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

In Re: FREEDOM LIFE INSURANCE COMPANY OF AMERICA SERFF TRACKING NUMBER USHG-129318992	))))	**Case No. 131223675C**

ORDER DISAPPROVING FORM FILING

Upon review and consideration of the filing of Freedom Life Insurance Company of America, SERFF Tracking Number USHG-129318992, specifically Form ACCCYD-2011-C1-MO-FLIC, 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. Freedom Life Insurance Company of America ("Freedom Life"), NAIC Number 62324, 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. Freedom Life filed the policy forms with the Director for review and approval via the System for Electronic Rate and Form Filing ("SERFF") on December 2, 2013. The SERFF Tracking Number is USHG-129318992 ("Filing").

6. The Filing contains, in pertinent part, forms ACCCYD-2011-C1-MO-FLIC, identified as the Certificate of Coverage Association Group Accidental Bodily Injury Insurance Plan ("Certificate") and GRP-P-13-FLIC, which is a Group Policy.

7. Freedom Life provided the Group Policy within the Supporting Documentation of the Filing. Because this form was filed within the Supporting Documentation, it is not intended by the company to be filed for

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

approval. Freedom Life stated that these documents were approved by Arizona; however, Freedom Life has provided no evidence of such approval.

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

9. On page 20 of the Certificate under the section titled Premium and the subsection Grace Period, Freedom Life states:

> Unless at least thirty-one (31) days prior to a **Renewal Premium** due date **We** have mailed to **You** written notice of **Our** intention not to renew this **Certificate** a grace period of thirty-one (31) days from such due date is given for the late payment [{*Option 1* [by **You** to **Us**]} {*Option 2* by the **Group Accidental Bodily Injury Insurance Policyholder** to **Us** on **Your** behalf from the amount of the member dues timely and properly paid by **You** to the **Group Accidental Bodily Injury Insurance Policyholder** for each **Insured's** membership in the **Group Accidental Bodily Injury Insurance Policyholder**]} of the **Renewal Premium** due. If {*Option 1* [**You**]} {*Option 2* the **Group Accidental Bodily Injury Insurance Policyholder** on **Your** behalf]} make[s] payment to **Us** of the required **Renewal Premium** during such grace period {*Option* 2 [from the amount of the member dues timely and properly paid by **You** to the **Group Accidental Bodily Injury Insurance Policyholder** for each **Insured's** membership in the **Group Accidental Bodily Injury Insurance Policyholder]},** then this **Certificate** will remain in force for **Benefit** claims arising during such grace period. However, if the **Company** has received notification of **Your** intention to cancel any **Insured's** coverage under this **Certificate**, there is no grace period for the late payment of any **Renewal Premium** that would otherwise have been due for such **Insured** but for such cancellation.

(Emphasis in original.)

10. On page 12 of the Certificate, Freedom Life defines a pre-existing condition as:

> [A] condition, whether physical or mental, and regardless of the cause:
> **1.** for which medical advice, diagnosis, care or treatment was recommended or received during the twelve (12) month period immediately preceding the effective date of coverage under this **Certificate** for the **Insured** incurring the expense; or
> **2.** which **Manifested** during the twelve (12) month period immediately preceding the effective date of coverage under the **Certificate** for the **Insured** incurring the expense.

(Emphasis in original.)

11. On page 35 of the Certificate under the section titled Uniform Provisions and the subsection Misstatement of Age, Freedom Life states:

> If the age of an **Insured** has not been stated correctly, his or her correct age will be used to determine (i) the amount of insurance for which he or she is entitled, (ii) the effective date of termination of insurance, and (iii) any other rights or **Accidental Bodily Injury Benefits** under this **Certificate** or the **Group Accidental Bodily Injury Insurance Policy**.
>
> Premiums will be adjusted if too much or too little was paid due to the misstatement.

(Emphasis in original.)

12. On page 27 of the Certificate under the section titled Claim Procedures, Investigations and Payment and the subsection Notice of Claim, Freedom Life states:

> Written notice of claim must be received by **Us** within thirty (30) days of the date that each **Covered Expense** is incurred by an **Insured**. If it is not reasonably possible for the notice of claim to be transmitted to **Us** so that it is received within such thirty (30) day period, then written notice of claim must be received by **Us** as soon thereafter as reasonably possible. A **Provider's** billing statement that is timely received by **Us** will suffice as a written notice of the claim under this Section. **Our** current address for providing a written notice of claim is shown on Page 1. A written notice of claim should include the applicable **Insured's** name, the **Primary Insured's** name, the applicable **Provider's** name, and the **Certificate** number.

