she resides in compliance with PHS orders, the officer is exempt from payment of income taxes to the

state where assigned. The purpose of this provision is to protect the officer from multiple state taxation of income. In short, the domicile of the officer for tax purposes is not changed by duty station assignments, and the sole right of taxation belongs to the officer's state of domicile, regardless of whether that state exercises such right.

- a. The term "income" in 50 U.S.C. App. 574 applies to only the officer's PHS pay and allowances. Income other than the officer's PHS pay and allowances may be subject to income tax in the state where assigned, where the officer resides, or where the officer is domiciled, depending upon applicable state law.
 - b. Income earned by an officer's dependents is not covered by the SSCR Act, even though the dependents had to change residence through no fault of their own.
 - c. Form DD 2058, "State of Legal Residence Certificate," is used by the PHS Commissioned Corps for an officer to declare a state of legal domicile for purposes of withholding state income tax from an officer's PHS pay and allowances, to record changes in the state of legal domicile, and to notify appropriate states of a change in domicile. (See CCPM CC22.7, INSTRUCTION 3, "Withholding of State Income Tax.") Form DD 2058 can be obtained from the Compensation and Benefits Branch/PA, Commissioned Personnel Operations Division, Office of Personnel Management, Office of Management, Room 4-35, Parklawn Building, 5600 Fishers Lane, Rockville, Maryland 20857, or from any military installation.
5. Home of Record is that place recorded as the home of the officer when commissioned, reinstated, appointed, reappointed, or ordered into therelevant tour of active duty. Under the Joint Travel Regulations of the Uniformed Services, an officer's Home of Record may not be changed except in the most exceptional circumstances. Although an officer may attempt to change his/her domicile, such officer cannot request a change in his/her Home of Record merely for the purpose of enhancing his/her claim of establishing a state other than his/her Home of Record as his/her domicile.
 6. A state or its subdivisions are forbidden under 50 U.S.C. App. 574 to impose a tax in respect to an officer's personal property if the incidence of the tax is based on the location or situs of the personal property in the taxing jurisdiction other than the officer's domicile. The purpose of this provision is to protect the officer from the burden of certain local taxes whenever the officer's presence in that locality results solely from compliance with PHS orders. Personal property refers to tangible and intangible property and includes such items as mobile homes, furniture, motor vehicles, or other items characterized by a temporary or movable nature. For example, State A has a personal property tax. State B, the officer's domiciliary, does not have a personal property tax. If the officer is assigned to State A (his/her duty station), he/she will be exempt from State A's personal property tax.
 7. Real property is excluded from 50 U.S.C. App. 574 since it is generally taxed only by the state in which it is situated. Therefore, it is not affected by an officer's status, domiciliary or residential, military or civilian.

Section H. Motor Vehicles

1. Payment of motor vehicle licenses, fees, and excises is covered by 50 U.S.C. App. 574. Since many active duty officers are assigned to more than one duty station in more than one state during the year, this section protects the officer from multiple state taxation of motor vehicles as well as other types of personal property.
 - a. A PHS commissioned officer who resides in a state other than his/her domicile as a result of compliance with military orders is not subject to that state's motor vehicle licenses, fees, or excises, provided that the fee or excise has been paid in accordance with the state laws of the officer's domicile. In instances where a motor vehicle title is held jointly by an officer and his/her dependent(s), certain states may impose its motor vehicle fees and excises on the dependent's interest in the motor vehicle. It is advisable, therefore, that the laws and regulations of the state to which the officer is assigned be checked to see if that state exempts an officer's dependents from its motor vehicle fees or excises in cases where the motor vehicle title is held jointly by an officer and his/her dependents.
 - b. A PHS commissioned officer who fails to register and obtain license plates for his/her motor vehicle under the laws of his/her state of domicile, whatever the reason, may be required by the state where he/she is assigned to register and license the motor vehicle under its laws. However, motor vehicle registration fees collected as a tax cannot be imposed on a nonresident officer because he/she is immune from the host state's personal property taxes. A registration fee is generally classified as a tax if it meets the following conditions: (1) collected annually; (2) computed on the basis of the motor vehicle's value; and (3) designed to raise revenue rather than merely cover the costs of administration of motor vehicle registration. Therefore, it is important that an officer who wishes to maintain a specific state as his/her domicile register the motor vehicle in that state. This will prohibit his/her state of residence from imposing its registration requirement and will serve as an indicator of intent to maintain his/her domicile in the state where the motor vehicle is registered.
2. It should be noted that motor vehicle operator's license fees are not specifically covered by the SSCR Act. Therefore, a state in which the officer is residing may legally require that an officer obtain a motor vehicle operator's license from that state even though he/she may be domiciled elsewhere. Some states, however, exempt members of the military from the requirement of obtaining a motor vehicle operator's license if the member is domiciled elsewhere. Whether or not the PHS Commissioned Corps is considered a "military service" for the purpose of this exemption is a matter to be determined by the state involved.

