



DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20350

SECNAVINST 1740.2D
NMPC-12C

SECNAV INSTRUCTION 1740.2D

From: Secretary of the Navy
To: All Ships and Stations

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

Ref: (a) DOD Directive 1344.7 of 13 Feb 86, Personal Commercial (R)
Solicitation on DOD Installations (NOTAL)
(b) DOD Directive 1330.9 of 12 May 82, Armed Services (R)
Exchange Regulations (NOTAL)
(c) SECNAVINST 5381.3F, Credit Unions Serving Department (R)
of the Navy Personnel (NOTAL)
(d) Truth-in-Lending Act (P.L. 90-321), 82 Stat. 146;
15 USC 1601
(e) DOD Directive 7330.1 of 14 Jan 86, Voluntary Military (R)
Pay Allotments (NOTAL)
(f) MILPERSMAN article 6210140, Indebtedness and Financial
Responsibility of Members

Encl: (1) Definitions (R)
(2) Private Commercial Solicitation on Department of the (R)
Navy Installations
(3) Life Insurance Products and Securities (R)
(4) The Overseas Life Insurance Accreditation Program (R)

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

2. Cancellation. SECNAV Instruction 1740.2C.

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 solicitation throughout DON and to provide certain consumer protection standards where neither state nor Federal laws or regulations exist. (R)

b. This instruction applies to all naval installations (installation hereafter refers to DON vessels and vehicles of all types and sizes; DON aircraft; any area owned, controlled or occupied by DON personnel; and commercial facilities authorized (R)

by the Navy/Marine Corps exchanges), to credit unions subject to requirements imposed by references (b) and (c), and to all persons desiring to undertake personal commercial solicitation on an installation, including all insurance transactions.

- R) c. This instruction does not apply to services furnished by commercial companies such as milk deliveries, laundry, and related residence services when such services are authorized by the installation commander.

4. Policy

- R) a. No person has authority to enter an installation and transact personal commercial solicitation as a matter of right.

- R) b. Personal commercial solicitation is permitted only after the following requirements are met:

(1) Authorized by the installation commander.

(2) The solicitor is duly licensed under applicable Federal, state, or municipal laws and has complied with installation regulations regarding registration and pass control procedures.

(3) A specific appointment has been made with the individual concerned and conducted in family quarters or in other areas designated by the installation commander.

c. Persons seeking to undertake personal commercial solicitation on an installation must comply with the provisions of reference (a) as outlined in enclosure (2) to this instruction. Insurance agents must comply with the provisions of reference (a) as outlined in enclosure (3) of this instruction.

- R) d. On overseas installations persons seeking to undertake personal commercial solicitation are required to observe, in addition to the above requirement, the laws of the host country and upon demand, present documentary evidence to the installation commander or his or her designee that the individual (or company, its agents or representatives) meets the licensing requirements of the host country. Enclosure (4) outlines the overseas life insurance accreditation program.

- R) e. All personal commercial solicitation on an installation will be made the subject of appropriate local regulations. A copy of the regulation(s) must be provided to all persons conducting commercial activities aboard installations. Also, the solicitor must be advised that any violation of the regulations will result in withdrawal of solicitation privileges.

f. When space or other considerations dictate a limitation on the number of solicitors, the commander will develop and publish policies which effect such limitation but do not selectively benefit, or appear to selectively benefit or favor any particular solicitor. Any endorsement or appearance of endorsement of any solicitor by the command, DON or Department of Defense (DOD) must be avoided. (R)

g. In overseas areas, the area commander may impose additional regulations where necessitated by local conditions.

5. Responsibilities

a. Any individual with information that may constitute grounds for suspension of solicitation privileges shall report the information to his or her commanding officer. (R)

b. The commanding officer of a ship or tenant activity will take appropriate action under Article 0715, U.S. Navy Regulations, and this instruction, reporting all pertinent information to the local installation commander for further investigation. (R)

c. The installation commander will investigate the matter and take appropriate action. Denials and revocations of permission to conduct personal commercial solicitation will be reported following guidelines provided in this instruction. (R)

d. The Commander, Naval Military Personnel Command (COMNAVMILPERSCOM), under the Chief of Naval Operations, and the Commandant of the Marine Corps (CMC) will monitor and administer policies established by this instruction.

e. The Secretary of the Navy (SECNAV) is the action authority on all recommendations for Navy-wide denials, revocations and reinstatements of personal commercial solicitation privileges. Secretarial action denying, revoking, or reinstating such privileges will be issued periodically by Notice.

