

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

**In Re: AMERICAN FINANCIAL SECURITY )  
LIFE INSURANCE COMPANY )  
SERFF TRACKING NUMBER ) Case No. 13-0826506C  
ICCI-129151740 )**

**ORDER DISAPPROVING FORM FILING**

Upon review and consideration of the filing of American Financial Security Life Insurance Company, SERFF Tracking Number ICCI-129151740, specifically Forms AF FI POL 613 and AF FI CERT 613, 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. American Financial Security Life Insurance Company ("American Financial"), NAIC Number 69337, is a domestic life and health insurance company organized pursuant to the laws of the state of Missouri and transacting insurance business in this state pursuant to a Certificate of Authority issued by the Director.
3. Pursuant to §376.405,<sup>1</sup> 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 section 374.075<sup>2</sup> with the review of forms that are filed by insurance companies.
5. Insurance Compliance Consultants, Inc. ("ICC"), on behalf of American Financial, filed policy forms with the Director via the System for Electronic Rate and Form Filing ("SERFF") on August 7, 2013. The SERFF Tracking Number is ICCI-129151740 ("Filing").
6. The Filing contains, in pertinent part, forms: AF FI POL 613, identified as the Group Limited Mandate Indemnity Health Insurance Policy ("Group Policy"); AF FI CERT 613, identified as the Group Limited Mandate Indemnity Health

<sup>1</sup> RSMo (2000).

<sup>2</sup> All statutory citations are to RSMo (Supp. 2012) unless otherwise noted.

Insurance Certificate ("Certificate"); and AF FI MEM EF 613, identified as the Member Enrollment Form ("Enrollment Form").

7. The Filing does not include an application by which a group would apply for the Group Policy and select the benefit package.
8. American Financial's Group Policy and Certificate primarily offer benefits that would be associated with a hospital policy that provides a fixed daily benefit. Those benefits include:
  - a. Daily hospital or skilled nursing facility confinement indemnity benefit;
  - b. Inpatient and outpatient surgical indemnity benefit –professional services only;
  - c. Outpatient surgical facility indemnity benefit –facility services only;
  - d. Hospital emergency room indemnity benefit;
  - e. Ambulance indemnity benefit.
9. American Financial's Group Policy and Certificate also offer benefits that are not found within a hospital policy that provides a fixed daily benefit. Those benefits include:
  - a. Outpatient surgical facility indemnity benefit –facility services only;
  - b. Outpatient diagnostic testing, x-ray and lab indemnity benefit;
  - c. Outpatient physician office indemnity benefit
  - d. Preventive care benefit
10. American Financial's Group Policy and Certificate do not offer any benefits that are on an expense incurred basis.
11. American Financial's Enrollment Form indicates that the health insurance policy may be sold as either a supplemental health insurance policy or as a stand-alone health insurance policy.
12. Brackets ( [ ... ] ) within a policy form reviewed by the Division indicate that the language within the brackets may be in or out of the policy form.
13. Potentially, all benefits or coverages in brackets could be included in an issued policy form.
14. Inversely, all benefits or coverages in brackets could be excluded from an issued policy.
15. Based upon the brackets within the Group Policy and Certificate, this policy could offer no benefits whatsoever.

16. ICC, on behalf of American Financial, represented to the Department that “[t]hese forms are being filed under the ‘Limited Mandate Health Insurance’ code section 376.995 and contain the mandates and provisions required by this code section.”
17. ICC, on behalf of American Financial, represented to the Department that the Group Policy “will be issued to Association groups located in [Missouri].”
18. ICC, on behalf of American Financial, represented to the Department that “[t]his coverage is not sold to small employers. It is strictly individual coverage sold to members of the association.”
19. Neither the Enrollment Form, nor the Group Policy, nor the Certificate disclose that the reason coverage for a limited mandate health insurance policy is less expensive than other coverage is because the policy does not contain all mandated coverages ordinarily required under Missouri law.
20. On page 2 of the Group Policy under the subsection Application; Statements Not Warranties, American Financial states: “All statements made by the Covered person shall, in absence of fraud, be deemed representations and not warranties.”
21. On page 23 of the Certificate under the subsection “Representations,” American Financial states: “In the absence of fraud, any statement made by a Covered Person will be deemed a representation and not a warranty.”
22. On page 22 of the Certificate under the section Description of Benefits and the subsection “Notice of Claim,” American Financial states:

Written notice of claim must be given to Us within 60 days after the Occurrence of any loss covered by the Policy, or as soon thereafter as it is reasonably possible. Notice given by or on behalf of a Covered Person to Us or the Third Party Administrator, with information sufficient to identify the Covered Person, shall be deemed notice to Us.
23. On page 22 of the Certificate under the subsection “Time of Payment of Claims,” American Financial states: “Benefits payable under the Policy will be paid immediately upon receipt of due written proof of such loss.”
24. Nowhere within the Certificate is the term “immediately” defined.
25. No section that addresses newborn dependents within the Certificate notifies the enrollee that newborn coverage shall consist of coverage of injury or sickness including the necessary care and treatment of medically diagnosed congenital defects and birth abnormalities.

