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

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| **In Re: FREEDOM LIFE INSURANCE COMPANY OF AMERICA SERFF TRACKING NUMBER USHG-129512195** | ) ) ) ) | **Case No. 140502448C** |

## ORDER DISAPPROVING FORM FILING

Upon review and consideration of the filing of Freedom Life Insurance Company of America, SERFF Tracking Number USHG-129512195, specifically Form ACC-2014-IP1-MO-FLIC, 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. Freedom Life Insurance Company of America ("Freedom Life"), NAIC Number 62324, is a foreign life and health insurance company organized pursuant to the laws of the state of Texas and transacting insurance business in the state of Missouri pursuant to a Certificate of Authority issued by the Director.

3. Pursuant to §376.777,[1] insurance companies licensed to transact business in this state may not deliver or issue for delivery in this state a policy of accident or health insurance unless the form has been approved.

4. The Division of Market Regulation (the "Division") is designated pursuant to section 374.075 to review the forms that are filed by insurance companies.

5. Freedom Life filed policy forms with the Director via the System for Electronic Rate and Form Filing ("SERFF") on April 30, 2014. The SERFF Tracking Number is USHG-129512195 ("Filing").

6. The Filing contains, in pertinent part, form ACC-2014-IP1-MO-FLIC, identified as an Accidental Bodily Injury Insurance Plan ("Policy").

7. Freedom Life filed the Policy within SERFF as an Individual Health-Accident Only Policy.

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

8. On May 20, 2014, Freedom Life amended the Filing and replaced the Policy with an amended form. The replacement form is the subject of this Order.

9. On page 19 of the Policy under the section titled Renewal Premium and the subsection titled Grace Period, the form states:

> Unless at least thirty-one (31) days prior to a **Renewal Premium** due date **We** have mailed to **You** written notice of **Our** intention not to renew this **Policy** a grace period of thirty-one (31) days from such due date is given for the late payment by **You** to **Us** of the **Renewal Premium** due. If **You** make payment to **Us** of the required **Renewal Premium** during such grace period, then this **Policy** will remain in force for **Benefit** claims arising during such grace period. However, if the **Company** has received notification of **Your** intention to cancel any **Insured's** coverage under this **Policy**, there is no grace period for the late payment of any **Renewal Premium** that would otherwise have been due for such **Insured** but for such cancellation.

(Emphasis in original.)

10. On page 26 of the Policy under the section titled Claim Procedures, Investigation and Payment and the subsection titled Notice of Claim, the form states:

> Written notice of claim must be received by **Us** within thirty (30) days of the date that each **Covered Expense** is incurred by an **Insured**. If it is not reasonably possible for the notice of claim to be transmitted to **Us** so that it is received within such thirty (30) day period, then written notice of claim must be received by **Us** as soon thereafter as reasonably possible. A **Provider's** billing statement that is timely received by **Us** will suffice as a written notice of the claim under this Section. **Our** current address for providing a written notice of claim is shown on page 1. A written notice of claim should include the applicable **Insured's** name, the **Primary Insured's** name, the applicable **Provider's** name, and the **Policy** number.

(Emphasis in original.)

## CONCLUSIONS OF LAW

11. 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 §376.777.

12. 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 §376.777.

### Freedom Life's Filing Does Not Comply With All Provisions Required in a Policy Under Section 376.777

13. Section 376.777 provides in relevant part:

> 1. ***Required provisions***. Except as provided in subsection 3 of this section ***each such policy delivered or issued for delivery to any person in this state shall contain the provisions specified in this subsection in the words in which the same appear in this section***; provided, however, that the insurer may, at its option, substitute for one or more of such provisions corresponding provisions of different wording approved by the director of the department of insurance, financial institutions and professional registration which are in each instance not less favorable in any respect to the insured or the beneficiary....
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> ***
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> (3) ***A provision*** as follows: ***"GRACE PERIOD:***
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> ***A grace period of . . . (insert a number not less than "7" for weekly premium policies, "10" for monthly premium policies and "31" for all other policies) days will be granted for the payment of each premium falling due after the first premium, during which grace period the policy shall continue in force."***
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> ***
>
> (5) ***A provision*** as follows: "***NOTICE OF CLAIM***:
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> 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, or as soon thereafter as is reasonably possible. ***Notice given by or on behalf of the insured or the beneficiary to the insured at .....*** (insert the location of such office as the insurer may designate for the purpose), ***or to any authorized agent of the insurer***, with information sufficient to identify the insured, shall be deemed notice to the insurer".

(Emphasis added.)

14. Freedom Life's Policy is not compliant with Missouri insurance laws. Under the subsection titled Grace Period, the Policy provides a 31 day grace period and then states "[i]f **You** make payment to **Us** of the required **Renewal Premium** during such grace period, then this **Policy** will remain in force for **Benefit** claims arising during such grace period." Section 376.777.1(3) requires the policy to stay in force during the grace period; it does not condition the effectiveness of the grace period upon payment. Because the policy does not always stay in force throughout the grace period, the Policy does not meet the requirements of §376.777.1(3). As such, the Policy does not comply with the laws of this state as required by §376.777.

15. Freedom Life's Policy is not compliant with Missouri insurance laws. Under the subsection titled Notice of Claim, the Policy fails to state that the insured may send notice of claim to "any authorized agent of the insurer," as required by §376.777.1(5). As such, the Policy does not comply with the laws of this state as required by §376.777.

16. After review and consideration of the policy form included in Freedom Life's Filing, the company has failed to demonstrate its compliance with Missouri law as enumerated herein.

17. While there may be additional reasons as to why this policy form does not comply with Missouri's insurance laws, the reasons stated herein are sufficient to disapprove the form.

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

19. Freedom Life's Policy does not comply with Missouri law. As such, said form is not in the public interest.

20. This Order is in the public interest.

**IT IS THEREFORE ORDERED** that Form ACC-2014-IP1-MO-FLIC is hereby **DISAPPROVED.** Freedom Life 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** 3RD day of July, 2014.

**JOHN M. HUFF**
**DIRECTOR**

## NOTICE

**TO: Freedom Life Insurance Company of America and any unnamed persons aggrieved by this Order:**

You may request a hearing on the disapproval of this form. 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 3rd day of July, 2014, a copy of the foregoing Order and Notice was

Served via certified mail addressed to:

Benjamin Cutler
President
Freedom Life Insurance Company of America
3100 Burnett Plaza
801 Cherry Street, Unit 33
Fort Worth, TX 76102

Martha Guevara
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Amy Leeler