



Sate

Sponsored

Life

Insurance

HISTORY

- No insurance coverage 1947-1960's
- SGLI not authorized for Guard Members
- Vulcan and Protective Life offered coverage on a voluntary basis
- Unit Administrator (AST) ran the program in each armory or flight facility
- By 1974, 28 States had insurance programs, paid out of drill pay. No payroll deduction

22 March 1974

GUARD ALLOTMENTS FOR COMMERCIAL LIFE INSURANCE PREMIUMS

HEARING
BEFORE THE
SUBCOMMITTEE ON GENERAL LEGISLATION
OF THE
COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE
NINETY-THIRD CONGRESS
SECOND SESSION
ON
S. 383

**A BILL TO ENCOURAGE PERSONS TO JOIN AND REMAIN IN
THE RESERVES AND NATIONAL GUARD BY PROVIDING
FULL-TIME COVERAGE UNDER SERVICEMEN'S GROUP LIFE
INSURANCE FOR SUCH MEMBERS AND CERTAIN MEMBERS
OF THE RETIRED RESERVE UP TO AGE SIXTY.**

PAYROLL DEDUCTION

- The Department of Defense testified against the payroll deduction for Guardsmen for the following reasons:

Value of PD as an incentive for Guardsmen

Cost to the U.S. Government to initialize and maintain the allotment system

Payroll deduction would benefit the Insurance industry more than the Guardsmen themselves

Dis-incentive implications of multiple monthly deductions if he misses drills (no fault of his own)

Lapsed insurance coverage if he misses premiums

COMPROMISES

- Associations agreed up front to pay administrative costs to the federal government, still do, they get their money first
 - Guard agreed to not “compete”* with SGLI, supported both SGLI and SSLI through payroll deductions
 - DOD and Senate agreed if there “was no cost to the government” (6 winning words)
- * SGLI did not reciprocate! (family coverage)

DEFENSE FINANCE ACCOUNTING SYSTEM (DFAS)

5 Pay Systems

- Traditional Army Guard
- Traditional Air Guard
- AGR Army
- AGR Air
- AGR Retired (Army & Air)

PAYROLL DEDUCTION COORDINATION BOARD (PDCB) DUTIES

- **Maintain PDCB Web Site**

 - Data is secure, encrypted with strong password protection

- **Interface with DFAS**

 - Assure data and dollars are disseminated on a timely basis

 - Resolve on going issues

- **Work changes of Administrators**

- **Work Bank and Financial Institution changes**

ASSOCIATION RESPONSIBILITIES TO SSLI

- Select Insurers
- Design Plans
- Select Administrator

SSLI PROGRAM SUCCESS

Benefit Briefings

SRP/SRC

New Recruit Program

Public Law 93-289

Section 11

- Recognizes state sponsored group insurance which pre-dated SGLI sponsored by the State Military Department or National Guard Association of that state .**
- Insured must be a member of the NG of the state in which the group life policy is bought.**
- Sponsor must agree in writing to reimburse the United States for all costs.**
- Sec Def has sole authority to determine amount and procedures for reimbursement.**

Public Law 93-289

Continued

- **Sec Def prescribed form of Memorandum of Agreement (MOA) to be executed.**
- **NGR 37-104-3 (24 Oct 2003) prescribes procedure for processing payroll deductions.**

THE ISSUE!

**DO MILITARY REGULATIONS
PROHIBIT REPRESENTATIVES OF
SSLI PROGRAMS FROM
PARTICIPATING IN BENEFIT
BRIEFINGS?**

Legal Information

Senate Report 93-769

- **“Under SGLI payments for life insurance will be automatic. . . Thus, by providing the allotment provision for the Guard sponsored programs the Committee has placed these programs on a relatively equal competitive basis.”**

Senate Report 93-769 (Cont'd)

- **“Thus, by providing the allotment provision for the Guard sponsored programs the Committee has placed these programs on a relatively equal competitive basis. The Guardsman would have the convenience of a pay deduction for this Guard sponsored life insurance program just as he would for the Federal Government sponsored life insurance program.”**

Senate Report 93-769 (Cont'd)

- **“The unique nature of the National Guard, being a dual agency under control of the State Governor unless mobilized by the Federal Government, resulted in the Guard in some states establishing their own group life insurance programs.**
- **“Testimony. . .revealed that some of the funds generated by the state. . .backed programs are used to promote and strengthen the Guard in an overall way.”**

Legal Information

- **SGLI is not a government issued insurance policy, it is a federally sponsored group life insurance program administered by the Veterans Administration and underwritten by Prudential.**
- **SSLI is not a private insurance company subject to commercial solicitation rules; it is a state sponsored group life insurance program administered by the state and underwritten by several companies.**

Legal Information

- **The clear intent of Congress was to put SGLI and SSLI on a level playing field and not give SGLI preferential treatment in providing information about its group life insurance program.**

THANK YOU

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