National Compliance Update
USI EMPLOYEE BENEFITS

July 11, 2024

# Supreme Court Overturns *Chevron*

On June 28, 2024, in a pair of cases, *Loper Bright Enterprises v. Raimondo* and *Relentless Inc. v. Department of Commerce* (collectively, *Loper Bright*),[1] the U.S. Supreme Court held that the Administrative Procedure Act ("APA")[2] requires federal courts to exercise their independent judgement on whether an agency has acted within its statutory authority and not defer to agency interpretation of the law when a statute is ambiguous.

This decision overturns long-standing precedent established in *Chevron U.S.A Inc., v. Natural Resources Defense Council, Inc* ("Chevron") that required federal courts to defer to an executive agency's reasonable interpretation of ambiguous statutory provisions the agency administers (often referred to as *Chevron* deference).[3]

In *Loper Bright,* the Court held the APA requires federal courts to "decide all relevant questions of law and interpret statutory provisions" and "must exercise their independent judgment in deciding whether an agency has acted within its statutory authority." Agency interpretation of an ambiguous (or silent) statute will no longer have preferential deference in a court action, as it did under *Chevron*.

While there is no deference, courts may consider (among other information at its disposal) an agency's "body of experience and informed judgement" especially on factual determinations within the agency's expertise. Further, the decision noted that if Congress gives the agency the authority in the statute to interpret terms, then that can be considered in court review and is given more weight than when the statute is silent.

Finally, the Court's opinion confirms that overruling *Chevron* does not call into question prior cases that relied on the *Chevron* framework. The Court specifically notes that the past decisions remain law and the reliance on *Chevron* alone is not sufficient to overturn them.[4]

---

[1] *Loper Bright Enterprises v. Raimondo*, No. 22-451; *Relentless, Inc. v. Department of Commerce*, No. 22-1219 – decided June 28, 2024.
[2] The APA governs the process by which federal agencies develop and issue regulations.
[3] *Chevron U.S.A Inc., v. Natural Resources Defense Council, Inc*. 467 U.S. 837 (1984).
[4] "Mere reliance on Chevron cannot constitute a 'special justification' for overruling such a holding, because to say a precedent relied on Chevron is, at best, 'just an argument that the precedent was wrongly decided.' *Halliburton Co. v.*

This summary is intended to convey general information and is not an exhaustive analysis. This information is subject to change as guidance develops. USI does not provide legal or tax advice. For advice specific to your situation, please consult an attorney or other professional.

## WHAT'S NEXT?

There are a lot of questions about what comes next. This decision may have far-reaching implications over the regulated community, including employers that sponsor health and welfare programs subject to agency interpretation from the Departments of Labor, the Treasury and Health and Human Services (collectively, "the Departments"), among others. As a result of this decision, there may be an increase in litigation challenging regulations or other agency rules.

For now, employers should continue to follow guidance from the Departments and monitor case developments.

**USI** usi.com/locations

This summary is intended to convey general information and is not an exhaustive analysis. This information is subject to change as guidance develops. USI does not provide legal or tax advice. For advice specific to your situation, please consult an attorney or other professional.

These materials are produced by USI Insurance Services for educational purposes only. Certain information contained in these materials is considered proprietary information created by USI. Such information shall not be used in any way, directly or indirectly, detrimental to USI and/or their affiliates.

Neither USI nor any of its respective representatives or advisors has made or makes any representation or warranty, expressed or implied, as to the accuracy or completeness of these materials. Neither USI nor their respective representatives or advisors shall have any liability resulting from the use of these materials or any errors or omission therein. These materials provide general information for the use of our clients, potential clients, or that of our clients' legal and tax advisors.

IRS Circular 230 Disclosure: USI Insurance Services and its affiliates do not provide tax advice. Accordingly, any discussion of U.S. tax matters contained herein (including any attachments) is not intended or written to be used, and cannot be used, in connection with the promotion, marketing or recommendation by anyone unaffiliated with USI of any of the matters addressed herein or for the purpose of avoiding U.S. tax-related penalties.

© 2024 USI Insurance Services. All Rights Reserved.

*Erica P. John Fund, Inc.*, 573 U. S. 258, 266 (2014) (quoting *Dickerson v. United States*, 530 U. S. 428, 443 (2000)). That is not enough to justify overruling a statutory precedent."