

involvement pursuant to § 1031.13. The approval may indicate the duration of the approval and any other conditions.

(2) Communicate, within the scope of their duties, with a voluntary standard group, representative, or other committee member, concerning voluntary standards activities which are not substantive in nature.

(b) Commission employees may communicate with voluntary standards organizations only in accordance with Commission procedures.

(c) Commissioners can engage in substantive and non-substantive written communications with voluntary standards bodies or representatives, provided a disclaimer in such communications indicates that any substantive views expressed are only their individual views and are not necessarily those of the Commission. Where a previous official Commission vote has taken place, that vote should also be noted in any such communication. Copies of such communications shall thereafter be provided to the other Commissioners, the Office of the Secretary, and the Voluntary Standards Coordinator.

(d) The Voluntary Standards Coordinator shall be furnished a copy of each written communication of a substantive nature and a report of each oral communication of a substantive nature between a Commission official or employee and a voluntary standards organization or representative which pertains to a voluntary standards activity. The information shall be provided to the Voluntary Standards Coordinator as soon as practicable after the communication has taken place.

### Subpart C—Public Participation and Comment

#### § 1031.16 Purpose and scope.

(a) This subpart sets forth the Consumer Product Safety Commission's criteria and requirements governing public review and comment on staff involvement in the activities of voluntary standards development bodies.

(b) The Commission realizes there are advantages and benefits afforded by greater public awareness of staff involvement in standards development activities. Furthermore, the Commission recognizes public comment and input as an important part of the voluntary standards development process.

(c) The purpose of this subpart is to further the objectives and programs of the Commission and to do so in a manner that ensures openness and transparency.

#### § 1031.17 Background.

(a) In a **Federal Register** Notice (Vol. 69, No. 200) dated October 18, 2004, the CPSC announced that it was launching a pilot program to open CPSC staff activities for public review and comment. The pilot program covered information on CPSC staff participation with respect to a cross-section of voluntary standards, including advance notice of proposed staff positions on issues to be considered by voluntary standards organizations. The program was based on the premise that increased public awareness and participation would enhance the quality and conclusions of the proposed recommendations made by CPSC staff.

(b) The pilot program ended on April 18, 2005, after a 6-month period. CPSC invited general comments on whether to continue the programs beyond the pilot period and solicited suggestions for improving the program.

(c) On July 28, 2005, the CPSC staff submitted to the Commission an assessment of the pilot program's results, including data that indicated the voluntary standards site ranked among the top 20 directories visited on the CPSC Web site. Further, the report included the staff's recommendation that the voluntary standards Web site be expanded to include information on all standards activities.

(d) On August 4, 2005, in accordance with the staff's recommendation, the Commission voted unanimously to continue the voluntary standards program and expand it to include all voluntary standards activities.

#### § 1031.18 Method of review and comment.

(a) Each of the voluntary standards activities in which Commission staff is involved shall have a unique Web link on the Commission Web site with relevant information regarding CPSC activity, including:

(1) The name(s) of CPSC staff working on the activity; and

(2) The e-mail and mailing addresses of the CPSC Office of the Secretary, to which any interested party may communicate their particular interest.

(b) E-mail and written comments on voluntary standards from the public to the CPSC shall be managed by the Office of the Secretary. Such communication shall be forwarded to appropriate staff for consideration and/or response.

(c) On the voluntary standards Web site, consumers shall have the opportunity to register for periodic e-mail notices from the Commission with respect to their standard of interest. Such notices shall be issued by the CPSC each time a voluntary standard

site has been updated and no less than once every calendar year.

Dated: June 30, 2006.

**Alberta E. Mills,**

*Acting Secretary, Consumer Product Safety Commission.*

[FR Doc. E6-10572 Filed 7-7-06; 8:45 am]

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## DEPARTMENT OF DEFENSE

### Office of the Secretary

[DoD-2006-OS-0065]

### 32 CFR Parts 43 and 50

RIN 0790-AH87

### Personal Commercial Solicitation on DoD Installations

**AGENCY:** Department of Defense, Office of the Secretary of Defense.

**ACTION:** Final rule.

**SUMMARY:** This rule amends and removes the Department regulations relating to policy and procedures on personal commercial solicitation on DoD installations. It incorporates current policy letters that were issued since the last publication of the regulations in February 1986. They include policy on use of on-base financial institutions and non-profit, tax exempt, private organizations to provide financial education; limits on the use of commercial sponsorship to obtain personal contact information for solicitation; and required reporting of solicitation policy violations to higher headquarters. The revision also includes a new solicitation evaluation form to help installations detect solicitation policy violations.

**DATES:** *Effective Date:* July 10, 2006.

**FOR FURTHER INFORMATION CONTACT:** Colonel Michael A. Pachuta or Mr. James M. Ellis at (703) 602-4994 or (703) 602-5009 respectively, or main (703) 602-5001.

**SUPPLEMENTARY INFORMATION:** On Tuesday, April 19, 2005 (70 FR 20316), the Department of Defense published a proposed rule. The following is a summary of substantive comments, whether or not they were accepted or rejected, and the rationale.

*Comment 1:* DepSecDef Memo, DoD Instructions Review—Phase II directed, where feasible, to change Directives not requiring the SECDEF or DEPSEC signature to Instructions.

*Decision:* Accepted. 1344.7 does not meet the DepSecDef's criteria to remain a DoD Directive and will be reissued as a DoD Instruction.

*Comment 2:* Two civilians recommended all on-post insurance solicitation be banned.

*Decision:* Rejected: The purpose of the Instruction is not to prohibit insurance solicitation but to prevent unfair and predatory sales practices.

*Comment 3:* The American Council of Life Insurers recommends the solicitation office supervisor send a copy of each solicitation evaluation form received to each registered company or company the solicitor represents.

*Decision:* Rejected: The solicitation evaluation form is an internal feedback tool to assess how the solicitation was performed. The agent or company may request a copy by submitting a Freedom of Information Act request.

*Comment 4:* A Marine Corps Captain recommends an on-base entity, such as a civil law officer from base legal office, screen insurance sales personnel seeking base access.

*Decision:* Accepted. Para 6.2.2. now states: "Commanders will ensure the agent's license status and complaint history are checked with the appropriate state or federal regulators prior to granting permission to solicit on the installation."

*Comment 5:* Military Benefits Association believes DD Form 2885 (solicitation evaluation) is biased, recommends it be rewritten to remove any propensity to evoke a critical response, and a copy of submitted forms should be provided to both the agent and insurer.

*Decision:* Rejected. The questions are balanced and necessary to determine whether or not the solicitor complied with DoD commercial solicitation policy. The commander has the discretion to provide the agent and insurer a copy of the form. The agent or insurer can also request a copy of completed forms under the Freedom of Information Act.

*Comment 6:* Government Personnel Mutual Life Insurance recommends DD Form 2885 (solicitation evaluation) be made available to the company the salesman represents.

*Decision:* Rejected. The commander should have the discretion to provide the form to the company when it is appropriate to do so. The agent or company can request a copy of completed forms under the Freedom of Information Act.

*Comment 7:* United Services Automobile Association recommends DoD prohibit solicitation of all trainees as well as solicitation of any DoD personnel in a mass or captive audience.

*Decision:* Accepted. The current policy prohibits solicitation of recruits,

trainees and transient personnel in a mass audience, which is appropriate to protect the most junior and inexperienced DoD personnel from potential chain of command and peer pressure associated with such a solicitation. The new policy prohibits solicitation of any DoD personnel in a captive audience where their attendance is not completely voluntary.

*Comment 8:* First Command requested clarification of "on-duty status" and to exclude meal times from being considered "duty time" for the purposes of prohibiting solicitation.

