

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

**In Re: NATIONAL HEALTH)
INSURANCE COMPANY)
SERFF TRACKING NUMBER) Case No. 131114586C
ICCI-129234711)**

ORDER DISAPPROVING FORM FILING

Upon review and consideration of the filing of National Health Insurance Company, SERFF Tracking Number ICCI-129234711, specifically Forms NHIC GP HIO MO 2013-CERT and NHIC GRP – HIO MO 2013 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. National Health Insurance Company (“National”), NAIC Number 82538, 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 §376.405,¹ 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 section 374.075 with the review of forms that are filed by insurance companies.
5. National, through its authorized representative Insurance Compliance Consultants filed policy forms with the Director via the System for Electronic Rate and Form Filing (“SERFF”) on October 7, 2013. The SERFF Tracking Number is ICCI-129234711 (“Filing”).
6. The Filing contains, in pertinent part, forms: NHIC GP HIO MO 2013-CERT, identified as Group Hospital Indemnity Insurance Certificate of Coverage (“Certificate”); and NHIC GRP – HIO MO 2013, identified as Group Hospital Indemnity Insurance Master Policy (“Group Policy”).

¹ All statutory citations are to RSMo (Supp. 2013).

7. On page 6 of the Certificate under the section titled Pre-Existing Condition, National states:

Pre-Existing Condition means a condition (whether physical or mental), regardless of the cause of the condition, for which medical advice, diagnosis, care or treatment was recommended or received from a Physician within a 6-month period preceding the Certificate Effective Date of coverage of the Covered Person or such treatment which would have been recommended had a reasonable and prudent effort to seek appropriate medical advice been made.

8. On page 18 of the Certificate under the section titled Notice of Claim, National states "Written notice of Claim must be given to Us within 20 days after the date of a loss. If that is not possible, We must be notified as soon as it is reasonably possible to do so."

9. On page 16 of the Certificate under the section titled Termination of Insurance, National States:

The coverage of a Named Insured will terminate on the earliest of the following dates:

- The date the Policy terminates;
- The last day of the month in which the Named Insured reaches the age of 65 or becomes eligible for Medicare;
- Midnight on the last day, for which premium was paid, if premium is not paid by the end of the grace period;
- 90 days after the date written notice was provided that the Named Insured is no longer in an eligible class
- The date the Named Insured's class is no longer included for insurance
- The date the Named Insured asks Us to end their coverage, or
- The date the Named Insured dies.

If We discontinue this coverage to a particular class, We will provide that class the option to purchase other coverage currently offered in such market without regard to the claims experience of the class or the health-related status of any Covered Person or new Named Insureds who may become eligible for such coverage.

10. On page 4 of the Group Policy under the section titled Termination of Insurance, National states:

This Policy can be cancelled by You.

If the premium is not paid when it is due or during the grace period, this Policy will terminate at midnight on the last day for

which premium was paid. You must pay all premium due for the full period each Certificate is in force.

You may cancel this Policy by written notice delivered to Us at least 31 days prior to the cancellation date. This Policy can be cancelled on an earlier date if We both agree. Coverage will end at 12:00 midnight Standard Time on the cancellation date.

11. On page 4 of the Group Policy under the section titled Grace Period, National states in part, "If the premium is not paid by the end of the grace period, the coverage provided by this policy will automatically end at midnight on the last day of the grace period."

CONCLUSIONS OF LAW

12. 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.
13. 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.

National's Filing Does Not Substantively Provide All Provisions Required In a Group Policy Under Section 376.426

14. 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...:

* * *

(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...;*

* * *

(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;

* * *

(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.)

15. National's Certificate is not compliant with Missouri insurance laws. Under the section titled "Pre-Existing Condition," National states any condition treated within the 6 months preceding the Effective Date of coverage is considered a pre-existing condition. This provision is more favorable to the insured than §376.426(5) requires. However, National also states "treatment which would have been recommended had a reasonable and prudent effort to seek appropriate medical advice been made" is considered a pre-existing condition. By adding the additional language, the Certificate 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 Certificate does not comply with the laws of this state as required by §376.405.
16. National's Certificate is not compliant with Missouri insurance laws. Under the section titled "Notice of Claim," National provides that written notice of claim must be given to it within 20 days. However, the Certificate does not substantively provide a statement notifying the insured that "failure to give notice within such time shall not invalidate nor reduce any claim," as required by §376.426(8). As such, the Certificate does not comply with the laws of this state as required by §376.405.

17. Neither National's Certificate nor the Group Policy is compliant with Missouri insurance laws. Under the subsection titled "Termination of Insurance," the Certificate and Group Policy exclude a required substantive notice provision. The Certificate and Group Policy contain a list of potential termination dates but do not contain a provision disclosing that the insurer cannot terminate the policy prior to the first anniversary date. Section 376.426(15) requires a statement that substantively discloses that the insurer may not terminate the policy prior to the first anniversary date. As such, the Certificate and Group Policy do not comply with the laws of this state as required by §376.405.
18. "Specific" is defined as "precisely formulated or restricted; definite; explicit; of an exact or particular nature."² "Certain" is defined as "ascertained; precise; identified; settled; exact; definitive; clearly known; unambiguous..."³ "An ambiguity exists when there is duplicity, indistinctness, or uncertainty in the meaning of the language in the policy. Language is ambiguous if it is reasonably open to different constructions."⁴
19. National's Group Policy is not compliant with Missouri insurance laws. Under the section titled Termination of Insurance, the Group Policy states that "if the premium is not paid when it is due or during the grace period, this Policy will terminate at midnight on the last day for which premium was paid." Then under the section titled Grace Period, the Group Policy states, "if the premium is not paid by the end of the grace period, the coverage provided by this Policy will automatically end at midnight on the last day of the grace period." The Group Policy provides two different termination dates to end coverage in the event of nonpayment of premium. Stating two separate termination dates for a singular event is neither definite nor distinct and it is reasonably open to different constructions. As such, the Group Policy uses words, phraseology, conditions, and provisions which are not specific, certain and unambiguous and reasonably adequate to meet needed requirements for the protection of those insured as required by §376.405.
20. After review and consideration of the policy forms included in the National's Filing, the company has failed to demonstrate its compliance with Missouri law as enumerated herein.
21. 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.
22. Each reason stated herein for disapproval of a policy form is a separate and sufficient cause to disapprove such form.

² *Black's Law Dictionary* 1398 (6th ed., West 1990).

³ *Id.* at 225.

⁴ *Seeck v. Geico Gen. Ins. Co.*, 212 S.W. 3d 129, 132 (Mo. banc 2007).

23. National's Certificate and Group Policy do not comply with Missouri law. As such, said forms are not in the public interest.

24. This Order is in the public interest.

IT IS THEREFORE ORDERED that Forms NHIC GP HIO MO 2013-CERT and NHIC GRP – HIO MO 2013 are hereby **DISAPPROVED**. National Health 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 19th day of November, 2013.


JOHN M. HUFF
DIRECTOR



NOTICE

TO: National Health 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 19th day of November, 2013, a copy of the foregoing Order and Notice was

Served via certified mail addressed to:

Charles Harris
1901 N St. Hwy 360
Grand Prairie TX 75050

Charles McDaniel
Life and Health Filing
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