

benefits--as the family status changes, it might be advisable for a serviceman to cancel his in-service waiver of premiums so his survivors may receive the higher DIC payments. Another factor favoring DIC payments is that a portion of it varies with the monthly basic pay now being received by a serviceman whose rank and years of service are the same as those of the deceased veteran.

Because DIC is more advantageous to widows than the death compensation they would receive if an in-service waiver were in effect, the Commission recommends elimination of the option of waiving payment of premiums while in-service. Thus, widows would no longer suffer a major penalty because of the slight advantage of postponing payment of insurance premiums.

In cases where widows are receiving death compensation because of in-service waivers, some have already been denied benefits in an amount in excess of the \$10,000 face value of their insurance. To assist these widows and others who will move into this situation, the Commission recommends that on the date when a widow has been disadvantaged to the extent of the insured amount by virtue of the lower death compensation payments, she would have the option of continuing death compensation or receiving DIC payments instead.

RECOMMENDATION NO. 44

The Commission endorses and recommends passage of legislation now pending before the 90th Congress to improve the Government insurance programs.

Background to Recommendation:

The Commission is concerned about amending the Government insurance program in a number of ways. Several bills now pending in Congress describe the improvements the Commission seeks. Therefore, we endorse and urge passage of the following measures:

a. H.R. 1389--to permit the policyholder to use cash surrender value, or matured endowment proceeds, to purchase annuities.

b. H.R. 1391--to permit every USGLI and NSLI term policyholder, in the event of a policy lapse, to have five years from the date of lapse to effect reinstatement. This would eliminate the inequitable situation now existing, where some have three months to reinstate, while others have sixty-two months.