

**IN THE MISSOURI DEPARTMENT OF INSURANCE,
FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION**

**In Re: LEADERS LIFE)
INSURANCE COMPANY) Case No. 150209080C
SERFF TRACKING NUMBER)
ICCI-129911991)**

ORDER DISAPPROVING FORM FILING

Upon review and consideration of the filing of Leaders Life Insurance Company, SERFF Tracking Number ICCI-129911991, specifically Forms LL-GP-ACC-POL 1014 and LL-GP-ACC-CER MO 1014 the Director DISAPPROVES said forms for the reasons stated below.

FINDINGS OF FACT

1. John M. Huff is the Director of the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri (“Director” of the “Department”).
2. Leaders Life Insurance Company (“Leaders Life”), NAIC Number 74799, is a foreign life and health insurance company organized pursuant to the laws of the state of Oklahoma and transacting insurance business in this state pursuant to a Certificate of Authority issued by the Director.
3. Pursuant to §376.405,¹ insurance companies licensed to transact business in this state may not deliver or issue for delivery in this state a policy of group accident or group health insurance unless the form has been approved.
4. The Division of Market Regulation (the “Division”) is designated pursuant to §374.075 with the review of forms that are filed by insurance companies.
5. Insurance Compliance Consultants, Inc., on behalf of Leaders Life, filed forms with the Director via the System for Electronic Rate and Form Filing (“SERFF”) on February 5, 2015. The SERFF Tracking Number is ICCI-129911991 (“Filing”).
6. The Filing contains, in pertinent part, form LL-GP-ACC-POL 1014, identified as the Group Accidental Death and Dismemberment Policy (“Group Policy”) and form LL-GP-ACC-CER MO 1014, identified as the Group Accidental Death and Dismemberment Certificate – Non-Participating (“Certificate”).
7. Leaders Life filed the Group Policy and Certificate within SERFF as Group Accidental Death and Dismemberment Insurance.

¹ All statutory citations are to RSMo (Supp. 2013).

8. Brackets ([...]) within a form reviewed by the Division indicate that the language within the brackets may be included or excluded from the form, or the brackets may indicate a numeric range.
9. All combinations of benefits, coverages, or terms in brackets could be included in an issued form.
10. Conversely, all benefits, coverages, or terms in brackets could be excluded from an issued form.
11. On page 3 of the Group Policy under the section titled Incorporation Provisions and the subsection titled Termination of Insurance, the form states in part:

If the premium is not paid when it is due or during the Grace Period, this Policy will terminate at midnight on the last day for which premium was paid. The Policyholder must pay all premiums due for the full period each Certificate is in force.

12. On page 4 of the Group Policy under the section titled Incorporation Provisions and the subsection titled Grace Period, the form states:

The Policyholder is entitled to a grace period of 31 days for the payment of any premium due except the first, during which grace period the Policy shall continue in force, unless the Policyholder has given the Company written notice of discontinuance of the coverage in advance of the date of discontinuance in accordance with the terms of the Policy. The Policyholder shall be liable to the Company for the payment of a pro rata premium for the time the coverage was in force during such grace period.

13. On page 9 of the Certificate under the section titled Definitions, the form defines a pre-existing condition as:

[Pre-existing Condition – means a condition which a Doctor has treated or for which a Doctor has advised treatment of the Covered Person within 12 months before the Covered Person’s Effective Date. It is also one which would cause a person to seek diagnosis or care within the same 12-month period.]

14. On page 5 of the Group Policy under the section titled General Provisions and the subsection titled Misstatement of Age, the form states:

If premiums for the Covered Person are based on age and the Covered Person’s age has been misstated, there will be a fair adjustment of premiums based on his or her true age. If the benefits for which the Covered Person is insured are based on age and the Covered Person’s age has been misstated, there will be an adjustment of said benefit based on his

or her true age. We may require satisfactory proof of age before paying any claim.

