

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

<b>In Re: GUARANTEE TRUST LIFE</b>	)	
<b>INSURANCE COMPANY</b>	)	<b>Case No. 141105718C</b>
<b>SERFF TRACKING NUMBER</b>	)	
<b>GRTT-129773754</b>	)	

**ORDER DISAPPROVING FORM FILING**

Upon review and consideration of the filing of Guarantee Trust Life Insurance Company, SERFF Tracking Number GRTT-129773754, specifically Forms MP-1400 and GC-1400-MO, 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. Guarantee Trust Life Insurance Company (“Guarantee Trust”), NAIC Number 64211, is a foreign life and health insurance company organized pursuant to the laws of the state of Illinois 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. Guarantee Trust filed forms with the Director via the System for Electronic Rate and Form Filing (“SERFF”) on October 21, 2014. The SERFF Tracking Number is GRTT-129773754 (“Filing”).
6. The Filing contains, in pertinent part, forms MP-1400, identified as the Master Policy (“Group Policy”) and GC-1400-MO, identified as the Certificate of Insurance (“Certificate”).
7. Guarantee Trust filed the forms within SERFF as Group Health-Accident Only coverage.

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<sup>1</sup> All statutory citations are to RSMo (Supp. 2014).

8. On October 29, 2014 Guarantee Trust amended the Filing and replaced the Group Policy with an amended form. On November 4, 2014 Guarantee Trust again amended the Filing and replaced the Certificate with an amended form. The amended forms are the subject of this Order.

9. On page 3 of the Group Policy under the section titled Policy Premium and the subsection titled Grace Period, the form states:

If the Policyholder has not previously given written notice to the Company that this Policy is to be terminated, a grace period of 31 days, without interest charge, will be granted to the Policyholder for payment of every premium except the initial premium. During the grace period, this Policy will continue in force. If premium is not paid within the grace period, coverage terminates on the last day for which premium has been paid.

10. Nowhere within the Group Policy nor the Certificate do the forms provide the following provision found in section 376.426(2), RSMo:

A provision that the validity of the policy shall not be contested, except for nonpayment of premiums, after it has been in force for two years from its date of issue, and that no statement made by any person covered under the policy relating to insurability shall be used in contesting the validity of the insurance with respect to which such statement was made after such insurance has been in force prior to the contest for a period of two years during such person's lifetime nor unless it is contained in a written instrument signed by the person making such statement; except that, no such provision shall preclude the assertion at any time of defenses based upon the person's ineligibility for coverage under the policy or upon other provisions in the policy[.]

11. On page 5 of the Group Policy under the section titled General Provisions and the subsection titled Incontestability, the form states:

All statements made in an application by the Policyholder are, in the absence of fraud, representations and not warranties. No statement shall be used to contest this Policy, the validity of coverage or reduce benefits, unless it is in writing, signed by the Policyholder, and a copy of such statement is furnished to the Policyholder.

12. On page 3 of the Group Policy under the section titled Policy Premiums and the subsection titled Adjustment Due To Misstatement Of Age, the form states:

If premiums vary by age, an adjustment will be made in the event the age of a Covered Person has been misstated. Premiums will be adjusted according to such Covered Person's correct age. Any adjustment of benefits due to the correction of age will also be made.

13. On page 19 of the Certificate under the section titled Premium and the subsection titled Adjustment Due To Misstatement Of Age, the form states:

If premiums vary by age, an adjustment will be made in the event a Covered Person's age has been misstated. Premiums will be adjusted according to the Covered Person's correct age. Any adjustment of benefits due to the correction of age will also be made.

14. Nowhere within the Group Policy or the Certificate is there a provision containing a clear statement of the method of adjustment to be used in the event that the age of the covered person has been misstated.

15. On page 19 of the Certificate under the section titled Claim Provisions and the subsection titled Notice of Claim, the form states:

Written notice of claim must be given to the Company or its authorized representative within 60 days after a covered loss starts, or as soon thereafter as is reasonably possible. Notice should include information sufficient to identify the Covered Person.

