



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

SECNAVINST 1740.2F
ASN (M&RA)
18 Jun 2019

SECNAV INSTRUCTION 1740.2F

From: Secretary of the Navy

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

Ref: (a) DoD Instruction 1344.07 of 30 March 2006
(b) Public Law 109-290
(c) DoD Instruction 1342.22 of 11 April 2017
(d) DoD Instruction 1344.09 of 8 December 2008
(e) DoD Instruction 1015.10 of 6 May 2011
(f) SECNAVINST 1740.4
(g) SECNAVINST 5200.35F
(h) DoD 7000.14-R, Department of Defense Financial
Management Regulations, Volume 7A, Chapter 47, of
January 2018
(i) SECNAV M-5214.1
(j) Section 501(c)(23) of Internal Revenue Code

Encl: (1) Responsibilities
(2) Procedures for Approving Agents and Reporting
Violations
(3) Procedures for Life Insurance and Life Insurance
Allotments
(4) Sample DON Solicitation Authorization Letter
(5) Sample Report of Unauthorized Command Commercial
Solicitation
(6) Sample Memorandum for an Allotment Authorization
Letter for Insurance

1. Purpose. To update policies, procedures, and requirements governing personal commercial solicitation and insurance sales at Department of the Navy (DON) installations in accordance with references (a) through (j).

2. Cancellation. SECNAVINST 1740.2E.

3. Definitions. The definitions set forth in reference (a) are applicable to this instruction. In addition, the following definitions will apply:

a. Solicitation. Any contact aboard the installation, vessel, or squadron, including but not limited to meetings, meals or telecommunications, including electronic communications, for the purpose of seeking private business or trade.

b. Commander. A DON Service member that serves as the commanding officer or officer-in charge aboard an installation, vessel, or squadron.

4. Applicability

a. The policies and regulations of this instruction are designed to provide a uniform approach to the conduct of all personal commercial solicitations throughout the DON and to provide consumer protection standards to members of the DON military community.

b. This instruction applies to all naval installations; all DON vessels and vehicles of all types and sizes; all DON aircraft; any area owned, controlled, or occupied by DON for its personnel; commercial facilities authorized by the Navy/Marine Corps exchanges, and to all persons desiring to undertake personal commercial solicitation on an active duty or reserve DON installation in accordance with enclosures (1) through (3).

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

5. Policy. The following policies and requirements will apply to the matters under the scope of this instruction:

a. Commanders (or designated representative) will review all product documents, costs and fees, sales materials, literature, and all other items associated with the sale of the product prior to allowing the solicitation of any insurance or securities product aboard their command in accordance with enclosure (4). Commanders should consult with Personal Financial Management (PFM) staff while reviewing these products.

b. This instruction does not limit Commander's inherent authority to deny access to agents or to put time and place restrictions on commercial activities aboard their command. Nor does this instruction limit the Commander's authority to impose additional restrictions to the matters addressed herein. Commanders will refuse any agent command access to sell any product that is inappropriate for the needs of their command or that does not otherwise meet the requirements of this instruction, or references (a) or (b), and shall be reported in accordance with enclosure (5). Regarding the proposed sales of life insurance products, the Commander should consult with the state insurance commissioner exercising jurisdiction over his or her command.

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

d. DON strongly encourages every Sailor and Marine to obtain maximum Servicemembers' Group Life Insurance (SGLI) coverage, appropriate to the individual's situation. The DON does not endorse any commercial life insurance company or product. Sailors or Marines shall complete enclosure (6) if a discretionary allotment is utilized for life insurance other than SGLI.

