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

In Re: UNITED STATES FIRE	)	
INSURANCE COMPANY	)	
SERFF TRACKING NUMBER	)	**Case No. 140107019C**
CRUM-129336561	)	

ORDER DISAPPROVING FORM FILING

Upon review and consideration of the filing of United States Fire Insurance Company, SERFF Tracking Number CRUM-129336561, specifically Forms GAP- 30000 Assoc UT and GAC- 30000 MO, 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. United States Fire Insurance Company ("US Fire"), NAIC Number 21113, is a foreign life and health insurance company organized pursuant to the laws of the state of Delaware 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. US Fire filed policy forms with the Director via the System for Electronic Rate and Form Filing ("SERFF") on December 12, 2013. The SERFF Tracking Number is CRUM-129336561 ("Filing").

6. The Filing contains, in pertinent part, forms GAP- 30000 Assoc UT, identified as the Group Benefits Accident Policy ("Group Policy"), and GAC- 30000 MO, identified as the Group Benefits Accident Only Certificate ("Certificate").

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

7. 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.

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

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

10. Based upon the brackets within the Group Policy and Certificate, this policy could offer no benefits whatsoever.

11. US Fire filed this policy within SERFF as a Large Association Group Health Accident Only policy.

12. On page 55 of the Group Policy under the section titled General Provisions and the bracketed subsection Certificates of Insurance, US Fire states:

    > A certificate of insurance will be delivered to the Policyholder for delivery to each Covered Person. Each certificate will list the benefits, conditions and limits of the Certificate. It will state to whom the benefits will be paid.

13. On pages 50 and 51 of the Group Policy under the section titled Claim Provisions and the subsection Time of Payment of Claims, US Fire states that:

    > We shall notify the Covered Person of Our benefit decision within 30 days of receipt of Proof of Loss. If We are unable to make a decision within that time due to circumstances beyond Our control, such as late receipt of medical records, We shall notify the Covered Person before expiration of the original 30 days that We intend to extend the time and then We may take as long as 15 additional days to reach a decision. If the extension is due to failure of the Covered Person to submit necessary information, the extension notice of delay shall give specific information about what the Covered Person has to provide and the Covered Person shall be given 45 days to submit the requested information.
    >
    > We shall provide notification to the Covered Person which includes:
    > 1) the specific reason or reasons for the benefit determination, adverse or not;
    > 2) reference to the specific policy provisions on which the benefit determination is based[;]

3) a description of any additional information necessary for the Covered Person to perfect the claim and an explanation of why such material or information is necessary; and
4) a description of Our review procedures and the time limits applicable to such procedures, including a statement of the Covered Person's right to bring civil action.

Subject to Proof of Loss, all accrued benefits shall not be paid less frequently than monthly during the continuance of the period for which We are liable, and any balance remaining unpaid at the termination for such period shall be paid as soon as possible after receipt of such proof. All other benefits shall be paid as soon as We receive proper Proof of Loss. Interest will be paid on amounts that are not paid within the time limits specified by Utah law.

14. On page 51 of the Certificate under the section titled Claim Provisions and the subsection Time of Payment of Claim, US Fire states:

    Benefits due under this Certificate for a loss, other than a loss for which this Certificate provides installments, will be paid immediately upon receipt of due written proof of such loss.

    Subject to written proof of loss, all accrued benefits for loss for which this Certificate provides installments will be paid monthly; any balance remaining unpaid upon the termination of liability will be paid immediately upon receipt of a written proof of loss, unless otherwise stated in the Description of Benefits.

15. On page 19 of the Group Policy under the section titled Termination Date of Insurance and the subsection Policy Termination Date, US Fire states:

    Termination takes effect at 12:01 A.M. time at the address of the Policyholder on the date of termination. Termination by the Policyholder or by the Company will be without prejudice to any claims originating prior to the date of termination.

    The Policy terminates automatically on the earlier of:
    1) The Policy Termination Date shown in the Policy; or
    2) [The end of the grace period for which premiums are not paid].

    [Failure by the Policyholder to pay all required premiums due by the last day of the grace period shall be deemed notice by the Policyholder to the Company to terminate this Policy on the last day of the period for which premiums have been paid.]

> The Policy may be terminated by the Policyholder or the Company as of any premium due date by giving written notice to the other at least 31 days prior to such date.

16. On page 19 of the Certificate under the section titled Termination Date of Insurance and the subsection Policy Termination Date, US Fire states:

> Termination takes effect at 12:01 A.M. time at the address of the Policyholder on the date of termination. Termination by the Policyholder or by the Company will be without prejudice to any claims originating prior to the date of termination.
>
> The Policy terminates automatically on the earlier of:
> 1) The Policy Termination Date shown in this Policy; or
> 2) The premium due date if premiums are not paid when due subject to any grace period.
>
> Failure by the Policyholder to pay all required premiums due by the last day of the grace period shall be deemed notice by the Policyholder to the Company to terminate this Policy on the last day of the period for which premiums have been paid.
>
> The Policy may be terminated by the Policyholder or the Company as of any premium due date or Policy Anniversary Date by giving written notice to the other at least 31 days prior to such date.
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> The Policyholder and the Company may terminate this Policy at any time by written mutual consent.