6. Denial and Withdrawal of On-Base Solicitation Privileges

a. The commander of an installation will deny or withdraw permission to conduct commercial activities on board the installation if such action is in the best interest of the command. Grounds for taking this action shall include, but are not limited to: (R)

(1) SECNAV action extending denial or withdrawal of permission throughout DON (see subparagraph 6b below).

(2) Failure to meet the licensing and other regulatory requirements prescribed in subparagraphs 4b, c and d above.

(3) Commission of any of the practices prohibited in this instruction or its enclosures.

R) (4) Substantiated complaints or adverse reports regarding quality of goods, services, or commodities, or the manner in which they are offered for sale.

(5) Knowing and willful violations of the prohibitions contained in the Truth-in-Lending Act (reference (d)).

R) (6) Personal misconduct by a company's agent or representative while on an installation.

R) (7) The possession of or any attempt to obtain supplies of allotment forms used by any military department or possession or use of facsimiles as outlined in reference (e).

(8) Failure to abide by the Standards of Fairness policies as required by reference (f).

b. Denial or withdrawal of permission to solicit throughout DON.

R) (1) The Assistant Secretary of Defense (Force Management and Personnel) (ASD(FM&P)) exercises the authority to extend denials or withdrawals of permission to conduct solicitation to all DOD installations. Such action is applicable to all naval installations. SECNAV exercises parallel authority within DON. A list of persons whose privileges have been withdrawn or who have been denied such privileges throughout DON will be published when appropriate.

(2) Persons listed as having been denied permission to solicit, or as having had his or her permission to solicit withdrawn, may not engage in personal commercial solicitation on any installation. If a person who has permission appears on the list, his or her permission will be withdrawn until DOD or DON prohibition is terminated.

R) (3) When an applicant is denied permission to solicit, the commander must notify the applicant in writing, delivered personally or forwarded by registered or certified mail (return receipt requested) of the basis of the denial of permission to solicit and that no reapplication will be considered until DOD or DON (as appropriate) terminates the existing prohibition.

D)

c. When withdrawing solicitation privileges, the commander must determine whether to limit it to the agent alone or extend it to the company the agent represents based on the circumstances of the particular case, including nature of violations, frequency of violations, extent to which other agents of the company have engaged in such practices, and any other matters tending to show the company's culpability. (R)

(1) Before final withdrawal or denial of solicitation privileges, the commander must investigate the allegations upon which action is predicated. Incident to the inquiry, each person or entity affected by the proposed actions must be (1) notified of the proposed action and the allegations upon which it is based, (2) afforded a reasonable opportunity to become familiar with all matters to be considered by the commander in disposing of the allegations and (3) afforded a reasonable opportunity to submit a statement for the commander's consideration.

(2) If the grounds for the action involve the eligibility of the agent or company to hold a state license or to meet other regulatory requirements, notify the appropriate authorities. (A)

(3) The commander will afford the individual or company an opportunity to show cause why the action should not be taken. To "show cause" means an opportunity must be given for the grieved party to present facts on his or her behalf on an informal basis for consideration by the installation commander. (A)

(4) If warranted, the commander will recommend to DON that the action taken be extended to other DOD installations. If so approved, and when appropriate, ASD(FM&P), following consultation with SECNAV, will order the action extended to other Military Departments. (A)

(5) When such denials or withdrawals are lifted, the Office of the ASD(FM&P) will be notified for parallel action if the same denial or withdrawal has been extended to other Military Departments. (A)

(6) The commanding officer may, if circumstances dictate, make immediate suspensions of solicitation privileges for a period of 30 days while an investigation is conducted. Exceptions to this amount of time must be approved by COMNAVMILPERSCOM, or CMC as appropriate. (R)

d. The authority to withdraw or deny solicitation privileges is vested in the local installation commander. The following guidance is provided to assist in achieving a uniform policy:

(1) Solicitation privileges will be denied or withdrawn if such activity would not further the best interest of the command.

