

LIFE INSURANCE

This section describes various benefits under deceased service members' life insurance policies and how surviving family members should make claims on those policies.

Does the military provide life insurance protection?

Yes. All members of the uniformed services are eligible for a \$250,000 life insurance policy under the Servicemembers' Group Life Insurance (SGLI) program. However, service members can, and often do, choose a lesser amount of coverage or decline coverage altogether because they do not wish to pay the full premium amount.

SGLI is a federal program that provides service members with term life insurance, which provides coverage for a specified period of time. SGLI life insurance is issued under a group policy purchased by the Department of Veterans Affairs (VA) from a private insurance company and is administered by the VA's Office of Servicemembers' Group Life Insurance (OSGLI).

Service members may also obtain additional coverage from private insurance companies through individual policies or, for some reservists, an employer-sponsored group plan.

In early 2005, Congressional legislation was proposed to increase significantly the maximum life insurance policy available under the SGLI program. In addition, the proposed legislation would cover the cost of part of the life insurance coverage for service members serving in a combat zone. Surviving family members are encouraged to contact their CAO to determine the status of this and any other pending legislation that might have an effect on the families of a deceased service member.

Servicemembers' Group Life Insurance

Determining Beneficiaries

Who is entitled to receive the proceeds from a deceased service member's SGLI policy?

Persons listed as beneficiaries on the Servicemembers' Group Life Insurance Election & Certificate (Form SGLV 8286), a form completed by the service member, are entitled to the SGLI proceeds. A service member's records, including this form, are maintained by the branch of the service member's armed services.

If the service member did not designate a beneficiary on the form, the proceeds will automatically be paid in the following order:

- (1) the surviving spouse;
- (2) the child or, if more than one child, to the children in equal shares, with the share attributable to any deceased child to be distributed among the descendants, if any, of that child;
- (3) the parents in equal shares or all to the surviving parent;
- (4) a duly appointed executor or administrator of the insured's estate; or
- (5) other next of kin.

Making Claims

Whom should surviving family members contact to make a claim for SGLI proceeds?

The branch of the service member's armed services will review the service member's record to determine the proper recipient(s) of the SGLI proceeds and inform the Casualty Assistance Officer (CAO). The CAO will then give the person(s) entitled to receive the benefits a form called a Claim for Death Benefits (SGLV Form 8283).

The CAO should assist surviving family members in filing a claim. The service member's branch will supply proof of death (DD Form 1300) directly to the OSGLI. Please see the end of this section regarding information on how to contact the OSGLI.

How long will it take to receive SGLI benefits once the application for benefits is completed?

The OSGLI attempts to pay SGLI claims within 4 to 6 weeks of receiving all of the required documentation.

How will the SGLI proceeds be paid?

The service member will have designated whether to have the SGLI proceeds paid as a single lump sum or in 36 equal monthly installments.



The American Council of Life Insurers has comprehensive contact information for life insurance companies on its website www.acli.com. They can also be reached at (202) 624-2000.



If the proceeds are to be paid in a lump sum, the beneficiary will receive the SGLI proceeds through an “Alliance Account”. The Alliance Account is an interest-bearing checking account from which checks can be written for any amount of \$250 or more, up to the total account balance. The amount of interest earned is at a competitive rate. The Alliance Account allows immediate access to the proceeds. Alliance Accounts are not available for SGLI proceeds that are less than \$10,000 or for payments to individuals residing outside the United States and its territories. Under either circumstance, SGLI amounts will be paid in a single lump sum check.

If the proceeds are to be paid in installments, the first installment will be deemed payable as of the date of death. Interest begins accruing from this date even if a payment is not made until several weeks after documentation is received. The amount of each installment will be computed to include interest on the unpaid balance.

Private Life Insurance Policies

How will the surviving family members know if the service member had purchased any private life insurance policies?

A variety of records might contain information identifying an agency, policy or insurer, such as:

- (1) statements (bills) from the insurance company or agency;
- (2) insurance renewal notices; or
- (3) check registers or bank statements that may show payments made to an insurer.

Making Claims

How do surviving family members make a claim under a private life insurance policy?