26. On page 12 of the Certificate under the subsection Dependents Acquired After Effective Date, American Financial states with regard to newborn children:

Coverage will be effective for a newborn child of the Member for 31 days following the moment of birth. Coverage shall continue beyond the 31-day period provided that the Member meets the following requirements:

- (1) Makes a written request for coverage, on forms approved by Us, within 31 days from the birth;
- (2) Makes the required premium payment, if applicable.

27. On page 3 of the Certificate under the subsection Daily Hospital or Skilled Nursing Facility Confinement Indemnity Benefit, American Financial provides, in brackets, a Substance Use Disorders (Chemical Dependency) inpatient maximum benefit that ranges from 5-30 days of coverage per year.
28. On page 5 of the Certificate under the subsection Outpatient Physicians Office Indemnity Benefit, American Financial provides, in brackets, a Substance Use Disorders (Chemical Dependency) outpatient maximum benefit that ranges from 5-20 days of coverage per year.
29. Nowhere within the Certificate does American Financial offer coverage for medical or social setting detoxification of at least six days.
30. On page 9 of the Certificate, American Financial defines Substance Use Disorders (Chemical Dependency) as:
- [T]he pathological use or abuse of alcohol or other drugs in a manner and to a degree that produces impairment in personal, social or occupational functioning and which may, but need not, include a pattern of tolerance and withdrawal.
31. On pages 3, 5, 13, and 15 of the Certificate, there is bracketed coverage for and explanation of Mental Health Benefits. Said coverage does not include at least two sessions with the appropriately licensed mental health professional for the purposes of diagnosis or assessment.
32. Nowhere within the Certificate does American Financial provide coverage for medically necessary speech and language therapy, occupational therapy, physical therapy, and assistive technology devices for children from birth to age three.

33. Nowhere within the Certificate does American Financial provide medically necessary treatment for autism spectrum disorders.

### CONCLUSIONS OF LAW

34. 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.
35. 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.

### American Financial's Filing Does Not Qualify as a Limited Mandate Benefit Plan

36. Section 376.995 provides health insurers with the authority to issue limited mandate benefit plans under specific circumstances. It states in relevant part:

2. Limited mandate health insurance policies ... shall mean those policies ... of health insurance as defined in section 376.960 and which cover individuals and their families ... and groups sponsored by an employer who employs fifty or fewer persons.

37. For the purposes of limited mandate health insurance policies, §376.960 defines health insurance as:

(12) "*Health insurance*", *any hospital and medical expense incurred policy* ... or any other similar contract or agreement for the provisions of health care benefits. *The term "health insurance" does not include accident, fixed indemnity*[.]

(Emphasis added.)

38. American Financial's Filing is not a medical expense incurred policy; it is a fixed indemnity policy.<sup>3</sup> As such, it does not meet the definition of health insurance under §376.960 for limited mandate health insurance policies.

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<sup>3</sup> "Policies may provide benefits on either a fixed indemnity or expense incurred bases. Those that provide benefits on a fixed indemnity basis pay a specified amount for each day of hospital confinement." Lee R. Russ, Thomas F. Segalla, *Couch On Insurance* vol. 10A, § 145:2, 145-8 (3d ed., West 1998).

39. American Financial represented that its Filing would offer coverage to association groups, as opposed to individuals, and that it would not offer coverage to small employer groups. As such, this Filing does not market its product to the market segments allowed in §376.995.
40. Because American Financial's Filing does not meet the definition of health insurance in §376.960 and does not issue coverage to individuals or small employer groups, it cannot utilize the limited mandate health insurance option as provided in §376.995, and the Filing must comply with all applicable mandates.

