

**STATEMENT OF
BRIAN E. LAWRENCE
ASSISTANT NATIONAL LEGISLATIVE DIRECTOR
OF THE
DISABLED AMERICAN VETERANS
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON DISABILITY ASSISTANCE AND MEMORIAL AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
JUNE 16, 2005**

Executive Summary

Servicemembers' Group Life Insurance Enhancement Act of 2005

In accordance with its Constitution and Bylaws, the DAV legislative focus is on benefits and services for service-connected disabled veterans, their dependents, and survivors. Because the issues addressed within this legislation are not specific to service-connected disabled veterans, the DAV has no resolutions pertaining to this bill. However, since it would benefit veterans and their family members, the DAV has no objection to its favorable consideration.

On the issue of veterans' insurance benefits, the DAV does suggest increasing the amount of coverage available under Service-Disabled Veterans Insurance (SDVI). The \$10,000 maximum coverage under the base SDVI policy has not been increased since it was established in 1917.

Additionally, SDVI premiums are much higher than standard commercial rates because they are based on 1941 mortality tables. Because life expectancy has improved since 1941, the program no longer fulfills congressional intent to provide life insurance to service-connected disabled veterans at standard rates.

The DAV supports increasing the face value of SDVI, along with basing SDVI premiums on current mortality tables. We hope the members of the Subcommittee share our concerns and will propose restorative changes to SDVI similar to the commendable efforts to improve SGLI and VGLI.

H.R. 1268, the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005 (Public Law 109-13) and H.R. 1618, the Wounded Warrior Servicemembers Group Disability Insurance Act of 2005

The DAV applauds the intent of both H.R. 1268 and H.R. 1618, which is to relieve the financial hardship experienced by servicemembers at military medical facilities.

However, we object to these bills because to pay for the benefit, servicemembers will be charged a monthly premium. The DAV believes it is our government's responsibility to provide benefits related to service-connected injuries without transferring the cost to the brave Americans who protect our nation.

We urge the Subcommittee to carefully consider the far-reaching implications of traumatic injury insurance for members of the armed forces.

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Mr. Chairman and Members of the Subcommittee:

On behalf of the 1.2 million members of the Disabled American Veterans (DAV), I appreciate the opportunity to present our views on the following bills and draft bill:

- Servicemembers' Group Life Insurance Enhancement Act of 2005;
- H.R. 1268 the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005; and
- H.R. 1618 the Wounded Warrior Servicemembers' Group Disability Insurance Act of 2005;

The **Servicemembers' Group Life Insurance Enhancement Act of 2005** would increase the maximum available coverage amount under Servicemembers' Group Life Insurance (SGLI) and Veterans' Group Life Insurance (VGLI) from \$250,000 to \$400,000. An additional provision would require the Department of Veterans Affairs (VA) to notify the member's spouse or, if the member is unmarried, the next of kin regarding the election of SGLI or VGLI coverage.

In accordance with its Constitution and Bylaws, the DAV legislative focus is on benefits and services for service-connected disabled veterans, their dependents, and survivors. Because the issues addressed within this legislation are not specific to its legislative focus, the DAV has no resolutions pertaining to this bill. However, because it would benefit veterans and their family members, the DAV has no objection to its favorable consideration.

Though the DAV has no resolutions specific to SGLI or VGLI, it is worthy to note our support for increasing the amount of insurance coverage available under Service-Disabled Veterans Insurance (SDVI). The \$10,000 maximum coverage under the base SDVI policy has not been increased since it was established in 1917. Over the past several years, delegates to the DAV National Convention have adopted resolutions supporting such an amendment. This goal is shared by many of our fellow veterans' service organizations. For the past 17 years, the DAV has joined the Veterans of Foreign Wars, the Paralyzed Veterans of America, and AMVETS, in developing *The Independent Budget* (IB). The IB is a collaborative effort to predict the needs of veterans in the coming fiscal year. The IB has called upon Congress to enact legislation to increase the maximum protection under base SDVI policies to at least \$50,000. This amount is

based on a 1998 report issued by the VA titled the “Program Evaluation of Benefits For Survivors of Veterans With Service-Connected Disabilities” which found that the \$10,000 basic coverage is inadequate. The report also noted that SDVI premiums are much higher than standard commercial rates because they are based on outdated mortality tables. In accordance with title 38, United States Code, § 1922 (a), SDVI premiums are based on 1941 mortality tables. Because life expectancy has improved since the inception of the SDVI program, premiums based on the higher mortality rates of 1941 no longer fulfill congressional intent to provide life insurance to service-connected disabled veterans at standard rates. In order to address these concerns, the report recommended that legislation be proposed to increase SDVI coverage to \$50,000 and to lower SDVI premiums by basing them on the 2001 CSO Mortality Table (the table currently used by the National Association of Insurance Commissioners).

