

## **Agenda Item 2: Nonemployer group recommendation**

Karen Schutter summarized the comments received from Vermont and ACLI. Commissioner Stolfi asked if there were oral comments. Vermont had questions about what happens first. They said anything other than a true employer requires special approval under Vermont law. If the draft is changed to reference true employer group, this would solve Vermont's problem as all other group types would come to the state for approval.

Commissioner Stolfi suggested that PEOs and portability trusts be taken out of the definition of employer group and asked whether labor unions should also be taken out. Several states agreed it would be cleaner to remove all non-employer groups from Section 102(2) and may address several of ACLI's questions and practical concerns.

Vermont said that if these definitions are moved out the employer group section, they do not need the exception for Disability Income, so they are withdrawing the request to delete Disability Income from the scope of this Operating Procedure.

The Committee also agreed to move the Drafting Note to the end of Section 102 and emphasize that the terms in Section 102 do not create, alter or expand state laws including eligibility of group types.

The Compact Office presented a workflow for the filings. The group filing would be submitted first with the filer identifying group type(s) and adding an acknowledgment that the company will not issue unless the filer is authorized to issue to a group in the state. This could be a submission requirement in SERFF.

The Compact can use the functionality in the Statement of Intent (SOI). A state could hotlink to the filing in SERFF.

The filer needs to get state approval before a specific group could be added to the SOI. A certification would be required that the group listed meets the requirements of each state. Filers would have to add new groups to the SOI within 90 days.

Commissioner Stolfi asked how the Compact will determine what states are exempt from submitting specific group information. He suggested following up unless the state says they do not want the information. Commissioner Stolfi said some states do not require information about each group. He said to let states know they can get information unless the state says otherwise. Mary Block said this workflow would address Vermont's concerns.

There were no other comments from regulators.

Karen Schutter discussed the comment from ACLI that a list of state requirements would be difficult to maintain. The Committee agreed with ACLI's concerns and determined that the Compact should not maintain a list of state-specific requirements for group types. Commissioner Stolfi wanted to make sure the Compact is not creating an excuse for a company not knowing what the state requirements are. Virginia said it would not want to put a burden on Compact staff and the insurer is obligated to know each state's requirement. Virginia agreed to deleting paragraph 104 (4).

ACLI wants to delete section 102 3(b) and (c). Commissioner Stolfi said most states require these. Maine and Washington said they require these. Commissioner Stolfi asked if there is a way to keep b and c but make it clear that it is up to each state. Karen Schutter will work on drafting note to clarify that the definitions are not

intended to change state statutory definitions. This Drafting Note is repeated at the end of Section 103 and would need to be revised in the same manner for consistency.

The Committee agreed to specify in the Operating Procedure that companies would have up to 90 days to add an applicable state approval / action to the Statement of Intent Schedule.

Commissioner Stolfi asked if the committee was comfortable with scheduling a public call in late October. There were no objections.

### **Agenda Item 3. Develop Recommendation on Proposed Changes Mix-and-Match Process**

The next agenda item is the mix and match process and suggested next steps. Karen Schutter summarized the results of the survey. The Compact Office provided suggested next steps from the subgroup. Commissioner Stolfi asked if there were any objections to exposing the suggested steps for comment. There were no objections, and the information will be shared on the public call. Commissioner Stolfi thanked the members of the subgroup who worked on the mix and match issues. He asked for additional members to volunteer for the subgroup.

### **Agenda Item 4: Any Other Matters**

The next meeting of the Rulemaking Committee will be a public call.