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

41. 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...:

\* \* \*

(3) A provision that a copy of the application, if any, of the policyholder shall be attached to the policy when issued, that ***all statements made by the policyholder or by the persons insured shall be deemed representations and not warranties*** and that no statement made by any person insured shall be used in any contest unless a copy of the instrument containing the statement is or has been furnished to such person or, in the event of the death or incapacity of the insured person, to the individual's beneficiary or personal representative;

\* \* \*

(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;

\* \* \*

(11) A provision that ***all benefits payable under the policy ... shall be payable not more than thirty days*** after receipt of proof and that, subject to due proof of loss[.]

(Emphasis added.)

42. American Financial's Group Policy is not compliant with Missouri insurance laws. Under the subsection titled Application; Statements Not Warranties, the Group Policy adds the phrase "except for fraudulent misstatements." In adding this phrase, the Group Policy substantively modifies the requirements of §376.426(3) in that **all** statements shall be representations and not warranties; there are no exceptions. As such, the Certificate does not comply with the laws of this state as required by §376.405.
43. American Financial's Certificate is not compliant with Missouri insurance laws. Under the subsection titled "Representations," the Certificate adds the phrase "[i]n the absence of fraud[.]" In adding this phrase, the Certificate substantively modifies the requirements of §376.426(3) in that **all** statements shall be representations and not warranties; there are no exceptions. As such, the Certificate does not comply with the laws of this state as required by §376.405.
44. American Financial's Certificate is not compliant with Missouri insurance laws. Under the subsection titled "Notice of Claim," the Certificate excludes a required substantive notice provision. While the Certificate does provide for a greater time frame to provide notice, it 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). As such, the Certificate does not comply with the laws of this state as required by §376.405.
45. "Specific" is defined as "precisely formulated or restricted; definite; explicit; of an exact or particular nature."<sup>4</sup> "Certain" is defined as "ascertained; precise; identified; settled; exact; definitive; clearly known; unambiguous..."<sup>5</sup> "An ambiguity exists when there is duplicity, indistinctness, or uncertainty in the meaning of the language in the policy. Language is ambiguous if it is reasonably open to different constructions."<sup>6</sup>
46. American Financial's Certificate is not compliant with Missouri insurance laws. Under the subsection titled "Time of Payment of Claims," the Certificate notifies the insured that benefits due will be paid immediately upon receipt of the proof of such loss. Immediately may mean that payment would occur within: a day or two, a week or two, or something else entirely. This is because immediately is not defined within the policy. In the event the time frame envisioned by American Financial were less than the 30 days required by §376.426(11), it would be acceptable as a more favorable provision; however, because immediately is not defined and the law requires at least a

<sup>4</sup> *Black's Law Dictionary* 1398 (6<sup>th</sup> ed., West 1990)

<sup>5</sup> *Id.* at 225.

<sup>6</sup> *Seeck v. Geico Gen. Ins. Co.*, 212 S.W. 3d 129, 132 (Mo. banc 2007).

specified number of days, the language is not definite, clearly known, or distinct. As such, the Certificate uses words, phraseology, conditions, and provisions which are not specific, certain and unambiguous and reasonably adequate to meet needed requirements for the protection of those insured as required by §376.405.

**American Financial's Filing Qualifies as a Health Benefit Plan**

47. Section 376.1350 states in relevant part:

(18) "Health benefit plan", a policy, contract, certificate or agreement entered into, offered or issued by a health carrier to provide, deliver, arrange for, pay for, or reimburse any of the costs of health care services....;

\* \* \*

(21) "Health care service", a service for the diagnosis, prevention, treatment, cure or relief of a health condition, illness, injury or disease;

(22) "Health carrier", an entity subject to the insurance laws and regulations of this state that contracts or offers to contract to provide, deliver, arrange for, pay for or reimburse any of the costs of health care services, including a sickness and accident insurance company, a health maintenance organization, a nonprofit hospital and health service corporation, or any other entity providing a plan of health insurance, health benefits or health service[.]

48. Pursuant to §376.1350, American Financial is a "health carrier" and American Financial's Filing is a "health benefit plan" for the following reasons:

- a. American Financial is an entity subject to the insurance laws of this state that contracts to pay for or reimburse any of the costs of services to treat, cure or relieve a health condition, illness, injury, or disease.
- b. The Filing is a policy and a certificate to be entered into, offered, or issued by American Financial, as a "health carrier," to pay for or reimburse any of the costs of services to treat, cure or relieve a health condition, illness, injury, or disease.

49. Because American Financial is a "health carrier" and its Filing qualifies as a "health benefit plan," American Financial's Filing must comply with health insurance mandates as stated below.



