GI INSURANCE

"When the chips are down a man starts thinkin' about his family."

By Sgt. H. N. OLIPHANT
YANK Staff Writer

NOT long ago at a staging area on the West Coast several hundred soldiers settled down on their barracks bags to listen while a young sober-faced second lieutenant extolled the virtues of National Service Life Insurance.

"Men," he began solemnly, "life insurance is what steps into your shoes when you, so to speak, step out of them. It is a sound investment based on actuarial statistics compiled ——"

The men didn't listen long. Before the officer finished his second sentence, some of his audience were sound asleep and dreaming. Others were thinking about Hedy Lamarr, which is the same thing.

Hours later the regiment was crammed on a transport, steaming through the darkness toward parts unknown. Suddenly, when they were about 30 miles out, the boat swerved slightly, righted itself, swerved slightly again and then began nosing gradually around until its course was completely reversed. Rumors spread nervously from deck to deck. No one knew why, but the troopship was heading back to port.

By noon, less than two hours after they re-entered the harbor, hundreds of serious-looking GIs tracked down the lieutenant, put their John Henrys on the dotted line and walked away with solid chunks of National Service Life Insurance. Others who were already insured upped their policies to the maximum of $10,000. The sober-faced lieutenant was smiling. His outfit had set a new record: 99 percent of all personnel insured; average policy, $9,500.

"It was amazing," he beamed later. "The way those fellows flocked around for insurance you'd have thought the ship's captain and I were in cahoots or something. It just goes to show you, when the chips are down a man starts thinkin' about his family."

Either that outfit was remarkably hard to get or the lieutenant lacked normal powers of persuasion, because ordinarily, whether the chips are up or down, National Service Life Insurance sells faster than short beers on a sultry Sunday at Coney Island.

Today, approximately three years after its creation by Congress, NSLI is the biggest insurance business of its kind in history, with more than 70 billion dollars worth of policies chalked up for the Army alone. The exact number of policies currently in force is a military secret, but the Army makes no secret of the fact that more than 95 percent of its personnel is now insured at an average rate of $9,000. In addition, 99.9 percent of all recruits at reception centers—and they're still being inducted at a terrific rate—take out policies that average just under the top, $10,000.

Naturally this incredible mushrooming of GI life insurance has caused considerable confusion in some quarters. Only a small percentage of the millions of men now kicking in with six or seven bucks a month for NSLI ever gave life insurance a tumble as civilians. Many guys, confronted for the first time by such fancy trade names as conversion, term plan, cash surrender value, reserve, etc., are asking a lot of questions. Typical is this letter from a private in New Caledonia:

"Some fast-talking shavetail sold us NSLI with plenty of blitz—and I mean blitz—but I have yet to hear him explain exactly what it is, what real advantages it has for our dependents now, or how we as surviving policyholders can maybe benefit by it in the future. We don't want any flowery sales talk—we simply want the facts.

"For instance, we'd like to know if you can exchange National Service Life Insurance for some other form of Government insurance on which you can save and borrow money, like the forms civilian companies offer.

"If other forms of insurance are available, should a fellow change his policy now, or should he hold onto the form he has?

"If you can change to another kind of policy, how do you go about it?

"Can you keep Government insurance after the war, or after you're discharged?

"If a guy kicks off, how are his beneficiaries paid, in a lump sum or so much a month?

"Will this insurance ever pay off with dividends while we're living?"

To get the answers to these questions and to iron out the wrinkles in the insurance picture generally, YANK interviewed the higher brass in the AGO and top officials of the Veterans Administration, the agency that administers Federal laws governing veterans' benefits. Here's the dope.

Conversion of Policies

To begin with, National Service Life Insurance is originally issued to you on what it called a *five-year level premium term plan*. But don't let that label throw you. It simply means that your policy is good for five years at monthly rates that remain the same throughout the five-year period. With this policy goes the privilege of conversion; that is, you can exchange it while in force for any of three other types of Government insurance at any time after your five-year-term policy has been in effect for any one year within the five-year-term period.

As matters now stand under the terms of the NSLI Act of 1940, you must exchange your term policy for one of the other types by the end of the five-year period, or your insurance automatically expires. But you won't have to worry about that problem for a while yet. For even if you're the low-draft-number type who got in on the first issue of GI insurance in October 1940, you still have a couple of years to go before your five-year term elapses. Furthermore you probably won't have to worry then either because most authorities are agreed that the act will be amended before 1945 to permit five-year term renewals, as was done for veterans of the first World War.