*Decision:* Partially accepted. If the purpose of the on-base meal time meeting is to seek business or trade, it is considered solicitation. To clarify, we expanded the definition of Personal Commercial Solicitation in paragraph E2.1.15. as follows: "Personal contact, to include meetings, meals or telecommunications contact, for the purpose of seeking private business or trade".

*Comment 9:* Military Benefits Association agrees that rosters and other official lists should not be used for solicitation; however, they believe there are many legitimate sources, i.e., telephone directories, the Internet, and commercially available mailing lists, the procurement of which should not be a violation of DoD policy.

*Decision:* Accepted. We rewrote paragraph 6.4.5. to clarify that it is prohibited to procure "non-public listings" of DoD personnel for the purpose of solicitation. Note: DoD telephone directories are "For Official Use Only" and are considered "non-public listings".

*Comment 10:* The American Council of Life Insurers recommends paragraph 6.4.5. be changed to clarify that it is permitted to procure "listings created by or obtained from public information such as e.g., telephone directories, government records other than Defense Department records, and newspapers" for the purpose of solicitation. ACLI further recommends DoD clarify that: "Public information can be utilized for the purposes of commercial solicitation of Service members as long as the listing is not directly for DoD personnel or in a manner that would be disruptive to the mission of the Military Departments."

*Decision:* Accepted. We rewrote paragraph 6.4.5. to clarify it is prohibited to procure "non-public listings" of DoD personnel for the purpose of solicitation.

*Comment 11:* Military Benefits Association recommends that contacting DoD personnel via a government phone should not be a DoD policy violation if

the DoD member provided the number or if the agent did not know it was a government phone.

*Decision:* Accepted. The new policy does not consider solicitor contact via a government phone a violation if a pre-existing relationship exists between the parties. We have expanded paragraph 6.4.15. to clarify that a pre-existing relationship means the DoD member is a current client and did not request contact to be terminated.

*Comment 12:* Office of the Connecticut State Attorney General recommends the list of grounds that may result in denial, suspension, or withdrawal of solicitation privileges should also include "any violations of the law of the state in which the base is located."

*Decision:* Accepted. Added to the end of paragraph 6.5.1.1.

*Comment 13:* First Command recommends SF 1199A (direct deposit sign-up form) be included in the definition of allotment forms solicitors are prohibited to possess.

*Decision:* Accepted. Added to paragraph 6.5.1.6.

*Comment 14:* A Marine Corps Captain recommends rewording paragraph 6.5.1.6. to include: "The possession of and any attempt to obtain supplies of allotment forms used by military departments, or possession or use of facsimiles thereof. This includes using a Service members "MyPay" account or other similar internet medium for the purpose of establishing a direct deposit for the purchase of insurance or other investment product."

*Decision:* Accepted. Added to paragraph 6.5.1.6.

*Comment 15:* The National Association of Insurance Commissioners recommends reporting all complaints involving insurance products be reported immediately to the appropriate state insurance department.

*Decision:* Accepted. Expanded paragraph 6.5.4. to require commanders to immediately report agents, companies or products that fail to meet state or regulatory requirements to the appropriate regulatory authorities.

*Comment 16:* Trans World Assurance recommends the "show cause" requirement in the current version of DoD Directive 1344.7 be retained in the new Instruction.

*Decision:* Accepted. Paragraph 6.5.5. was rewritten to restore the "show cause" requirement.

*Comment 17:* A Government Accountability Office audit recommends: "the SecDef direct the USD(P&R) to specify in the revised Directive that the installation commander is responsible for notifying

state insurance regulators, the Service Secretariat and DoD, when the commander has determined that agents or companies have violated DoD, Service, or installation policies.”

*Decision:* Partially accepted. Not all DoD personal commercial solicitation policy violations, such as soliciting without an appointment or soliciting during duty hours, are not violations of State or Federal law and would be of no interest to State and Federal insurance and financial product regulators.

Paragraph 6.5.5. was rewritten to require installations to report violations that involve the eligibility of the agent to hold a state license or meet regulatory requirements, complaints involving the quality, suitability or marketing methods, or if an agent or company is barred or suspended, to the appropriate state or federal regulatory authorities.

*Comment 18:* A civilian recommends DoD require reporting of abusive market conduct (deceptive sales practices) to State insurance regulators.

*Decision:* Accepted. Added this requirement to paragraph 6.5.5.

*Comment 19:* A Government Accountability Office audit recommended the SecDef direct USD(P&R) to develop and implement, with the Services, a DoD-wide searchable violations database that uses consistent data elements and coding across Services in revising DoD's solicitation regulation.

*Decision:* Partially accepted. The Department has developed a DoD-wide list of current enforcement actions and posted it on the DoD Commanders Page Web site <http://www.commanderspage.com>. Paragraph 6.5.6. was expanded to include the requirement for installations to report denial, suspension, or withdrawal of solicitation privileges to PDUSD(P&R) so that information can be included on this list. The Department believes maintaining a list, which includes violations that do not result in denial, suspension, or withdrawal of solicitation privileges, would dilute the validity and utility of the list.

*Comment 20:* The American Council of Life Insurers recommends DoD guidance found in Title 32 at 43.6(e)(2)(vi) be maintained to assure that, as a matter of due process, the lifting of a denial or withdrawal is communicated effectively to every office and Department.

*Decision:* Accepted. Expanded paragraph 6.5.7. to require PDUSD(P&R), the Military Departments, and appropriate State and Federal regulatory agencies are notified when suspensions or withdrawals are lifted.

*Comment 21:* American Fidelity Life Insurance Company recommends the discontinuance of the use of “off limits” sanctions by the Armed Forces Disciplinary Control Board (AFDCB).

*Decision:* Rejected. The long-standing DoD policy contained in paragraph 6.5.8. authorizes the Secretaries of the Military Departments to direct Armed Forces Disciplinary Control Boards to consider applicable information for withdrawal of solicitation privileges and take action the Boards deem appropriate. One action the Boards may deem appropriate is to place an off-base establishment “off-limits” to military personnel. That authority must remain available to Commanders as a means to protect the health, morale and welfare of their personnel.

*Comment 22:* The National Association of Insurance Commissioners recommends DoD prohibit the display of sales material by solicitors since such a display may be interpreted as an endorsement of a company's products.

*Decision:* Rejected. Paragraph 6.6.4. gives the installation commander the discretion to permit the display of sales literature in designated locations. Commanders must ensure compliance with the Joint Ethics Regulation, which regulates DoD endorsement of non-federal entities.

*Comment 23:* The Defense Credit Union Council praised DoD for including a prohibition in paragraph 6.6.4. to prohibit off-base banks and credit unions from distributing competitive literature or forms which mirrors guidance contained in Volume 5, Chapter 34 of the DoD Financial Management Regulation.

*Decision:* Accepted. Added to para 6.6.4.

*Comment 24:* The Defense Credit Union Council recommends adding language to ensure sales representatives possess the necessary credentials (securities licenses and certifications) to provide financial education and advice.

*Decision:* Partially accepted. Long-standing DoD policy precludes commercial agents from providing financial education. However, we added a requirement in paragraph 6.2.2. to check insurance and financial product solicitor's license and complaint history.

*Comment 25:* The Military Benefits Association recommends financial counseling be provided by trained certified personnel, should include information on a wide-range of commercial products and not simply be reinforcement for SGLI.

*Decision:* Rejected. Paragraph 6.7.1. identifies a wide-range of financial counseling topics and paragraph 6.7.2.

requires the Military Departments to ensure financial counselors are qualified.

*Comment 26:* The Defense Credit Union Council recommends on-base banks and credit unions be required to provide financial education and training.

*Decision:* Partially accepted. Paragraph 6.7.5. of the Instruction advises Commanders that on-base banks and credit unions are required to provide financial counseling services as part of their financial services offerings but does not mandate their use.

