



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

October 4, 2004

H.R. 5011

Military Personnel Financial Services Protection Act

*As ordered reported by the House Committee on Financial Services
on September 29, 2004*

H.R. 5011 would ban the sale of mutual funds sold through contractual plans. The bill also would require insurance companies to provide certain notices about insurance policies offered by the U.S. government when selling an insurance policy to servicemembers or while marketing on military installations. The bill would require the Department of Defense to maintain a list of agents and advisors barred from doing business on military installations. Finally, the bill would amend securities law to require registered securities associations to provide public access to certain consumer information and to file certain financial information with the Securities and Exchange Commission.

CBO estimates that implementing H.R. 5011 would not result in a significant cost to the federal government and would not affect direct spending or revenues.

H.R. 5011 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA), and any costs to state, local, or tribal governments would be voluntary. The bill would encourage state insurance regulators to coordinate with the Department of Defense in order to protect military personnel from predatory life insurance schemes. Based on information from state insurance commissioners, CBO estimates that the costs of such cooperation would not be significant.

H.R. 5011 would impose private-sector mandates as defined in UMRA on registered investment companies, registered securities associations, investment advisors, and those selling life insurance products to members of the Armed Forces on military installations of the United States. CBO's estimate of the cost of those private-sector mandates will be detailed in a separate statement.

The CBO staff contacts for this estimate are Melissa E. Zimmerman (for federal costs) and Sarah Puro (for the state and local impact). This estimate was approved by Robert A. Sunshine, Assistant Director for Budget Analysis.