Section I. Life Insurance Policies

1. Under 50 U.S.C. App. 540-548, a PHS commissioned officer may have the Veterans Administration (VA) guarantee payment of premiums of certain types of commercial life insurance policies. Unlike other sections of the SSCR Act, these sections do not

require a finding that the officer was materially affected by his/her active service. Any officer on active duty, therefore, may apply for relief in accordance with these sections and relief may be granted regardless of the impact of active service on the officer's ability to pay the premiums. The maximum amount of life insurance permitted to be guaranteed for any one individual is limited to \$10,000.

2. An officer, upon proper application, may have the premiums and interest thereon with respect to certain types of commercial life insurance policies guaranteed for his/her period of active service, and for two years after the expiration of such service. Relief can be granted only if the following conditions exist prior to application:
 - a. The policy must be in force on a premium paying basis at the time the officer applies for relief, and
 - b. The policy must have been in effect 180 days before entry on active duty.
3. Policies of the United States Government Life Insurance and National Service Life Insurance are not covered under the provisions of these sections or implementing regulations (38 CFR 7.2 et seq.).
4. An officer seeking governmental guarantee of premiums must first file VA Form 29-380, "Application for Protection of Commercial Life Insurance Policy" (see Exhibit II), with his/her insurance company and send a copy of the application to the Veterans Administration, 810 Vermont Avenue, N.W., Washington, D.C. 20420. The VA's Chief Actuary will then determine whether or not the officer's policy is covered by the SSCR Act. This determination is final and is not subject to review by any other official, agency, or court.
5. Any policy found to be entitled to protection under the provisions of the SSCR Act will not lapse or otherwise terminate or be forfeited for the nonpayment of any indebtedness or interest during the period of active service. During this period, the Government does not pay the premiums for the officer but simply guarantees that the premiums will be paid at the end of the period.
6. 50 U.S.C. App. 540-548 merely provides a moratorium on premiums and does not relieve the officer from repayment of the premiums. The insured officer must repay the unpaid premiums and interest no later than two years after the expiration of his/her term of active service. If the officer fails to repay the amounts by the end of this two-year period, the amount then due is treated by the insurance company as a loan on the policy. Any amount paid by the United States to the insurer on account of a policy protected under the provisions of the SSCR Act will become a debt due the United States by the insured on whose account payment was made and this amount will be collected by deduction from any amount due the insured by the United States or as otherwise authorized by law.

EXHIBIT I

50 U.S.C. APP. SECTION TITLES FOR THE SOLDIERS'
AND SAILORS' CIVIL RELIEF ACT OF 1940, AS AMENDED

Sec.

501. Short title.

ARTICLE I—GENERAL PROVISIONS

- 510. Purpose; suspension of enforcement of civil liabilities.
- 511. Definitions.
- 512. Territorial application; jurisdiction of courts; form of procedure.
- 513. Protection of persons secondarily liable.
- 514. Extension of benefits to citizens serving with forces of war allies.
- 515. Notice of benefits to persons in and persons entering military service.
- 516. Extension of benefits to persons ordered to report for induction or military service.
- 517. Effect of rights, remedies, etc., pursuant to written agreements entered after commencement of military service.

