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

In Re: STANDARD LIFE AND ACCIDENT INSURANCE COMPANY SERFF TRACKING NUMBER ANTX-129376537	))))	**Case No. 140116070C**

ORDER DISAPPROVING FORM FILING

Upon review and consideration of the filing of Standard Life and Accident Insurance Company, SERFF Tracking Number ANTX-129376537, specifically Forms SL-VERSEP-14-MO(ACC/SICK) and SL-VERSEC-14-MO(ACC/SICK), 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 Life and Accident Insurance Company ("Standard Life"), NAIC Number 86355, 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. Standard Life filed policy forms with the Director via the System for Electronic Rate and Form Filing ("SERFF") on January 15, 2014. The SERFF Tracking Number is ANTX-129376537 ("Filing").

6. The Filing contains, in pertinent part, forms SL-VERSEP-14-MO(ACC/SICK), identified as the Group Limited Benefit Accident and Sickness Insurance Certificate of Coverage ("Policy"), but which appears to be the group policy, and SL-VERSEC-14-MO(ACC/SICK), identified as the Group Limited Benefit Accident and Sickness Insurance Certificate of Coverage ("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, or the brackets may indicate a numeric range.

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 form.

10. Based upon the brackets within the Policy and Certificate, these forms could offer no benefits whatsoever.

11. Standard Life filed the Policy and Certificate within SERFF as Group Health Intensive Care Limited Benefit Policy.

12. On page 29 of the Policy and page 28 of the Certificate under the section titled Premiums and the subsection Grace Period, the forms state:

> A Grace Period may apply to any premium payments made in any mode other than a single premium. Premium payments after the initial premium payment may be paid within the Grace Period. The Grace Period will last for 31 days after the due date of the premium payment. During the Grace Period, the coverage will remain in force. However, the Company is not obligated to pay any claims incurred during the Grace Period until the premium due is received. If premium payments are not made by the end of the Grace Period, the coverage will immediately cease to be in force.

13. On page 12 of the Policy and the Certificate under the section titled Definitions-General, Standard Life defines Preexisting Condition as:

> [A] condition not otherwise excluded by name or specific description:
> 1. For which medical advice, testing, care, treatment or medication was given or was recommended by, or received from, a Physician within [3 – 12] months before the Certificate Effective Date; or
> 2. That would have caused a reasonably prudent person to seek medical diagnosis or treatment within [3 – 12] months before the Certificate Effective Date.

14. On page 30 of the Policy and page 29 of the Certificate under the section titled Premiums and the subsection titled Misstatement of Age, the forms state:

> If premiums for the Covered Person are based on age and the Covered Person's age has been misstated, there will be an adjustment of premiums based on his/her true age. If the benefits for which the Covered Person is eligible are based on age and the Covered Person's age has been misstated, there will be an adjustment of said benefit based on his/her true age. The Company may require satisfactory proof of age before paying any claim.

15. On page 30 of the Policy and page 29 of the Certificate under the section titled Claim Provisions and the subsection Notice of Claim, the forms state:

> The Employee must give the Company written notice of a claim. It should be given within 60 days after the occurrence or commencement of any loss covered by the Policy, or as soon thereafter as is reasonably possible. Notice given by the Employee or on behalf of the Employee to Us at our Home Office, or to any authorized agent of the Company, with information sufficient to identify the Covered Person, will be deemed notice to the Company.

16. On page 30 of the Policy and page 29 of the Certificate under the section titled Claim Provisions and the subsection Proof of Loss, the forms state:

> The Employee must give the Company written proof of loss within 90 days after such loss. If it is not reasonably possible to do so, the Company will not reduce or deny the Employee's claim for being late if proof is given as soon as reasonably possible. It must, however, be given within 15 months from the date of loss, unless the Employee is not legally capable.

17. On page 17 of the Policy under the section titled Termination and Continuation, the form states "[t]he Company or the Employer can terminate or non-renew coverage under the Policy under any of the following conditions: 1. the Company or the Employer requests termination of the Policy[.]"

