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

In Re: STANDARD SECURITY LIFE	)	
INSURANCE COMPANY OF NEW YORK	)	
SERFF TRACKING NUMBER	)	**Case No. 140107021C**
ICCI-129246677	)	

ORDER DISAPPROVING FORM FILING

Upon review and consideration of the filing of Standard Security Life Insurance Company of New York, SERFF Tracking Number ICCI-129246677, specifically Forms SSL MMP ACA MO 0713 and SSL MMC PPO ACA MO 0713, 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. Standard Security Life Insurance Company of New York ("Standard Security"), NAIC Number 69078, 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,[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 Security filed policy forms with the Director via the System for Electronic Rate and Form Filing ("SERFF") on December 16, 2013. The SERFF Tracking Number is ICCI-129246677 ("Filing").

6. The Filing contains, in pertinent part, forms SSL MMP ACA MO 0713, identified as the Master Group Health Insurance Policy ("Policy"), and SSL MMC PPO ACA MO 0713, identified as the Group Health Insurance Certificate of Coverage ("Certificate").

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

7. Standard Security filed the Policy and Certificate within SERFF as a Small Employer Group Major Medical PPO.

8. On page 4 of the Policy under the section titled Policy Premium and the subsection Grace Period, Standard Security states:

> After payment of the first premium, We will allow an Employer a Grace Period of 31 days following a premium due date to pay subsequent premiums. During this Grace Period, this Policy will remain in force. If the Employer fails to pay the premium during the Grace Period, this Policy and Insured Person's coverage under this Policy will automatically end at the end of the period for which the last premium has been paid.[2]

9. On page 6 of the Policy and page 31 of the Certificate under the section titled General Provisions and the subsection Contestability, Standard Security states:

> If an Insured Person's age was misstated, We will provide the amount of insurance for the correct age and an equitable premium adjustment will be made so that We will receive the correct premium for the true age.

10. On page 31 of the Certificate under the section titled General Provisions and the subsection Notice of Claim, Standard Security states:

> Written notice of claim must be given to Us: (a) within 20 days after the date on which the claim was incurred; or (b) as soon as reasonably possible thereafter. Notice can be sent to Our authorized administrator or Our Home Office. The notice should include the Insured Person's name and Policy number.

11. On page 5 of the Policy under the section titled Renewability and pages 27 and 28 of the Certificate under the section titled Renewability and Termination, Standard Security states:

> This Policy is on a monthly renewable basis at the option of the Employer, except for the following reasons:
>
> * * *
>
> 5. The type of coverage under this Policy is no longer offered by Us in the state in which the Employer originally obtained coverage in which event We will provide ninety (90) days prior written notice of the discontinuance and We will offer the Employer the option to purchase any other health insurance coverage currently

[2] Substantially similar language is also on page 30 of the Certificate under the Section titled Premium Payment and the subsection Grace Period.

being offered by Us to employers in the large group market in that state; or

6. We decide to discontinue offering all health insurance in the large group market in the state where the Employer originally obtained this Policy for his or her Employees in which event We will provide the applicable State authorities and the Employer written notice 180 days prior to the discontinuation and We will discontinue all health insurance issued or issued for delivery in the large group market in that state and will not renew coverage.

12. On pages 28 and 29 of the Certificate under the section titled Renewability and Termination and the subsection Termination of Dependent Insurance, Standard Security states:

Coverage for an Insured Employee with respect to Dependents shall terminate on the earliest of the following dates:

5. The premium due date coinciding with or next following the date on which a Dependent Child no longer qualifies under the definition of "Dependent." If upon attaining the limiting age specified in definition a Dependent, a Dependent Child, because of Mental or Physical Incapacity, as defined below, is incapable of earning his or her own living and is chiefly dependent upon the Employee for support and maintenance, coverage for the Dependent Child may be continued during the continuance of such incapacity, provided that:

a. Medical proof, in writing, of such incapacity must be given to Us within thirty-one (31) days after the date on which the Dependent Child attains the limiting age; and
b. We shall have the right any time during the continuance of insurance under this provision to require due proof of the continuance of the incapacity and to have the Dependent Child examined by Physicians designated by Us at any time during the first two (2) years of such continuance and not more than once each year thereafter; and
c. You continue paying the required premium for the Dependent; and
d. The continuance described herein shall cease in the event of the occurrence of any of the circumstances described above.

