

**DEPARTMENT OF THE ARMY  
HEADQUARTERS, 101ST AIRBORNE DIVISION (AIR ASSAULT) AND FORT CAMPBELL  
Fort Campbell, Kentucky 42223-5000  
31 July 1998**

Installations

**COMMERCIAL SOLICITATION ON FORT CAMPBELL**

The masculine pronouns used in this regulation refer to both genders.

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**Appendix A. STANDARDS OF FAIRNESS**

**Chapter 1  
GENERAL**

**1-1. PURPOSE.** This regulation --

- a. Prescribes general policy on the solicitation and sales of all goods, services, and commodities, including all types of insurance, on military installations. These are sold or solicited by dealers, tradesmen, and their agents.
- b. Prescribes procedures for suspension of solicitation privileges.
- c. Provides for counseling assistance on consumer credit transactions.
- d. Prescribes policies and procedures for investigative and enforcement actions.
- e. Permits representatives of credit unions, banks, and approved nonprofit associations to conduct national educational programs on --

(1) Insurance, estate planning, savings, and budgeting.

(2) The protection and remedies afforded consumers under the Truth-in-Lending Act.

**1-2. APPLICABILITY.**

a. This regulation applies to --

(1) All Department of the Army military and civilian personnel, including Army National Guard and Army Reserve personnel on active duty or annual training.

(2) Individuals seeking to conduct commercial solicitation on this installation, including controlled housing areas. They must also observe applicable laws of Tennessee and Kentucky.

b. The provisions of this regulation do not apply to --

(1) Commercial companies that furnish services to military installations (such as deliveries of milk, bread, and laundry) when they are authorized by the Garrison Commander.

(2) An individual who sells his own personal property (yard sales) or privately owned dwelling.

(3) Newspapers (sales and delivery), as this is considered an installation service.

(4) Agents of commercial enterprises making delivery or shipment of household goods and merchandise purchased or repaired off post to personnel assigned or stationed at this installation.

(5) Commercial or self-employed persons holding maintenance or service contracts; vendors or surveyors conducting business or supplying commodities, goods, or services to open messes;

\*This regulation supersedes CAM Reg 210-3, 3 August 1995.

commissary, post exchange and its concessions; bank; credit union; and other business establishments on this installation.

(6) Private organizations requesting permission to solicit at this installation. [These requests will be referred to the Director of Human Resources Business Center (HRBC) for action.]

(7) Family members residing on this installation who engage in personal services (e.g., sewing, baby-sitting, etc.) when such services are performed within Government quarters. Authorization to perform as child care provider in Government quarters must be obtained from the Family Child Care Office.

### 1-3. RELATED LAWS AND REGULATIONS.

- a. Truth-in-Lending Act (15 USC 1601).
- b. 18 USC 1001
- c. AR 15-6 (Procedure for Investigating Officers and Boards of Officers).
- d. AR 37-104-10 (Military Pay and Allowance Procedures).
- e. AR 60-10 (Army and Air Force Exchange Service Operating Policies).
- f. AR 190-5 (Motor Vehicle Traffic Supervision)
- g. AR 190-24 (Armed Forces Disciplinary Control Boards and Off-Installation Liaison and Operations).
- h. AR 210-7 (Commercial Solicitation on Army Installations).
- i. AR 335-15 (Management Information Control System).
- j. AR 340-21 (The Army Privacy Program).
- k. AR 608-1 (Army Community Service Program).
- l. 12 CFR 226 (Federal Reserve Regulation Z).
- m. 16 CFR 429 (Door-to-Door Sales).
- n. DOD 5500.7 (Joint Ethics Regulation).

### 1-4. EXPLANATION OF TERMS.

a. Agent. Anyone who solicits the ordering or purchasing of goods, services, or commodities in exchange for money. "Agent" includes an individual who receives remuneration as a salesperson for an insurer or whose remuneration is dependent on volume of sales or the making of sales.

b. Association. Any organization which has been established, whether or not the word "association" appears in the title, and which --

(1) Is composed of and exclusively soldiers of the Armed Forces of the United States (on active duty, in a Reserve status, in a retired status, or individuals who entered into these associations while on active duty) and their family members.

(2) 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 both.

c. Solicitation. The conduct of any private business, including the offering and sale of insurance on a military installation, whether initiated by the seller or the buyer. (Solicitation on installations is a privilege as distinguished from a right, and its control is a

responsibility vested in the Garrison Commander, subject to compliance with applicable regulations.)

d. Door-to-Door Solicitation. A sales method whereby an agent proceeds randomly or selectively from household to household without specific prior appointments or invitations. Door-to-door solicitation is not permitted on Army installations.

e. Specific Appointment. A prearranged appointment that has been agreed upon by both parties and is definite as to place, time, and product or service to be offered.

f. Insurer. Any company or association engaged in the business of selling insurance policies to Department of Defense (DOD) personnel.

g. Insurance Carrier. An insurance company issuing insurance through an association or reinsuring or consulting such insurance.

h. Insurance Policy. A policy or certificate of insurance issued by an insurer or evidence of insurance coverage issued by a self-insured association.

i. DOD Personnel. Unless stated otherwise, such personnel means all active duty officer and enlisted members and civilian employees of the Armed Forces. This includes Government employees of all the offices, agencies, and departments carrying on functions on a Defense installation, including nonappropriated fund instrumentalities.