**American Financial's Health Benefit Plan Does Not Follow All Required  
Procedures and Provide All Required Benefits to Newborn Children  
Under Missouri Law**

50. Section 376.406 states in relevant part:

1. All health benefit plans which provide coverage for a family member of an enrollee shall, as to such family member's coverage, also provide that the health benefits applicable for children shall be payable with respect to a newly born child of the enrollee from the moment of birth.

2. *The coverage for newly born children shall consist of coverage of injury or sickness including the necessary care and treatment of medically diagnosed congenital defects and birth abnormalities.*

3. If payment of a specific premium or subscription fee is required to provide coverage for a child, the health benefit plan may require that notification of birth of a newly born child and payment of the required premium or fees must be furnished to the health carrier within thirty-one days after the date of birth in order to have the coverage continue beyond such thirty-one-day period. *If an application or other form of enrollment is required in order to continue coverage beyond the thirty-one-day period after the date of birth and the enrollee has notified the health carrier of the birth, either orally or in writing, the health carrier shall, upon notification, provide the enrollee with all forms and instructions necessary to enroll the newly born child and shall allow the enrollee an additional ten days from the date the forms and instructions are provided in which to enroll the newly born child.*

\* \* \*

6. As used in this section, *the terms "health benefit plan", "health carrier", and "enrollee" shall have the same meaning as defined in section 376.1350.*

(Emphasis added.)

51. American Financial's Certificate is not compliant with Missouri insurance laws. Nowhere within the Certificate in any section that addresses newborn dependents does the Certificate notify the enrollee that newborn coverage shall consist of coverage of injury or sickness including the necessary care and treatment of medically diagnosed congenital defects and birth abnormalities. Therefore, the Certificate does not provide the coverages a newborn child is

due under §376.406.2. As such, the Certificate does not comply with the laws of this state as required by §376.405.

52. American Financial's Certificate is not compliant with Missouri insurance laws. American Financial requires the use of forms it has approved to notify it of the continuation of newborn coverage beyond 31 days. Because American Financial requires the use of approved forms, it must give the enrollee an additional 10 days from the date the forms are provided in which to enroll the newly born child. The provision does not provide this additional information. Because this provision fails to fully inform enrollees of their rights under §376.406.3, it is not reasonably adequate to meet the needed requirements of the insured. As such, the Certificate does not comply with the laws of this state as required by §376.405.

**American Financial's Certificate Does Not Cover the Properly Offered Benefits for Chemical Abuse Treatment and Mental Health**

53. Section 376.810(1) defines "chemical dependency" as:

[T]he psychological or physiological dependence upon and abuse of drugs, including alcohol, characterized by drug tolerance or withdrawal and impairment of social or occupational role functioning or both[.]

54. Section 376.811 states in relevant part:

1. Every insurance company and health services corporation doing business in this state **shall offer** in all health insurance policies benefits or coverage for chemical dependency meeting the following minimum standards:

(1) Coverage for outpatient treatment through a nonresidential treatment program, or through partial- or full-day program services, of **not less than twenty-six days** per policy benefit period;

(2) Coverage for residential treatment program of **not less than twenty-one days** per policy benefit period; [and]

(3) **Coverage for medical or social setting detoxification of not less than six days per policy benefit period**[.]

\* \* \*

4. Every insurance company, health services corporation and health maintenance organization doing business in this state **shall**

*offer* in all health insurance policies mental health benefits or coverage as part of the policy or as a supplement to the policy. ***Such mental health*** benefits or ***coverage shall include at least two sessions per year*** to a licensed psychiatrist, licensed psychologist, licensed professional counselor, licensed clinical social worker, or, subject to contractual provisions, a licensed marital and family therapist, acting within the scope of such license and under the following minimum standards:

(1) Coverage and benefits in this subsection shall be ***for the purpose of diagnosis or assessment***, but not dependent upon findings[.]

\* \* \*

6. This section shall not apply to a supplemental insurance policy, including a life care contract, accident-only policy, specified disease policy, hospital policy providing a fixed daily benefit only, Medicare supplement policy, long-term care policy, hospitalization-surgical care policy, short-term major medical policy of six months or less duration, or any other supplemental policy as determined by the director of the department of insurance, financial institutions and professional registration.

(Emphasis added.)