*Comment 27:* The American Fidelity Insurance Company recommends on-base banks and credit unions not be given preferential treatment in providing financial education classes.

*Decision:* Rejected. The draft policy does not mandate the use of on-base banks and credit unions to provide financial education and mirrors guidance already contained in the DoD Financial Management Regulation.

*Comment 28:* The American Council of Life Insurers recommends all financial services professionals, including insurance producers and carriers, be allowed to demonstrate their professional qualifications and ability to provide objective financial counseling services to military service personnel. Or alternatively, that DoD use the services offered by the Life and Health Insurance Foundation for Education (<http://www.life-line.org>) or the National Association of Insurance Commissioners or by the state where a military installation is located to provide financial counseling services.

*Decision:* Partially accepted. Long-standing DoD policy prohibits the use of commercial agents to provide financial education to DoD personnel. If the other non-governmental organizations, such as the Life and Health Insurance Foundation or the National Association of Insurance Commissioners qualify as 501(c) 3 or 501(c) 23 organizations, the Military Departments can approve them to provide financial education in accordance with paragraph 6.7.6.3.

*Comment 29:* The Military Officers Association of America recommends the Military Departments be authorized to approve IRS category 501(c) 19 organizations to conduct military benefits and financial education briefings to DoD personnel, that IRS category 501(c) 23 organizations are permitted to provide.

*Decision:* Rejected. By law, the principal purpose of 501(c) 23 organizations must be to provide insurance and other benefits to veterans and their dependents. 501(c) 19 organizations must be operated for one

or more of eight purposes, which may or may not include providing insurance benefits for its members or their dependents.

*Comment 30:* The National Association of Insurance Commissioners recommends DoD include the NAIC's informational brochure "Life Insurance for Military Personnel" in any education program.

*Decision:* Partially accepted. The NAIC's brochure could be made available for use if the NAIC qualifies as a 501(c) 3 tax exempt organization and secures a memorandum of agreement to become a DoD financial education partner. The Department and NAIC have drafted an MOU to permit use of this brochure in military financial education classes.

*Comment 31:* First Command recommends DoD delete: "personal computer banking" from the definition of "Financial Services" in Enclosure 2 or add: "other financial institutions can provide personal computer banking as long as access can be made via computer and/or internet."

*Decision:* Accepted. Deleted "and personal computer banking" from parenthetical intended to elaborate on the meaning of "electronic banking" in paragraph E2.1.8.

*Comment 32:* The National Association of Insurance Commissioners recommends the definition of "insurer" be changed to: "an entity licensed by the appropriate department to engage in the business of insurance."

*Decision:* Accepted. Incorporated into paragraph E2.1.12.

*Comment 33:* The District of Columbia Government Department of Insurance, Securities and Banking recommends the definition of "Solicitation" be stated in the disjunctive rather than the conjunctive to avoid ambiguity.

*Decision:* Accepted. We revised the definition of "Personal Commercial Solicitation" in paragraph E2.1.15. and eliminated all "conjunctive ambiguities."

*Comment 34:* First Command recommends changing the definition of "Solicitation" to: "The act of offering a product of service for sale by a private business including the offering and sale of insurance or securities on a military installation."

*Decision:* Rejected. Although these words are in the current Directive's definition of Solicitation, they focus more on what is sold versus how something is sold. Solicitation concerns how something is sold versus what is sold. Therefore, we rewrote the definition in paragraph E2.1.15. to focus

the definition of "Personal Commercial Solicitation" on how something is sold.

*Comment 35:* First Command recommends letting the insurance policy suffice as a written description for each product or service the companies intend to market to DoD personnel.

*Decision:* Partially accepted. Deleted the word "separate" before "written description for each product or service" in paragraph E3.1. so the policy itself could meet the "written description requirement" if all other subsequent prerequisite requirements outlined in this paragraph are met.

*Comment 36:* The National Association of Insurance Commissioners recommends adding the following to paragraph E3.1.: "Companies should be able to demonstrate that each form to be used has been approved, where applicable, by the insurance department in which the state is located".

*Decision:* Accepted. Added to paragraph E3.1.

*Comment 37:* Office of the Connecticut Attorney General recommended any insurance product offered for sale by a commercial solicitor must be filed with the insurance commissioner of the state in which the installation is located.

*Decision:* Accepted. Added the following to paragraph E3.1: "Companies should be able to demonstrate that each form to be used has been approved, where applicable, by the insurance department of the state where the installation is located. Insurance products solicited to DoD personnel on overseas installations must conform to the standards prescribed by the laws of the state where the company is incorporated."

*Comment 38:* First Command recommends DoD prohibit whole life policies with restrictive clauses.

*Decision:* Rejected. Paragraph E3.1.1.2. requires insurance products sold on DoD installations: "contain no restrictions by reason of military service or military occupational specialty of the insured, unless such restrictions are clearly indicated on the face of the contract".

*Comment 39:* A Marine Corps Captain recommends having companies that sell life insurance have Service members sign a form acknowledging they clearly understand SGLI, and its cost and coverage.

*Decision:* Accepted. Added paragraph E3.1.1.5. to include a requirement to inform Service members in writing of the cost and availability of government subsidized insurance.

*Comment 40:* First Command recommends DoD allow annuity

contracts to be used to satisfy the requirements in para E3.1.4. for an agent to provide the customer written documentation, which clearly shows how much of the premium for an insurance product with a savings component is allocated to savings and how much is allocated to insurance premiums per year over the life of the policy.

*Decision:* Accepted. Nothing in the instruction specifically precludes using the annuity contract to fulfill this requirement.

*Comment 41:* A private citizen recommends prohibiting allotments from military paychecks.

*Decision:* Rejected. Allotments are for the member's convenience and help ensure financial obligations will still be met when they deploy.

*Comment 42:* A Government Accountability Office audit recommends SecDef direct the USD(P&R) to clarify the portion of the revised Directive that pertains to the cooling off period that must elapse before junior enlisted personnel can start as an allotment to purchase supplemental life insurance.

*Decision:* Accepted. Paragraph E3.3.2. was rewritten as follows to make this clarification: "For personnel in pay grades E-4 and below, in order to provide an opportunity to obtain financial counseling, at least seven 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. Installation Finance Officers 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 seven-day cooling-off period requirement for good cause, such as the purchaser's imminent deployment or permanent change of station".

*Comment 43:* The American Council of Life Insurers recommends DoD require insurers to be members of the Insurance Marketplace Standards Association (IMSA) in order to be eligible to solicit insurance on DoD installations.

*Decision:* Rejected. Although requiring IMSA membership would be desirable, the Joint Ethics Regulation prohibits this type of federal endorsement of a non-federal entity and IMSA membership would not necessarily guarantee compliance with DoD policies and IMSA membership also requires payment of a substantial fee.

*Comment 44:* The American Council of Life Insurers recommends DoD delete

the restriction that insurance agents and general agents approved to solicit on overseas DoD installations may only represent one registered commercial insurance company.

*Decision:* Rejected. Paragraph E4.3.2. allows this restriction to be waived by the overseas commander if in the best interests of DoD personnel.

#### **Executive Order 12866, "Regulatory Planning and Review"**

It has been determined that 32 CFR part 50 is not a significant regulatory action. The rule does not:

(1) Have an annual effect to the economy of \$100 million or more or adversely affect in a material way the economy; a section of the economy; productivity; competition; jobs; the environment; public health or safety; or State, local, or tribal governments or communities;

(2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another Agency;

(3) Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs, or the rights and obligations of recipients thereof; or

(4) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in this Executive Order.

#### **Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35)**

Section B of Appendix B to this rule contains information collection requirements. As required by the Paperwork Reduction Act (44 U.S.C. Chapter 35), DoD has submitted an information clearance package to the Office of Management and Budget for review. In response to DoD's invitation to comment on any potential paperwork burden associated with this rule (70 FR 28514–28515), no comments were received. However, one favorable comment was forwarded to the Office of Management and Budget during the 30-day review period (71 FR 29319).

