

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

**In Re: AMERICAN MEDICAL AND )  
LIFE INSURANCE COMPANY )  
SERFF TRACKING NUMBER ) Case No. 131223673C  
ICCI-129187412 )**

**ORDER DISAPPROVING FORM FILING**

Upon review and consideration of the filing of American Medical and Life Insurance Company, SERFF Tracking Number ICCI-129187412, specifically Forms AMLI GRP RX POL 0913 and AMLI GRP RX CERT 0913, the Deputy 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 Medical and Life Insurance Company ("AMLI"), NAIC Number 81418, is a foreign life and health insurance company organized pursuant to the laws of the state of New York 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 §374.075 with the review of forms that are filed by insurance companies.
5. Insurance Compliance Consultants, Inc. ("ICC"), on behalf of AMLI, filed policy forms with the Director via the System for Electronic Rate and Form Filing ("SERFF") on November 13, 2013. The SERFF Tracking Number is ICCI-129187412 ("Filing").
6. The Filing contains, in pertinent part, forms AMLI GRP RX POL 0913, identified as the Master Policy ("Policy"), and AMLI GRP RX CERT 0913, identified as the Certificate of Coverage ("Certificate").

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<sup>1</sup> All statutory citations are to RSMo (Supp. 2013).

7. Brackets ( [ . . . ] ) within a policy form reviewed by the Division indicate that the language within the brackets may be included or excluded from the policy form.
8. Potentially, all benefits or coverages in brackets could be included in an issued policy form.
9. Conversely, all benefits or coverages in brackets could be excluded from an issued policy.
10. AMLI filed the Policy and Certificate within SERFF as Group Outpatient Prescription Drug Indemnity Coverage.
11. Within the Policy under the section titled Termination of Insurance and the subsection "Grace Period (If Premiums are not Paid When Due)," AMLI states:

After the first premium, if the premium is not paid when it is due, it can be paid during the next 31 days. These 31 days are called the grace period. If the premium is not paid before the grace period ends, the coverage provided by this Policy will terminate at midnight on the last day for which premium was paid.

12. On page 9 of the Certificate under the section titled General Provisions and the subsection "Incontestability," AMLI states:

Except for fraudulent misstatements, any statement made by the Policy Holder or a Named Insured is considered a representation and not a warranty. A copy of the statement will be provided to whoever made the statement. No statement will be used to contest the Policy, the validity of coverage, or reduce benefits unless it is written and signed by the Policy Holder or Named Insured.

13. On page 5 of the Certificate under the section titled General Definitions, in brackets AMLI defines a Pre-Existing Condition as:

A condition (whether physical or mental), regardless of the cause of the condition, for which medical advice, diagnosis, care or treatment was recommended or received from a Physician within a [6 - 12]-month period preceding the Certificate Effective Date of coverage of the Covered Person, or such treatment which would have been recommended had a reasonable and prudent effort to seek appropriate medical advice been made.

14. On page 10 of the Certificate under the section titled How to File a Claim/Claim Provisions, AMLI states:

**How to File a Claim**

A claim form must be completed within 90 days after the covered loss begins or as soon as it is reasonably possible. The claim form, along with proof of loss, should be sent to Us at Our home office.

If the Named Insured does not have a claim form, he must give Us a written statement describing the loss within 90 days after the covered loss begins or as soon as it is reasonably possible. The statement should include his name and Certificate Schedule Number as shown in the Certificate Schedule. It must also include proof of loss. The Named Insured should send the statement to Us at Our home office. When We receive the statement describing the loss, We will send him claim forms within 15 days. If he does not receive claim forms, his written statement along with the proof of loss will be used to process his claim.

**Proof of Loss**

The Named Insured must give Us written proof of loss within 90 days after the covered loss begins.

Written proof of loss is a copy of the prescription and a copy of the pharmacy receipt showing the prescription was purchased.

**Payment of Claims**

All benefits will be payable either to the Participating Retail Pharmacy or the Named Insured if a Non-Participating Pharmacy is used. The Named Insured will be paid the difference if the charge is less than the indemnity Benefit. Unless previously assigned, benefits payable on or after the Named Insured's death are paid to the estate., [sic]

If any benefit is payable to an estate or to a minor or person not otherwise competent to give a valid release, We may pay such benefit, up to an amount not exceeding \$500.00, to any relative by blood or marriage, who We deem entitled to the benefit. Any payment made by Us in good faith under this provision will fully discharge Us to the extent of payment.

**Timely Claims Payment**

We will pay any benefits due not more than 60 days after We receive written proof of loss.

