

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

**In Re: THE PRUDENTIAL INSURANCE )  
COMPANY OF AMERICA )  
SERFF TRACKING NUMBER ) Case No. 140318313C  
PRUX-G129456250 )**

**ORDER DISAPPROVING FORM FILING**

Upon review and consideration of the filing of The Prudential Insurance Company of America, SERFF Tracking Number PRUX-G129456250, specifically Form 83500 ACC 0314MO, the Director DISAPPROVES said form 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. The Prudential Insurance Company of America ("Prudential"), NAIC Number 68241, is a foreign life and health insurance company organized pursuant to the laws of the state of New Jersey 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. Prudential filed the policy form with the Director via the System for Electronic Rate and Form Filing ("SERFF") on March 13, 2014. The SERFF Tracking Number is PRUX-G129456250 ("Filing").
6. The Filing contains form 83500 ACC 0314MO, identified as the Accident Certificate ("Certificate").
7. Brackets ( [ ... ] ) within a 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.

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

8. Potentially, all benefits, coverages, or terms in brackets could be included in an issued form.
9. Conversely, all benefits, coverages, or terms in brackets could be excluded from an issued form.
10. Prudential filed the Certificate within SERFF as Group Health-Accident Only.
11. Nowhere within the Certificate is there a provision stating the insured has a grace period of 31 days for the payment of any premium.
12. Nowhere within the Certificate is there a provision that all statements made by the insured shall be deemed representations and not warranties.
13. On page 32 of the Certificate under the section titled Claim Rules and the subsection titled When Benefits are Paid, the form states:

Benefits are paid when Prudential receives written proof of the loss [including any requested documentation, such as a death certificate, an attending physician's statement or medical records].
14. Nowhere within the Certificate is there a provision notifying the insured of the conditions on which the policy may be terminated, that the policy may not be terminated before the first anniversary year of the effective date of coverage and that Prudential must provide at least 31-days notice before the date of termination.

#### 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.

#### Prudential'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;

\* \* \*

(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;

\* \* \*

(11) *A provision that all benefits payable under the policy other than benefits for loss of time shall be payable not more than thirty days after receipt of proof* and that, subject to due proof of loss, all accrued benefits payable under the policy for loss of time shall be paid not less frequently than monthly during the continuance of the period for which the insurer is liable, and that any balance remaining unpaid at the termination of such period shall be paid as soon as possible after receipt of such proof;

\* \* \*

(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[.]

(Emphasis added.)

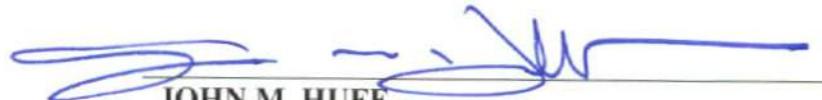
18. Prudential's Certificate is not compliant with Missouri insurance laws. Section 376.426(1) requires a provision substantively stating that the insured has a grace period of 31 days for the payment of any premium except the first and that the policy to stay in full force during the grace period. The Certificate does not contain such a provision and, therefore, does not meet the substantive requirements of §376.426(1). As such, the Certificate does not comply with the laws of this state as required by §376.405.
19. Prudential's Certificate is not compliant with Missouri insurance laws. Section 376.426(3) requires a provision substantively notifying the insured that any statement made by an insured person will be deemed a representation and not a warranty. The Certificate does not contain such a provision and, therefore, does not meet the substantive requirements of §376.426(3). As such, the Certificate does not comply with the laws of this state as required by §376.405.
20. Prudential's Certificate is not compliant with Missouri insurance laws. Under the section titled Claim Rules and the subsection titled When Benefits are Paid, the Certificate notifies the insured that benefits due will be paid after Prudential receives written proof of loss. However, the Certificate does not notify the insured that benefits due will be paid not more than 30 days after receipt of the proof of loss as required by §376.426(11). As such, the Certificate does not comply with the laws of this state as required by §376.405.
21. Prudential's Certificate is not compliant with Missouri insurance laws. Section 376.426(15) requires a provision substantively notifying the insured of conditions in which the policy may be terminated, that the policy may not be terminated before the first anniversary year of the effective date of coverage, and that Prudential must provide at least 31-days notice before the date of termination. The Certificate does not contain such a provision and, therefore, does not meet the substantive requirements of §376.426(15) provision. As such, the Certificate do not comply with the laws of this state as required by §376.405.
22. After review and consideration of the form included in the Prudential Filing, the company has failed to demonstrate its compliance with Missouri law as enumerated herein.
23. While there may be additional reasons as to why this form does not comply with Missouri's insurance laws, the reasons stated herein are sufficient to disapprove the form.
24. Each reason stated herein for disapproval of a form is a separate and sufficient cause to disapprove such form.

25. Prudential's Certificate does not comply with Missouri law. As such, said form is not in the public interest.

26. This Order is in the public interest.

**IT IS THEREFORE ORDERED** that Form 83500 ACC 0314MO is hereby **DISAPPROVED**. The Prudential Insurance Company of America is hereby prohibited from delivering or issuing for delivery any policies of group health insurance utilizing said form.

**SO ORDERED, SIGNED AND OFFICIAL SEAL AFFIXED THIS** 25<sup>th</sup>  
day of April, 2014.



**JOHN M. HUFF  
DIRECTOR**



NOTICE

**TO: The Prudential Insurance Company of America 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.

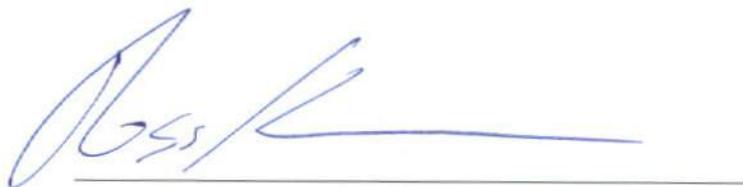
CERTIFICATE OF SERVICE

I hereby certify that on this 25<sup>th</sup> day of April, 2014, a copy of the foregoing Order and Notice was

1) Served via certified mail addressed to:

John R. Strangfeld  
President  
The Prudential Insurance Company of America  
751 Broad St., Plaza, 24  
Newark, NJ 07102

Joanne Caputo  
Assistant Secretary  
The Prudential Insurance Company of America  
80 Livingston Avenue  
Roseland, NJ 07068



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