55. American Financial's Certificate is not compliant with Missouri insurance laws. The Certificate's utilizes the term "substance use disorders" in lieu of the statutory term "chemical dependency." Under its terms, the Certificate provides for a more narrow definition of substance use disorders than §376.810 provides and in doing so provides less opportunity for coverage of treatment for chemical dependency than Missouri law mandates. While alternative terms are acceptable within a policy, definitions that provide less coverage than what is mandated by statute are not permissible. As such, the Certificate's definition is not reasonably adequate to meet the needed requirements of the insured under Missouri law, and the Certificate does not comply with the laws of this state as required by §376.405.
56. American Financial's Certificate is not compliant with Missouri insurance laws. Under the sections that address chemical dependency, the Certificate does not comply with §376.811.1 as stated below:
- a. The Certificate provides for an offered coverage for outpatient treatment with a 20-day maximum coverage benefit; this is less than the statutorily mandated offer.

- b. Additionally, the Certificate provides for an offered coverage for inpatient treatment ranging from five to 30 days per year. While the maximum range exceeds the statutory mandate, the minimum range is less than the twenty-one day requirement.
- c. Finally, the Certificate does not provide for an offered coverage for medical or social setting detoxification of at least six days.

As such, the Certificate does not comply with the laws of this state as required by §376.405. Each reason stated above is a separate and sufficient showing of noncompliance.

- 57. American Financial's Certificate is not compliant with Missouri insurance laws, specifically §376.811.4. Under the sections that address mental health benefits, the Certificate does not provide for an offered coverage for at least two sessions with the appropriately licensed mental health professional for the purpose of diagnosis or assessment. As such, the Certificate does not comply with the laws of this state as required by §376.405.
- 58. Pursuant to §376.811.6, the mandated offers of §§376.811.1 and 376.811.4 do not apply to supplemental insurance policies including, most relevantly, hospital policies providing a fixed daily benefit. These exceptions are not applicable to this policy of insurance for the following reasons:
  - a. American Financial's policy is not a supplemental insurance policy. American Financial's Enrollment Form indicates that the health insurance policy may be sold as either a supplemental health insurance policy or as a stand-alone health insurance policy. As such, this policy does not fit within the supplemental policy exception for this section.
  - b. In the event American Financial's policy was sold strictly as a supplemental policy, American Financial's policy is not exclusively a hospital policy providing a fixed daily benefit. American Financial's Group Policy and Certificate do have within it a hospital policy providing a fixed daily benefit, but American Financial then provides additional coverages that are not found within such a specified policy. As such, this policy exceeds the exception provided within §376.811.6.

**American Financial's Health Benefit Plan Does Not Comply With the  
Mandated Coverage for Early Intervention Services**

59. Section 376.1218 states in relevant part:

1. *Any health carrier or health benefit plan that offers or issues health benefit plans, other than Medicaid health benefit plans, which are delivered, issued for delivery, continued, or renewed in this state on or after January 1, 2006, shall provide coverage for early intervention services* described in this section that are delivered by early intervention specialists who are health care professionals licensed by the state of Missouri and acting within the scope of their professions *for children from birth to age three* identified by the Part C early intervention system as eligible for services under Part C of the Individuals with Disabilities Education Act, 20 U.S.C. Section 1431, et seq. *Such coverage shall be limited to three thousand dollars* for each covered child per policy per calendar year, with a maximum of nine thousand dollars per child.

2. *As used in this section, "health carrier" and "health benefit plan" shall have the same meaning as such terms are defined in section 376.1350.*

\* \* \*

4. For purposes of this section, *"early intervention services" means medically necessary speech and language therapy, occupational therapy, physical therapy, and assistive technology devices for children from birth to age three* who are identified by the Part C early intervention system as eligible for services under Part C of the Individuals with Disabilities Education Act, 20 U.S.C. Section 1431, et seq. Early intervention services shall include services under an active individualized family service plan that enhance functional ability without effecting a cure. An individualized family service plan is a written plan for providing early intervention services to an eligible child and the child's family that is adopted in accordance with 20 U.S.C. Section 1436. The Part C early intervention system, on behalf of its contracted regional Part C early intervention system centers and providers, shall be considered the rendering provider of services for purposes of this section.

\* \* \*

8. This section shall not apply to a supplemental insurance policy, including a life care contract, specified disease policy, hospital policy providing a fixed daily benefit only, Medicare supplement policy, hospitalization-surgical care policy, policy that is individually underwritten or provides such coverage for specific individuals and members of their families, long-term care policy, or short-term major medical policies of six months or less duration.

(Emphasis added.)

