

may be sold and reinsured. All proceeds from such collections, including the liquidation of security, and sales shall become a part of the Fund.

“(c) One-half of all insurance charges shall become a part of the Fund and one-half shall be deposited in the Treasury of the United States and shall be available for administrative expenses in connection with the insurance program authorized by this Act.

“(d) Any contract of insurance executed by the Secretary under this Act shall be an obligation of the United States and incontestable except for fraud or misrepresentation of which the holder of the contract has actual knowledge. The provisions of sections 11 and 13 (b) and (c) of the Bankhead-Jones Farm Tenant Act, as amended, shall be applicable and available for the purpose of providing funds for the discharge of obligations arising under the insurance program authorized by this Act.

“(e) The aggregate amount of the principal obligations on loans insured under this Act, shall not exceed \$25,000,000 in any one fiscal year.

“(f) The first paragraph of section 24, chapter 6, of the Federal Reserve Act, as amended (12 U. S. C., 1952 edition, 371) is hereby amended by inserting after the phrase ‘Bankhead-Jones Farm Tenant Act’ the following: ‘, or the Act of August 28, 1937, as amended.’”

SEC. 2. Section 7 of the Act entitled “An Act authorizing construction of water conservation and utilization projects in the Great Plains and arid and semiarid areas of the United States”, approved August 11, 1939, as amended (53 Stat. 1418; 54 Stat. 1119, 1124; 63 Stat. 171), is repealed.

Approved August 17, 1954.

## Public Law 598

## CHAPTER 752

### AN ACT

August 17, 1954  
[S. 3681]

To authorize the Civil Service Commission to make available group life insurance for civilian officers and employees in the Federal service, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the “Federal Employees’ Group Life Insurance Act of 1954.”

SEC. 2. (a) Except as provided in (b) of this section, each appointive or elective officer or employee (hereinafter called employee) in or under the executive, judicial, or legislative branch of the United States Government, including a Government owned or controlled corporation (but not including any corporation under the supervision of the Farm Credit Administration of which corporation any member of the board of directors is elected or appointed by private interests), and of the municipal government of the District of Columbia shall, at such time and under such conditions of eligibility as the Civil Service Commission (hereinafter called the Commission) may by regulation prescribe, come within the purview of this Act. Such regulations may provide for the exclusion of employees on the basis of the nature and type of employment or conditions pertaining thereto such as, but not limited to, short term appointments, seasonal or intermittent employment, part-time employment, and employment of like nature, and shall be issued only after consultation with the head of the department, establishment, agency, or other employing authority concerned: *Provided*, That no employee or group of employees shall be excluded solely on the basis of the hazardous nature of employment.

7 USC 1005a,  
1005c.

Limitation.

38 Stat. 273.

Repeal.

16 USC 590z-5.

Federal Employees' Group  
Life Insurance Act  
of 1954.  
Eligible employees.

Regulations by  
CSC.

(b) This Act shall not apply to noncitizen employees whose permanent duty station is located outside a State of the United States or the District of Columbia, nor shall it apply to commissioned officers and enlisted personnel on active duty in or with the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States, who have indemnity coverage under the Servicemen's Indemnity Act of 1951 (65 Stat. 33).

Nonapplicability.

38 USC 851 note.

SEC. 3. (a) Each employee to whom this Act applies shall be eligible to be insured for an amount of group life insurance approximating his annual compensation not exceeding \$20,000 plus an equal amount of group accidental death and dismemberment insurance, in accordance with the following schedule :

Amount.

If annual compensation is—		The amount of group life insurance shall be—	The amount of group accidental death and dismemberment insurance shall be—
Greater than	But not greater than		
0	\$1,000	\$1,000	\$1,000
\$1,000	2,000	2,000	2,000
2,000	3,000	3,000	3,000
3,000	4,000	4,000	4,000
4,000	5,000	5,000	5,000
5,000	6,000	6,000	6,000
6,000	7,000	7,000	7,000
7,000	8,000	8,000	8,000
8,000	9,000	9,000	9,000
9,000	10,000	10,000	10,000
10,000	11,000	11,000	11,000
11,000	12,000	12,000	12,000
12,000	13,000	13,000	13,000
13,000	14,000	14,000	14,000
14,000	15,000	15,000	15,000
15,000	16,000	16,000	16,000
16,000	17,000	17,000	17,000
17,000	18,000	18,000	18,000
18,000	19,000	19,000	19,000
19,000	-----	20,000	20,000

(b) Subject to the conditions and limitations of the policy or policies purchased by the Commission under this Act, as may be approved by the Commission, the group accidental death and dismemberment insurance shall provide payments as follows:

Accidental death and dismemberment payments.