If you've had your insurance for one year or longer, the three types to which you can now convert are:

1) Ordinary Life Policy, which gives you the maximum amount of permanent insurance protection ($10,000) at the lowest rates, the premiums being payable throughout your life.

2) 20-Payment Life Policy, which also gives you the maximum amount of insurance, but after 20 years of payments your policy becomes paid up and you remain insured the rest of your life.

3) 30-Payment Life Policy, ditto, except you have to keep up the payments for 30 years before the policy becomes paid up.

All of these policies cost more dough than five-year-term policies, but there's a special reason for this. Your five-year-term policy is strictly war-risk insurance, having no cash value to you at all. You pay the premiums for as long as you choose during the five-year period, and when you cease to pay, you cease to be insured. Any one of the converted types, on the other hand, provides for an accumulating cash value, and after you've held one of these converted policies for one year you can borrow money on it or discontinue it entirely by drawing out the cash reserve you've built up. In other words, aside from protecting your dependents, converted policies can be used as savings accounts.

They pay off, too. Here is an example. Say you're 25 and you have $10,000 worth of NSLI, five-year term. To keep that insurance in force you're ante-ing up $6.70 every month. At the end of five years, if you allow the insurance to lapse, there will be no refund, no kitty; your policy will be worth exactly nothing. But now let's say that instead of permitting your five-year-term policy to lapse, you decide to convert after one year to *ordinary life*, issued at age 25 as of the same date as your five-year-term policy. Your monthly premiums jump from $6.70 to $13.70, but at the end of five years, if things get tough and you can't meet the payments, you may drop the whole thing and collect $457.60, which is the cash reserve a $10,000 *ordinary life policy* (age 25) accumulates in that time. In 10 years the cash value of such $10,000 *ordinary life policy* rises to $989.40; in 20 years to $2,305.

How to Convert

There are two ways by which you can convert. **1)** If you want your new policy to be effective as of the same date as your five-year-term policy, you pay current monthly premiums and the cash reserve on the policy you select, less the reserve

We all own Army life insurance but how many of us know exactly how it works? This article throws some light on the subject.

(if any) on the five-year-term policy. That means that the premium rate on your new policy will be the rate for your age at the time you took out your five-year-term policy. **2)** If you don't want to pay up the cash reserve, you can convert as of a current date and pay at the premium rate for your age at time of conversion.

The other converted types, *20-payment life* and *30-payment life*, have much higher cash values, and their monthly rates are correspondingly higher. This table shows the monthly rates at various ages for each $1,000 worth of insurance:

Age	5-Year Term	Ordinary life	20-payment	30-payment
18	$0.64	$1.18	$1.91	$1.49
20	.65	1.23	1.96	1.54
25	.67	1.37	2.12	1.67
30	.71	1.56	2.31	1.83
35	.76	1.80	2.53	2.03
40	.85	2.12	2.82	2.30
45	.99	2.54	3.18	2.67

At any time after the end of the first policy year the cash reserve of any converted policy can be used **1)** to buy such an amount of paid-up insurance as that reserve will cover or **2)** to extend the original amount of insurance for such a term as the reserve will pay for.

Here are three tables showing comparatively the guaranteed values of a $1,000 policy for the 25-year-old age group (remember, the five-year term policy has no cash, paid-up insurance or extended insurance value):

ORDINARY LIFE

End of policy year	Cash value	Paid-up insurance	Extension Years	Extension Days	End of policy year	Cash value	Paid-up insurance	Extension Years	Extension Days
1	$8.60	$23.78	1	34	13	$134.77	$304.26	15	355
2	17.47	47.55	2	87	14	147.39	326.76	16	297
3	26.61	71.28	3	158	15	160.36	349.05	17	190
4	36.04	94.99	4	249	16	173.67	371.09	18	41
5	45.76	118.66	5	354	17	187.34	392.91	18	215
6	55.77	142.24	7	111	18	201.37	414.49	18	352
7	66.09	165.75	8	240	19	215.77	435.81	19	91
8	76.72	189.16	10	6	20	230.50	456.82	19	165
9	87.67	212.47	11	133	25	309.14	556.79	19	197
10	98.94	235.64	12	244	30	394.11	646.17	18	220
11	110.55	258.68	13	325	35	482.33	723.44	17	52
12	122.49	281.56	14	364	40	570.12	788.29	15	145