ARTICLE II—GENERAL RELIEF

- 520. Default judgments; affidavits; bonds; attorneys for persons in service.
- 521. Stay of proceedings where military service affects conduct thereof.
- 522. Fines and penalties on contracts, etc.
- 523. Stay or vacation of execution of judgments, attachments, etc.
- 524. Duration and term of stays; codefendants not in service.
- 525. Statutes of limitations as affected by period of service.
- 526. Maximum rate of interest.
- 527. Limitations prescribed by internal revenue laws as affected by period of service.

ARTICLE III—RENT, INSTALLMENT CONTRACTS,
MORTGAGES, LIENS, ASSIGNMENTS, LEASES

- 530. Eviction or distress during military service; stay; penalty for noncompliance; allotment of pay for payment.
- 531. Installment contracts for purchase of property.
- 532. Mortgages, trust deeds, etc.
- 533. Settlement of cases involving stayed proceedings to foreclose mortgage on, resume possession of, or terminate contract for purchase of, personal property.
- 534. Termination of leases by lessees.
- 535. Protection of assignor of life insurance policy; enforcement of storage liens; penalties.
- 536. Extension of benefits to dependents.

ARTICLE IV—INSURANCE

- 540. Definitions.
- 541. Persons entitled to benefits of article; applications; amount of insurance protected.
- 542. Form of application; reports to Veterans' Administration by insurer; policy deemed modified upon application for protection.

EXHIBIT I (continued)

- 543. Determination of policies entitled to protection; notice to parties; lapse of policies for nonpayment of premiums, etc.
- 544. Rights and privileges of insured during period of protection.
- 545. Deduction of unpaid premiums upon settlement of policies maturing during protection.
- 546. Guaranty of premiums and interest by United States; settlement of amounts due upon expiration of protection; subrogation of United States; crediting debt repayments.
- 547. Regulations; finality of determinations.
- 548. Law governing applications for protection prior to Oct. 6, 1942.
- 549-554. Omitted.

ARTICLE V—TAXES AND PUBLIC LANDS

- 560. Taxes respecting personalty, money, credits, or realty; sale of property to enforce collection; redemption of property sold; penalty for nonpayment; notice of rights to beneficiaries of section.
- 561. Rights to public lands not forfeited; grazing lands.
- 562. Homestead entries and settlement claims; service as equivalent to residence and cultivation.
- 563. Same; death or incapacity during or resulting from service as affecting rights; perfection of rights.
- 564. Desert-land entries; suspension of requirements.
- 565. Mining claims; requirements suspended.
- 566. Mineral permits and leases; suspension of operations and term of permits and leases.
- 567. Right to take action for perfection, defense, etc., of rights as unaffected; affidavits and proofs.
- 568. Irrigation rights; residence requirements suspended.
- 569. Distribution of information concerning benefits of article; forms.
- 570. Homestead entrymen permitted to leave entries to perform farm labor.
- 571. Land rights of persons under 21.
- 572. Extension of benefits to persons serving with war allies of United States.
- 573. Income taxes; collection deferred; interest; statute of limitations.
- 574. Residence for tax purposes.

ARTICLE VI—ADMINISTRATIVE REMEDIES

- 580. Transfers to take advantage of act.
- 581. Certificates of service; persons reported missing.
- 582. Revocation, etc., of interlocutory orders.
- 583. Separability of provisions.
- 584. Termination date.
- 585. Inapplicability of Soldiers' and Sailors' Civil Relief Act of 1918.

ARTICLE VII—FURTHER RELIEF

- 590. Stay of enforcement of obligations, liabilities, taxes, etc.

