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DEPARTMENT OF VETERANS AFFAIRS

8320-01

38 CFR Part 9

RIN 2900-AO24

Veterans' Group Life Insurance (VGLI) No-Health Period Extension

AGENCY: Department of Veterans Affairs.

ACTION: Final rule.

SUMMARY: The Department of Veterans Affairs (VA) is issuing this final rule that amends the regulations governing eligibility for Veterans' Group Life Insurance (VGLI) to extend to 240 days the current 120-day "no-health" period during which veterans can apply for VGLI without proving that they are in good health for insurance purposes. The purpose of this rule is to increase the opportunities for disabled veterans to enroll in VGLI, some of whom would not qualify for VGLI coverage under existing provisions. This document adopts as a final rule, without change, the proposed rule published in the Federal Register on June 25, 2012.

DATES: Effective Date: This rule is effective [insert date of publication in the FEDERAL REGISTER].

Applicability Date: VA will apply this rule to veterans released from service on or after [insert date of publication in the FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Monica Keitt, Attorney/Advisor,
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5000 Wissahickon Avenue, P.O. Box 8079, Philadelphia, PA 19101, (215) 842-2000, ext. 2905. (This is not a toll-free number.)

SUPPLEMENTARY INFORMATION: On June 25, 2012, VA published in the Federal Register (77 FR 37839) a proposed rule that would amend 38 CFR 9.2(c) to extend the period during which no evidence of insurability is needed, known as the Veterans' Group Life Insurance (VGLI) "no-health" period, from 120 days to 240 days. This amendment is designed to increase the number of veterans who will qualify for VGLI, particularly disabled veterans who may not qualify for private life insurance due to their disabilities.

In addition, VA proposed to remove from § 9.2(c) the words "Servicemembers' Group Life Insurance (SGLI) or," which refer to Retired Reservist SGLI, which was discontinued by Public Law 104-275 as an independent program on October 9, 1996, when the program was merged into the VGLI program. As a result, reference to SGLI in § 9.2(c) is no longer applicable. VA also proposed to amend § 9.2 by revising the authority citation following § 9.2(b)(4) to read "(Authority: 38 U.S.C. 1977)" instead of "(Authority: 38 U.S.C. 1977(e))" to reflect the proper legal authority for § 9.2.

VA provided a 30-day comment period for the proposed rule that ended on July 25, 2012. We received two comments. One commenter stated that he supports the proposed rule because it would "greatly benefit" veterans, especially those with service-connected disabilities. Another commenter stated she agreed that the proposed VGLI "no-health" period extension was a good idea, noting her own experience with the

“no-health” period. VA appreciates the fact that both commenters support the proposed rule.

Based on the rationale set forth in the proposed rule, we adopt the proposed rule without change as the final rule.

Administrative Procedure Act

The Secretary has determined that there is good cause to dispense with the 30-day delayed effective date and publish this rule with an effective date as the date of publication. This rule will increase the opportunity for veterans to obtain valuable insurance coverage that is needed to help ensure financial security for their families, while placing no additional burdens on veterans or their families. VA believes that implementation of this regulation is particularly urgent because, by extending the VGLI no-health eligibility period, VA will enable some of the most disabled veterans, who would not be eligible for private insurance due to their disabilities, to obtain insurance coverage. The immediate effective date will not result in any additional cost or negative impacts on the program, but will make the extended no-health period available to disabled veterans sooner.

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 an 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 year. This final rule will have no such effect on State, local, and tribal governments or on 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 and 13563

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,” which requires review by the Office of Management and Budget (OMB), 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.

Regulatory Flexibility Act

The Secretary of Veterans Affairs hereby certifies that this final rule will 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 *et seq.* This final rule will directly affect only individuals and will not directly affect any small entities. Therefore, pursuant to 5 U.S.C. 605(b), this final rule is exempt from the initial and final regulatory flexibility analysis requirements of sections 603 and 604.

Catalog of Federal Domestic Assistance Number and Title

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

Signing Authority

The Secretary of Veterans Affairs, or designee, 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. John R. Gingrich, Chief of Staff, Department of Veterans Affairs, approved this document on September 28, 2012, for publication.

List of Subjects in 38 CFR Part 9

Life insurance, Military personnel, Veterans.

Dated: October 24, 2012

William F. Russo, Deputy Director,
Office of Regulation Policy and Management,
Office of the General Counsel,
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. Amend § 9.2 by:

- a. Revising the authority citation at the end of paragraph (b).
- b. Revising paragraph (c).
- c. Adding an authority citation at the end of the section.

The revisions and addition read as follows:

§ 9.2 Effective date; applications.

* * * * *

(b) * * *

(Authority: 38 U.S.C. 1977)

(c) If either an application or the initial premium has not been received by the administrative office within the time limits set forth above, Veterans' Group Life Insurance coverage may still be granted if an application, the initial premium, and

evidence of insurability are received by the administrative office within 1 year and 120 days following termination of duty, except that evidence of insurability is not required during the initial 240 days following termination of duty.

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(Authority: 38 U.S.C. 501, 1967, 1968, 1977)

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