



Statement of Joseph Barnett

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Examining VA Benefits: Pension and Fiduciary, and VA Life Insurance Options

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Chairman Luttrell, Ranking Member McGarvey, and members of the Subcommittee, my name is Joe Barnett and I am Vice President of The Prudential Insurance Company of America, the Office of Servicemembers Group Life Insurance division. On behalf of Prudential, thank you for the opportunity to testify. Prudential is proud to serve as the administrator of the Servicemembers' Group Life Insurance programs—an important responsibility that reflects the trust placed in us to support service members, veterans, and their families.

Prudential

As our CEO Andy Sullivan—a veteran himself—often likes to say, Prudential got its humble start more than 150 years ago with a promise and a purpose: to help working families find peace of mind at a time when few protections existed, beginning with something as basic and human as burial insurance. Founded in 1875 in Newark, New Jersey, Prudential has remained focused on making lives better by solving the financial challenges of a changing world and being there for people in the moments that matter most.

While our business has evolved over generations, our purpose has remained constant. Today, Prudential,¹ through its global family of subsidiaries, serves more than 50 million customers, helping individuals, families, and institutions achieve financial security through insurance, retirement, and investment solutions. Those customers count on us to be there at critical moments in their lives—just as working families did when Prudential first opened its doors. That continuity between our origins and our role today shapes who we are and how we approach our responsibilities.

That same sense of responsibility extends to those who serve and protect the nation. Prudential has long supported the military community—from veterans and active-duty service members to their families, military spouses, and caregivers—whose stability and well-being are essential to family financial security and readiness. Our relationship with the military dates back to the early 1900s, including involvement at the founding of the American Legion, and has grown over time to encompass service members and veterans from all branches of the United States Armed Forces.

That commitment takes shape through a blend of philanthropy, business engagement, and employee support. From 2020 through April 6, 2026, The Prudential Foundation invested approximately \$9.7 million in organizations supporting veterans, service members, military

¹ Prudential Financial, Inc. is a holding company, and the products and services referenced in this testimony are provided by its regulated insurance subsidiary, The Prudential Insurance Company of America. References to customers reflect total subsidiary activities.

families, and survivors—advancing economic mobility, workforce transition, caregiving support, and veteran-led disaster response.

Prudential’s support includes partnerships with organizations such as the Tragedy Assistance Program for Survivors (TAPS), which provides care and resources to families grieving the loss of a loved one from the military community; the Elizabeth Dole Foundation, supporting research and financial-wellness programming for military and veteran caregivers; and the GI Go Fund, which empowers veterans through homeownership and small-business support. Since 2019, more than 7,100 members of the military community have participated in Prudential-supported financial-wellness seminars, including programs delivered in partnership with the Department of Veterans Affairs.

Prudential also recognizes that service does not end with the uniform. As service members transition to civilian life, the company supports veterans, transitioning service members, military spouses, and caregivers as they navigate the next chapter through targeted employment, mentoring, fellowship, and career-development opportunities. These efforts include partnerships with organizations such as Hiring Our Heroes and internal networks like Prudential’s VETNET business resource group. In recognition of the distinct challenges military spouses face, including frequent relocations and career disruption, Prudential also invests in initiatives focused on military spouse hiring, career placement, and professional advancement. Together, these programs reflect Prudential’s belief that honoring service means standing with service members and their families during military service, and well beyond the transition to civilian life.

Servicemembers’ Group Life Insurance Program

The Servicemembers’ Group Life Insurance Program (SGLI) was established by Congress in 1965 to ensure that members of the uniformed services have access to affordable, guaranteed issue life insurance coverage, including during periods of war and heightened operational risk.² The Program was expanded to include Veterans’ Group Life Insurance (VGLI) in 1974, to provide continuity of coverage for veterans. Since inception, Prudential has administered the SGLI Program in partnership with the Department of Veterans Affairs (VA), ensuring that statutory benefits—including those relating to VGLI coverage levels and premium administration—are delivered as Congress intended.

The SGLI Program currently provides life insurance protection to more than 5.1 million service members, their families, and veterans, with approximately \$1.25 trillion in coverage in force. Since inception, Prudential has paid more than \$35.2 billion in benefits to SGLI, FSGLI (Family Servicemembers’ Group Life Insurance) and VGLI beneficiaries,

² Pub. L. No. 89-214, 79 Stat. 880 (1965) (codified as amended at 38 U.S.C. §§ 1965–1980B).

underscoring our role in delivering critical financial protection to military families across generations.