18. On page 18 of the Policy and page 17 of the Certificate under the section titled Termination and Continuation, the forms state "[c]overage under the Policy for a Covered Person ends on the earliest of: 1. the date the Policy is terminated by the Company or the Employer[.]"

CONCLUSIONS OF LAW

19. 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.

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

21. 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***;

* * *

(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***[.]

(Emphasis added.)

22. Neither Standard Life's Policy nor its Certificate is compliant with Missouri insurance laws. Under the section titled Premiums and the subsection Grace Period, the Policy and Certificate state the grace period may apply. This is neither substantially similar to nor more favorable than the requirements of §376.426(1) that requires the policy have a grace period. Because the terms of the policy allow Standard Life may provide a grace period but is not required to provide one, the Policy and Certificate do 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.

23. Neither Standard Life's Policy nor its Certificate is compliant with Missouri insurance laws. Under the section titled Definitions - General, Standard Life defines preexisting conditions to include conditions "[t]hat would have caused a reasonably prudent person to seek medical diagnosis or treatment within [6 – 12] months before the Certificate Effective Date." Section 376.426(5) defines a pre-existing condition as one for which the insured received medical advice or treatment; it does not say that the insured should have sought medical advice or treatment. The 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 Policy and Certificate do not comply with the laws of this state as required by §376.405.

24. Neither Standard Life's Policy nor its Certificate is compliant with Missouri insurance laws. Under the section titled Misstatement of Facts, the forms provide that if there is a misstatement of age "there will be an adjustment of said benefit based on his/her true age;" 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.

25. Neither Standard Life's Policy nor its Certificate is compliant with Missouri insurance laws. Under the section titled Claim Provisions and the subsection Notice of Claim," the Policy and Certificate exclude a required substantive notice provision. While the Policy and Certificate do provide a more favorable time frame to provide notice, they do 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, neither the Policy nor the Certificate complies with the laws of this state as required by §376.405.

26. Neither Standard Life's Policy nor its Certificate is compliant with Missouri insurance laws. Under the section titled Claim Provisions and the subsection titled Proof of Loss, the Policy and Certificate provide proof of loss must "be given within 15 months from the date of loss, unless the Employee is not legally capable." Section 376.426(10) requires proof of loss to be given within one year "except in the absence of legal capacity." Standard Life's provision is neither substantially similar to nor more favorable than the requirements of §376.426(10) in that the reason for untimely notice need only be due to the absence of legal capacity, not whether or not the Employee was legally capable. As such, neither the Policy nor the Certificate complies with the laws of this state as required by §376.405.

27. Neither Standard Life's Policy nor its Certificate is compliant with Missouri insurance laws. Under the section titled Termination and Continuation, the

Policy states in two separate subsections and again in the Certificate that Standard Life 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.

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

29. 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.

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

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

32. This Order is in the public interest.

IT IS THEREFORE ORDERED that Forms SL-VERSEP-14-MO(ACC/SICK) and SL-VERSEC-14-MO(ACC/SICK) are hereby **DISAPPROVED.** Standard Life and Accident 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 28th day of February, 2014.

JOHN M. HUFF
DIRECTOR

NOTICE

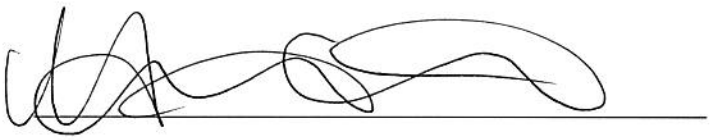
TO: Standard Life and Accident Insurance Company and any unnamed persons aggrieved by this Order:

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 28th day of February, 2014, a copy of the foregoing Order and Notice was

1) Served via certified mail addressed to:

Steven Harvey Schouweiler
President
Standard Life and Accident Insurance Company
One Moody Plaza
Galveston, TX 77550

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