## Chapter 2 BASIC POLICY

**2-1. SOLICITATION.** The Garrison Commander permits solicitation and transaction of commercial business on this installation. These transactions must conform to installation regulations and must not interfere with military activities. No person may enter this installation and transact commercial business as a matter of right.

**2-2. RESTRICTIONS.** To maintain discipline, protect property, and safeguard the health, morale, and welfare of his personnel, the Garrison Commander has imposed reasonable restrictions on the character and conduct of commercial activities. Members of the Armed Forces must not be subject to fraudulent, usurious, or unethical business practices. Reasonable and consistent standards must be applied to each company and its agents in their conduct of commercial transactions on this installation.

**2-3. LICENSING REQUIREMENTS.** To transact personal commercial business on this installation, individuals must present, on demand, to the Commercial Affairs Officer, documentary evidence that the company and its agents meet the licensing requirements of Tennessee and Kentucky. They must also meet any other applicable regulatory requirements imposed by civilian authorities (Federal, state, county, or municipality).

### 2-4. AUTHORIZATION TO SOLICIT.

a. Solicitation must be authorized by the Commercial Affairs Officer. A specific appointment must be made with the individual and must be conducted in family quarters, or in the camp of those living in company barracks, areas designated by the major unit commander. Before issuing a permit to solicit, the Commercial Affairs Officer will require and review a statement of past employment. The Commercial Affairs Officer will also determine, if practicable, whether the agent is employed by a reputable firm.

b. This headquarters will issue temporary permits not to exceed one year to qualified/licensed agents of commercial companies to sell their products by appointment only on this installation.

Withdrawal or suspension of this privilege can be affected by the Garrison Commander at any time he deems it necessary. Further, authority is delegated to the Commercial Affairs Officer to suspend solicitation privileges for a period not to exceed 30 days while an investigation of alleged violations is being conducted.

c. The commander may authorize solicitation privileges even though the merchandise or services sold by these companies are similar to that available through the post exchange. However, requests for such types of solicitation privileges will be coordinated with local AAFES representatives (IAW AR 60-10, para 3-3).

**2-5. OTHER TRANSACTIONS.** Commercial transactions with other than individuals (such as nonappropriated fund activities) are restricted to the office of the custodian of the specific activity, business will be conducted during normal duty hours.

**2-6. GRANTING SOLICITATION PRIVILEGES.** Particular caution must be taken when granting solicitation permission. The impression that permission is official endorsement or that the Department of the Army favors, sponsors, or recommends the companies, agents, or the policies offered for sale must not be conveyed. As continuing policy, the Department of the Army does not endorse any seller or product.

**2-7. PROCEDURES FOR COMMERCIAL AGENTS.** Applications must be submitted by letter from the home office of the company represented. The letter will be addressed to the Installation Business Office (IBO), ATTN: AFZB-IB-IP, Fort Campbell, Kentucky 42223-5629. The agent will complete FC Form 1403 (Agents and Solicitors Personal History Statement) and return it to the IBO. The agent will also supply a catalog to show what products or services will be offered for sale along with a price list. Instructions for life insurance agents are in chapter 3. The following information must also be included:

- a. That the company is licensed to do business in its home state and Kentucky and Tennessee or that such licensing is not required.
- b. That the agent is properly licensed to conduct business in Kentucky and Tennessee. The letter must also state if the agent is required to obtain his own sales tax licenses.
- c. The name and address of the agent that the company desires to sell its product on this installation.
- d. That the company assumes full responsibility for the actions of its agents or that the agents are independent and will be responsible for their own actions.
- e. That the company has not had their solicitation privileges suspended by any military installation.
- f. That the company and the agent will abide by the Standards of Fairness Act (shown at appendix A).

**2-8. RENEWALS.** All permits issued expire one year from date of issue. Renewal consists of a new letter from the company represented as described in paragraph 2-7. Individuals may renew their permit 30 days from expiration in order to have their solicitation privileges uninterrupted. Anyone who does not do so will be placed in the inactive file and their name will be removed from the list of authorized solicitors.

**2-9. VEHICLE REGISTRATION.** Individuals whose vehicle is not currently registered at this installation may do so by presenting their solicitation permit, vehicle registration, driver's license, proof of insurance, and a completed FC Form 104-E (Temporary Vehicle Registration) to the Vehicle Registration Office (near Gate 4). Individuals who register their vehicle will be allowed to enter this installation without having to obtain a visitor's pass.

## **2-10. SUPERVISION OF ON-POST COMMERCIAL ACTIVITIES.**

### a. General.

(1) The Garrison Commander will ensure that all agents are given equal opportunity for interviews, by appointment, at the designated areas.

(2) DOD personnel will not act in any official or business capacity, either directly or indirectly, as liaison with agents to arrange appointments.

(3) Home addresses of members of the command or unit will not be given to commercial enterprises or individuals engaged in commercial solicitation, except when required by AR 340-21. The written consent of the individual must be obtained first.

(4) Supervision and control of all functions concerning commercial solicitation on this post have been delegated to the IBO, who has designated a Commercial Affairs Officer to transact and coordinate all matters pertaining to the sale or purchase of goods, services, and commodities.

(5) A list of commercial companies and their agents authorized to transact business sales at this installation will be published periodically in the Screaming Eagle Bulletin and the Fort Campbell Courier.