(2) Grounds for taking this action will include, but are not limited to those listed in subparagraph 6a above.

R) (3) All denials or withdrawals of solicitation privileges will be for a set period of time (normally not to exceed 2 years), at the end of which the individual may reapply for permission to solicit through the commands originally imposing the restriction. Denial or withdrawal of soliciting privileges may or may not be continued, as warranted.

(4) If circumstances warrant, the installation commander may make a recommendation to SECNAV, copy to COMNAVMILPERSCOM (NMPC-12C) and CMC, that the action be extended throughout DON.

R) (5) SECNAV will review all recommendations for Navy-wide denial or withdrawal of solicitation privileges and take action as appropriate. Extension of the denial or withdrawal of privileges throughout DON, as well as any subsequent reinstatement of privileges, will be issued periodically by Notice. When required, field offices may learn of the latest action taken on denial or withdrawal of privileges of an individual or company by calling COMNAVMILPERSCOM, NMPC-12C, on autovon 224-3248 or commercial (202) 694-3248.

A) e. Upon receipt of the information outlined above, SECNAV may direct the Armed Forces Disciplinary Control Board in the geographical area(s) in which the grounds for action have occurred to consider the charges and take appropriate action.

7. Advertising Policies

R) a. DON expects voluntary observance of the highest business ethics both by commercial enterprises soliciting DOD personnel through advertisements in unofficial military publications, and by the publishers of those publications in describing goods, services, and commodities, and the terms of the sale (including guarantees, warranties, and the like).

R) b. The advertising of credit terms will include full compliance with all terms of the sale (including guarantees, warranties, etc.) and conform to the provisions of the Truth-in-Lending Act (see chapter 3 of reference (d)), as implemented by Regulation Z (12 CFR 226).

8. Educational Programs

a. Commanders are encouraged to make qualified personnel and facilities available for counseling for military members on loans, consumer credit transactions, and insurance matters in order to encourage thrift, financial responsibility, and sound financial planning. Subject to approval by COMNAVMILPERSCOM or CMC as applicable, the services of representatives of credit unions, banks, and those nonprofit military associations (provided such associations are not underwritten by a commercial insurance company) may be used. Under no circumstances will the services of commercial agents, including loan, finance, insurance, or investment companies, be used for these purposes. Educational materials prepared or presented by outside organizations expert in this field may be adapted or used provided such material is approved by COMNAVMILPERSCOM or CMC, as applicable. Presentations by those approved organizations will only be conducted at the express request of the installation commander concerned.

b. The provisions of this instruction should not be interpreted to 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 services and benefits to 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 subparagraph 8a information or education 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.

c. COMNAVMILPERSCOM and CMC will provide guidance to military personnel in their respective departments concerning the Truth-in-Lending Act, as well as encouraging consultation with a legal assistance officer or lawyer on matters pertaining to substantial loans or credit commitments.

9. Meetings. Nothing in this instruction should be construed to preclude private, nonprofit, tax-exempt organizations composed of active and retired members of the Uniformed Services from holding meetings for their membership on military installations.

Attendance at these meetings will be voluntary. The time and place of such meetings are subject to the discretion of the installation commander or his designated representative.