20-PAYMENT LIFE

End of policy year	Cash value	Paid-up insurance	Extension Years	Extension Days	End of policy year	Cash value	Paid-up insurance	Extension Years	Extension Days
1	$17.81	$49.24	2	110	13	$287.07	$648.09	31	51
2	36.24	98.63	4	294	14	314.97	698.27	32	126
3	55.31	148.16	7	193	15	343.86	748.47	33	188
4	75.06	197.84	10	166	16	373.77	798.65	34	263
5	95.49	247.61	13	195	17	404.76	848.91	36	27
6	116.64	297.48	16	241	18	436.85	899.18	37	269
7	138.54	347.45	19	236	19	470.12	949.55	40	40
8	161.21	397.48	22	121	20	504.58	1,000.00		
9	184.66	447.52	24	237	25	555.22			
10	208.95	497.64	26	232	30	609.92			
11	234.09	547.76	28	124	35	666.72			
12	260.12	597.92	29	300	40	723.24			

30-PAYMENT LIFE

End of policy year	Cash value	Paid-up insurance	Extension Years	Extension Days	End of policy year	Cash value	Paid-up insurance	Extension Years	Extension Days
1	$12.30	$34.00	1	210	13	$195.94	$442.35	22	227
2	25.01	68.07	3	91	14	214.70	475.98	23	210
3	38.14	102.16	5	9	15	234.06	509.47	24	139
4	51.71	136.30	6	329	16	254.04	542.82	25	24
5	65.73	170.44	8	321	17	274.67	576.07	25	234
6	80.22	204.60	10	333	18	295.96	609.18	26	50
7	95.19	238.73	12	356	19	317.93	642.15	26	206
8	110.66	272.84	15	4	20	340.59	675.00	26	343
9	126.63	306.89	16	340	25	464.99	837.49	28	286
10	143.13	340.88	18	242	30	609.92	1,000.00		
11	160.17	374.79	20	68	35	666.72			
12	177.77	408.63	21	183	40	723.24			

In addition, each of the above policies has a loan value of 94 percent of the cash value, the 6 percent being retained to insure payment of the interest, which is 5 percent per year. However, when the amount of your indebtedness equals or exceeds the cash value, your policy automatically folds up and becomes void.

National Service Life Insurance is the cheapest insurance you can buy because **1)** the Government bears all the expense of administration, **2)** pays the excess mortality cost and the cost of the waiver of premiums on account of total disability when death or disability is traceable to the extra hazard of the military service, and **3)** derives no profit whatever from the operation.

Should You Convert Now?

Generally speaking, unless you have a lot of excess dough, the wisest thing to do at present is to hold onto your five-year-term insurance, rather than convert to one of the three other types of NSLI available. Here are some of the reasons:

Economy. Term insurance, since you pay for straight war-risk insurance only, costs much less than the other types, although your dependents are fully protected.

Future Benefits. Responsible officials predict that Congress will liberalize the NSLI Act before 1945, permitting, among other things, term renewals. But if you convert now, you can't at a later time reconvert to five-year-term insurance and so reap whatever benefits may be forthcoming for the holders of five-year policies.

Savings. The extra money you would divvy up for a cash reserve on one of the converted types would draw only 3 percent interest. For purposes of saving, therefore, that money (representing the difference between what you pay for five-year term and what you would pay for one of the converted types) could be socked more profitably elsewhere—say, in Soldiers' Deposits, where you can get 4 percent on your savings.

Dividends. Your five-year-term policy, according to those in the know, may very well pay off in dividends some day. Here is how the Veterans Administration provides for dividends:

"A NSLI policy shall participate in and receive such dividends from gains and savings as may be determined by the Administrator of Veterans' Affairs. Savings on account of deferred mortality and interest earnings in excess of the amount required to maintain the necessary reserves constitute a surplus fund from which dividends may be apportioned and paid to the policyholders. Any dividends so apportioned shall be paid in cash, unless the insured shall request that they be left on deposit to accumulate at such rate of interest as the Administrator may determine, which interest shall be compounded and credited annually: *Provided*, that any dividends that may be apportioned to a *five-year level premium term policy* shall be paid in cash. Dividend accumulations may be withdrawn by the insured at any time while the policy is in force and if not previously withdrawn shall be payable at the maturity of the policy to the person entitled to its proceeds."

