

KEYWORDS: waiver of indebtedness

DIGEST: A Reservist was released from active duty and placed on medical hold. However, premiums for the member's Servicemembers' Group Life Insurance (SGLI), Family SGLI (FSGLI) and Traumatic SGLI (TSGLI) continued to be paid on his behalf. It is not against equity and good conscience to deny waiver of the total amount of the premiums because the member had the benefit of the coverage under SGLI, FSGLI and TSGLI.

CASENO: 07031906

DATE: 3/27/2007

DATE: March 27, 2007

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In Re:	)	
[REDACTED]	)	Claims Case No. 07031906
	)	
Claimant	)	

**CLAIMS APPEALS BOARD  
RECONSIDERATION DECISION**

**DIGEST**

A Reservist was released from active duty and placed on medical hold. However, premiums for the member's Servicemembers' Group Life Insurance (SGLI), Family SGLI (FSGLI) and Traumatic SGLI (TSGLI) continued to be paid on his behalf. It is not against equity and good conscience to deny waiver of the total amount of the premiums because the member had the benefit of the coverage under SGLI, FSGLI and TSGLI.

**DECISION**

A former member of the United States Air Force Reserve requests reconsideration of the February 21, 2007, decision of the Defense Office of Hearings and Appeals (DOHA) in DOHA Claim No. 07021206. In that decision, DOHA determined that the government's claim against the member in the amount of \$761.25 could not be considered for waiver.

## **Background**

The record shows that in December 2003 the member was released from active duty and placed on medical hold. He did not perform any drills and did not receive pay and allowances. However, premiums for Servicemembers' Group Life Insurance (SGLI) and Family SGLI (FSGLI) were paid on his behalf from December 1, 2003, through May 31, 2006, causing an overpayment of \$755.25. In addition, Traumatic SGLI (TSGLI) was paid on his behalf from December 1, 2005, through May 31, 2006, causing an overpayment of \$6.00. Thus, the member became indebted to the government in the amount of \$761.25. The Defense Finance and Accounting Service (DFAS) advised our Office that the member was discharged in May 2006.

On appeal, our Office determined that the overpayment resulting from premiums for SGLI, FSGLI and TSGLI being paid on the member's behalf could not be considered for waiver because the member did not receive any pay and allowances during this period. In addition, the member had the benefit of the coverage during the period in question.

In his request for reconsideration, the member states he was not aware that the premiums were being paid on his behalf. He never received any information such as a statement of benefits that showed his premiums were still being paid. When he was placed on medical hold, he was never told he needed to cancel his payments and benefits. He suggest that because the debt resulted from administrative error through no fault on his part, it should be waived. In addition, he states that his beneficiary would not have received the benefit of coverage if he had died during the period because they were unaware he even had coverage. Finally, he states that his beneficiary information was incorrect, an error which he tried to change on multiple occasions.

## **Discussion**

Under 10 U.S.C. § 2774, we have the authority to waive collection of erroneous payments of pay and allowances to a member or former member if collection is against equity and good conscience and not in the best interest of the United States. Waiver is not appropriate if there is any indication of fraud, misrepresentation, lack of good faith or fault on the part of the member or former member. Moreover, a payment cannot be considered for waiver unless it is erroneous.

In this case, the member was entitled to continued SGLI and FSGLI coverage until he was discharged,<sup>1</sup> although he owed DFAS for the premiums since he was not receiving pay and allowances. If he had died between December 1, 2003, through May 31, 2006, his beneficiary would have received SGLI proceeds minus the uncollected premiums. If his insured family member had died during the period in question, the beneficiary would have received the FSGLI proceeds minus the uncollected premiums. In addition, because the member was insured under

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<sup>1</sup>See 38 U.S.C. § 1968.

SGLI, he was automatically insured for TSGLI.<sup>2</sup> Therefore, if he had sustained a traumatic injury as defined under 38 U.S.C. § 1980A, during the period December 1, 2005, through May 31, 2006, he would have received the TSGLI proceeds minus the uncollected premiums. Under the circumstances, collection of the member's debt is not against equity and good conscience because he received the benefit of the coverage under SGLI, FSGLI and TSGLI. *See* DOHA Claims Case No. 99042101 (June 24, 1999). Finally, it is the member's responsibility to update his beneficiary information.

### **Conclusion**

The member's request for relief is denied, and we affirm the September 21, 2006, decision. In accordance with DoD Instruction ¶ E8.15, this is the final administrative action of the Department of Defense in this matter.

Signed: Michael D. Hipple

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Michael D. Hipple  
Chairman, Claims Appeals Board

Signed: Jean E. Smallin

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Jean E. Smallin  
Member, Claims Appeals Board

Signed: Catherine M. Engstrom

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Catherine M. Engstrom  
Member, Claims Appeals Board

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<sup>2</sup>*See* 38 U.S.C. § 1980A.