#### **Federalism (Executive Order 13132)**

This regulatory action does not have federalism implications, as set forth in Executive Order 13132. It will not have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.

#### **Public Law 96–354, "Regulatory Flexibility Act" (5 U.S.C. Chapter 6)**

It has been certified that this rule is not subject to the Regulatory Flexibility Act (5 U.S.C. 601) because it would not,

if promulgated, have a significant economic impact on a substantial number of small entities.

#### **Section 202, Public Law 104–4, "Unfunded Mandates Reform Act"**

It has been determined that this rule does not involve a Federal mandate that may result in the expenditure by State, local and tribal governments, in the aggregate, or by the private sector, of \$100 million or more and that such rulemaking will not significantly or uniquely affect small governments.

#### **List of Subjects in 32 CFR Parts 43 and 50**

Consumer protection, Federal buildings and facilities, Government employees, Life insurance, Military personnel.

■ Accordingly, 32 CFR Chapter I, subchapter D is proposed to be amended as follows:

#### **PART 43—[REMOVED]**

- 1. Part 43 is removed.
- 2. Part 50 is added to read as follows:

#### **PART 50—PERSONAL COMMERCIAL SOLICITATION ON DOD INSTALLATIONS**

##### **General Provisions**

- Sec.
- 50.1 Purpose.
  - 50.2 Applicability.
  - 50.3 Definitions.
  - 50.4 Policy.
  - 50.5 Responsibilities.
  - 50.6 Procedures.
  - 50.7 Information requirements.
- Appendix A to Part 50—Life Insurance Products and Securities.  
Appendix B to Part 50—Overseas Life Insurance Registration Program.

**Authority:** 5 U.S.C. 301.

##### **General Provisions**

#### **§ 50.1 Purpose.**

This part:

(a) Implements section 577 of Public Law No. 109–163 (2006) and establishes policy and procedures for personal commercial solicitation on DoD installations.

(b) Continues the established annual DoD registration requirement for the sale of insurance and securities on DoD installations overseas.

(c) Identifies prohibited practices that may cause withdrawal of commercial solicitation privileges on DoD installations and establishes notification requirements when privileges are withdrawn.

(d) Establishes procedures for persons solicited on DoD installations to evaluate solicitors.

(e) Prescribes procedures for providing financial education programs to military personnel.

#### **§ 50.2 Applicability.**

This part:

(a) Applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities in the Department of Defense (hereafter referred to collectively as the "DoD Components").

(b) Does not apply to services furnished by residential service companies, such as deliveries of milk, laundry, newspapers, and related services to personal residences on the installation requested by the resident and authorized by the installation commander.

(c) Applies to all other personal commercial solicitation on DoD installations. It includes meetings on DoD installations of private, non-profit, tax-exempt organizations that involve commercial solicitation. Attendance at these meetings shall be voluntary and the time and place of such meetings are subject to the discretion of the installation commander or his or her designee.

#### **§ 50.3 Definitions.**

*Agent.* An individual who receives remuneration as a salesperson or whose remuneration is dependent on volume of sales of a product or products. (Also referred to as "commercial agent" or "producer"). In this part, the term "agent" includes "general agent" unless the content clearly conveys a contrary intent.

*"Authorized" Bank and/or Credit Union.* Bank and/or credit union selected by the installation commander through open competitive solicitation to provide exclusive on-base delivery of financial services to the installation under a written operating agreement.

*Banking institution.* An entity chartered by a State or the Federal Government to provide financial services.

*Commercial sponsorship.* The act of providing assistance, funding, goods, equipment (including fixed assets), or services to an MWR program or event by an individual, agency, association, company or corporation, or other entity (sponsor) for a specified (limited) period of time in return for public recognition or advertising promotions. Enclosure 9

of DoD Instruction 1015.10<sup>1</sup> provides general policy governing commercial sponsorship.

*Credit union.* A cooperative nonprofit association, incorporated under the Credit Union Act (12 U.S.C. 1751), or similar state statute, for the purpose of encouraging thrift among its members and creating a source of credit at a fair and reasonable rate of interest.

*DoD installation.* For the purposes of this part, any Federally owned, leased, or operated base, reservation, post, camp, building, or other facility to which DoD personnel are assigned for duty, including barracks, transient housing, and family quarters.

*DoD personnel.* For the purposes of this part, all active duty officers (commissioned and warrant) and enlisted members of the Military Departments and all civilian employees, including nonappropriated fund employees and special Government employees, of the Department of Defense.

*Financial services.* Those services commonly associated with financial institutions in the United States, such as electronic banking (e.g., ATMs), in-store banking, checking, share and savings accounts, fund transfers, sale of official checks, money orders and travelers checks, loan services, safe deposit boxes, trust services, sale and redemption of U.S. Savings Bonds, and acceptance of utility payments and any other consumer-related banking services.

*General agent.* A person who has a legal contract to represent a company. See the definition of "Agent" in this section.

*Insurance carrier.* An insurance company issuing insurance through an association reinsuring or coinsuring such insurance.

*Insurance product.* A policy, annuity, or certificate of insurance issued by an insurer or evidence of insurance coverage issued by a self-insured association, including those with savings and investment features.

*Insurer.* An entity licensed by the appropriate department to engage in the business of insurance.

*Military services.* See Joint Publication 1-02, "DoD Dictionary of Military and Associated Terms."<sup>2</sup>

*Normal home enterprises.* Sales or services that are customarily conducted in a domestic setting and do not compete with an installation's officially sanctioned commerce.

*Personal commercial solicitation.* Personal contact, to include meetings, meals, or telecommunications contact, for the purpose of seeking private business or trade.

*Securities.* Mutual funds, stocks, bonds, or any product registered with the Securities and Exchange Commission except for any insurance or annuity product issued by a corporation subject to supervision by State insurance authorities.

*Suspension.* Temporary termination of privileges pending completion of a commander's inquiry or investigation.

*Withdrawal.* Termination of privileges for a set period of time following completion of a commander's inquiry or investigation.

#### **§ 50.4 Policy.**

(a) It is DoD policy to safeguard and promote the welfare of DoD personnel as consumers by setting forth a uniform approach to the conduct of all personal commercial solicitation and sales to them by dealers and their agents. For those individuals and their companies that fail to follow this policy, the opportunity to solicit on military installations may be limited or denied as appropriate.

(b) Command authority includes authority to approve or prohibit all commercial solicitation covered by this part. Nothing in this part limits an installation commander's inherent authority to deny access to vendors or to establish time and place restrictions on commercial activities at the installation.

#### **§ 50.5 Responsibilities.**

(a) The Principal Deputy Under Secretary of Defense for Personnel and Readiness (PDUSD(P&R)), under the Under Secretary of Defense for Personnel and Readiness, shall:

(1) Identify and publish policies and procedures governing personal commercial solicitation on DoD installations consistent with the policy set forth in this part.

(2) Maintain and make available to installation commanders and appropriate Federal personnel the current master file of all individual agents, dealers, and companies who have their privileges withdrawn at any DoD installation.

(3) Develop and maintain a list of all State Insurance Commissioners' points of contact for DoD matters and forward this list to the Military Services.

(b) The Heads of the DoD Components shall:

(1) Ensure implementation of this part and compliance with its provisions.

(2) Require installations under their authority to report each instance of

withdrawal of commercial solicitation privileges.

(3) Submit lists of all individuals and companies who have had their commercial solicitation privileges withdrawn at installations under their authority to the PDUSD(P&R) in accordance with this part.

#### **§ 50.6 Procedures.**

(a) *General.* (1) No person has authority to enter a DoD installation to transact personal commercial solicitation as a matter of right. Personal commercial solicitation may be permitted only if the following requirements are met:

(i) The solicitor is duly licensed under applicable Federal, State, or municipal laws and has complied with installation regulations.