Loss	Amount payable
For loss of life.	Full amount shown in the schedule in (a) of this section.
Loss of one hand or of one foot or loss of sight of one eye.	One-half the amount shown in the schedule in (a) of this section.
Loss of two or more such members.	Full amount shown in the schedule in (a) of this section.

For any one accident the aggregate amount of group accidental death and dismemberment insurance that may be paid shall not exceed the amount shown in the schedule in (a) of this section.

(c) The Commission shall by regulation provide for the conversion of other than annual rates of compensation to an annual basis, and shall further specify the types of compensation to be included in annual compensation.

Compensation conversion to annual rates.

(d) Each of such amounts of insurance shall be reduced by 2 per centum thereof at the end of each full calendar month following the date the employee attains age sixty-five, subject to minimum amounts prescribed by the Commission, but not less than 25 per centum of the insurance in force immediately preceding the first reduction provided herein: *Provided*, That the amounts of insurance in force from time to time on an employee who becomes insured under this Act after having attained the age of sixty-five shall be the same as would be in force had he been insured at age sixty-five, and shall be based on the

Insurance after 65.

Death claims,  
payment.

lesser of his annual compensation (1) at the time he becomes so insured, or (2) at age sixty-five, provided he was eligible at that time to be insured under this Act.

Order of preced-  
ence.

SEC. 4. Any amount of group life insurance and group accidental death insurance in force on any employee at the date of his death shall be paid, upon the establishment of a valid claim therefor, to the person or persons surviving at the date of his death, in the following order of precedence:

First, to the beneficiary or beneficiaries as the employee may have designated by a writing received in the employing office prior to death;

Second, if there be no such beneficiary, to the widow or widower of such employee;

Third, if none of the above, to the child or children of such employee and descendants of deceased children by representation;

Fourth, if none of the above, to the parents of such employee or the survivor of them;

Fifth, if none of the above, to the duly appointed executor or administrator of the estate of such employee;

Sixth, if none of the above, to other next of kin of such employee entitled under the laws of domicile of such employee at the time of his death.

If any person otherwise entitled to payment under this section does not make claim therefor within one year after the death of the employee, or if payment to such person within that period is prohibited by Federal statute or regulation, payment may be made in the order of precedence as if such person had predeceased the employee, and any such payment shall be a bar to recovery by any other person.

Withholding of  
premium cost from  
salary.

SEC. 5. (a) During any period in which an employee under age sixty-five is insured under a policy of insurance purchased by the Commission as authorized in section 7 of this Act, there shall be withheld from each salary payment of such employee, as his share of the cost of his group life and accidental death and dismemberment insurance, an amount determined by the Commission, but not to exceed the rate of 25 cents biweekly for each \$1,000 of his group life insurance: *Provided*, That an employee who is paid on other than a biweekly basis shall have an amount so withheld, determined at a proportionate rate, which rate shall be adjusted to the nearest cent.

Automatic insur-  
ance.

Any policy of insurance purchased by the Commission as authorized in section 7 of this Act shall provide that all employees eligible under the terms of this Act will be automatically insured thereunder commencing on the date they first become so eligible: *Provided*, That any employee desiring not to be so insured shall, on an appropriate form to be prescribed by the Commission, give written notice to his employing office that he desires not to be insured. If such notice is received before the employee shall have become insured under such policy, he shall not be so insured; if it is received after he shall have become insured, his insurance under the policy will cease effective with the end of the pay period during which the notice is received by the employing office.

Notice of de-  
sire not to be in-  
sured.

Government con-  
tribution.

(b) For each period in which an employee is insured under a policy of insurance purchased by the Commission as authorized in section 7 of this Act, there shall be contributed from the respective appropriation or fund which is used for payment of his salary, wage, or other compensation (or, in the case of an elected official, from such appropriation or fund as may be available for payment of other salaries of the same office or establishment) a sum computed at a rate determined by the Commission, but not to exceed one-half the amount withheld from the employee under this section.

(c) The sums withheld from employees under subsection (a) and the sums contributed from appropriations and funds under subsection (b) shall be deposited in the Treasury of the United States to the credit of a fund which is hereby created. Said fund is hereby made available without fiscal year limitation for premium payments under any insurance policy or policies purchased as authorized in sections 7 and 10 of this Act, and for any expenses incurred by the Commission in the administration of this Act within such limitations as may be specified annually in appropriation acts: *Provided*, That appropriations available to the Commission for salaries and expenses for the fiscal year 1955 shall be available on a reimbursable basis for necessary administrative expenses of carrying out the purposes of this Act until said fund shall be sufficient to provide therefor. The income derived from any dividends or premium rate adjustments received from insurers shall constitute a part of said fund.

