



A **Sammons** Financial Company

Issued by North American Company
for Life and Health Insurance®

Special Rules Governing Military Sales Practices in Virginia

To: North American annuity and life Virginia agents

This is a reminder to agents licensed in Virginia who write life insurance and annuities of special rules and requirements governing military sales practices. The rules apply to sales activities and solicitation of products issued or delivered in Virginia to any active duty service members, of all ranks and pay grades, based or living in Virginia. This also includes those permanently living in Virginia, as well as those temporarily assigned there for training. The requirement applies to all military installations within the Commonwealth of Virginia defined as “any federally owned, leased, or operated base, reservation, post, camp, building, or other facility where service members are assigned for duty, including barracks, transient housing, and family quarters.”

These requirements are addressed in Administrative Letter 2008-3 which reminds all insurers licensed in Virginia who write life insurance, variable life insurance, annuities or variable annuities, and agents marketing or soliciting these products to members of the military of the specific standards set out in the Rules Governing Military Sales Practices (the Rules), effective in Virginia on Feb. 15, 2008.

A copy of Administrative Letter 2008-03 is enclosed.

COMMONWEALTH OF VIRGINIA

ALFRED W. GROSS
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February 15, 2008

Administrative Letter 2008 - 03

REVISED 4-25-2017*

TO: All Insurers Licensed in Virginia to Write Life Insurance, Variable Life Insurance, Annuities or Variable Annuities

RE: Rules Governing Military Sales Practices (14 VAC 5-420-10 et. seq.)

Note: Insurers are instructed to furnish a copy of this administrative letter to their appointed agents in Virginia, and to include a copy of this administrative letter in materials provided to all newly appointed agents in Virginia.

The purpose of this Administrative Letter is to remind insurers and agents marketing or soliciting life insurance or annuities to members of the United States Armed Forces of the specific standards addressed and identified in the Rules Governing Military Sales Practices (the Rules), effective in Virginia on February 15, 2008.

A copy of the Rules was attached to the Commission's Order Adopting the Rules, sent to all life and annuity insurers in November, 2007. The Rules may also be viewed at the Bureau's website, by clicking on "Insurance Regulations" at:

<http://scc.virginia.gov/boi/laws.aspx>

BACKGROUND

These Rules are a result of findings in multi-state examinations conducted on behalf of the National Association of Insurance Commissioners (NAIC), investigations by the Department of Defense and its branch components, the United States Government Accountability Office Report, GAO-06-23, and provisions of federal law established by The Military Personnel Financial Services Protection Act (the Act), Pub. L. No. 109-290 (<https://www.congress.gov/109/plaws/publ290/PLAW-109publ290.pdf>).

The Rules apply to sales activities regarding solicitation of certain forms of life insurance policies, issued or issued for delivery in Virginia to any active duty service member based or living in Virginia, whether permanently, temporarily or for training. The phrase "in Virginia" also includes all military installations located within the geographical boundaries of the Commonwealth, where a military installation is defined as "any federally owned, leased, or operated base, reservation, post, camp, building, or

other facility where service members are assigned for duty to include barracks, transient housing, and family quarters.” A service member is considered to be on active duty when serving full-time military service for the United States, to include the National Guard or Reserve if serving under military calls or orders to active duty or active duty for training that specify a period of 31 or more calendar days. While other states may adopt similar provisions for their respective laws or Rules, Virginia’s Rules apply to active duty service members of all ranks and pay grades.

The Rules apply to insurer or agent activities occurring at any location and also identify prohibited practices specifically occurring on military installations. There are more than 10 prohibited practices or specific requirements for sales activities occurring on a military installation. The Rules also identify more than 25 prohibited practices or specific requirements that apply regardless of the location.

Insurers and agents should be particularly mindful that the marketing of certain life insurance products that may contain, have attached, or are sold in concert with a “side fund,” as defined by the 14 VAC 5-420-20, are prohibited, except in the circumstances identified in the Rules.

While this discussion is certainly not all-inclusive, it does highlight some of the reasons why the Rules are necessary not only to carry out the intent of Congress set out in the provisions of the Act, but also to facilitate an efficient and consistent regulatory framework governing sales to military personnel on a nationwide basis.

Insurers and agents licensed to do business in the Commonwealth of Virginia are required to be fully aware of and abide by all the provisions of the Rules.

Questions regarding this letter may be directed to:

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Cordially,



Alfred W. Gross
Commissioner of Insurance

* On 4/25/2017,
hyperlinks in the
document were
repaired.