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

In Re: STANDARD LIFE AND ACCIDENT INSURANCE COMPANY SERFF TRACKING NUMBER ANTX-129326985	))))	**Case No. 131230689C**

ORDER DISAPPROVING FORM FILING

Upon review and consideration of the filing of Standard Life and Accident Insurance Company, SERFF Tracking Number ANTX-129326985, specifically Form SL-EXCHBC-14-MO, the Director DISAPPROVES said form 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. Standard Life and Accident Insurance Company ("Standard Life"), NAIC Number 86355, is a foreign life and health insurance company organized pursuant to the laws of the state of Texas 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. Standard Life filed policy forms with the Director via the System for Electronic Rate and Form Filing ("SERFF") on December 6, 2013. The SERFF Tracking Number is ANTX-129326985 ("Filing").

6. The Filing contains, in pertinent part, form SL-EXCHBC-14-MO, identified as the Group Limited Benefit Accident and Sickness Insurance Certificate of Coverage ("Certificate") and, within the Supporting Documentation, form SL-EXCHBP-14, identified as the Group Limited Benefit Accident and Sickness Insurance Policy ("Group Policy").

7. In the Supporting Documentation of the Filing, Standard Life provided the Group Policy to be used in conjunction with the Certificate. Because this

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

form was filed within the Supporting Documentation, it is not intended by the company to be filed for approval.

8. The Group Policy has not been approved for use in Missouri.

9. 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.

10. Potentially, all benefits or coverages in brackets could be included in an issued policy form.

11. Conversely, all benefits or coverages in brackets could be excluded from an issued policy form.

12. Based upon the brackets within the Certificate, the form could offer no benefits whatsoever.

13. Standard Life filed the Certificate within SERFF as Small and Large Association Group Limited Benefit Coverage.

14. On page 17 of the Certificate under the section titled Premium and the subsection Grace Period, Standard Life states:

> A grace period may apply to any premium payments made in any mode other than a single premium. Premium payments after the initial premium payment may be paid within the grace period. The grace period will last for [31-60] days after the due date of the premium payment. During the Grace Period, the coverage will remain in force. However, the Company is not obligated to pay any claims incurred during the Grace Period until the premium due is received. If premium payments are not made by the end of the grace period, the coverage will immediately cease to be in force.

15. On page 7 of the Certificate under the section titled Definitions – General, in brackets Standard Life defines a Pre-Existing Condition as:

> [A] condition not otherwise excluded by name or specific description:
> 1. for which medical advice, testing, care, treatment or medication was given or was recommended by, or received from, a Physician within [6 – 12] months before the Certificate Effective Date; or
> 2. that would have caused a reasonable person to seek medical diagnosis or treatment within [6 – 12] months before the Certificate Effective Date.

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

> The Insured must give the Company written notice of a claim. It should be given within 60 days after the occurrence or commencement of any loss covered by the Policy, or as soon thereafter as is reasonably possible. Notice given by the Insured or on behalf of the Insured to Us at our Home Office, or to any authorized agent of the Company, with information sufficient to identify the Covered Person, will be deemed notice to the Company.

17. On page 10 of the Certificate under the section titled Termination and Continuation, Standard Life states "[c]overage under the Policy for a Covered Person ends on the earliest of: 1. the date the Policy is terminated by the Company or the Policyholder…."

CONCLUSIONS OF LAW

18. 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.

19. 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.

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

20. 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***....;

* * *

(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***;

* * *

(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***...;

(Emphasis added.)

21. Standard Life's Certificate is not compliant with Missouri insurance laws. Under the section titled Premiums and the subsection Grace Period, the Certificate states:

> During the Grace Period, the coverage will remain in force. However, the Company is not obligated to pay any claims incurred during the Grace Period until the premium due is received.

Section 376.426(1) requires the policy to stay in force during the grace period; this includes payment of claims. An insured may be liable for the payment of premium incurred during a grace period, but Standard Life may not withhold claim payments. Because the policy is not effectively in force during the grace period, the Certificate does not meet the substantive requirements of §376.426(1). As such, the Certificate does not comply with the laws of this state as required by §376.405.

22. Standard Life's Certificate is not compliant with Missouri insurance laws. Under the section titled Definitions - General, Standard Life defines preexisting conditions to include conditions "[t]hat would have caused a reasonably prudent person to seek medical diagnosis or treatment within [6 – 12] months before the Certificate Effective Date." 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. Standard Life's Certificate is not compliant with Missouri insurance laws. Under the section titled Claim Provisions and the subsection Notice of 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. Standard Life's Certificate is not compliant with Missouri insurance laws. Under the section titled Termination and Continuation, the Certificate states that Standard Life can terminate the policy. However, the Certificate 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 Certificate does not substantively include such a statement, it 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.

25. After review and consideration of the policy form included in the Standard Life Filing, the company has failed to demonstrate its compliance with Missouri law as enumerated herein.

26. While there may be additional reasons as to why the policy form does not comply with Missouri's insurance laws, the reasons stated herein are sufficient to disapprove the form.

27. Each reason stated herein for disapproval of a policy form is a separate and sufficient cause to disapprove such form.

28. Standard Life's Certificate does not comply with Missouri law. As such, said form is not in the public interest.

29. This Order is in the public interest.

IT IS THEREFORE ORDERED that Form SL-EXCHBC-14-MO is hereby **DISAPPROVED.** Standard Life and Accident Insurance Company is hereby prohibited from delivering or issuing for delivery any policies of group health insurance utilizing said form.

SO ORDERED, SIGNED AND OFFICIAL SEAL AFFIXED THIS 9TH day of January, 2014.

JOHN M. HUFF
DIRECTOR

NOTICE

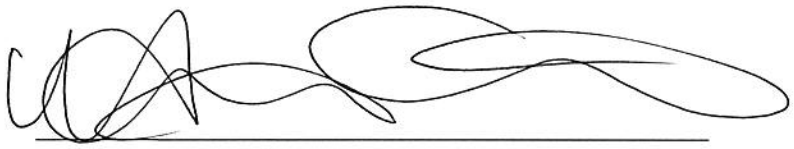
TO: Standard Life and Accident Insurance Company and any unnamed persons aggrieved by this Order:

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 10th day of January, 2014, a copy of the foregoing Order and Notice was

1) Served via certified mail addressed to:

Steven Harvey Schouweiler
President
Standard Life and Accident Insurance Company
One Moody Plaza
Galveston, TX 77550

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