

**Statement of Congressman Bob Filner
Subcommittee on Benefits
Committee on Veterans' Affairs**

April 11, 2002

Chairman Simpson, thank you for holding this hearing on my bill, HR 2222, the “Veterans Life Insurance Improvement Act of 2001.” I introduced this bill because insurance ranks high on the list of importance to our veterans, and there are parts of our VA insurance program that need fixing. This bill would improve the insurance benefits to severely disabled veterans and make improvements in the insurance programs administered by the Department of Veterans Affairs (VA).

Currently, VA holds about 4,000 insurance policies valued at about \$23 million on which payment has not been made.

Why? Because the VA has been unable to locate the person identified as the beneficiary following the death of a veteran.

Under current law, if VA cannot locate the beneficiary, no benefits on the policy can be paid. H.R. 2222 contains a provision passed during the first session as section 401 of H.R. 2540 which would permit VA to pay secondary beneficiaries if the beneficiary does not file a claim within two years after the veteran's death. If none of the beneficiaries file a claim within four years after the veterans death, the Secretary may pay another appropriate relative, as is deemed appropriate. It is a shame to have veterans paying for life insurance throughout their lifetimes, only to have the insurance unclaimed. This provision would benefit the families of our veterans.

Since the provision which passed the House was not included in the final version of H.R. 2540 enacted into law, I urge the Subcommittee to mark up this provision during this session.

Secondly, the Service-Disabled Veterans Insurance Program was intended to provide service-disabled veterans with the ability to purchase insurance coverage at “standard” premium rates. However, because service-disabled veterans have been living longer, their rates are no longer compatible with commercial rates. The bill would provide service-disabled veterans with insurance comparable to standard policies. Service-disabled veterans should not be subsidizing the higher cost of insurance due to their service-connected disabilities.

I believe that this country owes a great debt to our Nation’s veterans, especially those who are so disabled by service-connected conditions that they do not qualify for life insurance.

It is our government’s responsibility to assure that the

disabilities resulting from military service are fully compensated. Premiums based on outmoded life expectancy tables unfairly penalize these veterans for their service-connected disabilities. They should be revised as provided in this bill.

Third, the VA provides severely-disabled veterans with mortgage life insurance (VMLI) up to \$90,000. Currently, this amount covers only about 79% of outstanding mortgage balances because the maximum amount has not been increased since 1992. This bill would increase the maximum to cover 98% of the mortgage balances outstanding.

Veterans who are so severely disabled that they qualify for a home adaptation grant should not have their mortgage insurance reduced by the simple passage of time. As I said, these amounts have not been increased in ten years, while the

cost of housing and housing adaptations have increased. It is time to fix this problem.

Finally, VMLI coverage now terminates at age 70.

Commercial policies do not issue such insurance after age 70, but they do not terminate coverage for persons currently insured. My bill would allow veterans currently covered to continue insurance after age 70.

Thank you for this opportunity to testify on H.R. 2222. I hope that the Subcommittee will act favorably on this bill.