CONCLUSIONS OF LAW

17. 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.

18. 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.

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

19. 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…:
>
> > (7) A provision that the insurer shall issue to the policyholder, for delivery to each person insured, a certificate setting forth a statement as to the insurance protection to which that person is entitled, to whom the insurance benefits are payable, and a statement as to any family member's or dependent's coverage;
> >
> > * * *
> >
> > (11) A provision that ***all benefits payable under the policy*** … ***shall be payable not more than thirty days*** after receipt of proof and that, subject to due proof of loss…;
> >
> > * * *
> >
> > (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.)

20. US Fire's Group Policy is not compliant with Missouri insurance laws. Under the section titled General Provisions and the subsection Certificates of Insurance, US Fire provides the statutorily required notice with respect to delivering certificates to the insured as optional language because it is contained within a bracketed section. While the Group Policy properly addresses the requirements of the certificates under §376.426(7), the provision is bracketed, indicating that the language within the brackets may be in or out of the issued policy form. The coverage under §376.426(7) is required to be substantively included within the policy and, thus, may not be bracketed. As such, the Group Policy does not comply with the laws of this state as required by §376.405.

21. US Fire's Group Policy is not compliant with Missouri insurance laws. Under the section titled Claim Provisions and the subsection Time of Payment of Claims, US Fire states that, within thirty days after receiving a proof of loss, US Fire will notify the insured of its benefit decision. The Group Policy does not substantively notify the insured that the claim will be paid within thirty days, as required by §376.426(11). As such, the Group Policy does not comply with the laws of this state as required by §376.405.

22. "Specific" is defined as "precisely formulated or restricted; definite; explicit; of an exact or particular nature."[2] "Certain" is defined as "ascertained;

[2] *Black's Law Dictionary* 1398 (6th ed., West 1990)

precise; identified; settled; exact; definitive; clearly known; unambiguous…"[3] "An ambiguity exists when there is duplicity, indistinctness, or uncertainty in the meaning of the language in the policy. Language is ambiguous if it is reasonably open to different constructions."[4]

23. US Fire's Certificate is not compliant with Missouri insurance laws. Under the section titled Claim Provisions and the subsection Time of Payment of Claims," US Fire notifies the insured that benefits due will be paid immediately upon receipt of due written proof of such loss. Immediately may mean that payment would occur within: a day or two, a week or two, or something else entirely. This is because immediately is not defined within the Certificate. In the event the time frame envisioned by US Fire were less than the 30 days required by §376.426(11), it would be acceptable as a more favorable provision; however, because immediately is not defined and the law requires at least a specified number of days, the language is not definite, clearly known, or distinct. As such, the Certificate uses words, phraseology, conditions, and provisions which are not specific, certain and unambiguous and reasonably adequate to meet needed requirements for the protection of those insured as required by §376.405.

24. Neither US Fire's Group Policy nor its Certificate is compliant with Missouri insurance laws. Under the sections titled Termination Date of Insurance and the subsection Policy Termination Date, both the Group Policy and the Certificate exclude a required substantive notice provision. The Group Policy and Certificate state that a policy can be cancelled by US Fire at any premium due date upon written notice of at least 31 days; this provision does not comply with Missouri law. Section 376.426(15) requires a statement that substantively discloses that the insurer may not terminate the policy until the first anniversary date. As such, neither the Group Policy nor the Certificate complies with the laws of this state as required by §376.405.

25. After review and consideration of the policy forms included in the US Fire 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. Neither US Fire's Policy nor its Certificate comply with Missouri law. As such, said forms are not in the public interest.

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[3] *Id.* at 225.

[4] *Seeck v. Geico Gen. Ins. Co.*, 212 S.W. 3d 129, 132 (Mo. banc 2007).

29. This Order is in the public interest.

IT IS THEREFORE ORDERED that Forms GAP- 30000 Assoc UT and GAC- 30000 MO are hereby **DISAPPROVED.** United States Fire 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 24th day of January, 2014.

JOHN M. HUFF
DIRECTOR

NOTICE

TO: United States Fire 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 27th day of January, 2014, a copy of the foregoing Order and Notice was

1) Served via certified mail addressed to:

   Douglas M. Libby
   President
   United States Fire Insurance Company
   305 Madison Avenue
   Morristown, NJ 07962

   Caren Alvarado
   Compliance Director
   United States Fire Insurance Company
   5 Christopher Way
   Eatontown, NJ 07724

Amy Leeler