(6) The use of facilities such as message centers, unit mail rooms, unit day rooms, or bulletin boards is not authorized for the distribution or display of commercial advertising. All advertising material will be restricted to the Screaming Eagles Welcome Center and must be approved by the Commercial Affairs Officer prior to placement. All advertising must include a statement that the product or service will be made available without regard to race, creed, sex, age, religion, or national origin.

(7) Commanders of all echelons down to and including separate battalions and organizations or activities of comparable size and responsibility will--

(a) Appoint an officer as the unit personal commercial affairs officer. The appointed officer will perform the counseling required by paragraph 3-9. In addition, the unit personal commercial affairs officer will assist the Commercial Affairs Officer in supervising and controlling commercial solicitation matters within his unit.

(b) Provide a suitable place within the unit area where authorized agents who have appointments with enlisted members for the sale of goods, services, and commodities may interview the prospective purchasers. These interviews may be conducted between 1600 and 2000 provided they do not interfere with unit operations or infringe on recreational activities of enlisted personnel, barracks (sleeping areas), dining facilities, and training areas. Other areas and facilities where soldiers congregate are off limits to all agents.

(c) Ensure that the commercial agent does business only with the individual who requested the appointment.

(d) Ensure that no agent is given a letter of permission to solicit in a unit or organization and that all approved agents are given equal treatment.

(e) Enforce the provisions of this regulation and establish effective measures to exclude unauthorized agents from troop areas under their control.

(f) Ensure that all unit personnel are aware they may not accept from a solicitor a financial benefit or other valuable or desirable favors intended to help encourage sales transactions. This does not include advertising material for prospective purchasers (such as pens, pencils, wallets, and notebooks normally with a

value of \$1 or less). Ensure that no agent is permitted to donate any item or funds to be used either for the unit or for individual gain.

b. Hours and Location for Solicitation.

(1) Military personnel and their family members will be solicited individually and by specific appointment, Military personnel living in the barracks will be solicited between 1600 and 2000 on duty days and at their convenience on nonduty days, Appointments will not interfere with any military duty. Family members and soldiers living in quarters on post may make appointments at their convenience. Door-to-door solicitation, including solicitation by personnel whose ultimate purpose is to obtain sales (e.g., soliciting future appointments), is prohibited. Solicitors may contact prospective clients initially by methods such as advertising, direct mail, and telephone.

(2) Major unit commanders will provide a suitable place within the unit area where authorized agents who have appointments with enlisted members may interview prospective purchasers.

c. Regulations to be Read by Solicitors. Each agent requesting solicitation privileges will be provided a copy of this regulation for their own use. AR 210-7 will be available by request. Each agent seeking a permit must acknowledge, in writing, that he has read the regulations, understands them, and further understands that any violation or noncompliance may result in suspension of the solicitation privileges for himself, his employer, or both. This statement is printed on the Agents and Solicitors Personal History Statement.

d. Forbidden Solicitation Practices. The Garrison Commander prohibits the following:

(1) Solicitation during enlistment or induction processing or during basic combat training, and within the first half of the one station unit training cycle.

(2) Solicitation of "mass" group or "captive" audiences.

(3) Making appointments with or soliciting of DOD personnel who are in an "on-duty" status.

(4) Soliciting without an appointment in areas used for housing or processing transient personnel, or soliciting in barracks areas used as quarters.

(5) Use of official identification cards by retired or Reserve members of the Armed Forces to gain access to military installations to solicit.

(6) Offering of false, unfair, improper, or deceptive inducements to purchase or trade.

(7) Offering rebates to promote transactions or to eliminate competition, (Credit Union interest refunds to borrowers are not considered a prohibited rebate.)

(8) Use of any manipulative, deceptive, or fraudulent device, scheme, or artifice, including misleading advertising and sales literature.

(9) Any oral or written representations that suggest or appear that the Department of the Army sponsors or endorses the company or its agents, or the goods, services, and commodities offered for sale.

(10) Commercial solicitation by an active duty member of the Armed Forces of another member who is junior in rank or grade at any time on or off the military installation.

(11) Entry into any unauthorized or restricted area.

(12) Assignment of desk space for interviews, except for specific, prearranged appointments. During appointments, the agent must not display desk or other signs announcing the name of the company or product affiliation.

(13) Use of the Screaming Eagle Bulletin or any other notice, official or unofficial, announcing the presence of an agent and his availability.

(14) Distribution of literature other than to the person being interviewed.

(15) Wearing of name tags that include the name of the company or product that the agent represents.

(16) Offering of financial benefit or other valuable or desirable favors to military or civilian personnel to help or encourage sales transactions. This does not include advertising material for prospective purchasers (such as pens, pencils, wallets, and notebooks, normally with a value of \$1 or less).

(17) Use of any portion of installation facilities, to include quarters, as a showroom or store for the sale of goods or services, except as specifically authorized by regulations governing the operations of exchanges, commissaries, nonappropriated fund instrumentalities, and private organizations, This is not intended to preclude normal home enterprises, providing there is compliance with state and local laws.

(18) Advertisements citing 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.

e. Business Reply System. Agents who desire to use a business reply card system will include the information on the card which a military member can complete to indicate where and when the member can meet the agent to discuss the subject. The meeting place should be that established in accordance with 2-10b(2), if the meeting is to be on the installation. This procedure should assist in removing any impression that the agent or his company is approved by the Department of the Army. It should further prevent an undesirable situation (e.g., military personnel paged on a public address system or called by a unit runner to report to the orderly room).

