SUMMARY OF RESPONSES TO REGULATOR AND INDUSTRY SURVEY RE: GROUP TYPES FOR COMPACT-AUTHORIZED PRODUCTS

COMPILED AND PREPARED BY THE COMPACT OFFICE
Response Tally

• 41 Compacting States responded to Regulator Survey

• 34 Companies responded to Industry Survey
  • Included one 3rd Party Filer
  • Included six companies that do not file or sell any group products
Association Types

**REGULATOR**

- 41 Compacting States permit association types for Group Life
- 40 Compacting States permit association types for Group Disability Income (1 state has moratorium)
- 37 Compacting States permit for association types for Group Annuities
  - 3 states did not answer yes or no saying they have no laws for group annuities
  - 1 state does not permit

**INDUSTRY**

- Of 19 group life filers, 15 issue to associations (1 sells 100% to associations)
- Of 16 group disability income filers, 9 issue to associations
- Of 17 group annuity filers, 4 issue to associations (1 sells 100% to associations)
Labor Union Types

REGULATOR

• 41 Compacting States permit labor union types for Group Life

• 39 Compacting States permit for labor unions for Group Disability Income
  • 1 state has moratorium
  • 1 state did not answer yes or no

• 36 Compacting States permit for Group Annuities
  • 4 states did not answer yes or no saying they have no laws for group annuities
  • 1 responded does not permit

INDUSTRY

• Of 19 group life filers, 14 issue to labor unions

• Of 16 group disability income filers, 5 issue to labor unions

• Of 17 group annuity filers, 4 issue to labor unions
Trust Types

REGULATOR

• 40 Compacting States permit trusts for Group Life (1 state responded no)

• 39 Compacting States permit trusts for Group Disability Income
  • 1 state has moratorium
  • 1 state did not answer yes or no

• 36 Compacting States permit trusts for Group Annuities
  • 4 states did not answer yes or no saying they have no laws for group annuities
  • 1 state does not permit

INDUSTRY

• Of 19 group life filers, 10 issue to trusts

• Of 16 group disability income filers, 5 issue to trusts

• Of 17 group annuity filers, 4 issue to trusts
Credit Union Types

REGULATOR

• 40 Compacting States permit credit union types for Group Life (1 responded no)

• 36 Compacting States permit credit union types for Group Disability Income
  • 2 states did not answer yes or no
  • 3 states do not permit

• 34 Compacting States permit credit union types for Group Annuities
  • 3 states did not answer yes or no
  • 4 states do not permit

INDUSTRY

• Of 19 group life filers, 3 issue to credit unions (1 sells 100% to credit unions)

• Of 16 group disability income filers, 1 issues to credit unions

• Of 17 group annuity filers, 3 issue to credit unions
Creditor Types

REGULATOR

• 40 Compacting States permit creditor types for Group Life (1 state does not permit)

• 36 Compacting States permit creditor types for Group Disability Income
  • 1 state did not answer yes or no
  • 4 states do not permit

• 39 Compacting States permit creditor types for Group Annuities
  • 5 states did not answer yes or no
  • 4 states do not permit

INDUSTRY

• Of 19 group life filers, 1 issues to creditors

• Of 16 group disability income filers, 1 issues to creditors

• Of 17 group annuity filers, none issue to creditors
Other Group Types

REGULATOR

• 40 Compacting States permit other group types for Group Life (1 state does not permit)
• 36 Compacting States permit other group types for Group Disability Income
  • 1 state did not answer yes or no
  • 4 states do not permit
• 39 Compacting States permit other group types for Group Annuities
  • 5 states did not answer yes or no
  • 4 state do not permit

INDUSTRY

• Of 19 group life filers, 4 issue to other group types
• Of 16 group disability income filers, 4 issue other group types
• Of 17 group annuity filers, 2 issue to other group types
Group Life Insurance Business Based on Group Type (Industry Survey Responses)