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DEFINITIONS

1. Agent. An individual who receives remuneration as a salesperson or whose remuneration is dependent on volume of sales of a product or products. (R)
2. Association. Any organization, whether or not the word "Association" appears in its title, composed of and serving exclusively members of the Military Services on active duty, in a Reserve status, in a retired status, and their dependents, which offers its members life insurance coverage, either as part of the membership dues, or as a separately purchased plan made available through an insurance carrier or the association as a self-insurer, or a combination of both. (A)
3. DOD Installation. 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. (A)
4. DOD Personnel. All active duty officers (commissioned and warrant) and enlisted members of the Army, Navy, Air Force and Marine Corps and all civilian employees, including nonappropriated fund employees and special Government employees of all offices, agencies, and departments carrying on functions on a Defense installation.
5. General Agent. A person who has a legal contract to represent a company solely and exclusively. (A)
6. Insurance Carrier. An insurance company issuing insurance through an association or reinsuring or coinsuring such insurance. (R)
7. Insurance Product. A policy, annuity, or certificate of insurance issued by an insurer or evidence of insurance coverage issued by a self-insured association. (R)
8. Insurer. Any company or association engaged in the business of selling insurance policies to DOD personnel.
9. Normal Home Enterprises. Sales or services which are customarily conducted in a domestic setting and do not compete with an installation's officially sanctioned commerce. (A)
10. Personal Commerical Solicitation. The conduct of any private business, including the offering and sale of insurance on a military installation. Solicitation on installations is a privilege as distinguished from a right, and its control is a responsibility vested in the DOD installation commander. (R)
11. 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. (A)

Enclosure (1)

PRIVATE COMMERCIAL SOLICITATION ON DEPARTMENT
OF THE NAVY INSTALLATIONS

(R)

1. Solicitation of DOD personnel and their dependents is permitted only when:

(R)

a. The commander or commanding officer of an installation authorizes solicitation. Solicitation will be conducted on an individual basis by specific prior appointment in family quarters or in such other locations and hours as the military commander may designate. When establishing the appointment, agents must identify themselves to the prospective purchaser as an agent for a specific company. Where feasible, disinterested third-party counseling will be provided if desired.

b. The agent has complied with local base registration procedures, the provisions of this instruction and is licensed in the jurisdiction where the naval installation is located.

(R)

2. Prohibited Solicitation Practices

a. Solicitation of recruits, trainees, and other personnel while in a "mass" or "captive" audience onboard an installation.

b. Making appointments with or soliciting military personnel who are in an "on-duty" status.

c. Soliciting without appointment in areas utilized for the housing or processing of transient personnel, in barracks areas used as quarters, in unit areas, in family quarters areas, and in areas provided by installation commanders for interviews by appointment.

(R)

d. Use of official identification cards, vehicle stickers or passes by retired or reserve members of the armed forces to gain access to installations for the purpose of soliciting.

e. Procuring or supplying, or attempting to procure or supply roster listings of DON personnel for the purpose of commercial solicitation, except pursuant to procedures implementing the Freedom of Information Act.

f. The offering of unfair, improper or deceptive inducements to purchase or trade.

g. Practices involving rebates to facilitate transactions or to eliminate competition. (Credit union interest refunds to borrowers are not considered a prohibited rebate.)

Enclosure (2)

h. The use of any manipulative, deceptive or fraudulent device, scheme or artifice, including misleading advertising and sales literature.

R) i. Using oral or written representations to suggest or give the appearance that DOD or DON sponsors or endorses any particular company, its agents, or the goods, services and commodities it sells.

j. The entry into any unauthorized or restricted area.

k. Solicitation by a military member of another military member who is junior in rank or grade, whether on or off duty, in or out of uniform, on or off a military installation at any time, except as permitted in subparagraph 6e of SECNAVINST 5370.2H, Standards of Conduct and Government Ethics.

R) l. 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 regulations governing the operation of exchanges, commissaries, non-appropriated fund instrumentalities, and private organizations. This is not intended to preclude normal home enterprises (such as cookware sales), providing applicable state and local laws are met.

m. Soliciting door to door.

A) n. Advertising addresses or telephone numbers of commercial sales activities conducted on the installation, except for authorized activities conducted by members of military families residing in family housing.

LIFE INSURANCE PRODUCTS AND SECURITIES

(R)

1. Prohibited Practices. Except as authorized or prohibited by subparagraphs 8a and 8b of this instruction, the practices in paragraph 2 of enclosure (2) of this instruction and the following practices are prohibited with specific reference to the sale of insurance:

a. DOD personnel representing an insurance company, or dealing directly or indirectly with any insurance company or any recognized representative of an insurance company as an agent, or in any official or business capacity, for the solicitation of insurance to personnel on a military installation. (R)

b. Agents assuming or using titles such as "Battalion Insurance Counselor," "Unit Insurance Advisor," "SGLI Conversion Consultant," etc. (D)

c. The assignment or use of office or desk space for an interview for other than a specified, prearranged appointment. During prearranged appointments, the agent will not display desk or other signs announcing name or company affiliation.

d. The use of base bulletins, the plan of the day, or any other notice, official or unofficial announcing the presence of an agent and his or her availability.

e. The distribution, or availability for distribution, of literature or advertisement materials other than to the person being interviewed.

