

**STATEMENT OF
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THE AMERICAN LEGION
BEFORE THE
U.S. HOUSE OF REPRESENTATIVES, COMMITTEE ON VETERANS'
AFFAIRS, SUBCOMMITTEE ON BENEFITS
ON
BENEFITS ISSUES**

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Mr. Chairman and Members of the Subcommittee:

It is a pleasure and an honor to present The American Legion's views on the proposed legislation regarding veterans benefits.

H.R. 1108 – To provide that remarriage of the surviving spouse of a veteran after age 55 shall not result in termination of dependency and indemnity compensation.

H.R. 1108 would provide that the remarriage of a surviving spouse of a veteran in receipt of dependency and indemnity compensation (DIC) after the age of fifty-five would not result in the termination of DIC benefits. Currently, under title 38, United States Code, section 103(d), the remarriage of a surviving spouse in receipt of DIC, at any age, bars the further payment of benefits, unless the remarriage is subsequently terminated by divorce, annulment, or death of the second spouse.

Mr. Chairman, The American Legion is not opposed to this proposed change in the DIC program. Currently, if the widowed spouse of military retiree who is receiving Survivor Benefit Plan (SBP) benefits remarries after the age of 55, these benefits will continue. We believe DIC surviving spouses should be treated similarly.

H.R. 2095 – Reservist VA Home Loan Fairness Act of 2001

This Act would amend title 38, United States Code, to provide for uniformity in fees charged qualifying members of the Selected Reserve and active duty veterans for home loans guaranteed by the Secretary of Veterans Affairs.

The Home Loan Guaranty Program continues to be of major importance to the people who have served honorably in the Armed Forces of the United States. The Home Loan Guaranty Program was a critical component of the Serviceman's Readjustment Act of 1944, the original GI Bill written by The American Legion. Over the years, not only have 16.5 million veterans benefited from the visionary program, but also both the home building industry and the financial community prospered. The American Legion has been generally pleased with the operation of the Home Loan Guaranty Program. The

American Legion believes the Department of Veterans Affairs (VA) has done its best to keep this program accessible and user friendly, while at the same time keeping the interests of veterans as the primary focus of its decision making process. Therefore, The American Legion welcomes the proposed changes to title 38, United States Code, to provide for uniformity in fees charged qualifying members of the Selected Reserve and active duty veterans for home loans guaranteed by the Secretary of Veterans Affairs. In addition, The American Legion commends Congress for recognizing the contributions of the National Guard and Reserves who are an integral part of the United States Armed Forces. It is gratifying that Congress has acknowledged that the National Guard and Reserve forces face the same risks and hardships as their Active duty brethren.

HR. 2222 – Veterans Life Insurance Improvement Act of 2001

The American Legion appreciates this opportunity to comment on the government life insurance provisions of H.R. 2222, The Veterans Life Insurance Improvement Act of 2001. The American Legion believes the four items proposed in the bill generally constitute beneficial enhancements to the programs involved, and we support their enactment into law.

Sec 2. Payment of Insurance Proceeds to an Alternate Beneficiary when First Beneficiary cannot be Identified.

In the area of life insurance settlement to alternate beneficiaries when principal beneficiaries cannot be located, The Department of Veterans Affairs (VA) has some 4,000 outstanding cases of this type, representing approximately \$23 million in insurance with some 200 new such cases added each year, in which life insurance proceeds cannot be paid under existing rules. This creates a situation where the original intent of the life insurance contracts is negated by current law, and settlement to a contingent or other equitably entitled person(s) cannot be made. Further, the VA advises us the number of such cases where a principal beneficiary does finally come forward at some later date to make a claim for proceeds is extremely small, on the order of one or two per year.

In giving consideration to this from an overall perspective, The American Legion believes the proposed change would better serve the veteran population, in general, and comprise a more fair and reasonable solution in ensuring the best possible fulfillment of the intent and purpose of these insurance contracts than does existing law. We would like to suggest, however, that VA consider the feasibility of additionally permitting a face value payment in those cases where a principal beneficiary does eventually come forward, even though full payment of proceeds has already been rendered. We think this a reasonable provision from the standpoint of equity and good conscience and because of the extreme rarity of such occurrences.

Sec. 3 Reduction in Service-Disabled Veterans Insurance Premiums.

In the matter of the proposed change in mortality tables for Service-Disabled Veterans Insurance (SDVI), from the 1951 Commissioners Standard Ordinary Table (CSO) to the 1980 CSO Table, we believe this change to be long overdue. In 1951, when the SDVI program started, premium rates based on the then current Table were fully competitive with commercial rates. As life expectancy has obviously increased in the decades since that time, it is equally obvious that the 1951 Table is obsolete. Changing to the 1980 Table would reflect this and benefit new entrants in the program by substantially reducing their premium rates. However, the proposed legislation does not allow for such new premium rates to apply to those policies already in force before the date of enactment. This does not meet VA's overall program goal to afford service-disabled veterans full parity with the ability of other Americans to hold life insurance at competitive rates, without regard to their service-connected disabilities. These veterans would remain paying a higher premium rate and thus be subsidizing their own service-connected disabilities. It is the position of The American Legion, therefore, that not only should a more current mortality table be used for SDVI premium rates, but that such new rates also be made available to those service-disabled veterans already in the SDVI program at the date of enactment.

Sec. 4 Increase of Veterans' Mortgage Life Insurance Coverage to \$200,000.

Turning to the Bill's provisions for the Veterans Mortgage Life Insurance (VMLI) program, we agree with increasing coverage from the current \$90,000 level to one of \$200,000. Housing costs rise continuously and since the time of the last VMLI coverage increase in 1992, when 91% of participants had their full mortgage covered, now only some 62% have this level of protection. Raising the coverage to \$200,000 would increase it to some 99%. This, coupled with the proposal to permit retention of coverage past age 70 (also a part of H.R. 2222 and which The American Legion supports), would enhance greatly the ability of the VMLI program to provide mortgage protection to its insureds. By definition, these are veterans in a most serious disabled situation and, as with one of the goals of the SDVI program mentioned earlier, permit them to have adequate insurance coverage at premium rates and policy duration periods commensurate with those enjoyed by average Americans through commercial companies.

H.R. 3731 – to increase amounts available to State Approving Agencies.

This proposal would amend title 38, United States Code, to increase amounts available to State approving agencies to ascertain the qualifications of educational institutions for furnishing courses of education to veterans and eligible persons under the Montgomery GI Bill (MGIB) and under other programs of education administered by the Department of Veterans Affairs.

The Servicemen's Readjustment Act of 1944, the original GI Bill, provided millions of members of the armed forces an opportunity to seek higher education. Many of these

individuals may not have taken advantage of this opportunity without the generous provisions of that law. Consequently, these servicemen and servicewomen made a substantial contribution to not only their own careers but to the well being of the country. Today, a similar concept applies. The educational benefits provided to members of the armed forces must be sufficiently generous to have an impact. The individuals who use MGIB educational benefits are not only taking the necessary steps to enhance their own careers, but also, by doing so, will make a greater contribution to their community, state, and nation. Therefore, The American Legion commends the proposed changes contained in H.R. 3731.

Mr. Chairman, that concludes my testimony.