- 17 companies sell to **employer** group types
- 2 currently selling 100% to employer group types
- Others ranging from 75% - 97% of their group business

- 15 Companies sell to **association** group types
- 1 currently selling 100% to association group types
- Others ranging from 1% - 70% of their group business

- 12 companies sell to **labor union** group types ranging from 1% - 10% of their group business
Group Life Insurance Business Based on Group Type (Industry Survey Responses)

- 9 companies sell to trust group types ranging from 1% – 20% of their group business
- 3 companies sell to credit union group types
  - 1 currently selling 100% to credit unions
  - Others ranging from 1% – 2% of their group business
- One company sells to creditor group type at 2% of their group business
- 4 companies sell to other group types ranging from 1% – 10% of their group business
Group Disability Income Business Based on Group Type (Industry Survey Responses)

- 16 companies sell to **employer** group types
  - 5 currently selling 100% to employer group types
  - Others ranging from 25% - 98% of their group business
- 10 Companies sell to **association** group types ranging from 1% - 70% of their group business
- 6 companies sell to **labor union** group types ranging from 1% - 10% of their group business
Group Disability Income Business Based on Group Type (Industry Survey Responses)

- 5 companies sell to **trust** group types ranging from 1% – 50% of their group business
- One company sells to **credit union** group types at 2% of their group business
- One company sells to **creditor** group type at 6% of their group business
- 4 companies sell to **other** group types ranging from 1% – 15% of their group business
Group Annuity Business Based on Group Type (Industry Survey Responses)

- 16 companies sell to employer group types
  - 10 currently selling 100% to employer group types
  - Others ranging from 19% - 98% of their group business
- 5 Companies sell to association group types
  - 1 currently selling 100% to association group types
  - Others ranging from 1% - 2% of their group business
- 5 companies sell to labor union group types each reporting 1% of their group business
Group Annuity Business Based on Group Type (Industry Survey Responses)

• 4 companies sell to trust group types ranging from 2% – 25% of their group business

• 3 companies sell to credit union group types ranging from 15% – 80% of their group business

• No company sells to creditor group types of their group business

• 2 companies sell to other group types each reporting 1% of their group business
State Filing Process for Group Life Products (Regulator Survey Response)

- 8 Compacting States selected more than one approval method
- 22 Compacting States selected Prior Approval
- 16 Compacting States selected Prior Approval with Deemer
- 7 Compacting States selected File and Use
- 7 Compacting States selected Exempt from Filing
- No Compacting States selected Use and File
State Filing Process for Group Disability Income Insurance Products (Regulator Survey Response)

- 6 Compacting States selected more than one approval method
- 21 Compacting States selected Prior Approval
- 14 Compacting States selected Prior Approval with Deemer
- 8 Compacting States selected File and Use
- 4 Compacting States selected Exempt from Filing
- 1 Compacting State selected Other – “not authorized to review or approve group disability income insurance”
- No Compacting States selected Use and File
State Filing Process for Group Annuity Products (Regulator Survey Response)

- 7 Compacting States selected more than one approval method
- 20 Compacting States selected Prior Approval
- 15 Compacting States selected Prior Approval with Deemer
- 8 Compacting States selected File and Use
- 6 Compacting States selected Exempt from Filing
- No Compacting States selected Use and File
Filing for Multiple Group Types (Regulator Survey Response)

- 32 Compacting States permit a single filing for group policy / contract / certificate for use with multiple groups
  - 4 Compacting States commented extra scrutiny or review is given for use with associations or discretionary groups
  - 2 Compacting States commented the forms must be similar across the group types with limited variability
- 9 Compacting States do not permit a single filing and require a separate filing for each group type
Filing for Multiple Group Types (Industry Survey Response)

• Group Life Filers
  • 9 file a single filing for one or more group types
  • 11 file separate filings for each group type
  • Several filers in each category commented it depends on state requirements