(Emphasis in original.)

13. On page 27 of the Certificate under the section titled Claim Procedures, Investigations and Payment and the subsection Claim Forms and Additional Information to be Provided, Freedom Life states:

> When **We** receive timely written notice of claim, **We** will normally send **You** a claim form to be completed, signed and returned. The general purpose of the claim form is to provide **Us** with general background information about the nature of the claim, which information may be necessary in order to complete a proper proof

of loss. If this claim form is not provided to **You** within fifteen (15) days, of **Our** timely receipt of written notice of the claim, then **You** will not be required to later complete, sign and return the written claim form, but may be required to provide other information, including a written authorization for the release of medical records and information, which in each event is necessary either for **Our** investigation of the claim or otherwise as part of the completion of a proper proof of loss.

(Emphasis in original.)

14. On page 17 of the Certificate under the section titled When Coverage Begins and Ends and the subsection Termination of Coverage, Freedom Life states:

> **3. TERMINATION OF THE CERTIFICATE BY THE COMPANY NOT SUBJECT TO RIGHT OF CONVERSION**
>
> Section III.E. CONTINUATION OF COVERAGE AND CERTIFICATE OF CONVERSION notwithstanding, **We** may refuse to renew and cancel coverage for all **Insureds** under this **Certificate** with no right of conversion for the following reasons:
>
> * * *
>
> **b. We** cease offering and renewing coverage of the same form of coverage as this **Certificate** in **Your** state upon a minimum of thirty (30) days prior written notice mailed to **Your** last known address Take out conversion[.]

(Emphasis in original.)

15. On page 17 of the Certificate under the section titled When Coverage Begins and Ends and the subsection Termination of Coverage, Freedom Life states:

> As long as this **Certificate** is in force for **You**, the coverage of **Your** child who is an **Insured** will not end if he or she is dependent upon **You** for support and maintenance and incapable of self-support because of a mental handicap or physical disability. Such dependent **Insured's** coverage under this **Certificate** will continue regardless of the dependent **Insured's** age, as long as **Renewal Premium** is timely and properly paid for **You** and the dependent **Insured** and such dependent **Insured** remains dependent upon **You** and incapable of self-support because of such mental handicap or physical disability. Proof of such handicap or disability must be furnished to **Us** within thirty-one (31) days prior to the dependent **Insured** reaching the limiting age, and thereafter upon **Our** request, but not more frequently than annually after the two (2) year period following the attainment of the limiting age.

(Emphasis in original.)

CONCLUSIONS OF LAW

16. 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.

17. 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.

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

18. Section 376.426 states in relevant part:

> ***No policy of group health insurance*** shall be delivered in this state unless it contains in substance the following provisions, or provisions which … are more favorable…:
>
> (1) ***A provision that the policyholder is entitled to a grace period of thirty-one days for the payment of any premium due except the first, during which grace period the policy shall continue in force,*** unless the policyholder shall have given the insurer written notice of discontinuance in advance of the date of discontinuance and in accordance with the terms of the policy. The policy may provide that the policyholder shall be liable to the insurer for the payment of a pro rata premium for the time the policy was in force during such grace period;
>
> * * *
>
> (5) ***A provision specifying the additional exclusions or limitations, if any, applicable under the policy with respect to a disease or physical condition of a person,*** not otherwise excluded from the person's coverage by name or specific description effective on the date of the person's loss, ***which existed prior to the effective date of the person's coverage under the policy. Any such exclusion or limitation may only apply to a disease or physical condition for which medical advice or treatment was received by the person during the twelve months prior to the effective date of the person's coverage***…;
>
> (6) If the premiums or benefits vary by age, there shall be a provision specifying an equitable adjustment of premiums or of benefits, or both, to be made in the event the age of the covered

person has been misstated, such provision to contain a clear statement of the method of adjustment to be used;

* * *

(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;

(9) A provision that the insurer shall furnish to the person making claim, or to the policyholder for delivery to such person, such forms as are usually furnished by it for filing proof of loss. ***If such forms are not furnished before the expiration of fifteen days after the insurer receives notice of any claim under the policy, the person making such claim shall be deemed to have complied*** with the requirements of the policy as to proof of loss upon submitting, within the time fixed in the policy for filing proof of loss, written proof covering the occurrence, character, and extent of the loss for which claim is made;

* * *

(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. This subdivision shall apply only to policies delivered or issued for delivery in this state on or after one hundred twenty days after September 28, 1985[.]

