



DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
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WASHINGTON DC 20350-1000

SECNAVINST 1740.2E
NMPC-12C
12 July 2008

SECNAV INSTRUCTION 1740.2E

From: Secretary of the Navy

Subj: SOLICITATION AND THE CONDUCT OF PERSONAL COMMERCIAL
AFFAIRS ON DEPARTMENT OF THE NAVY INSTALLATIONS

Ref: (a) Public Law 109-290, "Military Personnel Financial
Services Protection Act", September 29, 2006
(b) DOD Instruction 1344.07, "Personal Commercial
Solicitation on DoD Installations," March 30, 2006
(c) DOD Instruction 1342.27, "Personal Financial
Management for Service Members, November 12, 2004
(d) DOD Directive 1344.9, "Indebtedness of Military
Personnel," October 27, 1994
(e) DOD Instruction 1015.10, "Programs for Military Morale,
Welfare, and Recreation (MWR)," November 3, 1995
(f) SECNAVINST 1740.4, "Department of the Navy Personal
Financial Management (PFM) Education, Training, and
Counseling Program," October 9, 2007

Encl: (1) Sample DON Solicitation Authorization Letter
(2) Sample Report of Unauthorized On-Base Commercial
Solicitation
(3) Format for Memorandum Forwarding an Allotment
Authorization Letter for Insurance

1. Purpose. To update policies, procedures, and requirements governing personal commercial solicitation and insurance sales on Department of the Navy (DON) installations and to implement references (a) and (b).

2. Cancellation. Secretary of the Navy (SECNAV) Instruction 1740.2D. Any records generated/created by this instruction regardless of format shall be deposited in accordance with SECNAV Manual 5210.1.

3. Applicability and Scope

a. The policies and regulations of this instruction are designed to provide a uniform approach to the conduct of all personal commercial solicitations throughout the DON and to

provide consumer protection standards to members of the DON military community.

b. This instruction applies to all naval installations; all DON vessels and vehicles of all types and sizes; all DON aircraft; any area owned, controlled or occupied by DON for its personnel; and commercial facilities authorized by the Navy/Marine Corps exchanges, and to all persons desiring to undertake personal commercial solicitation on an active duty or reserve DON installation.

c. The provisions of this instruction do not apply to banks and credit unions aboard installations, nor do they preclude representatives of the Navy Mutual Aid Association (a nonprofit, independent, self-insured military association, which is not commercially underwritten or affiliated and is recognized as a tax-exempt association under section 501(c)(23) of the Internal Revenue Code), from offering membership, benefit plans and services to current and prospective members and survivors. Association meetings for such purposes with members and survivors may include non-members who indicate, in some manner, such as at separate educational meetings (for which the Association is hereby designated as an approved counselor), an interest in obtaining more specific information regarding the Association's services and benefits, or procedures required to acquire membership.

4. Incorporation and Adoption of Department of Defense (DoD) Policy. The policies, provisions and prohibitions set forth in references (a) and (b), or any subsequent modification thereto, are incorporated by reference herein and are made applicable to the DON. This instruction is a supplement to reference (b). Regional and installation commanders shall review and become familiar with the provisions of reference (b) before any action is taken hereunder.

5. Definitions. The definitions set forth in reference (b) are applicable to this instruction. In addition, the following definition shall apply: "Solicitation" means any contact aboard the installation, including but not limited to meetings, meals or telecommunications, including electronic communications, for the purpose of seeking private business or trade.

6. DON Policies and Requirements. The following policies and requirements shall apply to the matters under the scope of this instruction:

a. The United States Government Accountability Office and Congress have determined that Service members have been sold high-cost securities and life insurance products that were "entirely inappropriate for most military personnel," and that such products were sold through abusive and misleading sale practices. DON policy is to aggressively remove these inappropriate products and practices from all installations.

b. DON strongly encourages every Sailor and Marine to obtain maximum Service member Group Life Insurance, SGLI, coverage. The DON does not endorse any commercial life insurance company or product.

c. This instruction does not limit the installation commander's inherent authority to deny installation access to agents or to put time and place restrictions on commercial activities aboard DON installations. Nor does this instruction limit an installation commander's authority to impose additional restrictions to the matters addressed herein.

d. Prior to allowing the solicitation of any insurance or securities product aboard the installation, the installation commander (or designated representative) shall review all product documents, costs and fees, sales materials, literature, and all other items associated with the sale of the product. The installation commander shall refuse any agent installation access to sell any product that the installation commander determines inappropriate for the needs of his/her military community, or that does not otherwise meet the requirements of this instruction, or references (a) or (b). In making this determination, the installation commander is encouraged to consult with the installation Staff Judge Advocate, Financial Educators (FEs) within the Fleet and Family Support Centers (FFSCs), and Personal Financial Management (PFM) counselors within Marine and Family Services. Regarding the proposed sales of life insurance products, the installation commander should consult with the state insurance commissioner exercising jurisdiction over his/her installation.

e. The installation commander shall presume that any life insurance product with any of the features described below is inappropriate for the needs of his/her military community. In the event that the installation commander can not determine whether the product meets these standards, the product shall not be sold aboard the installation.