**2-11. PRODUCTS AND SERVICES OFFERED IN SOLICITATION.**

Products and services, including life insurance, offered and sold on this installation must comply with the laws of Kentucky and Tennessee. If a dispute or complaint arises, the applicable state will make the determination (IAW para 2-4). Any company desiring to sell military uniform items on the installation must provide proof of certification of their product by Natick Research Laboratories.

**2-12. ADVERTISING RULES AND EDUCATIONAL PROGRAMS.**

a. The Department of the Army expects that commercial enterprises soliciting military personnel through advertisements appearing in unofficial military publications will voluntarily observe the highest business ethics in describing both the goods, services, and commodities and the terms of the sale (such as guarantees and warranties). If not, the publisher of the military publication will request the advertiser to observe them. The advertising of credit will conform to the provisions of the Truth-in-Lending Act, as implemented by Regulation Z, published by the Federal Reserve Board (12 Code of Federal Regulations 226).

b. Commanders will provide appropriate information and education programs to provide members of the Army with information pertaining to the conduct of their personal commercial affairs (e.g., the protection and remedies offered consumers under the Truth-in-Lending Act, insurance, Government benefits, savings, estate planning, and budgeting). The services of representatives of

credit unions, banks, and those nonprofit military associations (provided such associations are not underwritten by a commercial insurance company) approved by Headquarters, Department of the Army (HQDA) may be used for this purpose. Under no circumstance will the service of commercial agents, including loan, finance, insurance, or investment companies, be used for this purpose. Educational materials prepared or presented by outside organizations expert in this field may be adapted or used provided such material is approved by HQDA. Presentations by those approved organizations will only be conducted at the express request of the Garrison Commander concerned.

c. When available resources permit, commanders will make qualified personnel and facilities available for individual counseling on loans, contracts, and consumer transactions to-

- (1) Encourage thrift and financial responsibility.
- (2) Promote the wise use of credit.
- (3) Encourage the soldier to resist the temptation to buy beyond his means (IAW AR 608-1).

d. Individual military members will be encouraged to seek advice from a legal assistance officer or from his own lawyer before making substantial loan or credit commitments.

e. Commanders will provide advice and guidance to military personnel who have a complaint under the Truth-in-Lending Act or who allege a criminal violation of its provisions, including referral to the appropriate regulatory agency for processing of the complaint.

**2-13. CORRESPONDENCE COURSES.** Although the commercial correspondence course is a long-established, officially recognized, and useful form of education, occasionally a potential problem may exist because of sales personnel who follow unscrupulous or unethical practices.

a. General Policy.

(1) The Commercial Affairs Officer may request the Education Division to help coordinate all requests for on-post solicitation for sale of correspondence programs.

(2) Education officers and solicitation control officers must not appear to endorse any particular commercial activity.

(3) On-post solicitation will not be in the education center. The center will not be used for meeting, counseling, or soliciting enrollments in private correspondence programs.

(4) Any discussions or correspondence with organizations selling these courses will not include information which assesses the sales potential of the military population or its educational needs.

(5) Catalogs or bulletins that are provided by private correspondence schools may be maintained and displayed in education centers if--

(a) The school is approved for Veterans Administration education benefits.

(b) Interested persons are made aware that the Army does not endorse any particular school.

(c) A statement that the correspondence course is available without regard to race, creed, sex, age, religion, or national origin is included in the literature.

b. Responsibility of the Education Officer. When a soldier requests the processing of Veterans Administration forms for the

use of G.I. Bill educational benefits in correspondence programs, the education officer, or his representative, must certify on the forms that the soldier has been adequately counseled. The counselor will determine the individual's aptitude for the course. Additionally, he will determine the difference in cost between the commercial course and similar courses available at or through the education center.

c. Responsibility of the Commercial Affairs Officer. The Commercial Affairs Officer will forward his recommendation to the Garrison Commander who will make the decision to grant or deny solicitation privileges for selling correspondence courses. That decision will be based on the recommendation of the education officer and other requirements in this regulation.

**2-14. "COOLING OFF" PERIOD FOR SALES.** Federal Trade Commission Rule (16 CFR 429) pertains to a cooling off period for door-to-door sales. The rule applies to any sale, lease, or rental of consumer goods or services with a purchase price of \$25 or more, whether under single or multiple contracts, in which the seller or business representative personally solicits the sale, including those in response to or following an invitation by the buyer, and the buyer's agreement or offer to purchase is made at a place other than the place of business of the seller. The purpose of the law is to allow the consumer the right to cancel a transaction at any time prior to midnight of the third business day after the date of the transaction. When any sale or transaction takes place anywhere, on or off the installation (other than the seller's place of business), the consumer must be provided with a full and complete receipt or copy of a contract pertaining to the sale at the time of its execution which contains the "cancellation statements" as required by the Federal Trade Commission rule.

## Chapter 3 INSURANCE

**3-1. SOUND INSURANCE UNDERWRITING AND PROGRAMMING.** The Department of the Army encourages the acquisition of a sound insurance program that is suitably underwritten to meet the varying needs of the individual and within his financial means. Accordingly, insurance agents may conduct personal business on an installation, when feasible, with disinterested third-party counseling provided, interviewing hours set aside, and facilities supplied. However, the privilege of insurance solicitation on installations is conditioned on full compliance with this regulation and a clear understanding that permission is not endorsement of the company or the policies offered for sale. The number of agents authorized to represent any one insurance or securities company will not exceed five.

