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## Veterans Affairs Life Insurance (VALife)

The Department of Veterans Affairs (VA) administers several life insurance programs. Two of these programs, the now-closed Service-Disabled Veterans' Insurance (S-DVI) program and the recently launched Veterans Affairs Life Insurance (VALife) program, provide life insurance for certain veterans with service-connected disabilities.

The Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020 (P.L. 116-315) required VA to establish a new VA life insurance program for veterans with service-connected disabilities (VALife) and close the existing S-DVI program to new applicants. VALife was designed to meet the needs of veterans who had previously been unable to qualify for life insurance with VA. VALife launched on January 1, 2023. Existing S-DVI policyholders are able to keep their S-DVI coverage or apply for VALife.

This In Focus provides a brief description of VALife, compares VALife's features with plans under S-DVI, provides metrics on the uptake of VALife, and provides resources on VALife and S-DVI.

### VALife

#### Plan Features

VALife provides guaranteed acceptance, whole life insurance coverage to eligible veterans with service-connected disabilities. Guaranteed acceptance means that if the eligibility requirements for VALife are met, VA would automatically approve the application without the need to prove good health. Whole life means policyholders can keep their coverage for the rest of their lives. Policies may be selected for up to \$40,000 in coverage and build cash value starting two years after application approval (two-year waiting period).

#### Eligibility

Generally, a veteran is eligible for VALife if he or she is

- age 80 or younger and has a VA disability rating (no time limit) or
- age 81 or older and
  - applied for VA disability compensation for a service-connected disability before turning 81 years old, and
  - received a rating for that same disability after turning 81 years old, and
  - applied for VALife within two years of getting notification of the disability rating.

#### Premiums

Premiums depend on the policyholder's insurance age and the amount of coverage. The policyholder's premium rate will not increase as long as the VALife policy is kept.

Premiums may be paid monthly or annually. Monthly premium payments are the only option if paying by deduction from the policyholder's VA disability compensation, military retirement pay, or pre-authorized checking. If paying through e-billing (pay.gov), payments may be monthly or annually. There is a discount of 2.5% for paying premiums annually.

#### Two-Year Waiting Period

VALife includes a two-year waiting period for new policy holders to receive full life insurance coverage. Full life insurance coverage starts after the two-year waiting period, during which time premiums must be paid. If the policyholder dies during the two-year waiting period, beneficiaries receive the total amount of paid-in premiums, plus interest. If the policyholder dies after the two-year waiting period, the beneficiaries will receive the full coverage amount of the policy. The two-year waiting period replaces the need for medical underwriting and S-DVI's good health requirement.

#### Options for Existing S-DVI Policyholders

Existing S-DVI policyholders are able to keep their S-DVI coverage or apply for VALife. The ability to keep S-DVI coverage during the VALife two-year waiting period depends on when the application for VALife was submitted.

Existing S-DVI policyholders who applied for VALife by December 31, 2025, are able to keep their S-DVI during the two-year waiting period for VALife benefits, and must pay premiums for both policies. After the two-year waiting period, S-DVI coverage terminates and the policyholder receives any cash value the S-DVI policy had at that time.

Existing S-DVI policyholders who apply for VALife on or after January 1, 2026, will have their S-DVI policies end the day their VALife applications are approved and will not have full coverage during the two-year VALife waiting period.

#### Selected Differences in S-DVI and VALife Policies

At the time S-DVI closed to new applicants, it offered a choice of nine different policies, including term, ordinary life, modified life, paid-up life, and endowment plans. VALife offers one whole life policy.

VALife increases the maximum coverage available to all policyholders to \$40,000. Under S-DVI, the maximum was \$10,000 in basic coverage; policyholders with total disability could apply for a premium waiver for basic coverage, which would also enable them to pay for up to an additional \$30,000 in supplemental coverage. VALife does not offer premium waivers.

**Table 1** compares differences in selected provisions of S-DVI and VALife.

**Table 1. Selected Differences in S-DVI and VALife Policies**

Provision	S-DVI	VALife
Eligibility	<ul style="list-style-type: none"> <li>Released from active service on or after April 25, 1951, and</li> <li>Released under other than dishonorable condition, and</li> <li>Had a service-connected disability rating, and</li> <li>Applied by December 31, 2022, or within two years of receiving a new disability rating, whichever came first.</li> </ul>	<ul style="list-style-type: none"> <li>Age 80 or younger with a disability rating, or</li> <li>Age 81 or older and applied for VA disability compensation for a service-connected disability before turning 81, received a rating for that same disability after turning 81 years old, and applied for VALife within two years of receiving notification of the disability rating.</li> </ul>
Good health requirement	Yes	No
Two-year waiting period	No	Yes
Multiple plan options	Yes (including a term policy option)	No, whole life only
Cash value	Yes (except term policy)	Yes, after two years
Paid up plan option	Yes (certain options)	No
Loans	Yes (except term policy)	No
Maximum coverage	\$10,000 (\$40,000 with total disability waiver)	\$40,000

Provision	S-DVI	VALife
Premium waiver and supplemental coverage	Yes (for total disability)	No

**Source:** CRS summary of VA policies.

For S-DVI policyholders considering whether they should switch to VALife, VA suggests that they consider the following when deciding which coverage is best for them:

- How much coverage do you need? VALife provides up to \$40,000 in coverage, while S-DVI offers \$10,000 in basic coverage.
- How much are your premiums for S-DVI versus VALife?
- Do your S-DVI premiums increase over time (term insurance)? VALife premiums never increase beyond the premium rate at which you enroll.
- Do you have waiver of premiums on your S-DVI policy? VALife does not offer waiver of premiums.
- Is your S-DVI policy paid-up? VALife does not offer paid-up insurance.
- Do you want to have the option to borrow against your policy? For S-DVI policyholders who have a permanent plan or reduced paid-up policy, you can take a loan against your policy, while VALife does not offer loans.

### Enrollment in VALife

Between VALife’s launch and September 30, 2024, VA processed over 65,000 applications and issued over 52,000 policies. As of September 30, 2024, it provided over \$1.5 billion of whole life insurance coverage. During FY2024, VALife had 45,700 policies in force, with an average face amount of \$31,818. During FY2023, 24,543 policies were in force, with an average face amount of \$31,938.

### Resources

CRS Report R44837, *Benefits for Service-Disabled Veterans*

VA, VA Life Insurance Programs Booklet

VA, Veterans Affairs Life Insurance (VALife)

VA, Service-Disabled Veterans Life Insurance (S-DVI)

VA, Veterans Affairs Life Insurance (VALife) Frequently Asked Questions

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