(ii) A specific appointment has been made for each meeting with the individual concerned. Each meeting is conducted only in family quarters or in other areas designated by the installation commander.

(iii) The solicitor agrees to provide each person solicited the personal commercial solicitation evaluation included in DD Form 2885<sup>3</sup> during the initial appointment. The person being solicited is not required to complete the evaluation. However, completed evaluations should be sent by the person who was solicited to the office designated by the installation commander on the back of the evaluation form.

(iv) The solicitor agrees to provide DoD personnel with a written reminder, prior to their making a financial commitment, that free legal advice is available from the Office of the Staff Judge Advocate.

(2) Solicitors on overseas installations shall be required to observe, in addition to the above, the applicable laws of the host country. Upon request, the solicitor must present documentary evidence to the installation commander that the company they represent, and its agents, meet the applicable licensing requirements of the host country.

(b) *Life insurance products and securities.* (1) Life insurance products and securities offered and sold to DoD personnel shall meet the prerequisites described in § 50.3.

(2) Installation commanders may permit insurers and their agents to solicit on DoD installations if the requirements of paragraph (a) of this section are met and if they are licensed under the insurance laws of the State

<sup>1</sup> Copies may be obtained at <http://www.dtic.mil/whs/directives/>.

<sup>2</sup> See <http://www.dtic.mil/doctrine/jel/doddict/index.html>.

<sup>3</sup> Copies may be obtained from <http://www.dtic.mil/whs/directives/infomgt/forms/forminfo/forminfo2239.html>.

where the installation is located. Commanders will ensure the agent's license status and complaint history are checked with the appropriate State or Federal regulators before granting permission to solicit on the installation.

(3) In addition, before approving insurance and financial product agents' requests for permission to solicit, commanders shall review the list of agents and companies currently barred, banned, or limited from soliciting on any or all DoD installations. This list may be viewed via the Personal *Commercial Solicitation Report* "quick link" at <http://www.commanderspage.com>. In overseas areas, the DoD Components shall limit insurance solicitation to those insurers registered under the provisions of appendix B to this part.

(4) The conduct of all insurance business on DoD installations shall be by specific appointment. When establishing the appointment, insurance agents shall identify themselves to the prospective purchaser as an agent for a specific insurer.

(5) Installation commanders shall designate areas where interviews by appointment may be conducted. The opportunity to conduct scheduled interviews shall be extended to all solicitors on an equitable basis. Where space and other considerations limit the number of agents using the interviewing area, the installation commander may develop and publish local policy consistent with this concept.

(6) Installation commanders shall make disinterested third-party insurance counseling available to DoD personnel desiring counseling. Financial counselors shall encourage DoD personnel to seek legal assistance or other advice from a disinterested third-party before entering into a contract for insurance or securities.

(7) In addition to the solicitation prohibitions contained in paragraph (d) of this section, DoD Components shall prohibit the following:

(i) The use of DoD personnel representing any insurer, dealing directly or indirectly on behalf of any insurer or any recognized representative of any insurer on the installation, or as an agent or in any official or business capacity with or without compensation.

(ii) The use of an agent as a participant in any Military Service-sponsored education or orientation program.

(iii) The designation of any agent or the use by any agent of titles (for example, "Battalion Insurance Counselor," "Unit Insurance Advisor," "Servicemen's Group Life Insurance Conversion Consultant,") that in any

manner, states, or implies any type of endorsement from the U.S. Government, the Armed Forces, or any State or Federal agency or government entity.

(iv) The use of desk space for interviews for other than a specific prearranged appointment. During such appointment, the agent shall not be permitted to display desk signs or other materials announcing his or her name or company affiliation.

(v) The use of an installation "daily bulletin," marquee, newsletter, Web page, or other official notice to announce the presence of an agent and/or his or her availability.

(c) *Supervision of on-base commercial activities.* (1) All pertinent installation regulations shall be posted in a place easily accessible to those conducting and receiving personal commercial solicitation on the installation.

(2) The installation commander shall make available a copy of installation regulations to anyone conducting on-base commercial solicitation activities warning that failure to follow the regulations may result in the loss of solicitation privileges.

(3) The installation commander, or designated representative, shall inquire into any alleged violations of this part or of any questionable solicitation practices. The DD Form 2885 is provided as a means to supervise solicitation activities on the installation.

(d) *Prohibited practices.* The following commercial solicitation practices shall be prohibited on all DoD installations:

(1) Solicitation of recruits, trainees, and transient personnel in a group setting or "mass" audience and solicitation of any DoD personnel in a "captive" audience where attendance is not voluntary.

(2) Making appointments with or soliciting military or DoD civilian personnel during their normally scheduled duty hours.

(3) Soliciting in barracks, day rooms, unit areas, transient personnel housing, or other areas where the installation commander has prohibited solicitation.

(4) Use of official military identification cards or DoD vehicle decals by active duty, retired or reserve members of the Military Services to gain access to DoD installations for the purpose of soliciting. When entering the installation for the purpose of solicitation, solicitors with military identification cards and/or DoD vehicle decals must present documentation issued by the installation authorizing solicitation.

(5) Procuring, attempting to procure, supplying, or attempting to supply non-public listings of DoD personnel for

purposes of commercial solicitation, except for releases made in accordance with DoD Directive 5400.7.<sup>4</sup>

(6) Offering unfair, improper, or deceptive inducements to purchase or trade.

(7) Using promotional incentives to facilitate transactions or to eliminate competition.

(8) Using manipulative, deceptive, or fraudulent devices, schemes, or artifices, including misleading advertising and sales literature. All financial products, which contain insurance features, must clearly explain the insurance features of those products.

(9) Using oral or written representations to suggest or give the appearance that the Department of Defense sponsors or endorses any particular company, its agents, or the goods, services, and commodities it sells.

(10) DoD personnel making personal commercial solicitations or sales to DoD personnel who are junior in rank or grade, or to the family members of such personnel, except as authorized in Section 2-205 and 5-409 of the Joint Ethics Regulation, DoD 5500.7-R.<sup>5</sup>

(11) Entering into any unauthorized or restricted area.

(12) Using any portion of installation facilities, including quarters, as a showroom or store for the sale of goods or services, except as specifically authorized by DoD Directive 1330.17<sup>6</sup> and DoD Instructions 1015.10, 1000.15<sup>7</sup> and 1330.21.<sup>8</sup> This does not apply to normal home enterprises that comply with applicable State and local laws and installation rules.

(13) Soliciting door to door or without an appointment.

(14) Unauthorized advertising of addresses or telephone numbers used in personal commercial solicitation activities conducted on the installation, or the use of official positions, titles, or organization names, for the purpose of personal commercial solicitation, except as authorized in DoD 5500.7-R. Military grade and Military Service as part of an individual's name (e.g., Captain Smith, U.S. Marine Corps) may be used in the same manner as conventional titles, such as "Mr.," "Mrs.," or "Honorable".

(15) Contacting DoD personnel by calling a government telephone, faxing to a government fax machine, or by sending e-mail to a government computer, unless a pre-existing relationship (i.e., the DoD member is a

<sup>4</sup> See footnote 1 to § 50.3.

<sup>5</sup> See footnote 1 to § 50.3.

<sup>6</sup> See footnote 1 to § 50.3.

<sup>7</sup> See footnote 1 to § 50.3.

<sup>8</sup> See footnote 1 to § 50.3.



current client or requested to be contacted) exists between the parties and the DoD member has not asked for contact to be terminated.

