

**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. 140107014C  
ICCI-129277473 )**

**ORDER DISAPPROVING FORM FILING**

Upon review and consideration of the filing of Standard Security Life Insurance Company of New York, SERFF Tracking Number ICCI-129277473, specifically Forms SSL MMP LG 1013, SSL MMC PPO LG MO 1013, and SSL LIF 1013, 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,<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. Standard Security filed policy forms with the Director via the System for Electronic Rate and Form Filing (“SERFF”) on December 4, 2013. The SERFF Tracking Number is ICCI-129277473 (“Filing”).
6. The Filing contains, in pertinent part, forms SSL MMP LG 1013, identified as the Master Group Health Insurance Policy (“Policy”), SSL MMC PPO LG MO 1013, identified as the Group Health Insurance Certificate of Coverage (“Certificate”), and SSL LIF 1013, identified as the Optional Term Life Insurance Benefit Rider (“Life Rider”).

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

7. On January 3, 2014, Standard Security amended the Filing and replaced the Certificate with an amended form. When referring to the Certificate, it is the replacement form that is the subject of this Order.
8. Standard Security's Filing includes both life insurance forms and health insurance forms.
9. Standard Security filed the Policy, Certificate, and Life Rider within SERFF as a Large Employer Group Major Medical PPO.
10. 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.

11. On page 6 of the Policy and page 29 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.

12. On page 29 of the Certificate under the section titled General Provisions and the subsection Notice and Proof of Claim, Standard Security states:

Written notice of claim must be given to Us within 90 days after the date on which the claim was incurred or no later than one year from the date on which the charges are incurred unless the Covered Person is legally incapacitated. The date on which the charges are incurred is the date on which the services or supplies were provided.

13. On page 5 of the Policy under the section titled Renewability and pages 26 and 27 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 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.

14. On page 27 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.<sup>2</sup>

### CONCLUSIONS OF LAW

15. 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.
16. 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

17. 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;

\* \* \*

(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*

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<sup>2</sup> Substantially similar language defining Mental or Physical Incapacity is also on page 34 of the Certificate within the definition of "Dependent."

*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;*

\* \* \*

(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;*

\* \* \*

(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.)

18. Standard Security's Policy is not compliant with Missouri insurance laws. Under the section titled Policy Premium and the subsection Grace Period, the Policy states:
- 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.
- 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 the Policy does not pay claims during the grace period, it is not effectively in force during the grace period, and thus 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.
19. 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.
20. Standard Security's Certificate is not compliant with Missouri insurance laws. Under the section titled General Provisions and the subsection Notice and Proof of Claim, the form attempts to combine the requirements of §376.426(8) with §376.426(10). These provisions may be combined as long as the result is substantially similar to or more favorable to the insured than the requirements of the statutes. In this instance Standard Security's attempted combination has failed to comply for the following reasons:
- a. Pursuant to §376.426(8) notice must be provided within 20 days or as soon as was reasonably possible. Additionally, failure to provide timely notice within the time frame shall not reduce nor invalidate the claim if it was not reasonably possible to provide such notice. While Standard Security allows a greater time frame to provide notice, 90 days, it cuts off all notice at one year unless the insured was legally incapacitated. This is neither substantially similar to nor more favorable than the requirements of §376.426(10) in that the reason for untimely notice only has to be because it wasn't reasonably possible, not because of incapacity. Additionally, Standard Security does not notify the insured that failure to timely provide notice shall not invalidate nor reduce a claim. For these reasons, Standard Security fails to comply with §376.426(8).

- b. Pursuant to §376.426(10), proof of loss must be provided within 90 days or as soon as reasonably possible, but in no event later than one year except due to incapacity of the insured. Additionally, failure to provide timely proof within the 90-day time frame shall not reduce nor invalidate the claim if it was not reasonably possible to provide such proof. While Standard Security provides the proper time frames and exceptions with respect to proof, it does not notify the insured that failure to timely provide proof shall not invalidate nor reduce the claim. For this reason, Standard Security fails to comply with §376.426(10).

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

21. 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.
22. 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.

**Standard Security's Filing Contains Both Life and Health Forms**

23. Title 20 CSR 400-8.200(3) states in relevant part:

Filing Requirements for All Policies, Contracts, and Related Forms

\* \* \*

(E) Life insurance forms must be submitted separately from health insurance forms.

24. Standard Security's Life Rider is not compliant with Missouri insurance laws. The Life Rider is contained within a health filing and among health forms. It has not been filed separately as required by 20 CSR 400-8.200(3)(E). As such, the Life Rider does not comply with the laws of this state as required by §376.405.
25. 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.
26. 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.
27. Each reason stated herein for disapproval of a policy form is a separate and sufficient cause to disapprove such form.
28. Standard Security's Policy, Certificate, and Life Rider do not comply with Missouri law. As such, said forms are not in the public interest.
29. This Order is in the public interest.

**IT IS THEREFORE ORDERED** that Forms SSL MMP LG 1013, SSL MMC PPO LG MO 1013, and SSL LIF 1013 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** 17<sup>th</sup>  
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 17<sup>th</sup> 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.  
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Brenda Dawson  
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Amy Feeler