### 3-2. COMMAND SUPERVISION.

a. All insurance business conducted on this installation will be by appointment. When setting up the appointment, insurance agents must identify themselves to the prospective purchaser as an agent for a specific insurance company.

b. DOD personnel are expressly prohibited from representing any insurance company or dealing either 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 with or without compensation.

c. In addition to the forbidden practices listed in paragraph 2-10d, the Garrison Commander prohibits the following:

(1) The use of a commercial insurance agent as a participant in any military sponsored education or orientation program.

(2) The designation or announcement of any agent as "Battalion Insurance Advisor," "Unit Insurance Counselor," "SGLI Conversion Consultant," or similar quasi-official titles.

### 3-3. ACTIONS REQUIRED BY AGENTS.

a. Agents must know that soldiers living in the barracks may be solicited between 1600 and 2000 provided it does not interfere with unit operations or infringe on recreational activities of enlisted personnel, barracks (sleeping areas), dining facilities, and training areas. Interviews will be conducted in areas designated by the major unit commander.

b. Agents must leave information on the policy applied for with each member at the rank of PVT through SPC who apply for insurance and the unit personal commercial affairs officers. Agents must complete DA Form 2056 (Commercial Insurance Solicitation Record) or a similar form developed by their commercial company which includes the identical information. Blank DA Forms 2056 (not allotment forms) will be available to insurance agents on request to the Commercial Affairs Officer. In the "Remarks" section of DA Form 2056, agents will include all pertinent information and a clear statement that dividends are not guaranteed if the presentation refers to dividends.

**3-4. LIFE INSURANCE POLICY CONTENT.** Insurance policies offered and sold on this installation must --

a. Comply with the insurance laws of Kentucky and Tennessee. The applicable state insurance commissioner will determine such compliance if there is a dispute or complaint.

b. Contain no restrictions because of military service or military occupational specialty of the insured, unless restrictions are clearly indicated on the face of the policy.

c. Plainly indicate any extra premium charges imposed because of military service or military occupational specialty.

d. Not vary in the amount of death benefit or premium based on the length of time the policy has been in force, unless it is clearly described therein.

e. For purposes of paragraphs 3-4b through d, be stamped with an appropriate reference on the face of the policy to focus attention on any extra premium charges imposed and on any variations in the amount of death benefit or premium based on the length of time the policy has been in force.

f. Variable life Insurance policies may be offered provided they meet the criteria of the appropriate Insurance regulatory agency and the Securities and Exchange Commission.

g. Show only the actual premium payable for life insurance coverage.

**3-5. MINIMUM REQUIREMENTS FOR AGENTS.** Agents may be authorized to solicit on this installation provided --

a. Both the company and its agents are licensed in Kentucky and Tennessee.

b. The application to solicit is made by an accredited company (IAW para 3-6).

**3-6. APPLICATION BY COMPANIES TO SOLICIT ON FORT CAMPBELL.** Before a company may be accredited to solicit on Fort Campbell, the Commercial Affairs Officer must receive a letter of application, signed by the company's president or vice president. Letters should be addressed to the IBO. Each agent must complete the Agents and Solicitors Personal History Statement. A knowing

and willful false statement is punishable by fine or imprisonment (18 USC 1001). The letter of application will--

a. Report the states in which the company is qualified and licensed to sell insurance.

b. Give the name, complete address, and telephone number of each agent who will solicit on the installation if approval is granted; the states in which licensed; the date of licensing and the expiration date or that the license is perpetual; and a statement of agreement to report all future additions and separations of agents employed for solicitation on the installation. Securities firms must also provide a copy of the latest renewal roster showing the names of the agents who are requesting solicitation privileges and that their securities licensing has been renewed.

c. List all policies and their form numbers that are to be offered for purchase on the installation.

d. Assure that only the policies listed on the application will be offered for purchase and that these policies meet the requirement of paragraph 3-4.

e. Attest that --

(1) The privilege of soliciting the purchase of life insurance is not currently suspended or withdrawn from the company by any military installation.

(2) The privilege of soliciting the purchase of life insurance is not currently suspended or withdrawn by any Armed Forces installations from any of the agents named.

(3) The company and the agents named have proper and currently validated licenses as required by paragraph 3-5.

(4) The company assumes full responsibility for its agents complying with AR 210-7 and this regulation.

**3-7. ASSOCIATIONS-GENERAL.** The recent growth of quasi-military associations offering various insurance plans to military personnel is recognized. Some associations are not organized within the supervision of insurance laws of with the Federal or state government. While some are organized for profit, others function as nonprofit associations under Internal Revenue Service regulations. Regardless of how insurance plans are offered to members, the management of the association is responsible for assuring that all aspects of its insurance programs comply fully with the instructions of this regulation.

### 3-8. USE OF THE ALLOTMENT OF PAY SYSTEM.

a. Allotments of military pay will be made in accordance with AR 37-104, paragraph 42-12. Allotments will not be made to an insurer for the purchase of a commingled sale (e.g., retirement plans, securities).

b. Under no circumstances will agents have allotment forms in their possession or attempt to assist or coordinate the administrative processing of such forms.

c. For personnel at the rank PVT through SPC, at least seven days should elapse between the signing of a life insurance application or contract and the certification of an allotment. 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.