(1) Any life insurance policy in which the premium for life insurance is more than the amount that would be charged for Veterans' Group Life Insurance (VGLI) coverage for a 25-year-old insured for the same amount of insurance coverage. VGLI rates can be accessed online at the Department of Veterans' Affairs Web site at <http://www.insurance.va.gov/sgliSite/VGLI/VGLI.htm>;

(2) Excluding annuities, any life insurance product with a savings component or side fund;

(3) In addition to the preceding paragraphs, any life insurance product that does not meet the standards established in the National Association of Insurance Commissioners "Military Sales Practices Model Regulation" and any standards adopted by the state in which the installation is located.

f. Approval to sell a product aboard a DON installation shall be communicated to the agent in writing, in the format provided at enclosure (1). However, such approval shall not be communicated by an agent to any prospective purchaser. Approval by an installation commander to sell a product does not equate to approval to sell that product aboard any other installation. A copy of the approval letter should be sent to those responsible for access to and security aboard the installation. Moreover, if an agent is denied access to the installation, the commander should communicate that in a letter to the agent as well. A copy of the denial letter should be sent to those responsible for access to and security aboard the installation.

g. Installation commanders shall report all violations of this instruction and references (a) and (b), within 10 days of determining that agents or companies have violated said regulations. Reports shall be made to the appropriate state or Federal regulatory agency, the Commander, Navy Installations Command via the Regional Commander, or for Marine Corps installations, the Legal Assistance Branch of the Judge Advocate Division, Headquarters, U.S. Marine Corps. The report shall

substantially comply with the format provided at enclosure (2), and shall include the names, companies, addresses and other appropriate information relating to persons involved in, and a description of the actions which constitute a violation of any applicable regulation. Such report shall also indicate whether any agent has been barred or otherwise limited in any manner from any DON installation. Upon receipt of the report, the respective Military Department shall inform the Office of the Principal Deputy Under Secretary of Defense (Personnel and Readiness). Copies of such reports shall also be forwarded to the President of the area Armed Forces Disciplinary Control Board for appropriate action.

h. Agents who have been denied permission to solicit aboard any DoD installation, or whose permission to solicit has been revoked, may not engage in any commercial solicitation on any DON installation. In the event that permission to solicit has been reinstated by the authority which first revoked it, such action shall likewise be effective for all DON installations.

i. All agents must comply with local base registration procedures prior to conducting business aboard a DON installation.

j. Agents shall not be permitted to distribute, or make available for distribution, literature or advertisement materials to any person other than the person being interviewed.

k. Allotments. Only those discretionary allotments for life insurance for all Service members in pay grades E-4 and below that are accompanied by a memorandum (as provided in enclosure (3)), from the unit's Command Financial Specialist (CFS), FFSC PFM staff, installation personal financial manager, or legal assistance attorney, or other person as designated by the regional or installation commander to provide financial counseling shall be processed. For personnel in pay grades E-4 and below, in order to obtain financial counseling, at least 7 calendar days shall elapse between the signing of a life insurance application and the certification of a military pay allotment for any supplemental commercial life insurance. Navy's personnel support detachments and Marine Corps administrative chiefs, respectively, are responsible for ensuring this seven-day "cooling-off" period is monitored and enforced. The purchaser's commanding officer may grant a waiver of the 7-day cooling-off

period requirement for good cause, such as the purchaser's imminent deployment or permanent change of station.

1. Solicitors may provide commercial sponsorship to DON Morale, Welfare, and Recreation programs, activities and events under the provisions of reference (e). However, sponsorship may not be used as a means for agents or other persons to obtain personal contact information for any participant at these programs, activities or events without written permission from the individual participant. Additionally, commercial sponsors may not use sponsorship to advertise products and/or services prohibited by reference (e) and this instruction and not specifically agreed to in the sponsorship agreement.

7. Educational Programs. The Navy and Marine Corps shall comply with paragraph 6.7. of reference (b) and the provisions of reference (f). Such compliance shall include at a minimum:

a. The Services shall ensure that the financial education standards established in reference (b) are followed.

b. The primary providers of financial and consumer educational programs for military members shall be the FEs within the FFSCs, PFM counselors within Marine and Family Services, and CFSs within the units. FEs and PFM counselors shall be accredited per reference (c). CFSs shall be trained as required by their respective Service. The on-base financial institutions may be used to augment the installation PFM programs within the FFSC/Marine and Family Services. Other educational resources may be used provided they meet requirements as a 501(c) non-profit organization and/or have an established Memorandum of Understanding with DoD or respective Service. The Navy Mutual Aid Association is approved to provide such programs aboard DON installations.

c. Legal assistance attorneys, FEs, and PFM counselors are readily available and have the appropriate expertise and private office space needed to counsel active duty, retired and reserve military members and their families regarding loans and consumer credit transactions. Military members should be encouraged to seek the advice and counsel of these professionals prior to committing to any substantial purchase or credit commitment.

d. Legal assistance attorneys, FEs, and PFM counselors shall provide advice and guidance to military members and commanders concerning reference (d). The advice and guidance provided must balance the protection of Service members against unfair collection practices and the requirement that Service members satisfy just debts.

e. Prospective educators must use disclaimers that state their participation in educational events does not imply or infer any type of official endorsement by DoD or DON. Further, visual aids and handouts should be devoid of corporate logos that may be viewed as attempts to solicit business.