(Emphasis in original.)

15. On page 8 of the Certificate under the section titled Termination of Insurance and the subsection "Termination of a Named Insured's Coverage," AMLI states:

The coverage on a Named Insured will terminate on the earliest of:

- The date the Policy terminates
- The last day of the month in which the Named Insured reaches age 65 or becomes eligible for Medicare
- 90 days after the date written notice was provided that the Named Insured is no longer in an eligible class
- The date the Named Insured's class is no longer included for insurance
- The date the Named Insured asks Us in writing to end their coverage, or
- The date the Named Insured dies.

If We discontinue this coverage to a particular class, we will provide that class the option to purchase other similar coverage currently offered by Us without regard to the class claims experience or the health-related status of any Covered Person or new Named Insureds who may become eligible for such coverage.

16. On page 9 of the Certificate under the section, which begins on page 8, titled Termination of Insurance and the subsection "When Coverage Ends on the Named Insured's Spouse or Domestic Partner and/or Dependents," AMLI states:

Coverage will end on each Dependent Child when they no longer qualify as a Dependent as defined in the Certificate. The Named Insured must notify Us if any Dependent no longer qualifies as an eligible Dependent. If this is family coverage and all of the dependents no longer qualify as eligible dependents and You fail to notify Us, Our liability is limited to refunding premium for the time period for which they did not qualify. Coverage will not end on a Dependent Child who reaches the limiting age if that child is incapable of self-sustaining employment by reason of developmental disability or mental disability as defined in the mental hygiene law or physical handicap and who became so incapable prior to the attainment of the age at which dependent coverage would otherwise terminate and who is dependent upon such Named Insured for support and maintenance. Proof of the disability and/or dependency must be furnished to Us within 31 days of the child's attainment of the limiting age and subsequently, as may be required by Us. However, proof may not be required more than annually after the first 2 years following the Dependent Child's reaching the limiting age.

## CONCLUSIONS OF LAW

17. 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.
18. 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.

### AMLI's Filing Does Not Substantively Provide All Provisions Required In All Group Policies Under Section 376.426

19. 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....;*

\* \* \*

*(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;*

\* \* \*

*(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....;*

\* \* \*

(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;*

\* \* \*

(10) *A provision that* in the case of claim for loss of time for disability, written proof of such loss must be furnished to the insurer within ninety days after the commencement of the period for which the insurer is liable, and that subsequent written proofs of the continuance of such disability must be furnished to the insurer at such intervals as the insurer may reasonably require, and *that in the case of claim for any other loss, written proof of such loss must be furnished to the insurer within ninety days after the date of such loss. Failure to furnish such proof within such time shall not invalidate nor reduce any claim if it was not reasonably possible to furnish such proof within such time, provided such proof is furnished as soon as reasonably possible* and in no event, except in the absence of legal capacity of the claimant, later than one year from the time proof is otherwise required;

(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...;

(12) *A provision that* benefits for accidental loss of life of a person insured shall be payable to the beneficiary designated by the person insured or, if the policy contains conditions pertaining to family status, the beneficiary may be the family member specified by the policy terms. In either case, payment of these benefits is subject to the provisions of the policy in the event no such designated or specified beneficiary is living at the death of the person insured. *All other benefits of the policy shall be payable to the person insured. The policy may also provide that if any benefit is payable to the estate of a person, or to a person who is a minor or otherwise not competent to*

*give a valid release, the insurer may pay such benefit, up to an amount not exceeding two thousand dollars, to any relative by blood or connection by marriage of such person who is deemed by the insurer to be equitably entitled thereto;*

\* \* \*

(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...*;

(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[.]

(Emphasis added.)

20. AMLI's Policy is not compliant with Missouri insurance laws. Under the section titled Termination of Insurance and the subsection "Grace Period (If Premiums are not Paid When Due)," the Policy properly provides the 31-day grace period as required by §376.426(1), but then states "[i]f the premium is not paid before the grace period ends, the coverage provided by 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. AMLI's Policy does not stay in full force because the policy ends the last day of the month for which the premium was paid. Because the policy is not in full force and retroactively terminates, the Policy does not meet the substantive requirements of §376.426(1). As such, the Policy does not comply with the laws of this state as required by §376.405.