2. Life Insurance Policy Content Prerequisites

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

(1) Comply with the insurance laws of the state of country in which the installation is located and the procedural requirements of this instruction.

(2) Contain no restriction by reason of military service or military occupational specialty of the insured, unless such restrictions are clearly indicated on the face of the contract.

(3) Plainly indicate any extra premium charges imposed by reason of military service or military occupational specialty.

Enclosure (3)

- R) (4) 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 therein.
- R) b. For the purposes of (2), (3) and (4) above, an appropriate reference stamped on the face of the contract shall draw the attention of the policyholder to 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.
- R) c. Premiums must reflect only the actual premiums payable for the life insurance product.
- R) d. Variable life insurance products may be offered provided they meet the criteria of the appropriate insurance regulatory agency and the Securities and Exchange Commission.
- A) 3. Sale of Securities
- A) a. All securities must be registered with the Securities and Exchange Commission.
- A) b. All sales of securities must comply with existing and appropriate Securities and Exchange Commission regulations.
- A) c. All securities representatives must apply directly to the commander of the installation on which they desire to solicit the sale of securities.
- A) d. 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.
4. Use of the Allotment of Pay System
- R) a. Allotments of military pay for life insurance will be made using guidelines in reference (e). Allotments are not authorized to be made to an insurer for the purchase of health, accident, or hospitalization insurance or other contracts which, as a secondary or incidental feature, include insurance on the life of the allotter. Allotments for insurance on the lives of an allotter's spouse or children are not authorized, except under a family group contract which primarily provides insurance on the life of an allotter and, as a subordinate feature, includes insurance on the lives of the spouse and children.

b. For personnel in pay grades E-1, E-2 and E-3 at least seven days must elapse for counseling between the signing of a life insurance application and the certification of an allotment. This is to be considered as a "cooling off" period in which to permit reconsideration of the insurance purchase. The purchaser's commanding officer may grant a waiver of this requirement for good cause, such as the purchaser's imminent permanent change of station.

5. 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 the Federal or State Governments. While some are organized for profit, others function as nonprofit associations under Internal Revenue Service regulations. Regardless of the manner in which insurance plans are offered to members, the management of the association is responsible for complying fully with the instructions contained in this instruction and the spirit of reference (a).

(R)

THE OVERSEAS LIFE INSURANCE ACCREDITATION PROGRAM1. ACCREDITATION CRITERIA

(R)

a. Initial Accreditation

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

(2) 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 accreditation is sought.

b. Reaccreditation

(A)

(1) Insurers must demonstrate continuous successful operation in the life insurance business, as described in subsection 1a(1) above.

(2) Insurers must retain a Best's rating of B+ or better, as described in paragraph 1a(2), above.

(3) Insurers must establish an agency sales force in one of the overseas commands within two years of initial accreditation.

c. Waiver Provisions. Waivers of the initial accreditation and reaccreditation provisions will be considered for those insurers demonstrating substantial compliance with the aforementioned criteria.

2. APPLICATION INSTRUCTIONS

a. Applications Filed Annually. During the months of May and June of each year, insurers may apply for solicitation privileges for personnel assigned to United States military installations in foreign areas for the fiscal year beginning the following 1 October.

b. Application Prerequisites. A letter of application, signed by the president, vice president, or designated official of the insurance company shall be forwarded to the Assistant Secretary of Defense (Force Management and Personnel), Attention: Personnel Administration and Services Directorate, ODASD(MM&PP), The Pentagon, Washington, D.C. 20301-4000. The letter must contain the information set forth below, submitted in the order listed. Where not applicable, so state.