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

7. Responsibilities. See enclosure (1).

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

a. Ensuring that the financial education standards established in references (a) and (c) are followed;

b. The primary providers of financial and consumer educational programs for military members will be PFM staff within the Fleet and Family Service Centers (FFSCs), and Marine and Family Services or Command Financial Specialists (CFSs) within the command. PFM counselors will be accredited, per reference (c). CFSs will be trained as required by their respective Service. The on-base financial institutions may be used to augment the installation PFM programs within the FFSC/Marine and Family Services. Other educational resources may be used, provided they meet requirements as a 501(c) non-profit organization and/or have an established Memorandum of Understanding with DoD or respective Service. The Navy Mutual Aid Association is approved to provide such programs aboard DON installations. In accordance with reference (c), when services from a non-governmental organization are utilized, PFM staff must monitor them throughout the duration of instruction.

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

d. Legal assistance attorneys and PFM staff will provide advice and guidance to military members and Staff Judge Advocates will provide advice and guidance to Commanders concerning reference (d). The advice and guidance provided must balance the protection of Service members against unfair collection practices and the requirement that Service members satisfy just debts.

e. Prospective educators must use disclaimers that state their participation in educational events does not imply or infer any type of official endorsement by DoD or DON. Further,

visual aids and handouts will not include corporate logos that may be viewed as attempts to solicit business.


9. Records Management

a. Records created as a result of this instruction, regardless of format or media, must be maintained and dispositioned according to the records disposition schedules found on the Directives and Records Management Division (DRMD) portal page:

<https://portal.secnav.navy.mil/orgs/DUSNM/DONAA/DRM/SitePages/Home.aspx>

b. For questions concerning the management of records related to this instruction or the records disposition schedules, please contact your local Records Manager or the DRMD program office.

10. Reports. The reporting requirement contained in enclosure (1), paragraph 2b and enclosure (2), paragraph 2b are exempt from information collection control, per reference (i), Part IV, paragraph 7n.


GREGORY J. SLAVONIC
Assistant Secretary of the Navy
(Manpower and Reserve Affairs)

Distribution:

Electronic only, via Department of the Navy Issuances Web site
<https://www.secnav.navy.mil/doni>

RESPONSIBILITIES

1. Assistant Secretary of the Navy (Manpower & Reserve Affairs) (ASN(M&RA)) will:

a. Maintain oversight of solicitation and the conduct of personal commercial affairs on any leased or controlled Navy or Marine Corps installation, building, facility, vessel, or vehicle in accordance with reference (a);

b. Serve as the lead representative on issues related to solicitation and the conduct of personal commercial affairs for the DON;

c. Receive, assess, and submit lists of all individuals and companies who have had their commercial solicitation privileges withdrawn at DON leased or controlled installations or commands to the Principal Deputy Under Secretary of Defense (Personnel and Readiness), per reference (a);

d. Report agents or companies who are in violation of this instruction or references (a) or (b) to the Office of the Principal Deputy Under Secretary of Defense (Personnel and Readiness).

2. The Chief of Naval Operations and the Commandant of the Marine Corps will:

a. Ensure Commanders are in compliance with this instruction;

b. Establish and use internal controls and accounting procedures mandated by reference (g) to ensure: effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations. Additionally, as part of the annual Manager's Internal Control Program report, the naval Services will provide ASN(M&RA) with copies of the sections of their reports that are relevant to this program. The reports will include summary descriptions of internal controls used, their sufficiency, and any identified weaknesses or deficiencies.

3. Installation, afloat and squadron commanding officers, and officers in charge:

- a. Will comply with this instruction;
- b. Will review all product documents, costs and fees, sales materials, literature, and all other items associated with the sale of the product prior to allowing the solicitation of any insurance or securities product aboard their command. Commanders should consult with PFM staff while reviewing these products (e.g. multi-level marketing products);
- c. Will report all violations of this instruction or references (a) or (b), within ten days of determining that agents or companies have violated said regulations, via enclosure (5). Reports will be submitted to ASN(M&RA) via the Commander's chain of command.
- d. Afloat and squadron commanding officers will also comply with supplemental instructions established by the Commander, Navy Installations Command when at a DON installation.

