



Declaration on Life Insurance Sales to Members of the Armed Forces:

A Resolution to Establish a New Executive Level Working Group

December 10, 2006

Where As, the NAIC believes members of the Armed Forces should be protected from inappropriate life insurance sales practices and has accomplished the following to protect members of the Armed Forces: (1) created a Web site specifically addressing insurance issues as they relate to military personnel; (2) created an educational brochure specifically outlining items military personnel should consider when purchasing life insurance policies; and (3) signed an MOU with the Department of Defense to encourage the distribution of the educational brochure on military bases, (4) added a new complaint code to the Complaint Database System (CDS) to track consumer complaints related to military personnel; (5) provided the Department of Defense with appropriate state contact information to facilitate the sharing of complaint information regarding military personnel and (6) modified the Senior Protection in Annuity Transactions Model Regulation to ensure the consumer protections in this model apply to all individuals, regardless of age

Where As, the states of Georgia and Texas, have successfully coordinated a multi-state settlement with insurance regulators from 48 jurisdictions regarding inappropriate life insurance sales practices to members of the Armed Forces, which as resulted in immediate cash refunds and increased policy benefits totaling \$70 million to members of the Armed Forces;

Where As, on September 29, 2006, the President of the United States signed into law S. 418, the "Military Personnel Financial Services Protection Act" (hereinafter referred to as the "Act"), which is intended to protect members of the Armed Forces from unscrupulous practices regarding sales of insurance, financial, and investment products;

Where As, Section 9 of the Act, states it is the sense of Congress that (1) the States collectively work with the Secretary of Defense to ensure implementation of appropriate standards to protect members of the Armed Forces from dishonest and predatory insurance sales practices while on a military installation of the United States (including installations located outside the United States), (2) each State identify its role in promoting these standards in a uniform manner, not later than 12 months after the enactment of the Act, and (3) the NAIC, after consultation with the Secretary of Defense and, not later than 12 months after the enactment of the Act, conduct a study to determine the extent to which the States have implemented the appropriate standards and report the results of such study to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the

Senate, and (4) senior representatives of the Secretary of Defense, the Securities and Exchange Commission, and the NAIC should meet not less frequently than twice a year to coordinate their activities to implement the Act and monitor the enforcement of relevant regulations relating to the sale of financial products on military installations of the United States,;

Where As, Section 11 of the Act, states it is the sense of Congress the NAIC should, after consultation with the Secretary of Defense, and not later than 6 months after the date of the enactment of the Act, conduct a study and submit a report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives on (1) ways of improving the quality of and sale of life insurance products sold on military installations of the United States and (2) the extent to which life insurance products marketed to members of the Armed Forces comply with otherwise applicable provisions of State law;

Where As, Section 12 of the Act, states it is the sense of Congress that not later than one year after the enactment of the Act, states should collectively implement a system to receive reports of disciplinary actions taken against persons selling or soliciting the sale of any life insurance product on any military installation and disseminate such information to all other States and to the Secretary of Defense;

Now Therefore, It Is Hereby Resolved; the NAIC appoints a new Military Sales (EX) Working Group that will report to the Executive Committee, and will be co-chaired by the States of Georgia and Texas, with the States of Florida, Illinois, Iowa, North Carolina, North Dakota, Massachusetts and Virginia, and such other states as may be appropriate, to serve as members; the primary purpose of the new working group is to assist the organization in achieving those applicable directives set forth in the Military Personnel Financial Services Protection Act; and, furthermore, the new working group will coordinate with the Market Analysis Working Group regarding any further multi-state settlements against companies engaged in inappropriate sales practices specifically targeted to members of the Armed Forces.