The beneficiary of a private life insurance policy starts the claim process by notifying the insurance company of the service member’s death. If the insurance was obtained through an insurance agent, the surviving family member should contact the agent.

If no agent was used or it is unclear whether an agent was used, the surviving family member should contact the life insurance company directly. Many insurance companies offer toll-free hotlines and websites to help beneficiaries file claims.

How does one submit a claim to private insurance companies?

Private insurance companies will require delivery of a death certificate for the insured. In addition, private insurers will provide beneficiaries with claim forms, which must be filled out, signed and returned within the time stated on the forms. Beneficiaries must take care to return

all forms on time and to keep records of all communications to and from the insurance company, including correspondence, faxes, email messages and telephone notes.

How long will it take to receive private life insurance benefits once the application for benefits is completed?

Private insurers attempt to pay claims within 4 to 6 weeks of receiving the required documentation.

Denied Claims

Are there exclusions under the policies for death from war or terrorist acts?

Some individual life insurance policies exclude payments for death from war or terrorism. These exclusions cannot be added by the company after the insurance has been purchased. Some insurance companies market and sell life insurance policies to service members that do not include war or terrorism exclusions.

What if the private insurance claim is denied?

Surviving family members can object to the denial in writing, ask the insurer to reconsider and provide any new information pertinent to the claim.

Lawsuits for the enforcement of a life insurance policy must be brought within the time frame specified in the insurance policy and applicable state law. Some policies require an internal review by the insurance company or a specific process before suits can be brought, so surviving family members should read all policy materials carefully and may need to engage a lawyer for assistance. Please see the section on Legal Assistance for information on finding and hiring a lawyer.

Employer-Sponsored Policies

Do reservists lose coverage from their employer's group life policy while serving?

Under most traditional group employer plans, once an employee no longer works a minimum number of hours per week, the employee becomes ineligible for group life benefits. However, the employee is sometimes given the right to convert any existing benefit amounts to an individual life insurance policy offered through the employer. Generally, the employee must have affirmatively selected such a conversion.

Many employers do provide a "policy continuation" for some period following the departure of an employee for active military duty. This period is often about three months, though some employers provide for continuation up to six months.

The following insurance companies offer policies that do not include war or terrorism exclusions:

Navy Mutual Aid Association

www.nmaa.org

First Command Financial Planning

www.firstcommand.com

Military Benefit Association

www.militarybenefit.org



How is a claim made if the life insurance coverage was provided to the reservist as an employee?

Surviving family members should contact the reservist's civilian employer, inform the employer of the situation and ask about applying for death benefits from the employer's group life insurance policy. It is important to request a copy of the summary plan description for the life insurance policy. In many cases, employers will process the claim with the insurer and obtain some or all of the proceeds for the surviving family members. In other cases, the surviving family members will need to do this themselves by following the same procedures described above for making claims on private policies.

What if the claim is denied?

Surviving family members should follow the claims procedure set out in the policy or in the summary plan description received from the employer.

Obtaining Life Insurance for Surviving Family Members

Does the military provide any life insurance coverage for spouses or children of service members?

Yes. The OSGLI offers life insurance coverage for spouses and children of service members insured under the SGLI program. If the service member obtained SGLI Family Coverage for the spouse and children, which will be indicated on the Form SGLV 8286, coverage will end 120 days after the service member's death unless the surviving spouse chooses to convert the insurance to a participating private insurance company.

Contacting the OSGLI

To make a claim, ask questions or obtain forms, the OSGLI may be reached at:

Toll-free telephone:

(800) 419-1473

Toll-free fax numbers:

Claims only:

(877) 832-4943

All other fax inquiries:

(800) 236-6142

Overseas:

Phone Number:

(973) 548-5699

Fax number:

(973) 548-5300

General Correspondence:

Office of Servicemembers' Group Life Insurance

290 West Mt. Pleasant Ave.
Livingston, New Jersey 07039

Email:

Claims only:

osgli.claims@prudential.com

All other inquiries:

osgli.osgli@prudential.com

website:

www.insurance.va.gov/index.htm