15. On page 3 of the Group Policy under the section titled Incorporation Provisions and the subsection titled Certificate, the form states in part:

If Certificates are delivered to the Policyholder, it will be the Policyholder's responsibility to deliver the Certificate to each respective primary Covered Person.

16. On page 18 of the Certificate under the section titled Claim Provisions and the subsection titled Notice of Claim, the form states:

The person who has the right to claim benefits (the claimant or beneficiary) must give us written notice of a claim within 60 days after a covered loss begins. If notice cannot be given within that time, it must be given as soon as reasonably possible, but in no event more than one (1) year after the date of the Accident.

The notice should include Your name and the certificate number. Send it to Our address at [PO Box 161690, Austin TX 78716.]

17. On page 20 of the Certificate under the section titled General Provisions and the subsection titled Physical Examinations and Autopsy, the form states:

We have the right at our expense:

- a) to have the person who has a loss examined by a Doctor when and as often as We feel is necessary; and
- b) to have an autopsy performed in case of death where it is not forbidden by law.

18. On page 20 of the Certificate under the section titled General Provisions and the subsection titled Legal Actions, the form states:

You cannot take legal action against us:

- a) before [60] days following the date proof of loss is sent to us;
- b) after [3] years following the date proof of loss is due.

19. On page 3 of the Group Policy under the section titled Incorporation Provisions and the subsection titled Termination of Insurance, the form states in part:

This Policy can be cancelled:

- by the Policyholder; or
- by Us.

* * *

If We cancel this Policy for reasons other than the Policyholder's failure to remit premium, a written notice will be delivered to the Policyholder at least 60 days prior to the cancellation date.

The Policyholder may cancel this Policy by written notice delivered to Us at least 31 days prior to the cancellation date. This Policy can be cancelled on an earlier date if We both agree. Coverage will end at 12:00 midnight Standard Time on the cancellation date.

20. On pages 4 of the Certificate under the section titled Insuring Information, the form states in part:

Policy Age Limit: [Employee] [and Dependent Spouse] coverage ends when the [Employee] is age [70] and [Dependent Child] at age 26.

21. On page 7 of the Certificate under the section titled Definitions, the form defines a dependent as:

* * *

- b) Your [unmarried] child(ren) who are less than age [19-26] and [primarily dependent on You for support and maintenance];
- c) Your [unmarried] child(ren) who are at least age [19-26] but less than age [19-26] who:
 - a. regularly attend an institution of learning; and
 - b. are primarily dependent on You for support and maintenance.
- d) Your [unmarried] child(ren) who are at least age [19-26] who are chiefly dependent on You for support and are incapable of self-sustaining employment due to mental or physical handicap. You must furnish Us with proof of mental incapacity or physical handicap within 31 days after the child's eligibility would otherwise end. Thereafter, We may require proof, but not more frequently than annually.

A child includes a stepchild residing with You, a child placed with You for adoption, a legally adopted child and a foster child.

CONCLUSIONS OF LAW

22. The Director shall approve only those policy forms that are in compliance with Missouri insurance laws, and "which contain such words, phraseology, conditions, and provisions which are specific, certain and unambiguous and reasonably adequate to meet needed requirements for the protection of those insured," pursuant to §376.405.
23. The Director may disapprove a form filed with the Department, and in doing so must state the reasons for the disapproval in writing, pursuant to §376.405.

**Leaders Life's Filing Does Not Substantively Provide All Provisions
Required In All Group Policies Under Section 376.426**

24. Section 376.426 states in relevant part:

No policy of group health insurance shall be delivered in this state unless it contains in substance the following provisions, or provisions which ... are more favorable...:

(1) A provision that the policyholder is entitled to a grace period of thirty-one days for the payment of any premium due except the first, during which grace period the policy shall continue in force, unless the policyholder shall have given the insurer written notice of discontinuance in advance of the date of discontinuance and in accordance with the terms of the policy. The policy may provide that the policyholder shall be liable to the insurer for the payment of a pro rata premium for the time the policy was in force during such grace period;