60. American Financial's Certificate is not compliant with Missouri insurance laws. Section 376.1218 requires all health benefit plans to provide coverage for early intervention services for children from birth to age three. The Certificate does not provide the mandated coverage. As such, the Certificate does not comply with the laws of this state as required by §376.405.
61. Pursuant to §376.1218.8, the mandated coverage under 376.1218 does not apply to supplemental insurance policies including, most relevantly, hospital policies providing a fixed daily benefit. These exceptions are not applicable to this policy of insurance for the following reasons:
- a. American Financial's policy is not a supplemental insurance policy. American Financial's Enrollment Form indicates that the health insurance policy may be sold as either a supplemental health insurance policy or as a stand-alone health insurance policy. As such, this policy does not fit within the supplemental policy exception for this section.
  - b. In the event American Financial's policy was sold strictly as a supplemental policy, American Financial's policy is not exclusively a hospital policy providing a fixed daily benefit. American Financial's Group Policy and Certificate do have within it a hospital policy providing a fixed daily benefit, but the Group Policy and Certificate then provide additional coverages that are not found within such a specified policy. As such, this policy exceeds the exception provided within §376.1218.8.

**American Financial's Health Benefit Plan Does Not Provide the Mandated Coverage for Autism Spectrum Disorders**

62. Section 376.1224 states in relevant part:

1. *For the purposes of this section, the following terms shall mean:*

\* \* \*

(6) "*Health benefit plan*", shall have the same meaning ascribed to it as in section 376.1350;

(7) "*Health carrier*", shall have the same meaning ascribed to it as in section 376.1350[.]

\* \* \*

2. *All group health benefit plans that are delivered*, issued for delivery, continued, or renewed on or after January 1, 2011, if written inside the state of Missouri, or written outside the state of Missouri but *insuring Missouri residents, shall provide coverage for the diagnosis and treatment of autism spectrum disorders* to the extent that such diagnosis and treatment is not already covered by the health benefit plan.

\* \* \*

14. The provisions of this section shall not apply to a supplemental insurance policy, including a life care contract, accident-only policy, specified disease policy, hospital policy providing a fixed daily benefit only, Medicare supplement policy, long-term care policy, short-term major medical policy of six months or less duration, or any other supplemental policy.

(Emphasis added.)

63. American Financial's Certificate is not compliant with Missouri insurance laws. Section 376.1224.2 requires all health benefit plans to provide coverage for autism spectrum disorders. The Certificate does not provide the mandated coverage. As such, the Certificate does not comply with the laws of this state as required by §376.405.
64. Pursuant to §376.1224.14, the mandated coverage under §376.1224 does not apply to supplemental insurance policies including, most relevantly, hospital policies providing a fixed daily benefit. These exceptions are not applicable to this policy of insurance for the following reasons:
- a. American Financial's policy is not a supplemental insurance policy. American Financial's Enrollment Form indicates that the health insurance policy may be sold as either a supplemental health insurance policy or as a stand-alone health insurance policy. As such, this policy does not fit within the supplemental policy exception for this section.
  - b. In the event American Financial's policy was sold strictly as a supplemental policy, American Financial's policy is not exclusively a

hospital policy providing a fixed daily benefit. American Financial's Group Policy and Certificate do have within it a hospital policy providing a fixed daily benefit, but the Group Policy and Certificate then provide additional coverages that are not found within such a specified policy. As such, this policy exceeds the exception provided within §376.1224.14.

65. After review and consideration of the policy forms included in the American Financial Filing, the company has failed to demonstrate its compliance with Missouri law as enumerated herein.
66. While there may be additional reasons as to why these policy forms do not comply with Missouri's insurance laws, the reasons stated herein are sufficient to disapprove the forms.
67. Each reason stated herein for disapproval of a policy form is a separate and sufficient cause to disapprove such form.
68. American Financial's Group Policy and Certificate do not comply with Missouri law. As such, said forms are not in the public interest.
69. This Order is in the public interest.

**IT IS THEREFORE ORDERED** that Forms AF FI POL 613 and AF FI CERT 613 are hereby **DISAPPROVED**. American Financial Security 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 27<sup>th</sup> day**  
of August, 2013.



  
**JOHN M. HUFF**  
**DIRECTOR**



**NOTICE**

**TO: American Financial Security 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 27<sup>th</sup> day of August, 2013, a copy of the foregoing Order and Notice was

- 1) Delivered via electronic mail to:

Brenda Dawson  
Brendadawson@inscompliance.com

- 2) Served via certified mail addressed to:

Michael Camilleri  
President, American Financial Security Life Insurance Company  
3925 East State Street, Suite 200  
Rockford, Illinois 61108

Lewis E. Melahn  
Attorney-at-Law  
127A East High Street  
Jefferson City, Missouri 65102

  
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