

COMMONWEALTH OF VIRGINIA

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February 15, 2008

Administrative Letter 2008-03

REVISED 4-25-2017 & 7-21-2025*

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: [Title 14 of the Virginia Administrative Code](#).

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 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,



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Commissioner of Insurance

*On 4/25/2017 and
7-21-25, hyperlinks
in the document
were repaired.