* * *

(5) A provision specifying the additional exclusions or limitations, if any, applicable under the policy with respect to a disease or physical condition of a person, not otherwise excluded from the person's coverage by name or specific description effective on the date of the person's loss, which existed prior to the effective date of the person's coverage under the policy. Any such exclusion or limitation may only apply to a disease or physical condition for which medical advice or treatment was received by the person during the twelve months prior to the effective date of the person's coverage....;

(6) If the premiums or benefits vary by age, there shall be a provision specifying an equitable adjustment of premiums or of benefits, or both, to be made in the event the age of the covered person has been misstated, such provision to contain a clear statement of the method of adjustment to be used;

(7) A provision that the insurer shall issue to the policyholder, for delivery to each person insured, a certificate setting forth a statement as to the insurance protection to which that person is entitled, to whom the insurance benefits are payable, and a statement as to any family member's or dependent's coverage;

(8) A provision that written notice of claim must be given to the insurer within twenty days after the occurrence or commencement of any loss covered by the policy. Failure to give notice within such time shall not invalidate nor reduce any claim if it shall be shown

not to have been reasonably possible to give such notice and that notice was given as soon as was reasonably possible;

* * *

(13) A provision that the insurer shall have the right and opportunity, at the insurer's own expense, to examine the person of the individual for whom claim is made when and so often as it *may reasonably require* during the pendency of the claim under the policy and also the right and opportunity, at the insurer's own expense, to make an autopsy in case of death where it is not prohibited by law;

(14) A provision that no action at law or in equity shall be brought to recover on the policy prior to the expiration of sixty days after proof of loss has been filed in accordance with the requirements of the policy and that no such action shall be brought at all unless brought within three years from the expiration of the time within which proof of loss is required by the policy;

(15) A provision specifying the conditions under which the policy may be terminated. Such provision shall state that *except for nonpayment of the required premium or the failure to meet continued underwriting standards, the insurer may not terminate the policy prior to the first anniversary date of the effective date of the policy as specified therein*, and a notice of any intention to terminate the policy by the insurer must be given to the policyholder at least thirty-one days prior to the effective date of the termination. Any termination by the insurer shall be without prejudice to any expenses originating prior to the effective date of termination. An expense will be considered incurred on the date the medical care or supply is received;

(16) A provision stating that if a policy provides that coverage of a dependent child terminates upon attainment of the limiting age for dependent children specified in the policy, such policy, so long as it remains in force, shall be deemed to provide that attainment of such limiting age does not operate to terminate the hospital and medical coverage of such child while the child is and continues to be both incapable of self-sustaining employment by reason of mental or physical handicap and chiefly dependent upon the certificate holder for support and maintenance. Proof of such incapacity and dependency must be furnished to the insurer by the certificate holder at least thirty-one days after the child's attainment of the limiting age. The insurer may require at reasonable intervals during the two years following the child's attainment of the limiting age subsequent proof of the child's incapacity and dependency. After such two-year period, the insurer may require subsequent proof not more than once each year...;

(17) A provision stating that if a policy provides that coverage of a dependent child terminates upon attainment of the limiting age for dependent children specified in the policy, such policy, so long as it remains in force, until the dependent child attains the limiting age, shall remain in force at the option of the certificate holder. Eligibility for continued coverage shall be established where the dependent child is:

(a) Unmarried and no more than that twenty-five years of age; and

(b) A resident of this state; and

(c) Not provided coverage as a named subscriber, insured, enrollee, or covered person under any group or individual health benefit plan, or entitled to benefits under Title XVIII of the Social Security Act, P.L. 89-97, 42 U.S.C. Section 1395, et seq.[.]

(Emphasis added.)

25. The Leaders Life Group Policy is not compliant with Missouri insurance laws. Under the subsection titled Grace Period, the Group Policy properly provides the 31-day grace period and that the policy will stay in force, as required by §376.426(1). However, under the Termination of Insurance subsection, the Group Policy also states “If the premium is not paid when it is due or during the Grace Period, this Policy will terminate at midnight on the last day for which premium was paid.” Section 376.426(1) requires the policy to stay in full force during the grace period. The policy does not stay in full force because the policy ends the last date for which the premium was paid. Because the policy is not in full force and retroactively terminates, the Group Policy is neither substantially similar to the statutory language nor is it more favorable to the insured. As such, the Group Policy does not comply with the laws of this state as required by §376.405.