(e) *Denial, suspension, and withdrawal of installation solicitation privileges.* (1) The installation commander shall deny, suspend, or withdraw permission for a company and its agents to conduct commercial activities on the base if such action is in the best interests of the command. The grounds for taking these actions may include, but are not limited to, the following:

(i) Failure to meet the licensing and other regulatory requirements prescribed in this part or violations of the State law where the installation is located. Commanders will request that appropriate state officials determine whether a company or agent violated State law.

(ii) Commission of any of the practices prohibited in paragraphs (b)(6) and (d) of this section.

(iii) Substantiated complaints and/or adverse reports regarding the quality of goods, services, and/or commodities, and the manner in which they are offered for sale.

(iv) Knowing and willful violations of Public Law 90-321.

(v) Personal misconduct by a company's agent or representative while on the installation.

(vi) The possession of, and any attempt to obtain supplies of direct deposit forms, or any other form or device used by Military Departments to direct a Service member's pay to a third party, or possession or use of facsimiles thereof. This includes using or assisting in using a Service member's "MyPay" account or other similar Internet medium for the purpose of establishing a direct deposit for the purchase of insurance or other investment product.

(vii) Failure to incorporate and abide by the Standards of Fairness policies contained in DoD Instruction 1344.9.<sup>9</sup>

(2) The installation commander may determine that circumstances dictate the immediate suspension of solicitation privileges while an investigation is conducted. Upon suspending solicitation privileges, the commander shall promptly inform the agent and the company the agent represents, in writing.

(3) In suspending or withdrawing solicitation privileges, the installation commander shall determine whether to limit such action to the agent alone or extend it to the company the agent represents. This decision shall be based on the circumstances of the particular

case, including, but not limited to, the nature of the violations, frequency of violations, the extent to which other agents of the company have engaged in such practices and any other matters tending to show the culpability of an individual and the company.

(4) If the investigation determines an agent or company does not possess a valid license or the agent, company, or product has failed to meet other State or Federal regulatory requirements, the installation commander shall immediately notify the appropriate regulatory authorities.

(5) In a withdrawal action, the commander shall allow the individual or company an opportunity to show cause as to why the action should not be taken. To "show cause" means an opportunity must be given for the aggrieved party to present facts on an informal basis for the consideration of the installation commander or the commander's designee. The installation commander shall make a final decision regarding withdrawal based upon the entire record in each case. Installation commanders shall report concerns or complaints involving the quality or suitability of financial products or concerns or complaints involving marketing methods used to sell these products to the appropriate State and Federal regulatory authorities. Also, installation commanders shall report any suspension or withdrawal of insurance or securities products solicitation privileges to the appropriate State or Federal regulatory authorities.

(6) The installation commander shall inform the Military Department concerned of any denial, suspension, withdrawal, or reinstatement of an agent or company's solicitation privileges and the Military Department shall inform the Office of the PDUSD(P&R), which will maintain a list of insurance and financial product companies and agents currently barred, banned, or otherwise limited from soliciting on any or all DoD installations. This list may be viewed at <http://www.commanderspage.com>. If warranted, the installation commander may recommend to the Military Department concerned that the action taken be extended to other DoD installations. The Military Department may extend the action to other military installations in the Military Department. The PDUSD(P&R), following consultation with the Military Department concerned, may order the action extended to other Military Departments.

(7) All suspensions or withdrawals of privileges may be permanent or for a set period of time. If for a set period, when that period expires, the individual or

company may reapply for permission to solicit through the installation commander or Military Department originally imposing the restriction. The installation commander or Military Department reinstating permission to solicit shall notify the Office of the PDUSD(P&R) and appropriate State and Federal regulatory agencies when such suspensions or withdrawals are lifted.

(8) The Secretaries of the Military Departments may direct the Armed Forces Disciplinary Control Boards in all geographical areas in which the grounds for withdrawal action have occurred to consider all applicable information and take action that the Boards deem appropriate.

(9) Nothing in this part limits the authority of the installation commander or other appropriate authority from requesting or instituting other administrative and/or criminal action against any person, including those who violate the conditions and restrictions upon which installation entry is authorized.

(f) *Advertising and commercial sponsorship.* (1) The Department of Defense expects voluntary observance of the highest business ethics by commercial enterprises soliciting DoD personnel through advertisements in unofficial military publications when describing goods, services, commodities, and the terms of the sale (including guarantees, warranties, and the like).

(2) The advertising of credit terms shall conform to the provisions of 15 U.S.C. 1601 as implemented by Federal Reserve Board Regulation Z according to 12 CFR part 226.

(3) Solicitors may provide commercial sponsorship to DoD Morale, Welfare and Recreation programs or events according to DoD Instruction 1015.10. However, sponsorship may not be used as a means to obtain personal contact information for any participant at these events without written permission from the individual participant. In addition, commercial sponsors may not use sponsorship to advertise products and/or services not specifically agreed to in the sponsorship agreement.

(4) The installation commander may permit organizations to display sales literature in designated locations subject to command policies. In accordance with DoD 7000.14-R,<sup>10</sup> Volume 7(a), distribution of competitive literature or forms by off-base banks and/or credit unions is prohibited on installations where an authorized on-base bank and/or credit union exists.

<sup>9</sup> See footnote 1 to § 50.3.

<sup>10</sup> See footnote 1 to § 50.3.



(g) *Educational programs.* (1) The Military Departments shall develop and disseminate information and provide educational programs for members of the Military Services on their personal financial affairs, including such subjects as insurance, Government benefits, savings, budgeting, and other financial education and assistance requirements outlined in DoD Instruction 1342.27.<sup>11</sup> The Military Departments shall ensure that all instructors are qualified as appropriate for the subject matter presented. The services of representatives of authorized on-base banks and credit unions may be used for this purpose. Under no circumstances shall commercial agents, including representatives of loan, finance, insurance, or investment companies, be used for this purpose. Presentations shall only be conducted at the express request of the installation commander.

(2) The Military Departments shall also make qualified personnel and facilities available for individual counseling on loans and consumer credit transactions in order to encourage thrift and financial responsibility and promote a better understanding of the wise use of credit, as prescribed in DoD 7000.14-R.

(3) The Military Departments shall encourage military members to seek advice from a legal assistance officer, the installation financial counselor, their own lawyer, or a financial counselor, before making a substantial loan or credit commitment.

(4) Each Military Department shall provide advice and guidance to DoD personnel who have a complaint under DoD 1344.9 or who allege a criminal violation of its provisions, including referral to the appropriate regulatory agency for processing of the complaint.

(5) Banks and credit unions operating on DoD installations are required to provide financial counseling services as an integral part of their financial services offerings. Representatives of banks and materials provided by authorized banks and/or credit unions located on military installations may be used to provide the educational programs and information required by this part subject to the following conditions:

(i) If the bank or credit union operating on a DoD installation sells insurance or securities or has any affiliation with a company that sells or markets insurance or other financial products, the installation commander shall consider that company's history of complying with this part before authorizing the on-base financial

institution to provide financial education.

(ii) All prospective educators must agree to use appropriate disclaimers in their presentations and on their other educational materials. The disclaimers must clearly indicate that they do not endorse or favor any commercial supplier, product, or service, or promote the services of a specific financial institution.

(6) Use of other non-government organizations to provide financial education programs is limited as follows:

(i) Under no circumstances shall commercial agents, including employees or representatives of commercial loan, finance, insurance, or investment companies, be used.

(ii) The limitation in paragraph (g)(6)(i) of this section does not apply to educational programs and information regarding the Survivor Benefits Program and other government benefits provided by tax-exempt organizations under section (c)(23) of 26 U.S.C. 501 or by any organization providing such a benefit under a contract with the Government.