Under the statutory framework, SGLI is supervised by VA and structured as a group life insurance policy purchased by VA from a commercial insurer, rather than a program administered directly by the federal government.³ Section 1966 of Title 38 authorizes VA to select an insurer and establish an administrative office to carry out the program.⁴

Pursuant to this authority, VA has selected Prudential as the insurer, and Prudential administers the SGLI program through the Office of Servicemembers' Group Life Insurance (OSGLI), the administrative office established under VA regulation.⁵

Congress establishes the statutory requirements for the Program, and the Department of Veterans Affairs exercises its rulemaking authority to promulgate regulations governing program administration. Prudential administers the Program strictly in accordance with those statutory and regulatory requirements. This division of responsibilities is reflected throughout VA's implementing regulations, which govern matters such as enrollment, beneficiary designations, premium collection, claims processing, and payment of proceeds.⁶

Servicemembers' Group Life Insurance Coverage

SGLI provides automatic group term life insurance coverage to eligible service members, with separate dependent coverage available under the FSGLI provisions of the Program,⁷ with coverage amounts and premiums set by statute and regulation. Unless they elect otherwise in writing to reduce or decline coverage, service members are automatically enrolled at the maximum coverage level of \$500,000, an amount set by Congress. Premiums are established on a uniform per \$1,000 of coverage basis, with an additional flat charge of \$1.00 per month for traumatic injury protection, ensuring affordability and consistency across the force regardless of age, health status, or deployment risk. The program includes features such as continuation of coverage following separation, extensions for totally disabled service members, and traumatic injury protection, all as provided under federal law and VA regulations.⁸

Consistent with the statutory framework, Congress also provided enhanced protection for service members facing elevated operational risk. Section 612 of the John S. McCain

³ 38 U.S.C. §§ 1965–1966.

⁴ 38 U.S.C. § 1966.

⁵ 38 C.F.R. § 9.1(b).

⁶ 38 C.F.R. pt. 9.

⁷ Other than a dependent who is also a member of a uniformed service because such member is automatically insured. See 38 U.S.C. § 1967(a)(1)(A)(ii).

⁸ 38 U.S.C. §§ 1967–1970, 1977, 1980A; 38 C.F.R. §§ 9.2–9.6, 9.20–9.21.

National Defense Authorization Act for Fiscal Year 2019 amended Title 38 to require that service members deployed to designated combat theaters maintain maximum SGLI coverage. The statute further authorizes reimbursement of SGLI premiums for qualifying combat and designated duty assignments, eliminating out-of-pocket costs to the member during periods of deployment and reinforcing Congress's intent to ensure uninterrupted financial protection for service members and their families under conditions of increased risk.⁹

Notification and Claim Initiation

The uniformed services act as the official record keepers for SGLI coverage. Consistent with the statutory structure of the Program, OSGLI relies on the uniformed services Casualty Assistance Offices, as the official source of notification and Certification of Coverage for SGLI claims.

This certification confirms that SGLI coverage was in force at the time of death and identifies the applicable coverage amount, and it is required to initiate a SGLI claim. Upon receipt of the Certification of Coverage, OSGLI establishes a claim record and assigns the matter to a trained claims examiner. Any additional documentation necessary to adjudicate the claim, including beneficiary information, is then collected and verified as part of the claims review process.

Initial Review and Documentation

Upon establishment of the claim record, OSGLI conducts an initial review to confirm that required documentation is present and applies the terms of the Group Policy, Title 38 and applicable VA regulations, to determine benefit eligibility. Where documentation is missing—such as a death certificate or beneficiary information—OSGLI coordinates with the appropriate Branch of Service Casualty Assistance Office to obtain the necessary information, consistent with established procedures.

Adjudication and Payment

Once a claim is determined to be payable, meaning it is in good order—complete, accurate, and supported by all documentation and information required to issue payment—OSGLI issues payment in accordance with the beneficiary designation of record. Benefit amounts are based on the coverage in force at the time of death and are paid as a

⁹ 37 U.S.C. § 437.

single lump sum payment or, if elected by the insured prior to death or by the beneficiary at the time of claim submission, in 36 monthly installments, as outlined under Title 38.

