

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

**In Re: LIBERTY INSURANCE)
UNDERWRITERS, INC.) Case No. 140113042C
SERFF TRACKING NUMBER)
PERR-129362904)**

ORDER DISAPPROVING FORM FILING

Upon review and consideration of the filing of Liberty Insurance Underwriters, Inc., SERFF Tracking Number PERR-129362904, specifically Forms LIUI BACC P001 MO (Ed. 12 13) and LIUI BACC C001 MO (Ed. 12 13), 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. Liberty Insurance Underwriters, Inc. (“Liberty”), NAIC Number 19917, is a foreign life and health insurance company organized pursuant to the laws of the state of Illinois 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. Perr & Knight, Inc. filed policy forms on behalf of Liberty with the Director via the System for Electronic Rate and Form Filing (“SERFF”) on January 6, 2014. The SERFF Tracking Number is PERR-129362904 (“Filing”).
6. The Filing contains, in pertinent part, forms: LIUI BACC P001 MO (Ed. 12 13), identified as the Blanket Accident Policy (“Group Policy”) and LIUI BACC C001 MO (Ed. 12 13), identified as the Certificate of Insurance (“Certificate”).
7. On February 5, 2014, Liberty amended the Filing and replaced the Group Policy and Certificate with amended forms. When referring to the Group

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

Policy or Certificate, it is the replacement forms that are the subject of this Order.

8. Brackets ([...]) within a policy form reviewed by the Division indicate that the language within the brackets may be included or excluded from the policy, or the brackets may indicate a numeric range.
9. Liberty filed this Group Policy within SERFF as a Blanket Accident and Sickness policy.
10. On page 85 of the Group Policy and page 75 of the Certificate under the bracketed section titled Definitions for this Benefit, the form defines pre-existing condition as:

[A]ny sickness, disease or physical condition for which the **Insured Person** had treatment or received a diagnosis from a **Physician** or acute symptoms that would require a person to seek treatment within [3-24] months prior to the effective date. The Company will not pay benefits for charges, services, or supplies incurred as a result of a Pre-Existing Condition within [3-24] months of an **Insured Person's** Effective Date.

11. On page 65 of the Group Policy and page 59 of the Certificate under the section titled General Provisions and the subsection titled Misstatement of Fact, the form states:

If the [**Policyholder**] has misstated any fact, all amounts payable under the Policy will be such as the premium paid would have purchased had such fact been correctly stated.

12. Nowhere within the Group Policy does the form provide that a certificate will be issued to the policyholder for delivery to each person insured.

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.

**Liberty's Filing Does Not Substantively Provide All Provisions Required In a
Group Policy 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...:

* * *

(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;

(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[.]

(Emphasis added.)

16. Liberty's Group Policy and Certificate are not compliant with Missouri insurance laws. Under the section titled Definitions, Liberty fails to comply with the required provisions from §376.426(5) and is noncompliant for the following reasons:

- a. The Group Policy and Certificate contain a provision defining pre-existing conditions, which includes illnesses in a bracketed range from 3 to 24 months prior to the effective date of

coverage. While a provision providing a 12-month time frame or less, prior to the effective date of the policy, is compliant with the requirements of §376.426(5), no greater time frame is permissible. Because Liberty's Group Policy and Certificate have a range of time frames that exceed 12 months, it does not substantively provide the requirements of §376.426(5).

- b. The Group Policy and Certificate define a pre-existing condition to include "acute symptoms that would require a person to seek treatment." Section 376.426(5) defines a pre-existing condition as one for which the insured received medical advice or treatment; it does not include a provision that if an insured had acute symptoms that would require a person to seek treatment. The Group Policy and 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 Group Policy and Certificate do not comply with the laws of this state as required by §376.405.

17. Liberty's Group Policy and Certificate are not compliant with Missouri insurance laws. Under the section titled Misstatement of Facts, the forms provide that if there is a misstatement of fact – which could include a misstatement of age – "all amounts payable under the Policy will be such as the premium paid would have purchased had such fact been correctly stated;" however, the Group Policy and Certificate do 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 Group Policy and Certificate do not comply with the laws of this state as required by §376.405.
18. Liberty's Group Policy is not compliant with Missouri insurance laws. Section 376.426(7) requires all group policies to contain a provision that a certificate of coverage will be issued to the policyholder for delivery to each person insured. The Group Policy does not contain the required provision. As such, the Group Policy does not comply with the laws of this state as required by §376.405.
19. After review and consideration of the policy forms included in the Liberty Filing, the company has failed to demonstrate its compliance with Missouri law as enumerated herein.
20. While there may be additional reasons as to why these forms do not comply with Missouri's insurance laws, the reasons stated herein are sufficient to disapprove the forms.

21. Each reason stated herein for disapproval of a policy form is a separate and sufficient cause to disapprove such forms.
22. Liberty's Group Policy and Certificate do not comply with Missouri law. As such, said forms are not in the public interest.
23. This Order is in the public interest.

IT IS THEREFORE ORDERED that Forms LIUI BACC P001 MO (Ed. 12 13) and LIUI BACC C001 MO (Ed. 12 13) are hereby **DISAPPROVED**. Liberty Insurance Underwriters, Inc. 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 18th
day of February, 2014.


JOHN M. HUFF
DIRECTOR



NOTICE

TO: Liberty Insurance Underwriters, Inc. 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 18th day of February, 2014, a copy of the foregoing Order and Notice was

Served via certified mail addressed to:

Christopher L. Peirce
President
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Vanessa Haydon
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Amy Leeler