(iii) Educators from non-government, non-commercial organizations expert in personal financial affairs and their materials may, with appropriate disclaimers, provide the educational programs and information required by this part if approved by a Presidentially-appointed, Senate-confirmed civilian official of the Military Department concerned. Presentations by approved organizations shall be conducted only at the express request of the installation commander. The following criteria shall be used when considering whether to permit a non-government, non-commercial organization to present an educational program or provide materials on personal financial affairs:

(A) The organization must qualify as a tax-exempt organization under 5 U.S.C. 501(c)(3) or 5 U.S.C. 501(c)(23).

(B) If the organization has any affiliation with a company that sells or markets insurance or other financial products, the approval authority shall consider that company's history of complying with this part.

(C) All prospective educators must use appropriate disclaimers, in their presentations and on their other educational materials, which clearly indicate that they and the Department of Defense do not endorse or favor any commercial supplier, product, or service or promote the services of a specific financial institution.

## § 50.7 Information requirements.

The reporting requirements concerning the suspension or withdrawal of solicitation privileges have been assigned Report Control Symbol (RCS) DD-P&R(Q)2182 in accordance with DoD 8910.1-M.<sup>12</sup>

### Appendix A to Part 50—Life Insurance Products and Securities

#### A. Life Insurance Product Content Prerequisites

Companies must provide DoD personnel a written description for each product or service they intend to market to DoD personnel on DoD installations. These descriptions must be written in a manner that DoD personnel can easily understand, and fully disclose the fundamental nature of the policy. Companies must be able to demonstrate that each form to be used has been filed with and approved, where applicable, by the insurance department of the State where the installation is located. Insurance products marketed to DoD personnel on overseas installations must conform to the standards prescribed by the laws of the State where the company is incorporated.

1. Insurance products, other than certificates or other evidence of insurance issued by a self-insured association, offered and sold worldwide to personnel on DoD installations, must:

a. Comply with the insurance laws of the State or country in which the installation is located and the requirements of this part.

b. Contain no restrictions by reason of Military Service or military occupational specialty of the insured, unless such restrictions are clearly indicated on the face of the contract.

c. Plainly indicate any extra premium charges imposed by reason of Military Service or military occupational specialty.

d. Contain no variation in the amount of death benefit or premium based upon the length of time the contract has been in force, unless all such variations are clearly described in the contract.

e. In plain and readily understandable language, and in type font at least as large as the font used for the majority of the policy, inform Service members of:

1. The availability and cost of government subsidized Servicemen's Group Life Insurance.

2. The address and phone number where consumer complaints are received by the State insurance commissioner for the State in which the insurance product is being sold.

3. That the U.S. Government has in no way sanctioned, recommended, or encouraged the sale of the product being offered. With respect to the sale or solicitation of insurance on Federal land or facilities located outside the United States, insurance products must contain the address and phone number where consumer complaints are received by the State insurance commissioner for the State which has issued the agent a resident license or the company is domiciled, as applicable.

<sup>11</sup> See footnote 1 to § 50.3.

<sup>12</sup> See footnote 1 to § 50.3.

2. To comply with paragraphs A.1.b., A.1.c. and A.1.d., an appropriate reference stamped on the first page of the contract shall draw the attention of the policyholder to any restrictions by reason of Military Service or military occupational specialty. The reference shall describe any extra premium charges and any variations in the amount of death benefit or premium based upon the length of time the contract has been in force.

3. Variable life insurance products may be offered provided they meet the criteria of the appropriate insurance regulatory agency and the Securities and Exchange Commission.

4. Insurance products shall not be marketed or sold disguised as investments. If there is a savings component to an insurance product, the agent shall provide the customer written documentation, which clearly explains how much of the premium goes to the savings component per year broken down over the life of the policy. This document must also show the total amount per year allocated to insurance premiums. The customer must be provided a copy of this document that is signed by the insurance agent.

#### B. Sale of Securities

1. All securities must be registered with the Securities and Exchange Commission.

2. All sales of securities must comply with the appropriate Securities and Exchange Commission regulations.

3. All securities representatives must apply to the commander of the installation on which they desire to solicit the sale of securities for permission to solicit.

4. Where the accredited insurer's policy permits, an overseas accredited life insurance agent—if duly qualified to engage in security activities either as a registered representative of the National Association of Securities Dealers or as an associate of a broker or dealer registered with the Securities and Exchange Commission—may offer life insurance and securities for sale simultaneously. In cases of commingled sales, the allotment of pay for the purchase of securities cannot be made to the insurer.

#### C. Use of the Allotment of Pay System

1. Allotments of military pay for life insurance products shall be made in accordance with DoD 7000.14–R.

2. For personnel in pay grades E–4 and below, in order to obtain financial counseling, at least seven 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. Installation Finance Officers 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 seven-day cooling-off period requirement for good cause, such as the purchaser's imminent deployment or permanent change of station.

#### D. Associations—General

The recent growth and general acceptability of quasi-military associations offering various insurance plans to military personnel are acknowledged. Some associations are not organized within the

supervision of insurance laws of either a State or the Federal Government. While some are organized for profit, others function as nonprofit associations under Internal Revenue Service regulations. Regardless of the manner in which insurance is offered to members, the management of the association is responsible for complying fully with the policies contained in this part.

### Appendix B to Part 50—Overseas Life Insurance Registration Program

#### A. Registration Criteria

##### 1. Initial Registration

a. Insurers must demonstrate continuous successful operation in the life insurance business for a period of not less than 5 years on December 31 of the year preceding the date of filing the application.

b. Insurers must be listed in Best's Life-Health Insurance Reports and be assigned a rating of B+ (Very Good) or better for the business year preceding the Government's fiscal year for which registration is sought.

##### 2. Re-Registration

a. Insurers must demonstrate continuous successful operation in the life insurance business, as described in paragraph A.1.a. of this appendix.

b. Insurers must retain a Best's rating of B+ or better, as described in paragraph A.1.b. of this appendix.

c. Insurers must demonstrate a record of compliance with the policies found in this part.

##### 3. Waiver Provisions

Waivers of the initial registration or re-registration provisions shall be considered for those insurers demonstrating substantial compliance with the aforementioned criteria.

#### B. Application Instructions

1. *Applications Filed Annually.* Insurers must apply by June 30 of each year for solicitation privileges on overseas U.S. military installations for the next fiscal year beginning October 1. Applications e-mailed, faxed, or postmarked after June 30 shall not be considered.

2. *Application prerequisites.* A letter of application, signed by the President, Vice President, or designated official of the insurance company shall be forwarded to the Principal Deputy Under Secretary of Defense (Personnel and Readiness), Attention: Morale, Welfare and Recreation (MWR) Policy Directorate, 4000 Defense, Pentagon, Washington, DC 20301–4000. The registration criteria in paragraph A1.a. or A1.b. of this appendix must be met to satisfy application prerequisites. The letter shall contain the information set forth below, submitted in the order listed. Where criteria are not applicable, the letter shall so state.

a. The overseas Combatant Commands (e.g., U.S. European Command, U.S. Pacific Command, U.S. Central Command, U.S. Southern Command) where the company presently solicits, or plans to solicit, on U.S. military installations.

b. A statement that the company has complied with, or shall comply with, the applicable laws of the country or countries

wherein it proposes to solicit. "Laws of the country" means all national, provincial, city, or county laws or ordinances of any country, as applicable.

c. A statement that the products to be offered for sale conform to the standards prescribed in appendix A to this part and contain only the standard provisions such as those prescribed by the laws of the State where the company's headquarters are located.

d. A statement that the company shall assume full responsibility for the acts of its agents with respect to solicitation. If warranted, the number of agents may be limited by the overseas command concerned.

e. A statement that the company shall only use agents who have been licensed by the appropriate State and registered by the overseas command concerned to sell to DoD personnel on DoD installations.

f. Any explanatory or supplemental comments that shall assist in evaluating the application.

g. If the Department of Defense requires facts or statistics beyond those normally involved in registration, the company shall make separate arrangements to provide them.

h. A statement that the company's general agent and other registered agents are appointed in accordance with the prerequisites established in section C of this appendix.