OSGLI maintains service commitments to ensure that claims are paid promptly once all requirements are satisfied. These service standards are designed to provide timely financial support to beneficiaries during periods of loss, while maintaining appropriate controls, documentation, and quality review.

Beneficiary Communications and Support

Throughout the claims process, OSGLI communicates with the applicable Casualty Assistance Office or directly with beneficiaries as appropriate, responding to inquiries and requests for information and providing guidance on documentation and next steps. Claims-related communications are handled in accordance with applicable privacy and data protection requirements, and all actions taken on a claim are documented within OSGLI's claims management systems.

Enhanced Monitoring and Coordination for Certain SGLI Claims

In certain circumstances—such as when a service member's death occurs in a combat or operational theater, or when a single incident results in multiple fatalities—OSGLI applies enhanced monitoring and coordination to ensure claims are handled with appropriate care and attention.

In these situations, OSGLI implements additional internal tracking and works closely with the Department of Veterans Affairs to support prompt payment and to ensure VA has current information regarding claim status, including for purposes of congressional or constituent inquiries. While all SGLI claims are administered with care and diligence, this enhanced coordination reflects the unique circumstances and heightened sensitivity associated with these events.

Oversight

Claims administration is subject to multiple layers of oversight. OSGLI maintains detailed records of claim actions, which are subject to internal audit, VA oversight, and, where applicable, litigation discovery. Complaints and inquiries related to SGLI claims are logged, reviewed, and addressed in accordance with established procedures and timelines. Congressional inquiries are handled in coordination with VA, consistent with Prudential's administrative role.

Traumatic Servicemembers' Group Life Insurance

In addition to providing life insurance coverage, the SGLI Program provides traumatic injury protection through Traumatic Servicemembers' Group Life Insurance (TSGLI) a statutory benefit established to provide financial assistance to service members who are severely injured as the result of a traumatic event and suffer a qualifying loss while insured under SGLI.¹⁰ TSGLI is an automatic benefit for all service members covered by SGLI and does not require a separate election.

TSGLI is intended to provide short-term financial support to help service members and their families manage expenses associated with recovery and rehabilitation following a traumatic injury, whether the injury occurs on or off duty.¹¹

VA has statutory oversight of the TSGLI program and is responsible for issuing implementing regulations, policy guidance, and interpretive authority to ensure uniform administration of benefits across the Services.¹² The individual Branches of Service are responsible for adjudicating TSGLI claims, including verifying that a qualifying traumatic event occurred, confirming the covered loss, reviewing relevant medical and service records, and issuing approval or denial determinations in accordance with VA regulations.¹³ Prudential has no adjudicative role under TSGLI; its responsibilities are limited to timely payment of TSGLI benefits after a claim has been approved by the applicable Service.¹⁴

To qualify for a payment under TSGLI, a service member must have active SGLI coverage at the time of the traumatic event. Under VA regulations, TSGLI benefits are payable only when a traumatic injury results in a qualifying loss, which includes a covered scheduled loss and satisfaction of applicable timing, survival, and exclusion criteria.¹⁵ Statutory and regulatory requirements further provide that the traumatic injury must occur prior to separation from service, that the qualifying loss occur within two years of the traumatic event, and that the service member survives for at least seven full days following the injury.¹⁶

TSGLI provides a tax-free payment ranging from \$25,000 to \$100,000, depending on the nature and severity of the qualifying loss, as specified in VA's Schedule of Losses issued pursuant to regulation.¹⁷ Covered losses include, among others, amputations, paralysis,

¹⁰ 38 U.S.C. § 1980A; 38 C.F.R. § 9.20.

¹¹ 38 C.F.R. § 9.20(a)–(b).

¹² 38 U.S.C. § 1980A(a), (b); 38 U.S.C. § 501(a); 38 C.F.R. §§ 9.1, 9.20–9.24.

¹³ 38 U.S.C. § 1980A(e); 38 C.F.R. §§ 9.20(e), (g), 9.21.

¹⁴ 38 U.S.C. §§ 1966, 1980A(g); 38 C.F.R. § 9.20(f).

¹⁵ 38 C.F.R. § 9.20(b)–(c).

¹⁶ 38 U.S.C. § 1980A(b)(1)(A)–(C); 38 C.F.R. § 9.20(b)(1)–(3); 38 C.F.R. § 9.20(d)(3)–(4).