• Group Disability Income Filers
  • 7 file a single filing for one or more group types
  • 7 file separate filings for each group type

• Group Annuity Filers
  • 11 file a single filing for one or more group types
  • 7 file separate filings for each group type
Filing Entire Product for Specific Group (Industry Survey)

- 9 companies responded in certain circumstances they file the base product when issuing to a specific group.
- 17 companies responded in most circumstances they do not file the base product when issuing to a specific group.
- Some commented they make single case filings when group requests provisions outside approved variability ranges.
- Some commented it depends on state’s requirements and in cases, where the state is extra-territorial.
- Some commented they only file the group’s organizational documents.
Filing for Approval of Specific Group (Industry Survey)

- **Associations** -- Of 18 companies responding, 16 responded they file for approval, certification or informational for specific group
- **Labor Union** – Of 15 companies responding, 13 responded they file for approval, certification or informational for specific group
- **Trust** – Of 14 companies responding, 10 responded they file for approval, certification or informational for specific group
- **Credit Union** – Of 5 companies responding, 3 responded they file for approval, certification or informational for specific group
- **Creditor** – No company answered this question with respect to creditor groups
Filing for Approval of Specific Group (Industry Survey)

• Most companies that make a filing commented the filing generally consists of the specific group’s organizational documents, i.e., bylaws, trust agreements, union agreements and other supporting documentation.

• Some companies commented several states require a filing for the specific group and are a mixture of approval or informational.
Issuing Group Products (Industry Survey)

• 5 companies issue a combination of group life, group disability income and group annuities products
• 6 companies issue only group life and group disability income products in combination
• 10 companies issue only single product line
• 7 companies indicated they issue a combination with other group products including dental, vision, critical illness, accident, hospital indemnity
• Some companies responded they sell life and disability income together and annuities separately
Post-Approval Review of Group Type (Regulator Survey)

• 5 States responded there is a follow-up process for confirming a group is being maintained for purpose established
• 36 States responded there is not a follow-up process for confirming a group is being maintained for purpose established
• Some states commented they may review when new forms are filed, or organizational documents are updated
• Some states commented groups can be evaluated during market conduct review or if complaint is filed
Special Considerations

• Asked in both Regulator and Industry Survey to describe special considerations the Rulemaking Committee should address when considering recommendations for whether and how to expand the application of the group Uniform Standards to accommodate non-employer group types.

• 21 Compacting States responded to this question

• 19 companies responded to this question
Special Considerations (Regulator Survey)

- Most of the states’ comments had to do with concern regarding the legitimacy of the group.
- Multiple states commented they have concerns if discretionary groups were allowed.
- One state commented they do not support expansion to non-employer groups primarily due to its problems with limited benefit group health products sold through out-of-state associations.
- Most states commented they were open to expanding to non-employer group types provided it is based on what states permit and not designed to evade state laws and requirements.
• Some states commented important to require a direct relationship between the group policyholder and the certificate holders

• At least one state commented association bylaws, trust agreements, and labor union constitutions should always be submitted to ensure the legitimacy of the group

• At least one state commented consideration should be given to a specific filing for each group type

• Some states said if the Compact develops standards they must be robust and require detailed information
Special Considerations
(Industry Survey)

- Multiple companies commented they would like to use the Compact form for non-employer group types
- Some companies commented that making a comprehensive filing through the Compact is preferred
- Multiple companies suggested the ability to use the Compact-approved form and states retain the authority in evaluating the eligibility of any non-employer group
- Some companies commented should use variability to denote specific group terminology (employer, member, trustees, etc)
• Some companies commented the non-employer group definitions in states are generally uniform and should be used / followed

• Some companies commented that making a comprehensive filing through the Compact is preferred

• Some companies commented consideration should be given to eliminating the extra-territorial requirements for out-of-state groups

• Some companies commented should use variability to denote specific group terminology (employer, member, trustees, etc)

• Some companies commented on developing Uniform Standards for other group product lines