26. The Leaders Life Certificate is not compliant with Missouri insurance laws. The form defines preexisting conditions to include conditions “which would cause a person to seek diagnosis or care within the same 12-month period.” Section 376.426(5) defines a pre-existing condition as “one for which the insured received medical advice or treatment;” it does not include conditions for which the insured should have sought diagnosis or care. The Certificate’s definition does not comply with §376.426(5) in that the language is neither substantially similar to the statutory language nor is it more favorable to the insured. As such, the Certificate does not comply with the laws of this state as required by §376.405.

27. The Leaders Life Group Policy is not compliant with Missouri insurance laws. Under the subsection titled Misstatement of Age, the form provides that if there is a misstatement of age “there will be a fair adjustment of premiums [and benefits] based on his or her true age;” however, the Group Policy does not contain a clear statement of the method of adjustment to be used. Section 376.426(6) requires such a clear

statement. As such, the Group Policy does not comply with the laws of this state as required by §376.405.

28. The Leaders Life Group Policy is not compliant with Missouri insurance laws. Under the subsection titled Certificate, the form states “[i]f Certificates are delivered to the Policyholder.” Section 376.426(7) requires all group policies to contain a provision that a certificate of coverage shall be issued to the policyholder for delivery to each person insured. Because a Certificate must be issued to the policyholder for delivery, but the form does not provide such certainty by using the term “if,” the Group Policy provision is neither substantially similar to the statutory language nor more favorable to the insured. As such, the Group Policy does not comply with the laws of this state as required by §376.405.
29. The Leaders Life Certificate is not compliant with Missouri insurance laws. Under the subsection titled Notice of Claim, the form fails to substantively provide two of the required provisions from §376.426(8) and is, therefore, noncompliant for the following reasons:
 - a. Pursuant to §376.426(8) notice must be provided within 20 days or as soon as was reasonably possible. The Certificate states, “[i]f notice cannot be given with [60 days], it must be given as soon as reasonably possible, but in no event more than one (1) year after the date of the Accident.” While the Certificate allows a greater time frame to provide notice, 60 days, it cuts off all notice at one year. This is neither substantially similar to nor more favorable than the requirements of §376.426(8), which allows for providing notice of claim as soon as reasonably possible without a fixed deadline.
 - b. The Certificate does not notify the insured that failure to give notice within the time frame “shall not invalidate nor reduce any claim” if it was not reasonably possible to do so, as required by §376.426(8).

For these reasons, the Certificate does not comply with the laws of this state as required by §376.405.

30. The Leaders Life Certificate is not compliant with Missouri insurance laws. Under the subsection titled Physical Examinations and Autopsy, the Certificate states that Leaders Life has the right at its own expense “to have the person who has a loss examined by a Doctor when and as often as We feel is necessary[.]” Section 376.426(13) allows the insurer to examine the insured as “often as it may reasonably require.” The language within the Certificate allows Leaders Life to examine the insured as frequently as it subjectively sees fit. The Certificate’s provision does not comply with §376.426(13) because the Certificate’s language is neither substantially similar to the statutory language nor is it more favorable to the insured. As such, the Certificate does not comply with the laws of this state as required by §376.405.
31. The Leaders Life Certificate is not compliant with Missouri insurance laws. Under the subsection titled Legal Action, the Certificate provides the required substantive

provision that no legal action can be brought to recover on the policy before 60 days or after three years. However, the number of days and years in this required provision are bracketed, which means that those numbers can be modified. Because the number of days and years within this provision are required pursuant to §376.426(14), the Certificate cannot bracket such requirements. As such, the Certificate does not comply with the laws of this state as required by §376.405.