¹⁷ 38 U.S.C. § 1980A; 38 C.F.R. § 9.20(d).

loss of sight or hearing, severe burns, facial reconstruction, extended hospitalization, and the inability to perform activities of daily living due to traumatic injury.¹⁸

TSGLI coverage costs \$1 per month and remains in effect as long as the service member maintains SGLI coverage, even at reduced coverage levels.¹⁹

TSGLI serves as a separate, insurance-based benefit intended to provide immediate financial assistance following a traumatic injury, independent of longer-term disability determinations.²⁰

Veterans' Group Life Insurance Coverage

The Veterans' Group Life Insurance (VGLI) program was established by Congress in 1974 as part of the Veterans' Insurance Act of 1974 to provide continuity of life insurance coverage for service members transitioning from military to civilian life.²¹ The program allows eligible individuals to continue their life insurance coverage following separation from service. As with SGLI, the statutory framework governing VGLI is set forth in Title 38 of the United States Code, with VA being responsible for oversight and for issuing regulations to implement the program.²² Prudential's role is administrative—to carry out enrollment, premium administration, and claims processing in accordance with those statutory and regulatory requirements.

Under 38 U.S.C. § 1977, eligible veterans may convert SGLI to VGLI within one year and 120 days of separation. Veterans who apply within the first 240 days are eligible for coverage without evidence of insurability; applications submitted after that period but within the statutory deadline require evidence of good health.²³ VGLI premiums are established pursuant to statute and regulation and are based on the insured veteran's age and elected coverage amount, reflecting the renewable term structure of the program rather than individual underwriting.²⁴

As with SGLI, VGLI is supervised by VA and administered by Prudential through OSGLI pursuant to VA's statutory authority.²⁵

The regulations governing VGLI address eligibility, application timelines, premium payment and collection, renewability, beneficiary designations, claims adjudication, and payment of

¹⁸ 38 C.F.R. § 9.21.

¹⁹ 38 U.S.C. § 1969; 38 C.F.R. § 9.18.

²⁰ 38 U.S.C. § 1980A; 38 C.F.R. § 9.20.

²¹ Veterans' Insurance Act of 1974, Pub. L. No. 93-289, § 2, 88 Stat. 165 (1974) (codified at 38 U.S.C. § 1977).

²² 38 U.S.C. § 1977; 38 C.F.R. pt. 9.

²³ 38 U.S.C. § 1977.

²⁴ 38 U.S.C. § 1977; 38 C.F.R. §§ 9.5, 9.6.

²⁵ 38 U.S.C. §§ 1966, 1977; 38 C.F.R. § 9.1(b).

proceeds. These provisions are set forth primarily in VA's SGLI and VGLI regulations, which apply to both programs unless otherwise specified.²⁶

VGLI Outreach to Eligible Separating Service Members

As service members transition from active duty, OSGLI plays a central role in ensuring awareness of VGLI and the opportunity to maintain continuous life insurance coverage following separation from service. SGLI coverage continues for 120 days following separation, during which eligible service members may elect to convert their coverage to VGLI at the same coverage level, subject to statutory requirements.²⁷

To support informed and timely decision-making, OSGLI conducts outreach to separating service members to notify them of their right to convert SGLI coverage to VGLI within the statutory conversion period of one year and 120 days following separation.²⁸ This outreach emphasizes the importance of applying within the first 240 days, during which VGLI coverage is available on a guaranteed issue basis without evidence of good health, and highlights the risk of coverage gaps if action is not taken within prescribed timeframes.²⁹ Outreach efforts continue throughout the full eligibility window to reinforce statutory deadlines and enrollment requirements.

In addition, service members who separate with a qualifying VA or military disability rating receive information regarding the SGLI Disability Extension, which permits continued SGLI coverage for eligible members who are totally disabled at the time of separation.³⁰ Through these coordinated notifications, OSGLI helps ensure service members are informed of available options to preserve life insurance protection during and after the transition to civilian life.

OSGLI maintains a dedicated Customer Service Center to assist separating service members and veterans with questions regarding VGLI eligibility, enrollment deadlines, premium requirements, and coverage options. For veterans enrolled in the VGLI program, OSGLI provides ongoing customer support related to account maintenance, premium billing and payment matters, beneficiary designation updates, and overall policy status inquiries. The Customer Service Center also supports veterans seeking to increase coverage following initial enrollment, consistent with statutory and regulatory requirements, and assists beneficiaries with procedural guidance during the claim intake process, ensuring timely and accurate submission of required documentation. Through

²⁶38 C.F.R. §§ 9.1–9.9, 9.23.