SEC. 6. Each policy purchased under this Act shall contain a provision, in terms approved by the Commission, to the effect that any insurance thereunder on any employee shall cease upon his separation from the service or twelve months after discontinuance of his salary payments, whichever first occurs, subject to a provision which shall be contained in the policy for temporary extension of coverage and for conversion to an individual policy of life insurance under conditions approved by the Commission, except that if upon such date as the insurance would otherwise cease the employee (a) retires on an immediate annuity, and (b) unless retired for disability, has had fifteen years of creditable civilian service, as determined by the Commission, his life insurance only may, under conditions determined by the Commission, be continued without cost to him in the amounts for which he would have been insured from time to time had his salary payments continued at the same rate as on the date of cessation.

SEC. 7. (a) The Commission is authorized, without regard to section 3709 of the Revised Statutes as amended, to purchase from one or more life insurance companies, as determined by it, a policy or policies of group life and accidental death and dismemberment insurance to provide the benefits specified in this Act: *Provided*, That any such company must meet the following requirements: (1) Be licensed under the laws of forty-eight of the States of the United States and the District of Columbia to transact life and accidental death and dismemberment insurance, and (2) the amount of its employee group life insurance on the most recent December 31 for which information is available to the Commission shall on that date equal at least 1 per centum of the total amount of employee group life insurance in the United States in all life insurance companies.

(b) The life insurance company or companies issuing such policy or policies shall establish an administrative office under a name to be approved by the Commission.

(c) The Commission shall arrange with the life insurance company or companies issuing any policy or policies purchased under this Act to reinsure, under conditions approved by it, portions of the total amount of insurance under the policy or policies, determined as provided in subsection (d) of this section, with such other life insurance companies as may elect to participate in such reinsurance.

(d) The Commission shall determine a formula so that the amount of insurance in force to be retained by each issuing company after ceding reinsurance and the total amount of reinsurance ceded to each reinsuring company shall be in proportion to the total amount of each such company's group life insurance in force in the United States on December 31, 1953: *Provided*, That in determining such proportions,

Deposits; fund.

Administrative expenses of Commission.

Dividends or rate adjustments.

Termination of insurance.

Purchase of policies.  
41 USC 5.

Requirements.

Administrative office.

Reinsurance.

Formula for apportioning reinsurance.



that portion of any company's group life insurance in force on December 31, 1953, which is in excess of \$100,000,000 shall be reduced by 25 per centum of the first \$100,000,000 of such excess, 50 per centum of the second \$100,000,000 of such excess, 75 per centum of the third \$100,000,000 of such excess, and 95 per centum of any excess thereafter: *Provided further*, That the amount retained by or ceded to any company shall not exceed 25 per centum of the amount of that company's total life insurance in force in the United States on December 31, 1953: *Provided further*, That if, at the end of one year following the date of enactment of this Act, in the case of any issuing company or reinsurer which insured employees of the Federal Government on December 31, 1953, under policies issued to an association of Federal employees, the amount which results from the application of this formula is less than the decrease, if any, in the amount of such company's insurance under such policies, the amount allocated to such company shall, upon the first reallocation as provided in subsection (e) of this section, be increased to the amount of such decrease: *And provided further*, That any fraternal benefit association which is licensed under the laws of a State of the United States or the District of Columbia to transact life insurance and is engaged in issuing insurance certificates on the lives of employees of the Federal Government exclusively shall be eligible to act as a reinsuring company and may be allocated an amount of reinsurance equal to 25 per centum of its total life insurance in force on employees of the Federal Government on December 31, 1953.

Fraternal benefit associations.

Eligibility re-determination, etc.

(e) The companies eligible to participate as reinsurers, and the amount of insurance under the policy or policies to be allocated to each issuing company or reinsurer may be redetermined by the Commission for and in advance of any policy year after the first, on a basis consistent with subsections (c) and (d) of this section, with any modifications thereof it deems appropriate to carry out the intent of such subsections, and based on each participating company's group life insurance in force, excluding that under any policy or policies purchased under this Act except in the case of companies covered in the third proviso of subsection (d), in the United States on the most recent December 31 for which information is available to it, and shall be so redetermined in a similar manner not less often than every three years or at any time that any participating company withdraws from participation.

Policy discontinuance.

(f) The Commission may at any time discontinue any policy or policies it has purchased from any insurance company.

Basic tables of premium rates.

SEC. 8. (a) Each policy or policies purchased under this Act shall include, for the first policy year, basic tables of premium rates as follows:

Life insurance.