### 3-9. COUNSELING.

a. Commanders are responsible for counseling of personnel under their command. Preferably, an officer will conduct the coun-

seling, making certain that soldiers at the rank of PVT through SPC fully understand the business transaction into which they are entering. Personnel designated to counsel, however, are not expected to be technical experts in the field of life insurance. Counseling should be made available for all personnel.

b. Commanders of all echelons, down to and including separate battalions, and organizations or activities of comparable size and responsibility will designate individuals to serve as unit personal commercial affairs officers.

c. The following are minimum requirements for counseling:

(1) Ensure that the member fully understands that he is entering a business transaction normally intended to cover a long time and usually involving a considerable amount of money.

(2) Obtain a copy of DA Form 2056 or equivalent and ensure the member understands that, while his life will be insured after his policy becomes effective, if he allows the policy to lapse, he will not recover more than the cash value at the time the policy lapsed. Be certain the member understands the cash value available to him at the stated intervals, if any. Particularly emphasize the relation between the cash values and the premiums paid during the early policy years.

(3) Impress on the member that the Army does not favor or recommend any particular agent or company, but that the privilege of solicitation is extended to agents in good standing.

(4) Impress on the member that --

(a) The allotment system is a convenience.

(b) Its use is permitted only to provide him with a ready means of guaranteeing that the insurance protection provided for his family will continue under adverse circumstances because of military service.

(c) It does not mean the Army recommends the insurance policy, the agent, or the company.

(d) His purchase of insurance is purely a personal transaction between the member and the insurance company.

(5) Be sure that the member is fully aware of any restrictions or limitations in the policy, such as those described in paragraphs 3-4b through d.

(6) Use DA Form 2056 in counseling personnel at the rank of PVT through SPC who purchase insurance on or off post and who desire to make premium payments by allotment. The dependency situation indicated in section 11 of DA Form 2056 should be reviewed, and the benefits which are available to the survivors of military personnel should be explained (IAW AR 608-2).

d. After the counseling, the member will be instructed to see the counselor again at least seven days from the date that he submits DA Form 2056. If the member returns and still desires the insurance, the counselor will sign and file DA Form 2056 in the battalion/separate company level file. DA Form 1341 (JUMPS-Army Allotment Authorization) will be prepared and sent to the disbursing officer. If a soldier at the rank PVT through SPC requests an allotment for life insurance purchased and in force for six months or more, or purchased before entering active duty, the seven-day waiting period will not apply. For personnel in the ranks SGT or above, there is no mandatory waiting period.

### 3-10. MOTOR VEHICLE LIABILITY INSURANCE COUNSELING.

a. All commanders are responsible for counseling personnel under their command on the purchase of motor vehicle liability insurance. Periodically, they will publish information on driver re-

sponsibility under state and local laws. It should be thoroughly explained that --

(1) To satisfy judgements against an individual growing out of an automobile accident could possibly require the major portion of personal earnings for many years.

(2) Failure to provide means to settle damage claims for which found to be legally responsible reflects discredit on the Department of the Army.

b. The counselor will-

(1) Stress the importance of a safe driving record.

(2) Inform members that some insurers, and the assigned risk plans of many of the states, offer coverage with substantial savings in premiums to individuals who have removed themselves from extra risk classifications requiring premium surcharges by --

(a) Successfully completing driver training courses.

(b) Maintaining accident-free records that can be authenticated.

### 3-11. COOPERATION WITH STATE AND LOCAL AUTHORITIES.

a. Commanders will cooperate with state and local officials responsible for administering state and local laws and regulations on the insurance and operation of motor vehicles by requiring that --

(1) Personnel assigned to process motor vehicle liability insurance matters receive training and instruction in the requirements of this regulation.

(2) All correspondence and applications for accreditation and permission to solicit are promptly and courteously acted upon.

(3) The State Insurance Commissioner be advised of the names or office and telephone number and address of the element of each installation staff member responsible for insurance matters.

b. Cooperation will be extended to school officials, automobile associations, Armed Forces-State Traffic Safety Workshop Program, commercial private driver training course operators, and civic groups concerned with public highway safety.

c. Assistance in obtaining assigned risk insurance will be given to personnel, particularly young motor vehicle operators, who are otherwise unable to obtain automobile Insurance coverage. The commander will ensure the maintenance of good relations and liaison with state officials responsible for administering "assigned risk plans" and financial responsibility laws.

3-12. DRIVER TRAINING PROGRAMS. The Garrison Commander is responsible for administering an effective driver training program to the extent of personnel and budgeting limitations. All commanders will make defensive driver, driver improvement, and remedial driver training available, with mandatory attendance for problem drivers (IAW AR 190-5).

3-13. MINIMUM REQUIREMENTS FOR AUTOMOBILE INSURANCE POLICIES. Policies sold on installations by both accepted and accredited insurers will meet all statutory and regulatory requirements of Kentucky or Tennessee. Policies will not be issued in amounts lower than the minimum limits prescribed by these authorities. In addition, policies will --

a. Clearly identify the name of the insurer and the full address.

(1) Applications without the name and address of the insurer underwriting the insurance may not be used; the names of sales or underwriting agents alone are not sufficient.