8. Reports. The reporting requirement contained in paragraph 6g is exempt from information collection control by SECNAV Manual 5214.1 and requires no report control symbol.



Anita K. Blair
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(Manpower and Reserve Affairs)
Acting

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Sample DON Solicitation Authorization Letter

From: Installation Commander, (NAME OF INSTALLATION)
To: Agent's name, company, address, state license number
Subj: AUTHORIZATION TO SELL SPECIFIED INSURANCE OR FINANCIAL
PRODUCTS ABOARD (NAME OF INSTALLATION)
Ref: (a) DOD Instruction 1344.07, "Personal Commercial
Solicitation on DoD Installations," March 30, 2006
(b) SECNAVINST 1740.2E, Solicitation and the Conduct of
Personal Commercial Affairs on Department of the Navy
Installations
Encl: (1) (All products approved to be sold on installation)

1. Per the references, you are authorized to sell the products listed in the enclosure(s), and only those products, aboard this installation.

2. You are bound by the requirements of the references, and by your signature below, you represent that you understand those rules, will abide by them. Additionally, you acknowledge that you have been provided copies of both instructions.

3. This letter in no way expresses DON, USN, or USMC endorsement of any product, agent, or company, and shall not be used to infer such.

4. This authorization applies only to this installation, and expires one year from the date hereon, whereupon you must reapply for installation access to sell the products in question.

5. This letter does NOT confer a general privilege to solicit aboard the installation, nor does it authorize any agent to engage in door-to-door sales, to teach insurance or finance "classes," or to address any mass audience. The agent is authorized only to solicit a prospective customer in a manner consistent with the references, only upon that prospective customer's invitation extended prior to the agent's entrance aboard the installation, and only at a time and place agreed to

Enclosure (1)

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Subj: AUTHORIZATION TO SELL SPECIFIED INSURANCE OR FINANCIAL
PRODUCTS ABOARD (NAME OF INSTALLATION)

by the prospective customer prior to the agent's entrance aboard
the installation.

Agreed and Accepted:

Commanding Officer

Agent Name
Company
Address
Phone Number

SAMPLE

Sample Report of Unauthorized On-Base Commercial Solicitation

From: Installation Commander, (NAME OF INSTALLATION)
To: State Insurance Commission
Commander, Navy Installations Command (Navy only)
Commandant of the Marine Corps, JAL (USMC only)
Via: Commander, Navy Region _____ (Navy only)
Subj: REPORT OF UNAUTHORIZED ON-BASE COMMERCIAL SOLICITATION
Ref: (a) SECNAVINST 1740.2E, Solicitation and the Conduct of
Personal Commercial Affairs on Department of the Navy
Installations
(b) DOD Instruction 1344.07, "Personal Commercial
Solicitation on DoD Installations," March 30, 2006

1. Pursuant to reference (a), the following violation(s) of
references (a) and (b) occurred onboard this installation.

Name and address of Company: _____

Identifying information of Agent: _____
(Name, address, phone number, _____
email address, etc.) _____

Description of Violation: _____

Action taken by Installation Commander: _____

(Include actions of debarment of individuals)

(Repeat as necessary)

**Format for Memorandum Forwarding an Allotment Authorization Letter
for Insurance
(Use Appropriate Letterhead)**

Memorandum for

Subject: Discretionary Insurance Allotment

Authorization to start a discretionary insurance allotment was requested by (member name and grade) on (date) for a (type of) policy in the amount of (dollar value) with a monthly premium of (payment). Policy would become effective on (date).

Individual named above was counseled IAW SECNAVINST 1740.2E, paragraph 6(k) on (date). Review included, but was not limited to the individual's insurance currently in force, dependent situation, provisions of existing benefits for survivors of military personnel and Service Members Group Life Insurance (SGLI) provisions as covered in the DOD Financial Management Regulation, volume 7A chapter 47. Individual was also advised of the following: (1) Department of the Navy does not favor, sponsor, or endorse any individual commercial life insurance company and that an allotment is merely a convenience afforded military personnel, (2) return in seven days if the insurance is still desired and an allotment letter needs to be processed, (3) if the new policy is intended to replace an existing policy that it may not be in their best interest and they should seek advice from the company which issued the existing policy (4) seek third party counseling, (5) and the right to terminate any policy purchased aboard a DON installation within ninety days of delivery of the policy documents.

(Member name and grade) waiting seven days, requested again on (date) that an allotment be forwarded in favor of the insurance company. The essential features of the insurance policy applied for appear to be understood. Individual also understands that the transaction is personal between the individual and the insurance company.

Recommend the allotment initiated by (member name and grade) and attached to this memorandum be processed to effect regular monthly payment of premiums for an insurance contract.

Enclosure

Individual Receiving Counseling
(Name/Grade/Unit)

Authorized Military Authority

Title

Date

Title

Date

Enclosure (3)