(1) For group life insurance, a schedule of basic premium rates by age which the Commission shall have determined on a basis consistent with the lowest schedule of basic premium rates generally charged for new group life insurance policies issued to large employers, this schedule of basic premium rates by age to be applied, except as otherwise provided in this section, to the distribution by age of the amounts of group life insurance under the policy at its date of issue to determine an average basic premium rate per \$1,000 of life insurance, and

Accidental death and dismemberment.

(2) For group accidental death and dismemberment insurance, a basic premium rate which the Commission shall have determined on a basis consistent with the lowest rate generally charged for new group accidental death and dismemberment insurance policies issued to large employers.

Each policy so purchased shall also include provisions whereby the basic rates of premium determined for the first policy year shall be continued for subsequent policy years, except that they may be readjusted for any subsequent year, based on the experience under the policy, such readjustment to be made by the insurance company or companies issuing the policy on a basis determined by the Commission in advance of such year to be consistent with the general practice of life insurance companies under policies of group life and group accidental death and dismemberment insurance issued to large employers.

Readjustment of rates.

(b) Each policy so purchased shall include a provision that, in the event the Commission determines that ascertaining the actual age distribution of the amounts of group life insurance in force at the date of issue of the policy or at the end of the first or any subsequent year of insurance thereunder would not be possible except at a disproportionately high expense, it may approve the determination of a tentative average group life premium rate, for the first or any subsequent policy year, in lieu of using the actual age distribution. Such tentative average premium rate shall be redetermined by the Commission during any policy year upon request by the insurance company or companies issuing the policy, if experience indicates that the assumptions made in determining the tentative average premium rate for that policy year were incorrect.

Tentative average premium rate.

(c) Each policy so purchased shall contain a provision stipulating the maximum expense and risk charges for the first policy year, which charges shall have been determined by the Commission on a basis consistent with the general level of such charges made by life insurance companies under policies of group life and accidental death and dismemberment insurance issued to large employers. Such maximum charges shall be continued from year to year, except that the Commission may redetermine such maximum charges for any year either by agreement with the insurance company or companies issuing the policy or upon written notice given by it to such companies at least one year in advance of the beginning of the year for which such redetermined maximum charges will be effective.

Maximum expense and risk charges.

(d) Each such policy shall provide for an accounting to the Commission not later than ninety days after the end of each policy year, which shall set forth, in a form approved by the Commission, (1) the amounts of premiums actually accrued under the policy from its date of issue to the end of such policy year, (2) the total of all mortality and other claim charges incurred for that period, and (3) the amounts of the insurers' expense and risk charges for that period. Any excess of the total of item (1) over the sum of items (2) and (3) shall be held by the insurance company or companies issuing the policy as a special contingency reserve to be used by such insurance company or companies for charges under such policy only, such reserve to bear interest at a rate to be determined in advance of each policy year by the insurance company or companies issuing the policy, which rate shall be approved by the Commission as being consistent with the rates generally used by such company or companies for similar funds held under other group life insurance policies: *Provided*, That, if and when the Commission determines that such special contingency reserve has attained an amount estimated by it to make satisfactory provision for adverse fluctuations in future charges under the policy, any further such excess shall be deposited in the Treasury of the United States to the credit of the fund. If and when such policy is discontinued, and if after all charges have been made, there is any positive balance remaining in such special contingency reserve, such balance shall be deposited in the Treasury of the United States to the credit of the

Yearly accounting.

Special contingency reserve.