(Emphasis added.)

19. Freedom Life's Certificate is not compliant with Missouri insurance laws. Under the section titled Premium and the subsection Grace Period, the Certificate states:

> [A] grace period of thirty-one (31) days from such due date is given for the late payment ... by **You** to **Us** ... of the **Renewal Premium** due.... If ... **You** ... make payment to **Us** of the required **Renewal Premium** during such grace period ..., then this **Certificate** will remain in force for **Benefit** claims arising during such grace period.

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 Freedom 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.

20. Freedom Life's Certificate is not compliant with Missouri insurance laws. Under the section titled Definitions, Freedom Life defines pre-existing conditions to include conditions "for which medical advice, diagnosis, care or treatment was recommended or received during the twelve (12) month period immediately preceding the effective date of coverage...." The Certificate's definition does not comply with §376.426(5) in that the "recommendation" of medical advice or treatment is not permissible within the definition of pre-existing conditions, only the "receipt" of such advice or treatment is permissible under the statute. Therefore, the Certificate 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

21. Freedom Life's Certificate is not compliant with Missouri insurance laws. Under the section titled Uniform Provisions and the subsection Misstatement of Age, the Certificate states that benefits vary by age and that Freedom Life will adjust those benefits if there is a misstatement of age; however, the Certificate does not contain a clear statement of the method of adjustment to be used. Section 376.426(6) requires such a clear statement. As such, the

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

22. Freedom Life's Certificate is not compliant with Missouri insurance laws. Within the section titled Claim Procedures, Investigation and Payment and the subsection Notice of Claim, the Certificate excludes a required substantive notice provision. While the Certificate does provide a sufficient time frame to provide notice of a claim, 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.

23. Freedom Life's Certificate is not compliant with Missouri insurance laws. Under the section titled Claim Procedures, Investigations and Payment and the subsection Claim Forms and Additional Information to be Provided, the Certificate states that if a claim form is not provided within fifteen days of Freedom Life's "timely receipt of written notice of the claim," the insured will not be required to complete a written claim form. This provision is not substantially similar to or more favorable than the required provision under §376.426(9), which does not require that the initial notice be timely for the claim form provision to be applicable. As such, the Certificate does not comply with the laws of this state as required by §376.405.

24. Freedom Life's Certificate is not compliant with Missouri insurance laws. Under the section titled When Coverage Begins and Ends and the subsection Termination of Coverage, Freedom Life states that it can terminate coverage with 31 days written notice. However, pursuant to §376.426(15) Freedom Life must provide a provision that substantively notifies the insured that, except for nonpayment of premium, coverage cannot be terminated by Freedom Life until the first anniversary date of the policy. Because Freedom Life's provision allows for termination of the policy prior to the first anniversary date irrespective of premium payments, it is not substantially similar to or more favorable than §376.426(15) As such, the Certificate does not comply with the laws of this state as required by §376.405.

25. Freedom Life's Certificate is not compliant with Missouri insurance laws. Under the section titled When Coverage Begins and Ends and the subsection Termination of Coverage, Freedom Life states that, with respect to children over a limiting age with a mental or physical handicap that makes them dependent upon the certificate holder for support, proof of handicap must be submitted to Freedom Life ***within 31 days prior to*** the child reaching the limiting age. However, pursuant to §376.426(16) the Certificate must substantively provide that such proof of handicap must be provided ***at least 31 days after*** the child reaches the limiting age. Because Freedom Life's Certificate requires the proof to be provided sooner than 376.426(16) allows,

the provision is not substantially similar to or more than the statutory provision. As such, the Certificate does not comply with the laws of this state as required by §376.405.

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

27. 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.

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

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

30. This Order is in the public interest.

IT IS THEREFORE ORDERED that Form ACCCYD-2011-C!-MO-FLIC is hereby **DISAPPROVED.** Freedom Life Insurance Company of America 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 17th day of January, 2014.

JOHN M. HUFF
DIRECTOR

NOTICE

TO: Freedom Life Insurance Company of America 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 17th day of January, 2014, a copy of the foregoing Order and Notice was

1) Served via certified mail addressed to:

Benjamin Cutler
President
Freedom Life Insurance Company of America
801 Cherry Street, Unit 33
Fort Worth, TX 76102

Tina Sharp-Quinteros
Product Analyst
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Amy Feeler