(2) Post office box addresses are not an acceptable address.

b. Provide bodily injury and property damage liability coverage for all drivers authorized by the named insured to operate the vehicle. Military endorsements, excluding persons other than the named insured, whether in the military or not, are not acceptable.

c. Not contain unusual limitations or restrictions, including, but not limited to, the following:

(1) Limitations specifying the coverage is afforded only when the insured vehicle is operated in the designated geographic areas in the United States (e.g., coverage applicable only on a military reservation). If the installation is located within the United States, the standard provision limiting coverage to the United States and Canada is acceptable.

(2) Coverage limited to exclude liability for bodily injury to passengers and guests, if such a liability exists as a matter of law.

## **Chapter 4 SUSPENSION OR DENIAL OF SOLICITATION PRIVILEGES**

**4-1. GROUNDS FOR DENIAL OR SUSPENSION OF PRIVILEGES.** The Garrison Commander will deny or revoke permission of a company and its agents to conduct commercial activities on the installation if it is in the best interest of the command. Upon instances of denial, a letter will be forwarded to the applicant explaining the reason for such action and a copy of the letter forwarded to HQDA. The grounds for taking these actions will include, but will not be limited to, the following:

a. Failure of a company to meet licensing and other regulatory requirements prescribed in paragraph 2-3.

b. An agent or representative engaged in any act of the solicitation practices prohibited by this regulation.

c. Substantiated adverse complaints or reports about the quality of the goods, services, or commodities and the manner in which they are offered for sale.

d. Personal misconduct by agents or representatives while on the military installation.

e. The possession of or any attempt to obtain allotment forms, or to assist or coordinate the administrative processing of such forms.

f. Knowing and willful violation of the Truth-in-Lending Act or Federal Reserve Regulation Z

g. Failure to incorporate and abide by the Standards of Fairness policies included in appendix A.

h. A history of two or more suspensions of an agent and/or company.

i. Continued solicitation when already under suspension.

j. False information furnished on an application.

**4-2. FACTORS IN SUSPENDING SOLICITATION PRIVILEGES.** In suspending privileges for cause, the Garrison Commander will determine whether to limit suspension to the agent alone or to ex-

tend it to the company he represents. This decision will be based on the circumstances of the particular case. Included are --

a. The nature of the violations and their frequencies.

b. The extent to which other agents of the company have engaged in these practices.

c. Previous warnings or suspensions.

d. Other matters that show the company's guilt or failure to take reasonable corrective or remedial action.

**4-3. PRELIMINARY INVESTIGATION.** When unauthorized solicitation practices have apparently occurred, an investigating officer will be appointed (IAW AR 15-6). The investigating officer will gather sworn statements from all interested parties who have any knowledge of the alleged violations.

**4-4. SUSPENSION APPROVAL.** The Garrison Commander will personally approve all cases in which solicitation privileges are denied or suspended for cause and will make the final determination. This includes agents, companies, or other commercial enterprises. Authority to temporarily suspend solicitation privileges for 30 days or less while an investigation is conducted has been delegated by the Garrison Commander to the Commercial Affairs Officer. Exception to this time frame must be approved by HQDA.

**4-5. "SHOW-CAUSE" HEARING.** During the temporary suspension period, or prior to the Garrison Commander's final determination when temporary suspension is not employed, a hearing will be conducted to provide an opportunity for the agent and/or company to show cause why the suspension should not be made final for a definite period of time. "Show cause" is an opportunity for the agent, company, or both to present facts informally on their behalf. The company and agent will be notified, by letter, in advance of the pending hearing. If unable to notify them directly or indirectly, the hearing may proceed.

### **4-6. SUSPENSION ACTION.**

a. When suspended for cause, immediately notify the company and the agent, in writing, of the reason. When the Garrison Commander determines that suspension should be extended throughout the Department of the Army (whether for the agent or his company), send the case to HQDA. Provide all factors on which the Garrison Commander based his decision concerning the agent or company (exempt report, AR 335-15, para 7-20). This notification should include --

(1) Copies of the "show cause" hearing record or summary.

(2) The installation regulations or extract.

(3) The investigation report with sworn statements by all personnel affected by or having knowledge of the violations.

(4) The statement signed by the agent as required in paragraph 2-10c.

(5) Notification letters sent to the company and the agent advising of suspension of installation solicitation privileges.

(6) The agent failed to respond to notification of the hearing, a copy of the letters sent to him, and the company offering them the opportunity to be heard.

b. If the grounds for suspension bear significantly on the eligibility of the agent or company to hold a state license or to most other regulatory requirements, notify the appropriate state or local civil authorities.

**4-7. SUSPENSION PERIOD.** All solicitation privileges suspended by the Garrison Commander will be for a specific time. Normally, it will not exceed two years. Request for suspension period in excess of two years will be sent with the complete case to HQDA for approval. Lesser suspensions may be imposed pending decision. When the final suspension period expires, the agent may reapply for permission to solicit at the installation authorizing the denial or suspension. If suspension was extended Army-wide by HQDA, applications of agents and companies for permission to again solicit on any Army installation must be made to HQDA prior to applying for such privileges at an individual installation.

