

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON



S-247

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 19, 1940

Dear Sir:

Reference is made to the Board's circular letter dated December 14, 1940 (S-244) relating to reimbursement to employees called for military service for the cost of premiums on National Service Life Insurance which might be taken out by such employees.

Under the law providing for the issuance of National Service Life Insurance, it is provided that "such insurance shall be issued upon the five year level premium term plan, with the privilege of conversion as of the date when any premium becomes or has become due, or exchange as of the date of the original policy, upon payment of the difference in reserve, at any time after such policy has been in effect for one year and within the five year term period, to policies of insurance upon the following plans: Ordinary life, twenty payment life, thirty payment life". It will be noted that although the original insurance is issued on the five year level premium term plan it may be converted or exchanged, retroactively to the date of the original policy, to one of the other three plans at any time after the policy has been in effect for one year and within the five year term period upon payment of the difference in premium rates. Since the premium rates for such insurance are based on the American Experience Table of Mortality, the premium rates for ordinary life, twenty payment life and thirty payment life are considerably in excess of the premium rates for the term insurance.

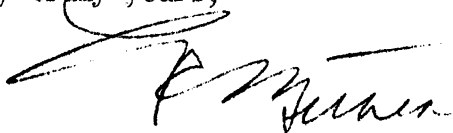
A case has come to the attention of the Board in which there appeared to be some uncertainty as to which type of insurance is contemplated in the procedure for reimbursement approved by the Board. In order that there may be no misunderstanding regarding this matter, you are advised that the procedure approved by the Board relating to reimbursement for the cost of premiums on National Service Life Insurance issued to employees of the Federal Reserve Banks called for military service contemplates reimbursement only for premiums on the five year level premium term plan, or for an

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amount equivalent thereto if such insurance is converted into one of the other plans, during the period of military service.

Very truly yours,

A handwritten signature in cursive script, appearing to read "L. P. Bethea".

L. P. Bethea,  
Assistant Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS