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

In Re: PAN-AMERICAN LIFE INSURANCE COMPANY SERFF TRACKING NUMBER ICCI-129328240	))))	**Case No. 140206171C**

ORDER DISAPPROVING FORM FILING

Upon review and consideration of the filing of Pan-American Life Insurance Company, SERFF Tracking Number ICCI-129328240, specifically Forms B-BTP ACC-13-P-MO and B-BTP ACC-13-C-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. Pan-American Life Insurance Company ("Pan-American"), NAIC Number 67539, is a foreign life and health insurance company organized pursuant to the laws of the state of Louisiana 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. Insurance Compliance Consultants, Inc. ("ICC"), on behalf of Pan-American, filed policy forms with the Director via the System for Electronic Rate and Form Filing ("SERFF") on February 3, 2014. The SERFF Tracking Number is ICCI-129328240 ("Filing").

6. The Filing contains, in pertinent part, forms B-BTP ACC-13-P-MO, identified as the Group Blanket Accident Only Policy ("Group Policy") and B-BTP ACC-13-C-MO, identified as the Group Blanket Accident Only 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.

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

11. Pan-American filed this Group Policy within SERFF as a Group Health Accident Only policy.

12. Based upon the bracketing within the Group Policy and the varied benefits provided, this policy could be described as (including but not limited to):

    a. a travel policy;
    b. a business travel policy;
    c. an accident only policy;
    d. a death and dismemberment policy; or
    e. a disability policy.

13. On page 35 of the Group Policy and 37 of the Certificate under the section titled Administrative Provisions and the subsection Grace Period, the forms state:

> A Policy Grace Period of 31 days will be granted for the payment of the required premiums. This Policy will remain in force during the Grace Period. The Policyholder shall be liable to Us for the payment of a pro rata premium for the time the Policy was in force during the grace period. Coverage will terminate as of the last date for which premium was paid.

14. On page 35 of the Group Policy and 37 of the Certificate under the section titled General Provisions and the subsection Entire Contract Changes, the forms state:

> This Policy (including any endorsements or amendments), the signed application of the Policyholder, and any individual applications of Insureds, are the entire contract. Any statements made by the Policyholder or Insureds will be treated as representations and not warranties. No such statement shall void the insurance, reduce the benefits, or be used in defense of a claim

for loss incurred unless it is contained in a written application furnished to the Policyholder or Insured or, in the event of the death or incapacity of the Insured person, to the individual's beneficiary or personal representative.

15. On page 36 of the Group Policy and page 38 of the Certificate under the section titled General Provisions and the subsection Misstatement of Age, the forms state:

    If an Insured'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 such Insured's true age.

16. On page 6 of the Group Policy and 7 of the Certificate under the section titled Termination Date of Insurance and the subsection Cancellation, the forms state:

    Except for nonpayment of the required premium or the failure to meet continued underwriting standards, We may not terminate the Policy prior to the first anniversary date of the effective date of the Policy. After the expiration of the Policy's first anniversary date, this Policy may be cancelled at any time by providing [30 – 60] days advance written notice mailed or delivered by Us to the Policyholder or by the Policyholder to Us. If We cancel, We will mail or deliver the notice to the Policyholder at the Policyholder's last address shown in our records.

17. On page 8 of the Group Policy and Certificate under the section titled Definitions, the forms state:

    ["Dependent" means an Insured's lawful spouse [under age 70][or Domestic Partner]; or an Insured's unmarried child, from the moment of birth to age 25, who is chiefly dependent on the Insured for support. A child, for eligibility purposes, includes an Insured's natural child; adopted child, beginning with any waiting period pending finalization of the child's adoption; or a stepchild who resides with the Insured or depends chiefly on the Insured for financial support. [A Dependent may also include any person related to the Insured by blood or marriage and for whom the Insured is allowed a deduction under the Internal Revenue Code.]

    [Insurance will continue for any Dependent child who reaches the age limit and continues to meet the following conditions: 1) the child is handicapped, 2) is not capable of self-support and 3) depends chiefly on the Insured for support and maintenance. The

Insured must send Us satisfactory proof that the child meets these conditions, when requested. We will not ask for proof more than once a year.]

CONCLUSIONS OF LAW

18. 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.

19. 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.

Pan-American's Filing Does Not Substantively Provide All Provisions Required In All Group Policies Under Section 376.426

20. 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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> * * *
>
> (3) ***A provision that a copy of the application, if any, of the policyholder shall be attached to the policy when issued***, that all statements made by the policyholder or by the persons insured shall be deemed representations and not warranties and that no statement made by any person insured shall be used in any contest unless a copy of the instrument containing the statement is or has been furnished to such person or, in the event of the death or incapacity of the insured person, to the individual's beneficiary or personal representative;
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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***;

* * *

(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 as specified therein, and ***a notice of any intention to terminate the policy by the insurer must be given to the policyholder at least thirty-one days prior to the effective date of the termination***. Any termination by the insurer shall be without prejudice to any expenses originating prior to the effective date of termination. An expense will be considered incurred on the date the medical care or supply is received;

(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***. Proof of such incapacity and dependency must be furnished to the insurer by the certificate holder at least thirty-one days after the child's attainment of the limiting age. The insurer may require at reasonable intervals during the two years following the child's attainment of the limiting age subsequent proof of the child's incapacity and dependency. After such two-year period, the insurer may require subsequent proof not more than once each year…;

(17) ***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, until the dependent child attains the limiting age***, shall remain in force at the option of the certificate holder. ***Eligibility for continued coverage shall be established where the dependent child is***:

(a) ***Unmarried and no more than that twenty-five years of age; and***
(b) ***A resident of this state***; and
(c) Not provided coverage as a named subscriber, insured, enrollee, or covered person under any group or individual health benefit plan, or entitled to benefits under Title XVIII of the Social Security Act[.]

(Emphasis added.)

21. Neither Pan-American's Group Policy nor its Certificate is compliant with Missouri insurance laws. Under the section titled Administrative Provisions and the subsection Grace Period, the Group Policy and Certificate properly provides the 31-day grace period as required by §376.426(1), but then state "[c]overage will terminate as of the last date for which premium was paid." Section 376.426(1) requires the policy to stay in full force during the grace period. The policy does not stay in full force because the policy ends the last date for which the premium was paid. Because the policy is not in full force and retroactively terminates, the Group Policy and Certificate do not meet the substantive requirements of §376.426(1). As such, the Group Policy and Certificate do not comply with the laws of this state as required by §376.405.

22. Neither Pan-American's Group Policy nor its Certificate is compliant with Missouri insurance laws. The section titled General Provisions and the subsection Entire Contract Changes does not contain a statement that a copy of the application will be attached to the policy, as required by §376.426(3). Because such statement is not within the policy, the Group Policy and Certificate do not comply with §376.426(3). As such, the Group Policy and Certificate do not comply with the laws of this state as required by §376.405.

23. Neither Pan-American's Group Policy nor its Certificate is compliant with Missouri insurance laws. Under the subsection titled Misstatement of Age, the form provides that if there is a misstatement of age "an equitable premium adjustment will be made;" 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.

24. Neither Pan-American's Group Policy nor its Certificate is compliant with Missouri insurance laws. Under the section titled Termination Date of Insurance and the subsection Cancellation, the Group Policy and Certificate notify the insured the policy can be canceled by either party at any time by providing [30-60] days' notice. Section 376.426(15) requires the insurer to give the insured at least a 31 day notice. Because Pan-American's Group Policy and Certificate include a date range that is less than 31 days, it does not

substantively provide the requirements of §376.426(15). As such, the Group Policy does not comply with the laws of this state as required by §376.405.

25. Neither Pan-American's Group Policy nor its Certificate is compliant with Missouri insurance laws. Under the section titled Definitions, the definition of dependent and the section defining dependent children who are handicapped and unable to care for themselves, are contained in two separately bracketed sections and, therefore, could be independently included or excluded from the policy. If the policy offers coverage of dependents, the policy must also offer continuing coverage for a child that "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," as required by §376.426(16). In the event dependent coverage is offered but the second bracketed section offering continuing coverage for disabled dependents is excluded from the policy, the policy would not be in compliance with §376.426(16). As such, the Group Policy and Certificate do not comply with the laws of this state as required by §376.405.

26. Neither Pan-American's Group Policy nor its Certificate is compliant with Missouri insurance laws. Under the section titled Definitions, the definition of dependent child includes those from birth to age 25 and "who is chiefly dependent on the Insured for support." Section 376.426(17) does not provide that a child must be chiefly dependent on the Insured for support. Because the Group Policy and Certificate add the requirement that the dependent child be chiefly dependent on the insured, the language is not substantially similar to nor more favorable than §376.426(17). As such, the Group Policy and Certificate do not comply with the laws of this state as required by §376.405.

27. After review and consideration of the policy forms included in the Pan-American Filing, the company has failed to demonstrate its compliance with Missouri law as enumerated herein.

28. 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.

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

30. Pan-American's Group Policy and Certificate do not comply with Missouri law. As such, said forms are not in the public interest.

31. This Order is in the public interest.

IT IS THEREFORE ORDERED that Forms B-BTP ACC-13-P-MO and B-BTP ACC-13-C-MO is hereby **DISAPPROVED.** Pan-American Life 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 21st day of March, 2014.

JAMES R. McADAMS
DEPUTY DIRECTOR

NOTICE

TO: Pan-American Life 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 21st day of March, 2014, a copy of the foregoing Order and Notice was

1) Delivered via electronic mail to:

   Brenda Dawson
   Brendadawson@inscompliance.com

2) Served via certified mail addressed to:

   Jose Souquet
   President
   Pan-American Life Insurance Company
   601 Poydras St., Floor 28
   New Orleans, LA 70130

Amy Feeler