The Rulemaking Committee recommended to the Management Committee and Commission for their consideration a draft framework and operating procedure to accommodate the use of Compact-approved products for groups beyond employer groups (also called non-employer groups).

The scope of the current group Uniform Standards (for term life, disability income and annuities) limit an insurer to issue a Compact-approved product to employers, or the trustees of a fund established by an employer.

The current Strategic Plan included an action item assigned to the Rulemaking Committee to explore whether to expand the use of Compact-approved group products to groups other than employer groups: insurers expressed a desire for efficiency in filing group products through the Compact that can be issued to multiple group types, while many states expressed regulatory concern with the legitimacy of certain non-employer groups, especially associations, certain trusts, and discretionary groups.

The recommended framework is a process requiring insurers to obtain the applicable prior authorization from the Compacting State for a non-employer group before the insurer can issue a Compact-approved product to a non-employer group.

The multi-step process includes:
1) Commission adoption of the proposed Operating Procedure for the Use of Compact-Approved Products for Other Than Employer Groups (“Group Operating Procedure”)
2) Amendments to the scope and terminology of the group Uniform Standards;
3) Instructions to filers for use of the Statement of Intent Schedule to add information and a required certification for non-employer group use / authorization for use by Compacting States;
4) Collect and maintain information from Compacting States on authorization of group type requirements including filing and approval requirements for use by company filers.

The proposed Group Operating Procedure maintains the authority of state law over the definitions of and requirements for group types, including employer groups. If a group meets the state law definition of employer, portability trust, labor union or professional employer organization, the insurer can issue a Compact-approved group product without further authorization from the Compacting State.

The proposed Group Operating Procedure provides if a group is other than the four categories listed above, the insurer must obtain any required authorizations from the Compacting State for the specific group before it can issue a Compact-approved group product.

The insurer must list these groups in the Compact filing and make a certification that it has approval of the applicable group if required by the Compacting State before it will issue the Compact-approved product to the applicable group.

This recommendation and proposed operating procedure is circulated for notice and comment; a public hearing to receive oral comments will be held during the Commission in-person meeting in Portland. It will be on the agenda for consideration at the Management Committee and Commission’s interim call this Fall.