**4-8. AGENTS OR COMPANIES WITH SUSPENDED SOLICITATION PRIVILEGES.** Quarterly, HQDA will publish the names of agents and companies whose solicitation privileges have been suspended throughout the Department of the Army. If no change has occurred in the last quarter, no list will be published. Periodically, HQDA will publish the names of agents and companies whose solicitation privileges have been suspended on each installation, for information purposes for commanders. The Garrison Commander will furnish HQDA names of agents and companies when solicitation privileges are suspended, at the time of suspension.

**4-9. EXERCISE OF "OFF LIMITS" AUTHORITY.**

a. In appropriate cases, the Garrison Commander may have the Armed Forces Disciplinary Control Board investigate reports that cash or consumer credit transactions offered military personnel by a business establishment off post are usurious, fraudulent, misleading, or deceptive. If it is found that the commercial establishment engages in such practices, that it has not taken corrective action on being duly notified, and that the health, morale, and welfare of military personnel would be served, the Armed Forces Disciplinary Control Board may recommend that the offending business establishment be declared "off limits" to all military personnel. The procedures for making these determinations are in AR 190-24.

b. On finding that a company transacting cash or consumer credit business with members of the Armed Forces, nationwide or internationally, is engaged in widespread usurious, fraudulent, or deceptive practices, the Secretary of the Army may direct Armed Forces Disciplinary Control Boards in all geographical areas where this occurred to investigate the charges and take appropriate action.

**Appendix A  
STANDARD OF FAIRNESS**

A-1. No finance charge contracted for, made, or received under any contract shall be in excess of the charge which could be made for such contract under the law of the place in which the contract is signed. In the United States by the soldier. In the event a contract is signed with a United States company in a foreign country, the lowest interest rate of the state or states in which the company is chartered or does business shall apply.

A-2. No contract or loan agreement shall provide for an attorney's fee in the event of default unless suit is filed in which event the fee provided in the contract shall not exceed 20 percent of the obligation found due. No attorney's fee shall be authorized if he is a salaried employee of the holder.

A-3. In loan transactions, defenses which the debtor may have against the original lender or its agent shall be good against any subsequent holder of the obligation. In credit transactions, defenses against the seller or its agent shall be good against any subsequent holder of the obligation provided that the holder had actual knowledge of the defense or under condition where reasonable inquiry would have apprised him of this fact.

A-4. The debtor shall have the right to remove any security for the obligation beyond state or national boundaries if he or his family moves beyond such boundaries under military orders and notifies the creditor, in advance of the removal, of the new address where the security will be located. Removal of the security shall not accelerate payment of the obligation.

A-5. No late charge shall be made in excess of five percent of the late payment, or five dollars, whichever is the lesser amount. Only one late charge may be made for any tardy installment. Late charges will not be levied where an allotment has been timely filed, but payment of the allotment has been delayed.

A-6. The obligation may be paid in full at any time or through accelerated payments of any amount. There shall be no penalty for prepayment and in the event of prepayment that portion of the finance charges which have insured to the benefit of the seller or creditor shall be prorated on the basis of the charges which would have been ratably payable had finance charges been calculated and payable as equal periodic payments over the terms of the contract and only the prorated amount to the date of prepayment shall be due. As an alternative, the "rule of 78" may be applied, in which case its operation shall be explained in the contract.

A-7. No charge shall be made for an insurance premium or for finance charges for such premium unless satisfactory evidence of a policy, or insurance certificate where state insurance laws or regulations permit such certificates to be issued in lieu of a policy, reflecting such coverage has been delivered to the debtor within 30 days after the specified date of delivery of the item purchased or the signing of a cash loan agreement.

A-8. If the loan or contract agreement provides for payments in installments, each payment, other than the down payment, shall be in equal or substantially equal amounts, and installments shall be successive and of equal or substantially equal duration.

A-9. If the security for the debt is repossessed and sold in order to satisfy or reduce the debt, the repossession and resale will meet the following conditions:

a. The defaulting purchaser will be given advance written notice of the intention to repossess.

b. Following repossession, the defaulting purchaser will be served a complete statement of his obligations and adequate advance notice of the sale.

c. The defaulting purchaser will be permitted to redeem the item by payment of the amount due before the sale, or in lieu thereof submit a bid at the sale.

d. There will be a solicitation for a minimum of three sealed bids unless sold at auction.

e. The party holding the security, and all agents thereof, are ineligible to bid.

f. The defaulting purchaser will be charged only those charges which are reasonably necessary for storage, reconditioning, and resale.

g. He shall be provided a written detailed statement of his obligations, if any, following the resale and promptly refunded any credit balance due him, if any.

A-10. A contract for personal goods and services may be terminated at any time before delivery of the goods or services without charge to the purchaser. However, if goods made to the special order of the purchaser result in reproduction costs, or require preparation for delivery, such additional costs will be listed in the order form or contract. No termination charge shall be made in excess of this amount. Contracts for delivery at future intervals may be terminated as to the undelivered portion, and the purchaser shall be

chargeable only for that proportion of the total cost which the goods or services delivered bear to the total goods called for by the contract. [This is in addition to the right to rescind certain credit transactions involving a security interest in real estate provided by section

125 of the Truth-in-Lending Act, P.L. 90-321 (15 USC 1601) and section 226.9 of Regulation Z (12 CFR 226).)

AFZB-IB

FOR THE COMMANDER:

OFFICIAL:  
B. R. FITZGERALD  
COL, IN  
Garrison Commander

/s/  
JERRY HAZLETT  
Chief, Administrative Services Branch

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