TO: All Life Insurers Licensed in Alabama

FROM: Walter A. Bell, Commissioner of Insurance

DATE: July 9, 2008


Subsection 12(a) of the Military Personnel Financial Services Protection Act, Pub. L. No. 109-290 (2006), prohibits an insurer after September 1, 2007, from entering into or renewing a contractual relationship with an agent or other person who sells life insurance on a military installation unless the insurer has implemented a system to report disciplinary actions taken by: (1) the insurer or (2) any Federal or State government entity against its agents for conduct occurring on a military installation. The insurer is required to report such disciplinary actions to both its domiciliary regulator and to the agent's resident regulator ("The Federal Reporting Requirement").

To simplify the Federal Reporting Requirement for insurers, the NAIC has implemented a Military Sales Online Reporting System that may be accessed at the following Web link of the National Association of Insurance Commissioners: https://external-apps.naic.org/msors/. The Military Sales Online Reporting System will, in turn, forward the reported information to all appropriate state insurance departments. Reporting via Military Sales Online Reporting System will satisfy the mandate of the Federal law. We strongly encourage insurers to use the Military Sales Online Reporting System.

All insurers doing business in this state must comply with the "Federal Reporting Requirement" and shall demonstrate to the Commissioner, upon request, that they have complied with the reporting requirements.

This state has also adopted a regulation setting forth standards to protect active duty service members of the United States Armed Forces from dishonest and predatory insurance sales practices, declaring certain identified practices to be false, misleading, deceptive or unfair. A copy of Alabama Insurance Regulation, Chapter 482-1-140, can be accessed from this department’s Web site at http://www.aldoi.gov/Word/Legal/Reg140.doc.

WAB/RN/ct