

Oregon Commissioner Andrew Stolfi, Chair of the Rulemaking Committee, welcomed committee members and interested regulators. At Commissioner Stolfi's request, Karen Schutter provided a brief overview of the third-party litigation, *Amica v. Wertz*, and the April 27<sup>th</sup> opinion of the Colorado Supreme Court in the matter.

#### Review and Discuss Workplan for Review of Opt-Out Notices and Provisions

Commissioner Stolfi indicated Rhode Island Superintendent Beth Dwyer, Chair of the Commission, has asked the Rulemaking Committee to look at the current notices sent to state stakeholders including Commissioners, regulators and legislators regarding adoption, implementation and opt-out rights with respect to Uniform Standards. Notice requirements are primarily derived from the Commission Bylaws and the Rule for Adoption, Amendment and Repeal of Rules. The charge is to evaluate the notices and recommend improvements to enhance their effectiveness in terms of informing about each state's rights and obligations in terms of adoption and opt-out.

The committee reviewed a suggested workplan for this request which would focus on notices before and after adoption of Uniform Standards to the membership and state legislatures. Under the workplan, the Compact Office would first provide an overview of its notices and notice process and the Committee would review and provide suggested improvements. Commissioner Stolfi indicated the Committee would seek input from the Legislative Committee and other interested parties before making a recommendation to the Management Committee. Additionally, Commissioner Stolfi noted that outside legal counsel was in the process of being retained by the Commission to review some of the process issues around Compact notices, among other issues.

With no objections to the workplan, the Committee incorporated this item into its workplan for 2020.

#### Receive Background Briefing on Group Products from Insurance Compact Office, Strategic Plan Priority I, Action Item #4

Commissioner Stolfi reminded the Committee of the action item under the Insurance Compact Compass found at Priority I, Action Item 4 to explore whether to expand the Uniform Standards to accommodate group types available in the Compacting States for the authorized product lines (other than the existing employer/employee group type), and if approved by the Commission, commence development.

Commissioner Stolfi asked the Compact Office to provide a briefing on background regarding the request to accommodate group types other than employer/employee groups. Ms. Schutter briefed the Committee on the development of the group Uniform Standards to date, including for term life, disability income and annuities as well as the filing volumes for each of the product lines. Ms. Schutter provided an overview of the occasions when the industry or company filers have

requested the Commission address the expansion of the group Uniform Standards to other eligible groups. The briefing also included an overview of the Group Life Definition and Insurance Standard Provisions Model Act (#565) and the Group Health Insurance Standards Model Action (#100) which identify and define the following groups: employer, association, labor union, creditor, trust and credit union.

Ms. Schutter outlined a concept for group expansion where each state insurance department would have approval authority over the non-employer group before it could issue a Compact-approved product. This process would operate in a similar way to partnership approval authority of each state insurance department before a company could issue a Compact-approved product in the state's partnership program. Under this process, the Compacting States who require prior approval or filing by a company before it can issue a previously-approved product to a non-employer group type would continue to require a state filing. Other Compacting States can also put this process in place for Compact products. Under this concept, the Uniform Standards would likely need to include an addendum to ensure standards regarding the proper terminology and other applicable provisions for the particular group type (e.g., using the term "member" instead of "employee" for association group types).

Commissioner Stolfi asked attendees states to share their requirements, approval process or types of filings with respect to groups other than employer groups. One state regulator explained their department carefully scrutinizes the group types when it receives a filing not only for health filings but for life filings as well. The regulators agreed to share the type of information they asked for and how they tracked group approvals. Another state explained they see issues in the health arena and they have identified groups who may have been properly established and later morph into groups with possible state compliance issues. Other states agreed that groups making changes over time can be problematic. Another state pointed out that the issue is not necessarily prevalent for group life products, but disability income falls on the health side with increasing regulatory concerns about the establishment, ongoing compliance and marketing practices of groups, especially association health plans.

Commissioner Stolfi suggested as a next step to solicit input from regulators and industry on requirements, approval process and the market for these products with respect to the group types other than employer group. Based on the discussion, he would work with the Compact Office to develop draft survey questions for the next Committee meeting and requested regulators to send any suggested survey questions to him or Ms. Schutter.