EXHIBIT II

<p>VETERANS ADMINISTRATION APPLICATION FOR PROTECTION OF COMMERCIAL LIFE INSURANCE POLICY (Under Soldiers' and Sailors' Civil Relief Act Amendments, Public Law 732, 77th Congress)</p>			<p>DO NOT WRITE IN THIS SPACE</p>		
<p>This application should be executed in triplicate for each separate insurance policy or certificate to be placed under the insurance provisions of the Act. The original should be forwarded direct to the Insurance Company, the duplicate to The Veterans Administration, Philadelphia, PA 19101 and the third copy should be retained by the applicant.</p> <p>Refer to Privacy Act information and instructions on the reverse side of insured's copy before completing.</p>					
1 FIRST NAME - MIDDLE NAME - LAST NAME OF INSURED (Print or Type)				2 DATE OF BIRTH	
3 HOME ADDRESS (No. and street or rural route, city, P.O., State and Zip Code)				4 SOCIAL SECURITY NO.	
5 DATE OF ENTRY ON PRESENT TOUR OF ACTIVE DUTY		6 GRADE, RANK OR RATING		7 BRANCH OF SERVICE (Check one)	
				<input type="checkbox"/> ARMY <input type="checkbox"/> NAVY <input type="checkbox"/> AIR FORCE <input type="checkbox"/> MARINE CORPS <input type="checkbox"/> COAST GUARD <input type="checkbox"/> OTHER (Specify)	
8 NAME OF INSURANCE COMPANY, ASSOCIATION OR SOCIETY (Print or Type)				9 POLICY NUMBER	
10 HOME OFFICE ADDRESS OF INSURANCE COMPANY, ASSOCIATION OR SOCIETY				11 FACE AMOUNT OF INSURANCE	12 EFFECTIVE DATE OF INSURANCE
13 DUE DATE OF LAST PREMIUM PAID ON POLICY		14 DUE DATE OF NEXT PREMIUM		15 MODE OF PREMIUM PAYMENT (Weekly, monthly, quarterly, semiannually or annually)	
16 IS THERE A LOAN OUTSTANDING ON THIS POLICY? (Check one)		17 IS THIS POLICY PRESENTLY ASSIGNED TO ANY ONE OTHER THAN THE INSURER? (Check one)		18A. HAVE YOU MADE A SIMILAR APPLICATION TO HAVE ANOTHER POLICY OR POLICIES PROTECTED UNDER THE PROVISIONS OF THE ACT? (Check one)	
<input type="checkbox"/> YES <input type="checkbox"/> NO		<input type="checkbox"/> YES <input type="checkbox"/> NO		<input type="checkbox"/> YES <input type="checkbox"/> NO (If "Yes" fill in items 18B and 18C regarding each policy)	
18B NAME(S) OF INSURERS				18C AMOUNT(S) OF INSURANCE \$	
<p>The undersigned witnessing officer does hereby certify that the insured is on active duty in the military service of the United States.</p>				<p>The insured under the above-identified policy agrees to such modifications of the terms of the policy as may be required to comply with the Act and further agrees that he will be liable for payment to the United States for any amount paid to the insurer in his behalf.</p>	
19 SIGNATURE OF WITNESSING OFFICER				22 SIGNED AT	23 DATE
20 RANK		21 ORGANIZATION		24 SIGNATURE OF INSURED (Do not print)	
<p>Application by the insured must be witnessed by the insured's commanding officer, or by a commissioned officer of equal or higher rank than the insured. If the insured is on detached service, the application may be witnessed by the person who has custody of the insured's service record.</p>				<p>If this application is made by a person designated by the insured or by a beneficiary (if the insured is outside the continental United States, Alaska or the Panama Canal Zone) it must be signed both in the name of the insured and the person applying. When application is made by a person designated by the insured, the instrument of authorization for such action must be attached to the application. (See paragraph 2 of instruction.)</p>	

EXHIBIT II (continued)

IMPORTANT INFORMATION AND INSTRUCTIONS

PRIVACY ACT INFORMATION — No request for protection of a commercial life insurance policy may be processed unless a completed application has been received (50 Appendix U.S.C. 541). The information provided, on a voluntary basis, will be used by VA employees and your authorized representatives in the maintenance of Government insurance programs. The responses which are submitted may be disclosed as permitted by law outside the Veterans Administration.

