**Table of Contents**

**CHAPTER 21. EXCHANGE-RS TO W**

|  |  |
| --- | --- |
| **Subsection** | **Name** |
| 21.01 | General |
| 21.02 | Requirements |
| 21.03 | Effective Date |
| 21.04 | Withdrawal of Application |
| 21.05 | Insured Incompetent |

**21.01 GENERAL**

1. Insurance issued under the provisions of section 621 of the NSLI act was on the term plan and was prefixed by the letters RS. No new RS contracts could be issued after December 31, 1956. Insureds who had reached their 50th birthday when the law allowing conversion became effective were permitted to exchange to limited convertible term insurance (W) until September 1,1960.
2. RS term insurance was able to be exchanged while on a premium-paying basis for a policy of limited convertible term insurance (W) issued under 38 U.S.C. 1923(b). Insurance under this subchapter was issued under the same terms and conditions as those contained in the standard policies of NSLI except as follows:
3. Limited convertible term insurance could not be issued or renewed after the insured's 50th birthday.
4. Settlements on policies involving annuities on insurance issued under this subchapter are calculated on the basis of the annuity table for 1949, and interest at the rate of 2-1/2 percent a year.
5. Premiums for W insurance and TDIP are credited directly to the Veterans Special Insurance Fund (RS or W Fund).

**21.02 REQUIREMENTS**

The exchange was made without medical examination upon complete surrender of the policy being exchanged while it was in force, by payment or waiver of premiums. Exchange had to be in multiples of $500, and no contract was issued for less than $1,000.

1. Application - A written request over the veteran's signature containing the necessary information was required.
2. Premium - A remittance had to accompany the application to pay the premium for the insured's attained age, on the amount of insurance exchanged for the month in which the application was made, except when premium waiver was in effect.
3. Reserve - The reserve, if any, on the term policy was allowed as a credit and could be used for payment of premiums. However, if no premiums were due because of disability waiver (38 U.S.C. 1912) or it was not administratively possible to apply the credit when premiums were being paid by allotment, deduction from benefit payments or payroll deduction accounts, the reserve credit (if $1 or more) was paid to the insured. Any reserve that was less than $1 was held as a premium credit.

**21.03 EFFECTIVE DATE**

The effective date for limited convertible term insurance was the premium due date of the premium month in which the application was mailed or otherwise delivered to VA.

**21.04 WITHDRAWAL OF APPLICATION**

1. When an application for exchange of RS insurance was received and the insurance, because of age, was restricted to one term period, the insured was advised of the limitation and given the opportunity to withdraw the application. If he or she failed to reply, the exchange was processed.
2. If an insured, regardless of age, requested that the application for exchange be canceled and the RS insurance continued, the insured was allowed 31 days to submit the money necessary to satisfy the difference between the RS and W premiums. If the required payment was not forwarded within the time limit, the exchange was processed. The insured was advised that since he or she did not comply with the requirements, it was necessary to process the application. A copy of the letter of notification was filed in the insurance folder for record purposes.

**21.05 INSURED INCOMPETENT**

When an exchange application was received from an incompetent veteran, the legal guardian and/or the Veteran was advised of the advantages of conversion and the legal guardian was furnished the necessary application. When the contract was not under waiver, the case was forwarded to the Insurance Claims Section for determination of entitlement to waiver of premium.