²⁷ 38 U.S.C. § 1968(a); 38 U.S.C. § 1977(a); 38 C.F.R. § 9.2(c).

²⁸ 38 U.S.C. § 1977(a).

²⁹ 38 U.S.C. § 1977(a); 38 C.F.R. § 9.5(a).

³⁰ 38 U.S.C. § 1968(a).

individualized, direct customer service, OSGLI helps ensure that enrolled veterans and their beneficiaries are able to manage VGLI coverage and claims processes efficiently and in accordance with governing requirements.

Claim Initiation and Coverage Verification

Unlike SGLI, where claims are initiated following notification from a uniformed service Casualty Assistance Office, VGLI claims are initiated by the beneficiary or another authorized representative, because VGLI coverage is held by veterans after separation from service.

OSGLI serves as the record keeper for VGLI policies and maintains policy, billing, and beneficiary designation records throughout the life of the policy. When OSGLI receives a First Notice of Death or a completed claim submission, a claim record is established and assigned to a trained claim examiner.

Consistent with established claims adjudication procedures, OSGLI verifies that VGLI coverage was in force on the date of death, including confirmation that required premiums were paid and that the policy had not lapsed or terminated. In cases where a veteran's death occurs within 120 days from separation from service, OSGLI follows established procedures to determine whether the claim is payable under an applicable SGLI extension or under VGLI, ensuring that eligible benefits are paid in accordance with governing provisions.

Documentation and Claim Review

OSGLI conducts an initial review of each VGLI claim to confirm completeness and ensure that all required documentation has been received. Required documentation typically includes a completed claim form and a death certificate, as well as any additional documentation necessary to support payment to a designated beneficiary, such as estate or guardianship documentation, where applicable.

If documentation is incomplete, OSGLI notifies the beneficiary and establishes formal pending timelines. These timelines govern follow-up outreach and are designed to advance claims processing while ensuring that determinations are accurate and appropriately documented.

Where coverage was obtained or reinstated with medical underwriting, OSGLI evaluates whether a claim may be medically contestable under the terms of the policy and applicable regulations. Any such finding of medical contestability is reviewed and documented in accordance with established procedures.

Adjudication, Payment, and Beneficiary Support

Once a VGLI claim is determined to be payable, meaning it is in good order—complete, accurate, and supported by all documentation and information required to issue payment—OSGLI issues payment in accordance with the beneficiary designation of record. Benefit amounts are based on the coverage in force at the time of death and are paid as a single lump sum payment or, if elected by the insured prior to death or by the beneficiary at the time of claim submission, in 36 monthly installments, as outlined under Title 38.

OSGLI maintains service standards designed to support prompt payment of claims once complete, recognizing the importance of providing timely financial support to surviving family members.

Throughout the claims process, OSGLI communicates directly with beneficiaries, responds to inquiries, and provides information regarding required documentation, claim status, and next steps. All communications are conducted in compliance with applicable privacy and data protection requirements, and all claim actions are documented within OSGLI's claims management systems.

Oversight

VGLI claims administration is subject to multiple layers of oversight, including internal quality controls, VA supervision, and congressional oversight. Complaints or inquiries related to VGLI claims are logged, reviewed, and addressed in accordance with established procedures. Congressional inquiries are handled in coordination with VA, consistent with Prudential's administrative role.

Conclusion

In closing, Chairman Luttrell, Ranking Member McGarvey, and members of the Subcommittee, Prudential recognizes that administering SGLI, TSGLI, and VGLI is not simply an operational responsibility—it is a solemn trust. These programs exist to ensure that service members, veterans, and their families receive timely and reliable financial protection during moments of profound loss, injury, and transition. We take this responsibility seriously and approach it with the same sense of purpose that has guided Prudential for more than 150 years.

Through the Office of Servicemembers Group Life Insurance, we work every day to administer the SGLI Program in strict accordance with statute, regulation, and VA policy—while maintaining service standards designed to deliver benefits promptly, fairly, and with care for beneficiaries during some of the most difficult moments they will face. We deeply value our close partnership with the Department of Veterans Affairs in fulfilling these

promises to those who serve and the families who stand behind them. I look forward to answering any questions the Committee may have.