(R)

Enclosure (4)

- R) (1) The overseas commands (e.g., European, Pacific, Atlantic, Southern) where the company is presently soliciting, or planning to solicit on United States military installations.
- R) (2) A statement that the company has complied with, or will 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.
- D) R) (3) A statement that the products to be offered for sale conform to the standards prescribed in enclosure (3) and contain only the standard provisions such as those prescribed by the laws of the state where the company's headquarters are located.
- R) (4) A statement that the company will assume full responsibility for the acts of its agents with respect to solicitation. Sales personnel will be limited in numbers to one general agent and no more than 50 sales personnel for each overseas area. If warranted, the number of agents may be further limited by the overseas command concerned.
- (5) A statement that the company will not utilize agents who have not been accredited by the appropriate overseas command to sell to DOD personnel on or off its DOD installations.
- R) (6) Any explanatory or supplemental comments that will assist in evaluating the application.
- R) (7) If DOD requires facts or statistics beyond those normally involved in accreditation, the company shall make separate arrangements to provide them.
- R) (8) A statement that the company's general agent and other accredited agents are appointed following the prerequisites established in section c, below.
- A) c. If a company is a life insurance company subsidiary, it must be accredited separately on its own merits.
- R) 3. AGENT REQUIREMENT. Unified commanders will apply the following principles:
 - R) a. An agent must possess a current state license. The overseas commander may waive this requirement for an accredited 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 will contain the name of the state or jurisdiction which would not renew the agent's license.

b. General agents and agents will represent only one accredited commercial insurance company. This requirement may be waived by the overseas commander if multiple representation can be proven to be in the best interest of DOD personnel.

c. An agent must have at least one year of successful life insurance underwriting in the United States or its territories, generally within the five years preceding the date of application, in order to be designated as accredited and employed for overseas solicitation. (R)

d. Appropriate overseas commanders will exercise further agent control procedures as deemed necessary.

e. An agent, once accredited in an overseas area, may not change affiliation from the staff of one general agent to another and retain accreditation, unless the previous employer certifies in writing that the release is without justifiable prejudice. Unified commanders will have final authority to determine justifiable prejudice. Indebtedness of an agent to a previous employer is an example of justifiable prejudice. (R)

4. ANNOUNCEMENT OF FINDINGS (D)

a. Accreditation by DOD upon annual applications of insurers will be announced as soon as practicable by a Notice to each applicant and by a listing released annually in September to the appropriate overseas commander. This approval does not constitute DOD endorsement of the insurer. Any advertising by insurers which suggests such endorsement is prohibited.

b. In the event accreditation is denied, specific reasons for the denial will be provided to the applicant.

(1) Upon receipt of notification of an unfavorable finding, the insurer has 30 days from receipt (forwarded certified mail, return receipt requested) in which to request reconsideration of the original decision. This request must be accompanied by substantiating data or information in rebuttal of the specific reasons upon which the adverse findings are based.

(2) Action by the Assistant Secretary of Defense (Force Management and Personnel) on appeal is final. (R)

(3) If the applicant is presently accredited as an insurer, up to 90 days from final action on an unfavorable finding will be granted in which to close out operations.

R) c. Upon receiving the annual letter of accreditation, each company must send a verified list of agents currently accredited for overseas solicitation to the applicable unified commander. Where applicable, the company shall also include the names of new agents for whom original accreditation and permission to solicit on base is requested. Insurers initially accredited will be furnished instructions by DOD for agent accreditation procedures in overseas areas.

R) d. Material changes affecting the corporate status and financial conditions of the company which may occur during the fiscal year of accreditation must be reported as they occur.

(1) DOD reserves the right to terminate accreditation if such material changes appear to substantially affect the financial and operational criteria described in section a, above, on which accreditation was based.

(2) Failure to report such material changes can result in termination of accreditation regardless of how it affects the criteria.

R) e. If an analysis of information furnished by the company indicates that unfavorable trends are developing which may possibly adversely affect its future operations, DOD may, at its option, bring such matters to the attention of the company and request a statement as to what action, if any, is contemplated to deal with such unfavorable trends.