21. AMLI's Certificate is not compliant with Missouri insurance laws. The section titled General Provisions and the subsection "Incontestability," properly discloses that a copy of any statement that will be used against a person will be provided to the person that made the statement. However, the Certificate does not substantively provide that "in the event of the death or incapacity of the insured person, [the statement will be provided] to the individual's beneficiary or personal representative" as required by §376.426(3). Because such statement is not within the provision, the Certificate does comply with §376.426(3). As such, the Certificate does not comply with the laws of this state as required by §376.405.
22. AMLI's Certificate is not compliant with Missouri insurance laws. Under the section titled General Definitions, AMLI defines preexisting conditions to include conditions wherein "treatment ... would have been recommended had a reasonable and prudent effort to seek appropriate medical advice been made." Section 376.426(5) defines a pre-existing condition as one for which the insured received medical advice or treatment; it does not say that the insured should have sought medical advice or treatment. 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.
23. AMLI's Certificate is not compliant with Missouri insurance laws. Under the section titled How to File a Claim/Claim Provisions and the subsection "How to File a Claim," the Certificate excludes a required substantive notice provision. While the Certificate does provide a more favorable 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.
24. AMLI's Certificate is not compliant with Missouri insurance laws. Under the section titled How to File a Claim/Claim Provisions and the subsection "Proof of Loss," the Certificate excludes a required substantive notice provision. The Certificate does not notify the insured that failure to furnish proof within the time frame "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," as required by §376.426(10). As such, the Certificate does not comply with the laws of this state as required by §376.405.



25. AMLI's Certificate is not compliant with Missouri insurance laws. Under the section titled How to File a Claim/Claim Provisions and the subsection "Timely Claims Payment," the Certificate notifies the insured that AMLI "will pay any benefits due not more than 60 days after" receipt of written proof of loss. Pursuant to §376.426(11), the provision must substantively notify the insured that payment for benefits "shall be payable not more than thirty days after receipt of proof" of loss. The Certificate's provision does not comply with §376.426(11) 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.
26. AMLI's Certificate is not compliant with Missouri insurance laws. Under the section titled How to File a Claim/Claim Provisions and the subsection "Payment of Claims," the Certificate notifies the insured that benefits payable to an estate, minor, or other person incompetent to give a valid release will be payable by AMLI to a relative, by blood or marriage, up to \$500.00. Pursuant to §376.426(12), the provision must substantively notify the insured that such a payment will not exceed \$2,000.00. Therefore, the Certificate's provision does not comply with §376.426(12) in that the language is neither substantially similar to nor more favorable than the statutory language. As such, the Certificate does not comply with the laws of this state as required by §376.405.
27. AMLI's Certificate is not compliant with Missouri insurance laws. Under the section titled Termination of Insurance and the subsection "Termination of a Named Insured's Coverage," the Certificate fails to substantively notify the insured of a required provision. Section 376.426(15) requires a statement that substantively discloses that the insurer may not terminate the policy prior to the first anniversary of the effective date of the policy. The Certificate does not include such a statement. As such, the Certificate does not comply with the laws of this state as required by §376.405.
28. AMLI's Certificate is not compliant with Missouri insurance laws. Under the section titled Termination of Insurance and the subsection "When Coverage Ends on the Named Insured's Spouse or Domestic Partner and/or Dependents," AMLI states that coverage of Dependent Children will not terminate when the child reaches a limiting age if the "child is incapable of self-sustaining employment by reason of developmental disability or mental disability as defined in the mental hygiene law or physical handicap." The Certificate's provision is not specific, certain, and unambiguous because it is not clear what "mental hygiene law" to which the Certificate is referring. As such, the Certificate does not comply with the laws of this state as required by §376.405.

29. After review and consideration of the policy form included in the AMLI Filing, the company has failed to demonstrate its compliance with Missouri law as enumerated herein.
30. 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.
31. Each reason stated herein for disapproval of a policy form is a separate and sufficient cause to disapprove such form.
32. AMLI's Policy and Certificate do not comply with Missouri law. As such, said forms are not in the public interest.
33. This Order is in the public interest.

**IT IS THEREFORE ORDERED** that Forms AMLI GRP RX POL 0913 and AMLI GRP RX CERT 0913 are hereby **DISAPPROVED**. American Medical 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 24<sup>th</sup>** day of December, 2013.



  
**JAMES R. MCADAMS**  
**DEPUTY DIRECTOR**

NOTICE

**TO: American Medical and 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 24<sup>th</sup> day of December, 2013, a copy of the foregoing Order and Notice was

1) Served via certified mail addressed to:

Frank Prudente  
President  
American Medical Life Insurance Company  
14 Wall Street, Suite 5H  
New York, NY 10005

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

A handwritten signature in blue ink, reading "Amy Leeler", is written over a horizontal line.