The DAV supports increasing the face value of SDVI, along with basing SDVI premiums on current mortality tables. We hope the members of the Subcommittee share our concerns and will propose restorative changes to SDVI similar to the commendable efforts to improve SGLI and VGLI.

H.R. 1268, the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005 (Public Law 109-13) was signed into law by President Bush on May 11, 2005 to make emergency supplemental appropriations for fiscal year ending September 30, 2005. The bill included a provision to amend federal veterans' benefits provisions to require that a member insured under the SGLI program be automatically issued a traumatic injury protection rider that will provide a payment of up to \$100,000 if the member, while so insured, sustains a traumatic injury that results in: (1) a loss of sight, limbs, speech, or hearing; (2) certain burns; or (3) a coma or the inability to carry out certain daily living activities. It requires the payment, while a member is serving on active or reserve duty, of premiums for such additional coverage.

H.R. 1618, the Wounded Warrior Servicemembers Group Disability Insurance Act of 2005 would automatically insure, in the amount of \$50,000 each, any servicemember who: (1) assumes an obligation to perform (for less than 31 days) active duty, active duty for training, or inactive duty training; and (2) is rendered uninsurable from a disability, or aggravation of a preexisting disability, incurred while proceeding directly to or returning directly from such duty or training. Outlines qualifying disabilities for purposes of such coverage, including: (1) complete and permanent loss of movement of an extremity; (2) burns of third degree or higher covering more than one square foot; (3) the loss of sight of one or both eyes; (4) the permanent loss of one hand or foot; and (5) the irretrievable loss of speech or hearing.

The DAV applauds the intent of both H.R. 1268 and H.R. 1618, which is to relieve the financial hardship experienced by servicemembers receiving care at military medical facilities, and their families who want to be near their injured relative. Many severely injured servicemembers and their families face financial burden during such a critical time.

We are seriously concerned, however, that to pay for the benefit, servicemembers will be charged a monthly premium. Never before has the government sought to charge military members for benefits related to service-connected injuries. The DAV believes this is an

abrogation of our government's responsibility to brave Americans who become disabled as a result of their service to our nation. The notion of charging military personnel for their own disability insurance policy in case they are seriously injured is, in effect, acknowledgement that the current VA compensation system is inadequate and purports to offer them a new benefit but making them pay for it themselves. Such an approach sets a dangerous precedent for future benefits.

Additionally, H.R. 1268 has potential unintended inequities for some similarly situated servicemembers. In the original version of the legislation, loss of both feet would rate \$100,000, yet just \$75,000 would be paid for paraplegia, which entails not only the loss of use of both lower extremities but often the loss of bowel and bladder function as well. Clearly, it would be unfair for a paraplegic to receive \$25,000 less than an amputee. The enacted version of the legislation eliminated this specific inequity, but left in question the exact payment amount, which could be anywhere from \$25,000 to \$100,000 for various disabilities. Rather than establishing a set payment schedule, the legislation instructs the Department of Veterans Affairs (VA), in collaboration with the Department of Defense, to prescribe a payment schedule based on the severity of the covered condition. Potential disparities in the to-be-determined payment schedule could result in significantly unfair treatment toward young men and women who have already suffered tremendously.

Such unresolved issues illustrate that little consultation was sought prior to placing H.R. 1268 on a fast track to enactment. The DAV expressed beforehand our concern about the lack of input from veterans' service organizations via congressional hearings, yet none were held. We are convinced that lawmakers and the American public are well served by legislative hearings to help illustrate the nature and severity of needs faced by seriously injured servicemembers and their families, and afford an opportunity to explore alternative, and perhaps better, ways to address those needs. We hope that in the future, we will be consulted prior to the enactment of such important legislation.

H.R. 1618 does pose potential pay inequities as H.R. 1268 because it proposes a set award of \$50,000 for eligible members. However, because it would charge a premium to servicemembers to be covered, the DAV opposes the bill.

Conclusion

Mr. Chairman, thank you for the opportunity to present our views on these bills. The DAV applauds the Subcommittee's efforts to improve benefits and services for disabled veterans and we appreciate your consideration of these remarks.