4. Agents

- a. Must comply with command registration procedures prior to conducting business aboard a command;
- b. Will not be permitted to distribute, or make available for distribution, literature or advertisement materials to any person other than the person being interviewed;
- c. May provide commercial sponsorship to DON Morale, Welfare, and Recreation programs, activities and events under the provisions of reference (e). However, sponsorship may not be used as a means for agents or other persons to obtain personal contact information for any participant at these programs, activities or events without written permission from the individual participant. Additionally, commercial sponsors may not use sponsorship to advertise products and/or services prohibited by reference (e) and this instruction and not specifically agreed to in the sponsorship agreement;
- d. Who have been denied permission to solicit aboard any DoD installation, or whose permission to solicit has been

SECNAVINST 1740.2F
18 Jun 2019

revoked, may not engage in any commercial solicitation on any DON command. In the event that permission to solicit has been reinstated by the authority which first revoked it, such action will likewise be effective for all DON commands.

PROCEDURES FOR APPROVING AGENTS AND REPORTING VIOLATIONS

1. Agent Approval

a. Commanders will follow the guidelines specified in reference (a), paragraph 6.1.

b. Approval to sell a product at a command must be communicated to the agent in writing. A sample letter is provided at enclosure (4). However, such approval cannot be communicated by an agent to any prospective purchaser. Approval by a Commander to sell a product does not equate to approval to sell that product aboard any other command.

c. A copy of the approval letter should be sent to those responsible for access to and security aboard the command.

2. Reporting Violations. If a Commander determines that denying or revoking an agent's access to the command is necessary, he or she is encouraged to consult with the Staff Judge Advocate and PFM staff within the FFSCs and Marine and Family Services. In addition, if the revocation or denial is a result of a violation of this instruction or references (a) or (b), the Commander will:

a. Report all violations within ten days of determining that agents or companies have violated said regulations. Reports will:

(1) Be made to the appropriate state or Federal regulatory agency; the Commander, Navy Installations Command via the Regional Commander, or, for Marine Corps installations, the Legal Assistance Branch of the Judge Advocate Division, Headquarters, U.S. Marine Corps; and to ASN(M&RA);

(2) Substantially comply with the format provided at enclosure (5), and will include the names, companies, addresses and other appropriate information relating to persons involved in, and a description of the actions which constitute a violation of any applicable regulation;

(3) Indicate whether any agent has been barred or otherwise limited in any manner from any DON command. If an agent is barred or denied access to the command, the Commander

SECNAVINST 1740.2F
18 Jun 2019

should communicate that in a letter to the agent as well. A copy of the denial letter should be sent to those responsible for access to and security aboard the command.

b. Upon receipt of the report, ASN(M&RA) will inform the Office of the Principal Deputy Under Secretary of Defense (Personnel and Readiness). Copies of such reports will also be forwarded to the President of the area Armed Forces Disciplinary Control Board for appropriate action.

PROCEDURES FOR LIFE INSURANCE AND LIFE INSURANCE ALLOTMENTS

1. Life Insurance

a. Commanders will presume that any life insurance product with any of the features described below is inappropriate for the needs of his or her command:

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

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

(3) Any life insurance product that does not meet the standards established in the National Association of Insurance Commissioners "Military Sales Practices Model Regulation" and any standards adopted by the state in which the command is located.

b. In the event that the Commander cannot determine whether the product meets these standards, the product will not be sold at the command.

2. Allotments. For all Service members in pay grade E-4 and below:

a. Only those discretionary allotments for life insurance that are accompanied by a memorandum (as provided in enclosure (6)), from the unit's CFS, FFSCs and Marine and Family Services PFM staff, installation PFM, or other person as designated by the regional Commander or Commander to provide financial counseling will be processed.

b. In order to obtain financial counseling, at least seven calendar days must elapse between the signing of a life insurance application and the certification of a military pay allotment for any supplemental commercial life insurance. This period should not run concurrent with the state's insurance department "Free Look Provision" period. Navy's Personnel

SECNAVINST 1740.2F
18 Jun 2019

Support Activity Detachments (PSD) and Marine Corps administrative chiefs, respectively, are responsible for ensuring this seven-day "cooling-off" period is monitored and enforced. The purchaser's commanding officer may grant a waiver of the seven day cooling-off period requirement for good cause, such as the purchaser's imminent deployment or permanent change of station.

