To help all veterans coping with readjustment to civilian life and to assist veterans totally disabled at time of discharge, the Commission recommends that the SGLI program be expanded to permit conversion of SGLI coverage to be effective six months after separation from service, and to provide SGLI coverage for those totally disabled at time of separation, for as long as they remain totally disabled. These extensions of the SGLI program should not entail additional premium payments.

RECOMMENDATION NO. 43

The Commission recommends that a widow receiving death compensation because of her husband's in-service waiver of insurance premiums may elect to receive dependency and indemnity compensation as soon as she has been denied benefits in an amount equal to the insurance proceeds. The Commission further recommends that the in-service waiver of premiums privilege be discontinued, effective one year after the insured is notified about the discontinuance, and that the insured pay premiums to the Veterans Administration by direct payment or by deduction from service pay.

Background to Recommendation:

In 1951, Congress enacted the Servicemen's Indemnity Act ($10,000 free insurance) which in some respects was less advantageous to servicemen than their G.I. insurance.

In order to disrupt as little as possible the insurance programs already in effect, provision was made to permit term policyholders on active duty to waive the entire premium during service and for 120 days thereafter, while permanent plan policyholders could waive that portion of each premium representing the cost of the pure insurance risk. No new applications for in-service waiver of premiums were accepted after December 31, 1956. They could all continue their insurance after leaving the service by paying premiums.

In 1957, the Dependency and Indemnity Compensation program replaced the free insurance under the Servicemen's Indemnity Act and the death compensation benefits paid to survivors. This new legislation was designed to provide higher benefits for most. Servicemen have been counseled on the effect premium waiver might have on survivors'