32. The Leaders Life Group Policy is not compliant with Missouri insurance laws. Under the subsection titled Termination of Insurance, the Group Policy states that Leaders Life can terminate the policy, but the form fails to substantively notify the insured that such a termination cannot occur until the first anniversary date of the policy, as required by §376.426(15). Because the Group Policy fails to substantively include such a statement, the form is not in compliance with §376.426(15). As such, the Certificate does not comply with the laws of this state as required by §376.405.
33. The Leaders Life Certificate is not compliant with Missouri insurance laws. Under the section titled Definitions, the Certificate properly provides coverage for children who are “chiefly dependent on [the insured] for support and are incapable of self-sustaining employment due to mental or physical handicap.” However, the provision also includes the bracketed requirement that such a dependent be “unmarried.” As stated above, brackets indicate that the language could be included or excluded from the provision. While the provision without the term unmarried is compliant with the requirements of §376.426(16), the addition of the term unmarried is not permissible because it would not be substantially similar to or more favorable than the statutory language. As such, the Certificate does not comply with the laws of this state as required by §376.405.
34. The Leaders Life Certificate is not compliant with Missouri insurance laws. Under the section titled Definitions, the form fails to substantively provide three of the required provisions from §376.426(17) and is, therefore, noncompliant for the following reasons:
 - a. In multiple places, the Certificate provides dependent children must be less than age [19-26]. Section 376.426(17) defines a dependent child as one not older than twenty-five. Because the Certificate has a bracketed dependent age range that includes ages younger than 25, it does not substantively provide the requirements of §376.426(17).
 - b. The Certificate provides a dependent must be “primarily dependent on [the insured] for support and maintenance.” Section 376.426(17) does not provide that a child must be primarily dependent on the insured. Because the Certificate adds the requirement that the dependent child be primarily dependent on the insured, the language is neither substantially similar to nor more favorable than §376.426(17).
 - c. The Certificate provides a dependent must “regularly attend an institution of learning.” Section 376.426(17) does not provide that a child must attend an

institution of learning. Because the Certificate adds the requirement that the dependent child attend an institution of learning, the language is neither substantially similar to nor more favorable than §376.426(17).

For these reasons, the Certificate does not comply with the laws of this state as required by §376.405.

35. After review and consideration of the forms included in the Leaders Life Filing, the company has failed to demonstrate its compliance with Missouri law as enumerated herein.
36. While there may be additional reasons as to why these forms do not comply with Missouri's insurance laws, the reasons stated herein are sufficient to disapprove the forms.
37. Each reason stated herein for disapproval of a form is a separate and sufficient cause to disapprove such form.
38. The Leaders Life Group Policy and Certificate do not comply with Missouri law. As such, said forms are not in the public interest.
39. This Order is in the public interest.

IT IS THEREFORE ORDERED that Forms LL-GP-ACC-POL 1014 and LL-GP-ACC-CER MO 1014 are hereby **DISAPPROVED**. Leaders Life Insurance Company is hereby prohibited from delivering or issuing for delivery any policies of group health insurance utilizing said forms.

SO ORDERED, SIGNED AND OFFICIAL SEAL AFFIXED THIS 19th day of March, 2015.




JOHN M. HUFF
DIRECTOR

NOTICE

TO: Leaders Life Insurance Company and any unnamed persons aggrieved by this Order:

You may request a hearing on the disapproval of these forms. You may do so by filing a pleading with the Director of the Department of Insurance, Financial Institutions and Professional Registration, P.O. Box 690, Jefferson City, MO 65102, within 30 days after the mailing of this notice pursuant to 20 CSR 800-1.030.

CERTIFICATE OF SERVICE

I hereby certify that on this 19 day of March, 2015, a copy of the foregoing Order and Notice was

1) Served via certified mail addressed to:

Russell Angell
President
Leaders Life Insurance Company
1350 S. Boulder, Suite 900
Tulsa, OK 74119

Brenda Dawson
Authorized Representative
Insurance Compliance Consultants, Inc.
3925 East State Street, Suite 200
Rockford, IL 61108