1. **DEFINITIONS.**—(a) The term "insured" includes any person (male or female) on active duty with the Armed Forces of the United States (including the Coast Guard) who is the insured and the owner and holder of a policy.

(b) The term "policy" includes any contract of life insurance on a life, endowment, or term plan, and any benefit in the nature of life insurance arising out of a membership in any fraternal or beneficial association, which was made and a premium paid not less than 180 days before the date the insured entered into the military service. A policy is not eligible for protection if it contains any provision excluding or restricting liability for death arising from or in connection with military service or any activity which the insured may be called upon to perform in connection with his military service or requires the payment of an additional premium because of military service. (Policies of United States Government Life Insurance and National Service Life Insurance are not included within the provisions of the Act.) A policy must be in force on a premium-paying basis at the time of application for benefits under the Act.

(c) The term "premium" includes that amount specified in the policy as stipend to be paid by the insured at regular intervals during the period therein stated, and membership dues and assessments in an association.

(d) The term "insurer" includes any firm, corporation, partnership, or association which is chartered or authorized to engage in the insurance business and to issue a policy by the laws of a State of the United States or the United States.

2. **APPLICATIONS.**—The provisions of the Act are not available except upon application made (a) by the insured, (b) by a person designated by the insured, or (c) by the beneficiary if the insured is outside the continental United States, Alaska, or the Panama Canal Zone. Any writing signed by the insured designating a person, firm, or corporation to make application for benefits under the Act shall be sufficient authority for the making of such application for the insured by such agent. When application is made by a person designated by the insured, the instrument or other writing authorizing such action must be attached to the application executed by the agent.

3. **AMOUNT.**—The provisions of the Act are not applicable to insurance in excess of \$10,000 on the life of an insured, and a policy (or policies) for a face amount exceeding that amount will be divided into two policies at the request of the Veterans Administration. If applications are made by an insured on policies exceeding a face amount of \$10,000 (one or more policies with one or more insurers), without indicating a preference, the Veterans Administration will select the policy (or policies) which affords the best security to the Government.

4. **BENEFITS.**—A policy which has been brought within the provisions of the Act shall not lapse or otherwise terminate for the nonpayment of a premium or the nonpayment of any indebtedness or interest, during the period of military service of the insured and 2 years thereafter, but this guarantee shall not extend for more than 2 years after the date when the Act ceases to be in force. Premiums may be paid by the insured direct to the insurer when due even though a policy has been placed under the protection of the Act; also after an indebtedness has been established under authority of the Act payments may be made from time to time to reduce the indebtedness. It is also the insured's privilege to withdraw his policy from protection of the Act at any time during the period of protection by making such a request over his signature either to the Insurance Company or the Veterans Administration.

5. **INDEMNITY.**—Before any dividend is paid, or any loan or settlements made on a policy while protected by the provisions of the Act, the written consent of the Veterans Administration must be obtained. The United States will guarantee payment of premiums and interest thereon at the rate specified in the policy for policy loans. If the amount guaranteed by the United States is not paid to the insurer prior to the expiration of the period of protection under the Act, the amount then due will be treated by the insurer as a policy loan. If the cash surrender value of the policy is less than the amount then due, the policy shall cease and terminate and the United States shall pay the insurer the difference between the amount guaranteed and the cash surrender value. The amount paid by the United States to an insurer shall become a debt due to the United States by the insured on whose account payment was made.

6. **MATURITY.**—In the event a policy protected by the provisions of the Act matures as a death claim, the insurer will deduct the amount of any unpaid premiums, with interest at the rate provided for policy loans, from the proceeds of the policy and report the amount so deducted to the Veterans Administration.