3. If a company is a life insurance company subsidiary, it must be registered separately on its own merits.

#### C. Agent Requirements

The overseas Combatant Commanders shall apply the following principles in registering agents:

1. An agent must possess a current State license. This requirement may be waived for a registered agent continuously residing and successfully selling life insurance in foreign areas, who, through no fault of his or her own, due to State law (or regulation) governing domicile requirements, or requiring that the agent's company be licensed to do business in that State, forfeits eligibility for a State license. The request for a waiver shall contain the name of the State or jurisdiction that would not renew the agent's license.

2. General agents and agents may represent only one registered commercial insurance company. This principle may be waived by the overseas Combatant Commander if multiple representations are in the best interest of DoD personnel.

3. An agent must have at least 1 year of successful life insurance underwriting experience in the United States or its territories, generally within the 5 years preceding the date of application, in order to be approved for overseas solicitation.

4. The overseas Combatant Commanders may exercise further agent control procedures as necessary.

5. An agent, once registered in an overseas area, may not change affiliation from the staff of one general agent to another and retain registration, unless the previous employer certifies in writing that the release is without justifiable prejudice. Overseas Combatant Commanders will have final authority to

determine justifiable prejudice. Indebtedness of an agent to a previous employer is an example of justifiable prejudice.

#### D. Announcement of Registration

1. Registration by the Department of Defense upon annual applications of insurers shall be announced as soon as practicable by notice to each applicant and by a list released annually in September to the appropriate overseas Combatant Commanders. Approval does not constitute DoD endorsement of the insurer or its products. Any advertising by insurers or verbal representation by its agents, which suggests such endorsement, is prohibited.

2. In the event registration is denied, specific reasons for the denial shall be provided to the applicant.

a. The insurer shall have 30 days from the receipt of notification of denial of registration (sent certified mail, return receipt requested) in which to request reconsideration of the original decision. This request must be in writing and accompanied by substantiating data or information in rebuttal of the specific reasons upon which the denial was based.

b. Action by the Office of the PDUSD(P&R) on a request for reconsideration is final.

c. An applicant that is presently registered as an insurer shall have 90 calendar days from final action denying registration in which to close operations.

3. Upon receiving an annual letter approving registration, each company shall send to the applicable overseas Combatant Commander a verified list of agents currently registered for overseas solicitation. Where applicable, the company shall also include the names and prior military affiliation of new agents for whom original registration and permission to solicit on base is requested. Insurers initially registered shall be furnished instructions by the Department of Defense for agent registration procedures in overseas areas.

4. Material changes affecting the corporate status and financial condition of the company that occur during the fiscal year of registration must be reported to the MWR Policy Directorate at the address in paragraph B.2. of this appendix as they occur.

a. The Office of the PDUSD(P&R) reserves the right to terminate registration if such material changes appear to substantially affect the financial and operational standards described in section A of this appendix on which registration was based.

b. Failure to report such material changes may result in termination of registration regardless of how it affects the standards.

5. If an analysis of information furnished by the company indicates that unfavorable trends are developing that could adversely affect its future operations, the Office of the PDUSD(P&R) may, at its option, bring such matters to the attention of the company and request a statement as to what action, if any, is considered to deal with such unfavorable trends.

Dated: June 27, 2006.

**L.M. Bynum,**

*OSD Federal Register Liaison Officer, DoD.*

[FR Doc. E6-10360 Filed 7-7-06; 8:45 am]

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## ENVIRONMENTAL PROTECTION AGENCY

### 40 CFR Part 52

[Docket No. EPA-R02-OAR-2006-0342; FRL-8191-2]

#### Approval and Promulgation of Implementation Plans; Carbon Monoxide Maintenance Plan, Conformity Budgets, Emissions Inventories; State of New Jersey

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Final rule.

**SUMMARY:** The Environmental Protection Agency (EPA) is approving a State Implementation Plan (SIP) revision submitted by the State of New Jersey. This revision establishes an updated ten-year carbon monoxide (CO) maintenance plan for the Nine Not-Classified Areas in the State (the City of Atlantic City, the City of Burlington, the Borough of Freehold, the Town of Morristown, the Borough of Penns Grove, the City of Perth Amboy, the Borough of Somerville, the Toms River Area, and the City of Trenton) and Camden County. In addition, this action approves revisions to the CO, NO<sub>x</sub>, VOC, and PM<sub>2.5</sub> motor vehicle emissions budgets for Northern New Jersey. Finally, this notice approves revisions to the general conformity budget for McGuire Air Force Base and the 2002 ozone, PM<sub>2.5</sub>, and CO base year emissions inventories, where applicable.

The Nine Not Classified Areas and Camden County were redesignated to attainment of the CO National Ambient Air Quality Standard (NAAQS) on February 5, 1996 and maintenance plans were also approved at that time. By this action, EPA is approving the New Jersey Department of Environmental Protection's (New Jersey) second maintenance plans for these areas because they provide for continued attainment of the CO NAAQS for an additional ten years. The intended effect of this rulemaking is to approve a SIP revision that will insure continued maintenance of the CO NAAQS.

**EFFECTIVE DATE:** This rule will be effective July 10, 2006.

**ADDRESSES:** EPA has established a docket for this action under Docket ID Number EPA-R02-OAR-2006-0342. All documents in the docket are listed in the <http://www.regulations.gov> Web site. Although listed in the electronic docket, some information is not publicly available, i.e., confidential business information (CBI) or other information whose disclosure is restricted by statute.

Certain other material, such as copyrighted material, is not placed on the Internet and will be publicly available only in hard copy form. Publicly available docket materials are available either electronically through <http://www.regulations.gov> or in hard copy for public inspection during normal business hours at the Environmental Protection Agency, Region 2 Office, Air Programs Branch, 290 Broadway, 25th Floor, New York, New York 10007-1866. Copies of the State submittal are available at the New Jersey Department of Environmental Protection, Office of Energy, Bureau of Air Quality Planning, 401 East State Street, CN027, Trenton, New Jersey 08625.

#### FOR FURTHER INFORMATION CONTACT:

Henry Feingersh  
[feingersh.henry@epa.gov](mailto:feingersh.henry@epa.gov) for general questions, Raymond Forde  
[forde.raymond@epa.gov](mailto:forde.raymond@epa.gov) for emissions inventory questions, or Matthew Laurita  
[laurita.matthew@epa.gov](mailto:laurita.matthew@epa.gov) for mobile source related questions at the U.S. Environmental Protection Agency, Air Programs Branch, 290 Broadway, 25th Floor, New York, NY 10007-1866, telephone number (212) 637-4249, fax number (212) 637-3901.

#### SUPPLEMENTARY INFORMATION:

##### I. What Was Included in New Jersey's Submittal?

On February 21, 2006, New Jersey submitted a SIP revision to EPA which included a CO limited maintenance plan, revisions to the CO, NO<sub>x</sub>, and VOC motor vehicle emissions budgets for northern New Jersey, PM<sub>2.5</sub> motor vehicle emissions budgets for northern New Jersey, revisions to the general conformity budget for McGuire Air Force Base, and the 2002 ozone, PM<sub>2.5</sub>, and CO base year emissions inventories, where applicable. When they made the submittal, New Jersey had requested that EPA parallel process their SIP revision. New Jersey held a public hearing on March 31, 2006 on their proposed SIP revision and accepted written comments until April 7, 2006. New Jersey addressed all of the comments and made a subsequent adopted submittal on May 18, 2006.

##### II. What Were the Changes From the February 21, 2006 Submittal?

The May 18, 2006 submittal had minor changes from the original submittal as a result of comments received by New Jersey during the state rulemaking process. The May 18, 2006 submittal contained additional information and clarifications which acted to strengthen the original