SAMPLE DON SOLICITATION AUTHORIZATION LETTER

From: Commander, (Name of Command)

To: Agent's name, company, address, state license number

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

Ref: (a) DoD Instruction 1344.07 of 30 March 2006
(b) SECNAVINST 1740.2F

Encl: (1) (All products approved to be sold on installation)

1. In accordance with references (a) and (b), you are authorized to sell the products listed in the enclosure(s), and only those products, aboard this command.
2. You are bound by the requirements of the references, and by your signature below, you represent that you understand those rules, and will abide by them. Additionally, you acknowledge that you have been provided copies of both instructions.
3. This letter in no way expresses Department of the Navy, US Navy, or US Marine Corps endorsement of any product, agent, or company, and will not be used to infer such.
4. This authorization applies only to this command, and expires one year from the date hereon, whereupon you must reapply for command access to sell the products in question.
5. This letter does NOT confer a general privilege to solicit aboard the command, nor does it authorize any agent to engage in door-to-door sales, to teach insurance or finance "classes," or to address any mass audience. The agent is authorized only to solicit a prospective customer in a manner consistent with the references, only upon that prospective customer's invitation extended prior to the agent's entrance aboard the installation, and only at a time and place agreed to by the prospective customer prior to the agent's entrance aboard the command.

Agreed and Accept:

Commanding Officer

Agent Name
Company Address
Phone Number

SAMPLE REPORT OF UNAUTHORIZED COMMAND COMMERCIAL SOLICITATION

From: Commander, (Name of Command)
To: State Insurance Commission
Via: (1) Commander, Navy Installations Command (Navy only)
(2) Commandant of the Marine Corps, JAL (USMC only)
(3) Commander, Navy Region (Navy only)

Subj: REPORT OF UNAUTHORIZED COMMAND COMMERCIAL SOLICITATION

Ref: (a) SECNAVINST 1740.2F
(b) DoD Instruction 1344.07 of 30 March 2006

1. Per reference (a), the following violation(s) of references (a) and (b) occurred onboard this command.

Name and address of Company: _____

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

Description of Violation: _____

Action taken by Commander: _____

(Include actions of debarment of individuals)

(Repeat as necessary)

A copy of this letter and any supporting documents has been forwarded to the appropriate state and federal regulators.

**SAMPLE MEMORANDUM FOR AN ALLOTMENT AUTHORIZATION LETTER FOR
INSURANCE**

(Use Appropriate Letterhead)

MEMORANDUM FOR

SUBJECT: DISCRETIONARY INSURANCE ALLOTMENT

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

Individual named above was counseled in accordance with SECNAVINST 1740.2F, enclosure (3) on (date). Review included, but was not limited to the individual's insurance currently in force, dependent situation, provisions of existing benefits for survivors of military personnel and Servicemembers' Group Life Insurance (SGLI) provisions as covered in the DoD Financial Management Regulation, volume 7A chapter 47 (Servicemembers' Group Life Insurance (SGLI) Program). Individual was also advised of the following: (1) Department of the Navy does not favor, sponsor, or endorse any individual commercial life insurance company and that an allotment is merely a convenience afforded military personnel, (2) return in seven days if the insurance is still desired and an allotment letter needs to be processed, (3) if the new policy is intended to replace an existing policy that it may not be in their best interest and they should seek advice from the company which issued the existing policy (4) seek third party counseling, (5) seek guidance and advice from a legal assistance attorney before making a final decision to purchase, and (6) the right to terminate any policy purchased aboard a DON command within 90 days of delivery of the policy documents.

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

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

Individual Receiving Counseling

Authorized Military Authority
(Name/Grade/Unit)

Title

Date

Title

Date