

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

**In Re: FREEDOM LIFE INSURANCE )  
COMPANY OF AMERICA )  
SERFF TRACKING NUMBER ) Case No. 141001682C  
USHG-129739127 )**

**ORDER DISAPPROVING FORM FILING**

Upon review and consideration of the filing of Freedom Life Insurance Company of America, SERFF Tracking Number USHG-129739127, specifically form STUP2-2014-IP-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,<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 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 a policy form with the Director via the System for Electronic Rate and Form Filing (“SERFF”) on September 25, 2014. The SERFF Tracking Number is USHG-129739127 (“Filing”).
6. The Filing contains form STUP2-2014-IP-MO-FLIC, identified as a Short Term Medical-Surgical Expense Plan policy (“Policy”).
7. Freedom Life filed the Policy within SERFF as Individual Health-Major Medical.

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<sup>1</sup>All statutory citations are to RSMo (Supp. 2014).

8. On page 17 of the Policy under the section titled When Coverage Begins and Ends and the subsection titled Termination of Coverage, the form states:

While coverage under this **Policy** is in full force and effect, the coverage of **Your** child who is an **Insured** will not end if he or she is dependent upon **You** for support and maintenance and incapable of self-support because of a mental handicap or physical disability. Such dependent **Insured's** coverage while coverage under this **Policy** is in full force and effect will continue regardless of the dependent **Insured's** age, as long as **Monthly Renewal Premium** is timely and properly paid for **You** and the dependent **Insured** and such dependent **Insured** remains dependent upon **You** and incapable of self-support because of such mental handicap or physical disability. Proof of such handicap or disability must be furnished to **Us** within thirty-one (31) days prior to the dependent **Insured** reaching the limiting age, and thereafter upon **Our** request.

(Emphasis in original.)

9. On pages 39 and 40 of the Policy under the section titled Uniform Provisions and the subsection titled Entire Contract-Changes, the form states:

The entire contract between **You** and the **Company** consists of this **Policy**, including **Your** application, which is attached hereto, and any amendments, riders, or endorsements attached to this **Policy**. All statements made by **You** will, in the absence of fraud, be deemed representations and not warranties. No statement made by an applicant for insurance will be used to contest the insurance or reduce the **Sickness and Bodily Injury Benefits** or **Wellness and Screenings Benefits**, unless contained in a written application, which is signed by the applicant.

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No change in the **Policy** will be valid unless it is:

1. noted on or attached to the **Policy**;
2. signed by one of **Our** officers; and
3. delivered to the **Primary Insured**, as shown on the **Policy Schedule**.

### CONCLUSIONS OF LAW

10. 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.

11. 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**  
**Section 376.776**

12. Section 376.776 states:

1. This section applies to the hospital and medical expense provisions of an accident or sickness insurance policy.

2. 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 policyholder for support and maintenance. *Proof of such incapacity and dependency must be furnished to the insurer by the policyholder 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 disability and dependency. After such two-year period, the insurer may require subsequent proof not more than once each year.

(Emphasis added.)

13. Freedom Life's Policy is not compliant with Missouri insurance laws. Under the subsection titled Termination of Coverage, the policy provides, with respect to children over a limiting age with a mental or physical handicap that makes them dependent upon the certificate holder for support, proof of handicap must be submitted to Freedom Life within 31 days *prior* to the child reaching the limiting age. However, pursuant to §376.776.2, proof of handicap must be provided at least 31 days *after* the child reaches the limiting age. Because Freedom Life's Policy requires the proof to be provided sooner than §376.776.2 allows, the provision does not comply with the laws of this state as required by §376.777.

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

14. 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....

(1) *A provision* as follows: "**ENTIRE CONTRACT; CHANGES:**

This policy, including the endorsements and the attached papers, if any, constitutes the entire contract of insurance. *No change in this policy shall be valid until approved by an executive officer of the insurer and unless such approval be endorsed hereon or attached hereto.* No agent has authority to change this policy or to waive any of its provisions".

(Emphasis added.)

15. Freedom Life's Policy is not compliant with Missouri insurance laws. Under the subsection titled Entire Contract - Changes, the Policy provides that "No change in the **Policy** will be valid unless it is: 1. noted on or attached to the **Policy**; 2. signed by one of **Our** officers; and 3. delivered to the **Primary Insured**[".]” Section 376.777.1(1) requires that “[n]o change in this policy shall be valid until approved by an executive officer of the insurer and unless such approval be endorsed hereon or attached hereto;” it does not require any changes made to the policy to be delivered to the insured before such change becomes valid. The Policy provision does not use the same words as §376.777.1(1), and the provisions may be less favorable to the insured in that the Policy adds an additional condition for changes to the policy to be valid. 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 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 STUP2-2014-IP-MO-FLIC is hereby **DISAPPROVED**. Freedom Life Insurance Company of America is hereby prohibited from delivering or issuing for delivery any Policy of group health insurance utilizing said form.

**SO ORDERED, SIGNED AND OFFICIAL SEAL AFFIXED THIS** 10<sup>th</sup> day of November, 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 10<sup>th</sup> day of November, 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  
Product Analyst  
Freedom Life Insurance Company of America  
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801 Cherry Street, Unit 33  
Fort Worth, TX 76102

  
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