16. On page 20 of the Certificate under the section titled Claim Provisions and the subsection titled Time of Payment of Claims, the form states:

Benefits will be paid as soon as We receive proper proof of loss unless the Policy provides for periodic payment. When the Policy provides for periodic payment, the benefits will accrue and will be paid monthly subject to proper proof of loss.

17. On page 4 of the Group Policy under the section titled Policy Coverage and the subsection titled Policy Termination, the form states:

The Policyholder may terminate this Policy at any time by providing the Company with at least [30] days prior written notice.

This Policy may be terminated by Us:

1. For non-payment of premium. Coverage will end at the end of the period for which premium has been paid, subject to the Grace Period.

2. On or after the first anniversary of the Policy Effective Date: On any premium due date for any of the following reasons:
- Fraud or misrepresentation of a material fact by the Policyholder;
  - Failure to provide required information or documentation related to this Policy upon request.
  - At the Company's discretion within [(31-60)] days.

We must give the Policyholder written notice of cancellation at least [(31-60)] days prior to the date of termination.

18. On page 10 of the Certificate under the section titled Conditions of Insurance and the subsection titled Termination, the form states:

**Covered Person:** Coverage will terminate at the earlier of:

- the date the Policy terminates;
- the date the Covered Person ceases to be an Eligible Person;
- the end of the period for which any applicable premium has been paid by the Policyholder on behalf of the Covered Person;
- the date of fraud or misrepresentation of a material fact by a Covered Person[.]

(Emphasis in original.)

19. On page 4 of the Certificate under the section Definitions, the form defines Dependent as a Covered Person's:

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- Child who is dependent upon the Covered Person for support and maintenance and is under the age of 26;
- Child who is dependent upon the Covered Person for support and maintenance, and is incapable of self-sustaining employment by reason of mental or physical handicap.

The term child refers to a Covered Person's unmarried:

- Natural child;
- Stepchild or foster child; A stepchild is a Dependent on the date a Covered Person married the child's parent.
- Adopted child, including a child placed with the Covered Person for the purpose of adoption, from the moment of placement as certified by the agency making the placement.

## CONCLUSIONS OF LAW

20. 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.
21. 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.

### Guarantee Trust’s Filing Does Not Substantively Provide All Provisions Required In All Group Policies Under Section 376.426

22. 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;*

*(2) A provision that the validity of the policy shall not be contested, except for nonpayment of premiums, after it has been in force for two years from its date of issue, and that no statement made by any person covered under the policy relating to insurability shall be used in contesting the validity of the insurance with respect to which such statement was made after such insurance has been in force prior to the contest for a period of two years during such person's lifetime nor unless it is contained in a written instrument signed by the person making such statement; except that, no such provision shall preclude the assertion at any time of defenses based upon the person's ineligibility for coverage under the policy or upon other provisions in 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;*

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*(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;*

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*(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;*

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*(11) A provision that all benefits payable under the policy other than benefits for loss of time shall be payable not more than thirty days after receipt of proof and that, subject to due proof of loss, all accrued benefits payable under the policy for loss of time shall be paid not less frequently than monthly during the continuance of the period for which the insurer is liable, and that any balance remaining unpaid at the termination of such period shall be paid as soon as possible after receipt of such proof;*

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*(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[.]*

(Emphasis added.)

23. Guarantee Trust's Group Policy is not compliant with Missouri insurance laws. Under the subsection titled Grace Period, the Group Policy provides the statutorily required grace period but adds the phrase "[i]f premium is not paid within the grace period, coverage terminates on the last day for which the premium has been 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 does not meet the substantive requirements of §376.426(1). As such, the Group Policy does not comply with the laws of this state as required by §376.405.



