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August 13, 2010

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The Honorable Christopher J. Dodd
Chairman
Committee on Banking, Housing, and Urban Affairs
United States Senate
534 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Dodd,

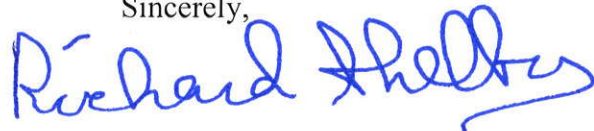
I am writing to request that the Banking Committee hold a hearing to examine the practices of the Department of Veterans Affairs and life insurance companies in paying beneficiaries of military personnel killed in the service of their country.

Recent press reports have raised concerns about the manner in which beneficiaries receive life insurance benefits under the Department of Veterans Affairs' Service Members Group Life Insurance (SGLI) program. Most seriously, the reports have suggested that life insurance companies may be unjustly profiting through the use of retained asset accounts. These accounts allegedly allow insurance companies to earn interest on the proceeds of insurance funds paid to beneficiaries at a rate substantially higher than the amount of interest the companies pay beneficiaries. In addition, it is unclear whether service members and beneficiaries understand the full range of financial choices offered by SGLI.

Because the regulation of insurance falls under the Banking Committee's jurisdiction, it is the Committee's obligation to ensure that insurance regulation adequately protects our service members and their families. Accordingly, I believe that the Banking Committee should hold a hearing to examine these reports and determine if any unfair practices exist. I have already instructed my staff to begin investigating this issue in preparation for a hearing.

Thank you for your assistance with this important issue.

Sincerely,



Richard Shelby