**Table of Contents**

**Chapter 4. Administrative Adjustments And Granting Additional Time For Payment Of Premiums Or Filing Applications**

|  |  |
| --- | --- |
| **Subsection** | **Name** |
| 4.01 | Calculation of Time Period |
| 4.02 | Inquiry Prior To Expiration of Grace Period |
| 4.03 | Late Premiums Due to No Fault of the Insured |
| 4.04 | Death of Insured in 31-Day Grace Period |
| 4.05 | Delays Caused by Disaster Conditions |
| 4.06 | Administrative Error on Part of VA |
| 4.07 | Administrative Adjustments |

**4.01 CALCULATION OF TIME PERIOD**

For all National Service Life Insurance programs, if the last day of a time period specified in 38 CFR 8.6 or allowed for filing an application or for applying for reinstatement thereof, or paying premiums due, falls on a Saturday, Sunday, or legal holiday, the time period will be extended to include the following workday.

**4.02 INQUIRY PRIOR TO EXPIRATION OF GRACE PERIOD**

When an insured makes inquiry before the end of the grace period disclosing a clear intent to continue insurance, an additional period not exceeding 61 days may be granted for payment of premiums due. The premiums in any such case must be paid during the lifetime of the insured. See 38 CFR 8.7(d).

**4.03 LATE PREMIUMS DUE TO NO FAULT OF THE INSURED**

a. When a policyholder pays a premium by check, money order or other electronic method, and it is shown by satisfactory evidence that:

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| **​The following error occurred: ​** | **​Then:** |
| **An error by the bank​** | ​The policyholder has an additional 31 days (from the date stamped on the letter from VA indicating premiums are past due) to pay the premium and any other premiums due through the current month. |
| **An error in the check, money order, or other electronic payment method​** | ​The policyholder has an additional 31 days (same as above). |
| **​The bank closed** | ​The policyholder has an additional 31 days (same as above). |
| **The money order was lost in transit​** | ​The policyholder has an additional 31 days (same as above). |
| **Lack of funds​** | ​The premium is considered not paid. |

**4.04 DEATH OF INSURED IN 31-DAY GRACE PERIOD**

If the insured dies within the 31-day grace period, VA will deduct the unpaid premium from the amount of insurance payable.

**4.05 DELAYS CAUSED BY DISASTER CONDITIONS**

a. Occasionally, policyholders living in an area which has been declared a disaster area will experience unavoidable delays in meeting the time limitation for premium payments or in submitting applications which are affected by delimiting dates, and the reason for the delay is alleged to have been due to the disaster or to its aftereffects.

b. Where a statement in writing is received from the insured, his agent or guardian giving the reason for the delay and the cause may reasonably be considered as attributable to the disaster or its aftereffects, the premium payment or application may be accepted as timely, provided:

1. The premium payment or application was tendered within a period not to exceed 90 days from the date of the disaster, and
2. The grace period or the period allowed for submission of the application expired during the delimiting period specified above.

c. Where a recent lapse would cause a claim for disability waiver or a death claim to be disallowed, and there is evidence on record indicating that a disaster area may have prevented timely premium payment or application, consideration should be given to adjustment, establishment of liens if necessary, and allowance of the claim.

d. The establishment of delimiting dates and the approval of adjustments regarding delayed payments and/or delayed applications is restricted to the Deputy Director for Insurance and to the Assistant Director, Insurance Operations Division, or another Insurance management official designated by the Director, VA Insurance. However, the period of time allowed may not exceed 90 days from the date of the disaster involved.

e. If the branches of service finance centers or the Defense Finance and Accounting Service (DFAS) become inoperative due to a natural disaster or war catastrophe, insurance coverage paid through an allotment of military retirement pay will continue without lapse and, as soon as possible, payment will be brought up to date based upon the latest payment register listing available. Under such arrangement, premium payments so made will be subject to subsequent adjustment based on documents received and not processed during the period involved.

f. During a period of disaster conditions, processing of loans and adjudication of death claims will be expedited for those policyholders and beneficiaries impacted by the disaster.

**4.06 ADMINISTRATIVE ERROR ON PART OF VA**

a. If VA provides incorrect information to the insured through an administrative error for which VA alone was responsible, and because of this error the insured failed to make timely payment of premiums, the insured shall not be placed in a worse position as a result of the error. When an error of this type occurs and the next succeeding premium was timely paid, the insurance will not be considered to have lapsed. A lien will be established for the amount of the missing premium.

b. When a policyholder pays a premium by check or money order and it is honored by the bank after deposit by VA, but it is not credited to the policyholder's account, the policyholder has an additional 31 days to provide a copy of the negotiated check or money order.

c. Where more than 6 months have elapsed since the due date of the premium in default and the account may not be adjusted under subparagraph a above, the insured will be advised of the reinstatement requirements. If there are unusual circumstances in an individual case which make it appear that adjustment should be considered, the case will be submitted to the Assistant Director, Insurance Program Management Division.

**4.07 ADMINISTRATIVE ADJUSTMENTS**

a. When examination of a lapsed account shows that credits (38 U.S.C. 1907 and 38 CFR 8.10) applied as premiums have been exhausted and the policyholder was not advised in time to remit timely premium payments, the policyholder will be allowed a period of 31 days from the date of the letter to pay all missing premiums without interest through the current month, provided:

1. No more than 6 months have elapsed since the due date of the premium in default, and
2. The payment requested is paid during the lifetime of the insured.

**NOTE:** Release of the dividend credit statement or other type notice to the latest address of record constitutes adequate notice.

b. If the policyholder has been notified that the account had lapsed after expiration of the credits, the account will not be adjusted. However, if the policyholder acted within 6 months after notice of lapse in such manner as to manifest an intention to continue insurance (for example by tender of premiums or the submission of an acceptable application for reinstatement), the insured will be permitted to continue coverage as long as such intention occurs during the lifetime of the insured.