Q. *How does a guy exchange his five-year-term insurance for another type?*

A. The form you use is Veterans Administration Form 358. If your CO has none, write to the Director of Insurance, Veterans Administration, Washington, D. C., and change your allotment accordingly.

Q. *In the event of my death, how will my beneficiaries be paid?*

A. If your primary beneficiary is less than 30 years of age at the time of your death, the payment will be made by the Government in 240 equal monthly installments, or for 20 years, at the rate of $5.51 per month for each $1,000 of insurance in force. If your primary beneficiary is 30 or over at the time of your death, he or she will be paid equal monthly installments for 120 months certain at the rate provided for the attained age of the beneficiary, the payments in installments continuing during the remaining lifetime of such beneficiary. For example, a $10,000 policy would pay to your beneficiary:

If under 30 years of age, a monthly income for 20 years ... $55.10
If 30 years of age, a monthly income for life of 39.70
If 40 years of age, a monthly income for life of 45.00
If 50 years of age, a monthly income for life of 53.90
If 60 years of age, a monthly income for life of 68.10
Increased benefits for higher ages.

Any More Questions?

GI insurance is much too complicated a deal to be covered in one article like this. If you have any problems not answered here, send them to *Life Insurance Editor*, YANK, The Army Weekly, 205 East 42d Street, New York, 17, N. Y. We'll do our best to dig up the answers for you.

Q. *If my beneficiary dies, who would collect on my policy?*

A. The unpaid installments remaining at the death of your beneficiary will be paid at the same rate and, unless otherwise designated by you, to the following in the order named: **1)** To your widow or widower, if living; **2)** If no widow, to your child or children (including adopted children), in equal shares; **3)** If no widow or child, to your parents, in equal shares; **4)** If no widow, children or parents, to your brothers and sisters (including those of half-blood), in equal shares.

Q. *When I took out my insurance I made my mother first-choice beneficiary. Since then I got married. Can I change my beneficiary so that my wife will share in my policy?*

A. Yes; write to the Director of Insurance, Veterans Administration, Washington, D. C., requesting that your beneficiary be changed to read: To my wife (full name) and my mother (full name) in equal shares.

Q. *What's the advantage of early conversion?*

A. The sooner you convert the lower your age and the lower your premiums.

Q. *If I get a CDD where would I pay my premiums?*

A. Send your checks or money orders to the Collections Subdivision, Veterans Administration, Washington, D. C.

Q. *If, upon my discharge, I fail to pay a premium due on the first of the month or on the monthly anniversary of my policy, how long will my insurance remain in effect?*

A. You get what they call a grace period of 31 days.

Q. *If I don't get my payment in before the grace period ends, do I lose the insurance?*

A. Yes. In order to get the insurance back you'll have to tender all premiums in arrears with interest thereon at 5 percent and make an application on Veterans Administration Insurance Form 353, and you'll be required to state in the application that you're in as good health as on the due date of the first premium you didn't pay, provided your insurance has not lapsed for a period longer than six months immediately following your discharge. If the lapse occurs thereafter or continues for a longer time, you will be required to show good health by medical examination conducted by an authorized physician.

Q. *Can a creditor, either of mine or my beneficiary, attach or secure an assignment of the benefits of my policy in order to cover a debt?*

A. No; NSLI policies are free from the claims of civil creditors and may not be assigned.

Q. *Who determines whether a guy is totally disabled or not?*

A. The Administrator of Veterans' Affairs.

Q. *If I'm totally disabled and the Government makes the payments on my policy for me, is the face amount of that policy decreased?*

A. No; the policy continues just as if you were doing the paying.

Next of Kin

A final word about the designation of beneficiaries. You ought to make sure that you have both a first- and second-choice beneficiary designated on your policy. If you omit a second-choice, it can cause a lot of trouble, as this case from the VA files abundantly shows: A veteran died, leaving $5,000 insurance payable to his father. Before his father received any payments, he died. It then went to the next of kin. In a matter of days the Veterans Administration was swamped by applications from the following relatives: nine brothers, six sisters, six uncles, six aunts, 23 nephews, 19 nieces, six brothers-in-law, eight sisters-in-law and a stepmother.

They worked it out okay, though. They awarded the insurance to his 15 brothers and sisters in monthly installments of $1.72 each.

Nine brothers, six sisters, six uncles, six aunts, 23 nephews, 19 nieces, six brother- in-law, eight sisters-in-law and a stepmother tried to claim his insurance money.