Mental or Physical Incapacity, as used herein, means a mental or physical impairment that results in anatomical, physiological or psychological abnormalities which are demonstrated by medically acceptable clinical, laboratory or diagnostic techniques and which

are expected to last for a continuous period of time not less than twelve (12) months in duration.[3]

CONCLUSIONS OF LAW

13. 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.

14. 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 Security's Filing Does Not Substantively Provide All Provisions Required In All Group Policies Under Section 376.426

15. 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;
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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***

[3] Substantially similar language defining Mental or Physical Incapacity is also on page 35 of the Certificate within the definition of "Dependent."

> ***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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> * * *
>
> (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***….[.]

(Emphasis added.)

16. Neither Standard Security's Policy nor its Certificate is compliant with Missouri insurance laws. Within the Policy, under the section titled Policy Premium and the subsection Grace Period, and within the Certificate, under the section titled Premium Payment and the subsection Grace Period, Standard Security states:

    > If the Employer fails to pay the premium during the Grace Period, [the insurance coverage] will automatically end at the end of the period for which the last premium has been paid.

    Section 376.426(1) requires the policy to stay in force during the grace period. An insured may be liable for the payment of premium incurred during a grace period, but Standard Security may not terminate the policy prior to the end of the grace period. Because Standard Security does not pay claims during the grace period, the policy is not effectively in force during the grace period, and thus does not meet the substantive requirements of §376.426(1). As such, neither the Policy nor the Certificate complies with the laws of this state as required by §376.405.

17. Neither Standard Security's Policy nor its Certificate is compliant with Missouri insurance laws. Under the section titled General Provisions and the subsection Contestability, the forms state that in the event of a misstatement of age Standard Security will adjust the amount of insurance as well as the premium due; however, neither the Policy nor the Certificate contain a clear

statement of the method of adjustment to be used. Section 376.426(6) requires such a clear statement. As such, neither the Policy nor the Certificate complies with the laws of this state as required by §376.405.

18. Standard Security's Certificate is not compliant with Missouri insurance laws. Under the section titled General Provisions and the subsection Notice of Claim, the Certificate excludes a required substantive notice provision. While the Certificate does allow the appropriate 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.

19. Neither Standard Security's Policy nor its Certificate is compliant with Missouri insurance laws. Under the sections titled Renewability and Renewability and Termination respectively, the Policy and Certificate state that Standard Security can terminate the policy. However, both the Policy and the Certificate fail 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 neither the Policy nor the Certificate substantively include such a statement, neither is in compliance with §376.426(15). As such, neither the Policy nor the Certificate complies with the laws of this state as required by §376.405.

20. Standard Security's Certificate is not compliant with Missouri insurance laws. Under the section titled Renewability and Termination and the subsection Termination of Dependent Insurance and again within the definition of Dependent, Standard Security 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, such mental or physical handicap must be expected to last for at least one year before the extended coverage is available. This requirement is neither substantially similar to nor more favorable to the insured than the provision in §376.426(16), which does not include a one year requirement for the dependent's mental or physical handicap. As such, the Certificate does not comply with the laws of this state as required by §376.405.

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

22. 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.

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

24. Standard Security's Policy and Certificate do not comply with Missouri law. As such, said forms are not in the public interest.

25. This Order is in the public interest.

IT IS THEREFORE ORDERED that Forms SSL MMP ACA MO 0713 and SSL MMC PPO ACA MO 0713 are hereby **DISAPPROVED.** Standard Security Life Insurance Company of New York 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 17th day of January, 2014.

JOHN M. HUFF
DIRECTOR

NOTICE

TO: Standard Security Life Insurance Company of New York 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:

David Kettig
President
Standard Security Life Insurance Company of New York
485 Madison Ave.
New York, NY 10022

Brenda Dawson
Insurance Compliance Consultants
3925 East State St., Suite 200
Rockford, IL 61108

Amy Feeler