

## Veteran's Service Officer Report, October, 2010 Dale Kiel 850-230-9031

This is the last in a series on VA insurance benefits.

### **VETERAN'S MORTGAGE LIFE INSURANCE**

Veteran's Mortgage Life Insurance (VMLI) is mortgage protection insurance available to severely disabled veterans who have been approved by VA for a Specially Adapted Housing Grant. (SAH). Maximum coverage is the amount of the existing mortgage up to \$90,000 and is payable only to the mortgage company. Protection is issued automatically following SAH approval, provided the veteran submits information required to establish a premium and does not decline coverage. Coverage automatically terminates when the mortgage is paid off. If a mortgage is disposed of through sale of the property, VMLI may be obtained on the mortgage of another home.

### **OTHER INSURANCE INFORMATION**

THE FOLLOWING INFORMATION APPLIES TO POLICIES ISSUED TO World War I, II, Korean and Vietnam-era veterans and any Service Disabled Veterans Insurance policies. Policies in this group are prefixed by the letters K, V, RS, W, J, JR, JS or RH.

Insurance Dividends Issued Annually. World War I, II and Korean-era veterans with policies beginning with the letters V, RS, W, J, JR, JS or K are issued tax-free dividends annually on the policy anniversary date. (**Policies prefixed by RH do not earn dividends**). Policyholders do not need to apply for dividends, but may select from among the following dividend options.

1. Cash: The dividend is paid directly to the insured either by a mailed check or by direct deposit to a bank account.
2. Paid-Up Additional Insurance: The dividend is used to purchase additional insurance coverage.
3. Credit or Deposit: The dividend is held in an account for the policyholder with interest. Withdrawals from the account can be made at any time. The interest rate may be adjusted.
4. Net Premium Billing Options: These options use the dividend to pay the annual policy premium. If the dividend exceeds the premium, the policyholder has options to choose how the remainder is used. If the dividend is not enough to pay an annual premium the policyholder is billed the balance.
5. Other Dividend Options: Dividends can also be used to repay a loan or pay premiums in advance.

### **REINSTATING LAPSED INSURANCE**

Lapsed term policies may be reinstated within five years from the date of lapse. A five-year term policy that is not lapsed at the end of the term is automatically renewed for an additional five years. Lapsed permanent plans may be reinstated within certain time limits and with certain health requirements. Reinstated permanent plan policies require repayment of all back premiums plus interest.

### **CONVERTING TERM POLICIES**

Term policies are renewed automatically every five years, with premiums increasing at each renewal. Premiums do not increase after age 70. Term policies maybe converted to permanent plans, which have fixed premiums for life and earn cash and loan values.

### **PAID-UP INSURANCE AVAILABLE ON TERM POLICIES:**

Effective September 2000, VA provided paid-up insurance on term policies whose premiums have been capped. Veterans with National Service Life Insurance (NSLI) term Insurance that has renewed at age 71 or older and who stop paying premiums on their policies will be given a termination dividend. This dividend will be used to purchase a reduced amount of paid-up insurance, which insures the veteran for life with no premium payments required. The amount of insurance remains level. This does not apply to S-DVI (RH) policies.

### **BORROWING ON POLICIES**

Policy holders with permanent plan policies may borrow up to 94 percent of the cash surrender value of their insurance after the insurance is in force for one year or more. Interest is compounded annually; the loan interest rate is variable and may be obtained by calling toll-free 1-800-669-8477.