- fund, subject to the right of the insurance company or companies issuing the policy to make such deposit in equal monthly installments over a period of not more than two years.
- Benefit certificates.** SEC. 9. The Commission shall arrange to have each employee insured under such policy receive a certificate setting forth the benefits to which the employee is entitled thereunder, to whom such benefits shall be payable, to whom claims should be submitted, and summarizing the provisions of the policy principally affecting the employee. Such certificate shall be in lieu of the certificate which the insurance company or companies would otherwise be required to issue.
- Retired employees' insurance agreements, etc. Assumption by fund.** SEC. 10. (a) The Commission is authorized to arrange with any non-profit association of Federal employees for the assumption by the fund of any existing life insurance agreements of such association with its members retired or otherwise separated from the Federal service and to insure the obligations assumed with any company or companies meeting the requirements of section 7 (a).
- Payments.** (b) Any such arrangement shall provide that payments by such insured members for life insurance only shall thereafter be made at the same rates to the fund, under such conditions as the Commission may prescribe.
- Transfer of assets or liability amount.** (c) Any such arrangement shall further provide that there be transferred to and deposited in the fund the lesser of the following amounts:
- (1) The total assets of the life insurance fund of such association; or
  - (2) The amount required to meet the liabilities under life insurance agreements assumed, taking into account the payments as provided in paragraph (b). The determination of this amount shall be based on an actuarial valuation satisfactory to the Commission, procured by the association without expense to the Commission.
- Restrictions.** (d) The arrangements authorized by this section shall be made only with those associations which terminate life insurance agreements with all of their members within one year after the date of enactment of this Act, and such arrangements shall apply only to life insurance granted to any member by any such association before January 1, 1954.
- (e) In any case in which the fund assumes a liability for life insurance as provided in this section in respect to a person who (1) subsequently becomes eligible to be insured as an employee under this Act, and (2) does not give notice, as provided in section 5 (a), of his desire not to be so insured, the life insurance provided under this section shall terminate as of the date such person becomes insured as an employee.
- Promulgation of regulations.** SEC. 11. Except as otherwise provided herein, the Commission is hereby authorized to promulgate such regulations as may be necessary and proper to give effect to the intent, purposes, and provisions of this Act.
- Advisory Council on Group Insurance.** SEC. 12. (a) There is hereby established an Advisory Council on Group Insurance consisting of the Secretary of the Treasury as Chairman, the Secretary of Labor, and the Director of the Bureau of the Budget, who shall serve without additional compensation. The Council shall meet once a year, or oftener at the call of the Commission, and shall review the operations of this Act and advise the Commission on matters of policy relating to its activities thereunder.
- Committee.** (b) The Chairman of the Commission shall appoint a committee composed of five employees insured under this Act, who shall serve without compensation, to advise the Commission regarding matters of concern to employees under this Act.



SEC. 13. The Commission shall report annually to Congress upon the operation of this Act.

Report to Congress,

SEC. 14. The district courts of the United States shall have original jurisdiction, concurrent with the Court of Claims, of any civil action or claim against the United States founded upon this Act.

Court jurisdiction.

SEC. 15. The insurance provided by this Act and the withholdings and contributions for that purpose shall become effective when directed by the Commission.

Effectivity.

Approved August 17, 1954.

Public Law 599

CHAPTER 753

JOINT RESOLUTION

To authorize the Commissioners of the District of Columbia to promulgate special regulations for the period of The American Legion National Convention of 1954, to authorize the granting of certain permits to The American Legion 1954 Convention Corporation on the occasion of such convention, and for other purposes.

August 18, 1954  
[H. J. Res. 560]

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That for The American Legion National Convention to be held in the District of Columbia for the period from August 25 to September 7, 1954, both inclusive, the Commissioners are authorized and directed to make all reasonable regulations necessary to secure the preservation of public order and protection of life, health, and property; to make special regulations respecting the standing, movement, and operation of vehicles of whatever character or kind during said period; and to grant under such conditions as they may impose, special licenses to peddlers and vendors for the privilege of selling goods, wares, and merchandise in such places in the District of Columbia, and to charge such fees for such privilege, as they may deem proper.

American Legion National Convention.  
D. C. permits, etc.

Vehicles.

Vendors.

Definitions.

SEC. 2. For the purposes of this joint resolution, the term "Commissioners" means the Commissioners of the District of Columbia or their designated agent or agents; the term "corporation" means The American Legion 1954 Convention Corporation of the District of Columbia; and the term "convention" means The American Legion National Convention of 1954 to be held in Washington, District of Columbia, on August 29, 30, and 31 and September 1 and 2, 1954.

Use of grounds.

SEC. 3. The Superintendent of National Capital Parks with the approval of such officer as may exercise jurisdiction over any of the Federal reservations or grounds in the District of Columbia, other than those areas under the jurisdiction of the Congress or any committee thereof, is authorized to grant to the corporation permits for the use of such reservations or grounds during the convention, including a reasonable time prior and subsequent thereto; the Architect of the Capitol is authorized to grant like permits for the use of those areas under the jurisdiction of the Congress or any committee thereof; and the Commissioners are authorized to grant like permits for the use of public space under their jurisdiction, including the grounds and stadia of the public schools. Each such permit shall be subject to such restrictions, terms, and conditions as may be imposed by the grantor of such permit. No stand or other structure shall be built on any sidewalk, street, park, reservation or other public grounds in the District of Columbia, except with the approval of the corporation, and with the approval of the Superintendent of National Capital Parks, the Architect of the Capitol, or the Commissioners, as the case may be, depending on the location of such stand. The reservations, grounds, or public spaces occupied by the stands or other structures shall, after the convention, be promptly restored to their previous condition. The corporation shall indemnify and save harmless the Dis-

Restrictions.