



DEPARTMENT OF VETERANS AFFAIRS

8320-01

38 CFR Part 9

RIN 2900-AQ12

Veterans' Group Life Insurance Increased Coverage

AGENCY: Department of Veterans Affairs.

ACTION: Final rule.

SUMMARY: Current statutory provisions provide Veterans' Group Life Insurance (VGLI) insureds under the age of 60 with the opportunity to increase their VGLI coverage by \$25,000 not more than once in each five-year period beginning on the one-year anniversary of the date a person becomes insured under VGLI. The Department of Veterans Affairs (VA) is finalizing the amendment of its VGLI regulations to establish a permanent regulatory framework for such elections of increased coverage. The final rule clarifies that coverage increases in an amount less than \$25,000 are available only when existing VGLI coverage is within \$25,000 of the Servicemembers' Group Life Insurance maximum of \$400,000, and any increases of less than \$25,000 must be only in an amount that would bring the insurance coverage up to the statutory maximum.

DATES: Effective date: This rule is effective on [insert 30 days after date of publication in the FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Karen Naccarelli, Department of Veterans Affairs Insurance Center (310/290B), P.O. Box 13399, Philadelphia, Pennsylvania 19101, (215) 381-3029. (This is not a toll-free number.)

SUPPLEMENTARY INFORMATION: On April 27, 2018, VA published in the Federal Register (83 FR 18491) a proposed rule seeking comments regarding amendment of 38 CFR 9.2 to reflect Section 404 of the *Veterans' Benefits Act of 2010*, Public Law 111-275, 124 Stat. 2879-2880 (2010). The amendment provides that insureds who are under 60 years of age and who have less than the statutory maximum of SGLI coverage can elect in writing to increase coverage by \$25,000 not more than once in each five-year period beginning on their one-year VGLI coverage anniversary date. Section 404 added to 38 U.S.C. 1977(a) a new paragraph (3), which took effect April 11, 2011. To promptly implement this statutory change, VA adopted interim procedures for increasing VGLI coverage. See the "Servicemembers' and Veterans' Group Life Insurance Handbook, Chapter 12.01, on the VA Insurance website at http://www.benefits.va.gov/INSURANCE/resources_handbook_ins_chapter12.asp which outlines the interim process. This final regulation is intended to establish a permanent regulatory framework for affording additional VGLI coverage under section 404.

The proposed regulation was published in the Federal Register for public comments on April 27, 2018. Two public comments were received that support the proposed amendment. The comments stated that the rule provides the insured with the right to the earliest opportunity to increase coverage under the law. The comments also noted that the opportunity to increase coverage is provided at predictable times, which benefits both the insured and the insurer as it relates to planning potential changes in coverage and premiums.

Based on the rationale set forth in the preamble of the proposed rule and the two public comments received, VA adopts, without change, the proposed rule published on April 27, 2018, at 83 FR 18491.

Unfunded Mandates

The Unfunded Mandates Reform Act of 1995 requires, at 2 U.S.C. 1532, that agencies prepare an assessment of anticipated costs and benefits before issuing any rule that may result in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of \$100 million or more (adjusted annually for inflation) in any one year. This final rule would have no such effect on State, local, and tribal governments or the private sector.

Paperwork Reduction Act

This final rule contains no provisions constituting a collection of information under the Paperwork Reduction Act (44 U.S.C 3501-3521).

Executive Orders 12866, 13563, and 13771

Executive Orders 12866 and 13563 direct agencies to assess the costs and benefits of available regulatory alternatives and, when regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, and other advantages; distributive impacts; and equity). Executive Order 13563 (Improving Regulation and Regulatory Review) emphasizes the importance of quantifying both costs and benefits, reducing costs, harmonizing rules, and promoting flexibility. Executive Order 12866 (Regulatory

Planning and Review) defines a "significant regulatory action" requiring review by the Office of Management and Budget (OMB), unless OMB waives such review, as "any regulatory action that is likely to result in a rule that may: (1) Have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities; (2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency; (3) Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or (4) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in this Executive Order."

The economic, interagency, budgetary, legal, and policy implications of this regulatory action have been examined, and it has been determined not to be a significant regulatory action under Executive Order 12866. VA's impact analysis can be found as a supporting document at <http://www.regulations.gov>, usually within 48 hours after the rulemaking document is published. Additionally, a copy of the rulemaking and its impact analysis are available on VA's website at <http://www.va.gov/orpm> by following the link for "VA Regulations Published from FY 2004 through FYTD." This rule is not an EO 13771 regulatory action because this rule is not significant under EO 12866.

Regulatory Flexibility Act

The Secretary hereby certifies that this final rule would not have a significant economic impact on a substantial number of small entities as they are defined in the Regulatory Flexibility Act (5 U.S.C. 601-612). This final rule would directly affect only

individuals and would not directly affect small entities. Therefore, pursuant to 5 U.S.C. 605(b), this rulemaking is exempt from the initial and final regulatory flexibility analysis requirements of sections 603 and 604.

Catalog of Federal Domestic Assistance

The Catalog of Federal Domestic Assistance number and title for the programs affected by this document is 64.103, Life Insurance for Veterans.

List of Subjects in 38 CFR Part 9

Life insurance, Military personnel, Veterans.

Signing Authority

The Secretary of Veterans Affairs approved this document and authorized the undersigned to sign and submit the document to the Office of the Federal Register for publication electronically as an official document of the Department of Veterans Affairs. Robert L. Wilkie, Secretary, Department of Veterans Affairs, approved this document on December 17, 2018, for publication.

Dated: December 17, 2018

Jeffrey M. Martin,
*Assistant Director,
Office of Regulation Policy & Management,
Office of the Secretary,
Department of Veterans Affairs.*

For the reasons stated in the preamble, the Department of Veterans Affairs amends 38 CFR part 9 as follows:

PART 9—SERVICEMEMBERS’ GROUP LIFE INSURANCE AND VETERANS’ GROUP LIFE INSURANCE

1. The authority citation for part 9 continues to read as follows:

AUTHORITY: 38 U.S.C. 501, 1965-1980A, unless otherwise noted.

2. In § 9.2, add new paragraph (b)(5) to read as follows:

§ 9.2 Effective date; applications.

* * * * *

(b) * * *

(5) Pursuant to 38 U.S.C. 1977(a)(3), former members under the age of 60 can elect to increase their Veterans’ Group Life Insurance coverage by \$25,000, up to the existing Servicemembers’ Group Life Insurance maximum. The insured’s first opportunity to elect to increase coverage is on the one-year Veterans’ Group Life Insurance coverage anniversary date. Thereafter, the insured could elect to increase coverage on the five-year anniversary date of the first VGLI coverage increase election opportunity and subsequently every five years from the anniversary date of the insured’s last VGLI coverage increase election opportunity. Increases of less than \$25,000 are only available when existing Veterans’ Group Life Insurance coverage is within less than \$25,000 of the Servicemembers’ Group Life Insurance maximum and any increases of less than \$25,000 must be only in the amount needed to bring the insurance coverage up to the statutory maximum allowable amount of Servicemembers’

Group Life Insurance. The eligible former members must apply for the increased coverage through the administrative office, within 120 days of invitation prior to the initial one-year anniversary date or within 120 days prior to each subsequent five-year coverage anniversary date from the first VGLI coverage increase election opportunity. The increased coverage will be effective from the anniversary date immediately following the election.

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