



**BRIEFING SHEET ON RULEMAKING COMMITTEE NON-EMPLOYER GROUP**  
**RECOMMENDATION**

*Prepared by the Compact Office*

- 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.