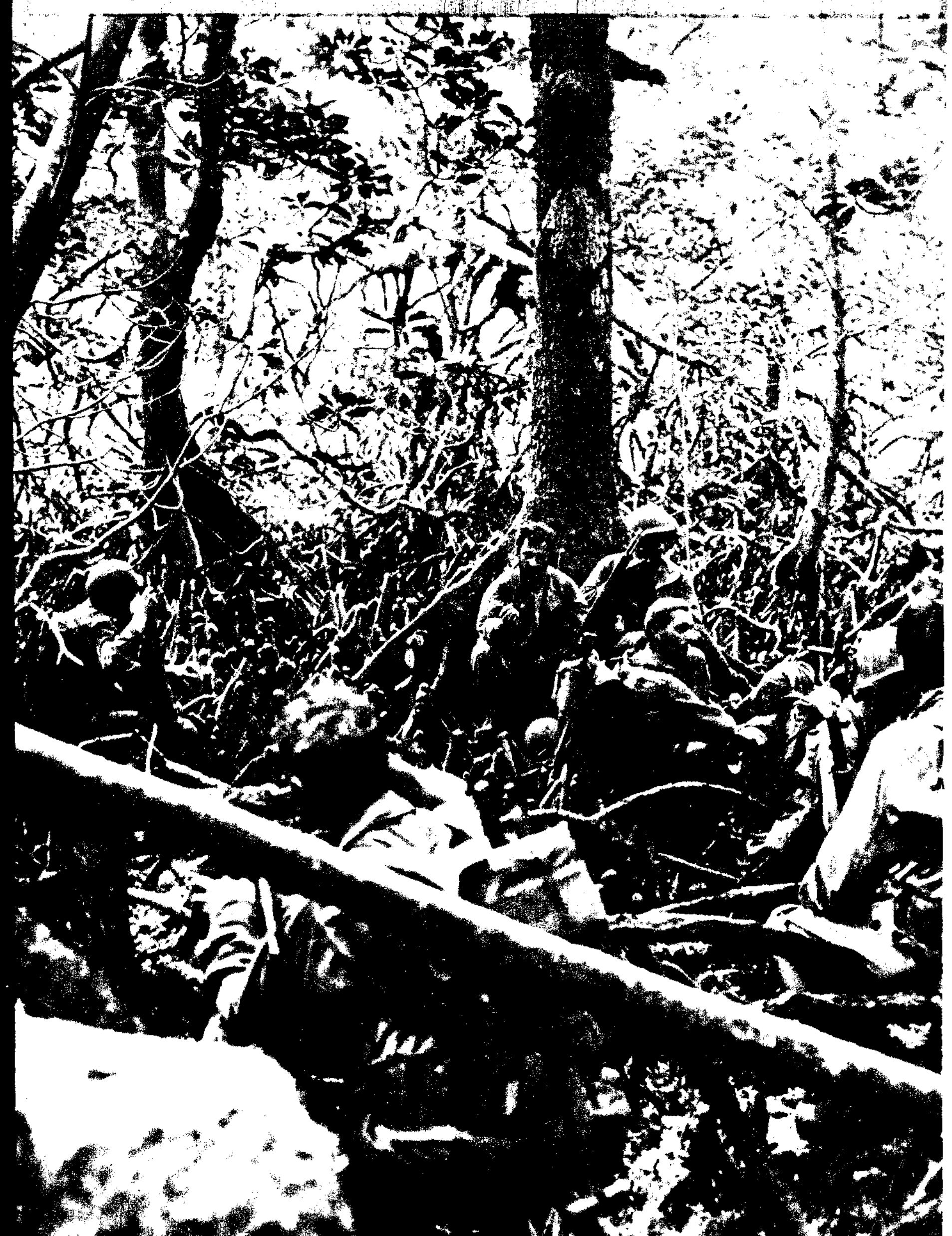
Jungle Mop-up

Men who call themselves "seagoing engineers" pilot small flat-bottomed boats through the island channels, carrying men and supplies.

With supplies landed and positions established, a mortar squad goes into action. Mortars are vital in jungle operations against the Japs.

Standing knee deep in salt water under the branches of a mango tree, a weapons company commander spots the bursts of mortar fire.

Two gunners get their light machine gun into place behind a fallen tree and wait to open up at the first sign of Japs in front of them.



Infantrymen wait among mangrove roots. Although there's no evidence of it, the Japs were near and their fire would not have been unexpected.