24. Neither Guarantee Trust's Group Policy nor its Certificate is compliant with Missouri insurance laws. All group policies are required to substantively provide each of the provisions from §376.426(2). Neither Guarantee Trusts Group Policy nor Certificate contain the provision from §376.426(2). As such, the Group Policy and Certificate do not comply with the laws of this state as required by §376.405.
25. Guarantee Trust's Group Policy is not compliant with Missouri insurance laws. Under the subsection titled "Incontestability," the form 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 Group Policy 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 Group Policy does not comply with §376.426(3). As such, the Group Policy does not comply with the laws of this state as required by §376.405.
26. Neither Guarantee Trust's Group Policy nor its Certificate is compliant with Missouri insurance laws. Under the subsections titled Adjustment Due To Misstatement Of Age, the Group Policy and Certificate provide that, if there is a misstatement of age, an adjustment to premiums and benefits will be made. However, neither the Group Policy nor the Certificate provides a clear statement of the method of adjustment. Section 376.426(6) requires such a clear statement. As such, the Group Policy and Certificate do not comply with the laws of this state as required by §376.405.
27. Guaranteed Trust's Certificate is not compliant with Missouri insurance laws. Under the subsection titled Notice of Claim, the Certificate excludes a required substantive notice provision. Although the form does provide a more favorable time frame to provide notice, the form 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 give such notice, as required by §376.426(8). As such, the Certificate does not comply with the laws of this state as required by §376.405.
28. Guarantee Trust'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 after Guarantee Trust receives "proper proof of loss." However, the Certificate does not notify the insured that benefits due will be paid not more than 30 days after receipt of the proof of loss, as required by §376.426(11). As such, the Certificate does not comply with the laws of this state as required by §376.405.
29. Neither Guarantee Trust's Group Policy nor its Certificate is compliant with Missouri insurance laws. Under the subsections titled Termination, the forms



exclude a required substantive notice provision. The forms fail to substantively provide that “any termination by the insurer shall be without prejudice to any expenses originating prior to the effective date of termination,” as required by §376.426(15). Because the Group Policy and Certificate fail to substantively include such a statement, the forms are not in compliance with §376.426(15). As such, the Group Policy and Certificate do not comply with the laws of this state as required by §376.405.

30. Guarantee Trust’s Certificate is not compliant with Missouri insurance laws. Under the section titled Definitions, the definition of dependent includes a “child who is dependent upon the Covered person for support and maintenance, and is incapable of self-sustaining employment by reason of mental or physical handicap.” The form then goes on to define a child as one who is unmarried. Section 376.426(16) does not require such a dependent to be unmarried. Because the Certificate adds the requirement that the dependent child be unmarried, the language is not substantially similar to nor more favorable than §376.426(16). As such, the Certificate does not comply with the laws of this state as required by §376.405.
31. Guarantee Trust’s Certificate is not compliant with Missouri insurance laws. Under the section titled Definitions, the definition of dependent child includes those who are “dependent upon the Covered Person for support and maintenance and is under the age of 26[.]” Section 376.426(17) does not provide that a dependent child must be reliant upon the Insured for support and maintenance. Because the Certificate adds the requirement that the dependent child be dependent on the insured, the language is not substantially similar to nor more favorable than §376.426(17). As such, the Certificate does not comply with the laws of this state as required by §376.405.
32. After review and consideration of the forms included in the Guarantee Trust Filing, the company has failed to demonstrate its compliance with Missouri law as enumerated herein.
33. While there may be additional reasons as to why the forms do not comply with Missouri’s insurance laws, the reasons stated herein are sufficient to disapprove the forms.
34. Each reason stated herein for disapproval of the forms is a separate and sufficient cause to disapprove such forms.
35. Guarantee Trust’s Group Policy and Certificate do not comply with Missouri law. As such, said forms are not in the public interest.
36. This Order is in the public interest.

**IT IS THEREFORE ORDERED** that forms MP-1400 and GC-1400-MO are hereby **DISAPPROVED**. Guarantee Trust 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** 5<sup>th</sup> day of December, 2014.

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



**NOTICE**

**TO: Guarantee Trust Life Insurance Company and any unnamed persons aggrieved by this Order:**

You may request a hearing on the disapproval of this form. 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 5 day of December, 2014, a copy of the foregoing Order and Notice was

Served via certified mail addressed to:

Richard See Holson III  
President  
Guarantee Trust Life Insurance Company  
1275 Milwaukee Avenue  
Glenview, IL 60025

Jeffery Kollum  
Senior Compliance Analyst  
Guarantee Trust Life Insurance Company  
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