

a premium which is higher than required. This accumulated profit is periodically transferred from the VSLI Fund to the U.S. Treasury. Transfers of this nature are likely to occur in the future.

The Commission does not believe Congress intended that the general population should profit at the expense of veterans. Some remedial legislation has previously been enacted, but additional action is required to maintain equity. Therefore, the Commission recommends that VSLI premiums be adjusted by the VA in accordance with earnings from the VSLI Fund.

RECOMMENDATION NO. 42

The Commission recommends that coverage under Servicemen's Group Life Insurance be extended to six months after separation instead of the present 120 days. The Commission further recommends that this coverage be continued indefinitely for those who are and remain totally disabled from date of separation from service.

Background to Recommendation:

Servicemen are now provided full coverage under the Servicemen's Group Life Insurance program for 120 days following separation from service, during which time no premiums are paid. It is also during this period of extended coverage that the veteran may elect to convert his Group insurance to an individual commercial policy with any participating company. This privilege primarily benefits those with a service-connected disability, since it guarantees insurability at standard commercial rates irrespective of physical condition. Within this group of disabled, for whom the program is primarily concerned, are those who are totally disabled at time of discharge. Their total disabilities may vary from a physical loss to a mental incompetency so severe that the conversion privileges may be overlooked and lost.

The non-disabled veteran should also be provided additional time following discharge to make the necessary adjustment to community life, establish financial earnings, and replace his SGLI coverage with an individual policy. Many will lack the funds with which to pay standard insurance rates at time of discharge, and the 120-day period does not provide a very long time for establishing financial stability.