#### Department of Veterans Affairs M29-1, Part 1, Chapter 10

**Veterans Benefits Administration April 11, 2019**

**Washington, DC 20420**

#### Key Changes

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| Changes Included in This Revision | The table below describes the changes included in this revision of Veterans Benefits Insurance Manual M29-1, Part 1, Chapter 10.  ***Notes***:   * **M29-1, Part 1, Chapter 10** has been rewritten in its entirety for the purpose of improving clarity and readability. Any substantive changes are itemized in the table below. * Minor editorial changes have also been made to * improve clarity and readability * add references * update incorrect or obsolete references * update obsolete terminology, where appropriate * reorganize/relocate content within **M29-1, Part 1, Chapter 10** so that it flows more logically * reassign alphabetical designations to individual blocks, where necessary, to account for new and/or deleted blocks within a topic * update the labels of individual blocks and the titles of sections and topics to more accurately reflect their content, and * bring the document into conformance with M29-1 standards. |

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| Reason(s) for Notable Change | Citation |
| Eliminates reference to USGLI policies that have cash value at end of first policy year as no longer applicable to the insurance programs | Subchapter 10.01 |
| Adds reference to when cash value is earned—certain term policies with termination reserve values, paid-up insurance (PUA), or a policy or PUA that is surrendered for its cash value | Subchapter 10.01 |
| Clarifies that a VA-appointed federal fiduciary may surrender a policy | Subchapter 10.02 |
| Clarifies that a legal guardian does not need a specific court order to surrender a policy for an incompetent insured | Subchapter 10.02 |
| Clarifies that PUA purchased with the termination reserve value on term policies can be surrendered for cash value upon written request | Subchapter 10.07 |
| Eliminates reference to reinstatement of cash surrendered policies with in-service waiver as no longer applicable to the insurance programs | Subchapter 10.07 |
| Explains how loan interest is to be calculated when the insured cash surrenders the PUA and applies it to reduce the policy indebtedness | Subchapter 10.07 |
| Eliminates reference to 304 and 306 liens regarding the recovery of indebtedness owed on a USGLI policy as no longer applicable to the insurance programs | Subchapter 10.08/Subchapter 10.24 |
| Clarifies that two types of indebtedness will be recovered from the policy reserve after a cash surrender—finance debts (other debts owed to VA) and tax levies; also clarifies the procedure used if the insured objects to recovery of this indebtedness prior to cash surrender of the policy | Subchapter 10.08 |
| Eliminates a reference to pure insurance risk (PIR) credits as one type of credits that will be refunded after a cash surrender as no longer applicable to the insurance programs | Subchapter 10.09 |
| Eliminates existing subchapter regarding lapse of a USGLI policy as no longer applicable to the insurance programs | Subchapter 10.16 |
| Clarifies that a loan will be recovered with no interest charged when the insured had originally requested a cash surrender rather than a loan | Previous Subchapter 10.17/New Subchapter10.16 |

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| Eliminates a reference to timely application being made for a reduced paid-up USGLI policy as no longer applicable to the insurance programs | Subchapter 10.22 |

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| Eliminates a reference to a TDIP rider on a reduced paid-up policy as no longer applicable to the insurance programs | Subchapter 10.23 |
| Eliminates reference to an administrative charge on J, JR, and JS series of policies that are surrendered for reduced paid-up insurance as no longer applicable to the insurance programs | Subchapter 10.24 |

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| **Reason(s) for Change** | **Citation** |
| Eliminates a reference to allotments on a current basis as allotments are only deducted on a month-in-advance basis | Subchapter 10.04 |
| Eliminates a reference to a VA form no longer used for cash surrender applications as no longer applicable to the insurance programs; also clarifies the various methods by which an insured may request a cash surrender, such as by fax or electronically scanned documentation | Subchapter 10.12 |
| Explains the procedures used by Insurance staff to insure a policyholder understands the consequences of applying for cash surrender of a policy that is on waiver of premiums for total disability and that there exist alternatives to a cash surrender, such as applying for a loan on the policy | Subchapter 10.13 |
| Explains the procedure used by Insurance staff when a policyholder requests a cash surrender of a limited payment life policy; also eliminates a reference to conservation letters not being sent when the insured has a waiver of premiums or an application for waiver of premiums is pending | Subchapter 10.14 |
| Clarifies who will be issued the cash surrender value if the insured is incompetent; also clarifies the procedure for notification to the appropriate VA Regional Office staff after the release of a cash surrender payment to the fiduciary of an incompetent veteran | Prior Subchapter 10.18/New Subchapter 10.17 |
| Clarifies procedures regarding the processing of requests for cancellation of an application for cash surrender | Subchapter 10.19 |
| Eliminates reference to a procedure providing correspondence to the insured after automatic cash surrender occurs as procedure is no longer in effect | Subchapter 10.20 |
| Clarifies procedure for review of insured’s complaint regarding the surrender of the policy; also clarifies that similar time limitations exist for applying for both policy restoration as well as policy cash surrender. | Subchapter 10.28 |

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| Rescissions | None |

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| Authority | By Direction of the Under Secretary for Benefits |

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| Signature | Vincent E. Markey, Director  Insurance Service |

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