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

In Re: FREEDOM LIFE INSURANCE	)	
COMPANY OF AMERICA	)	
SERFF TRACKING NUMBER	)	**Case No. 141114739C**
USHG-129789551	)	

ORDER DISAPPROVING FORM FILING

Upon review and consideration of the filing of Freedom Life Insurance Company of America, SERFF Tracking Number USHG-129789551, specifically Form GASDCYD-2011-IP-MO-FLIC, the Deputy 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 a policy form with the Director via the System for Electronic Rate and Form Filing ("SERFF") on October 31, 2014. The SERFF Tracking Number is USHG-129789551 ("Filing").

6. The Filing contains form GASDCYD-2011-IP-MO-FLIC, identified as an Individual Specified Disease Insurance Coverage policy ("Policy").

7. Freedom Life filed the Policy within SERFF as an Individual Health-Specified Disease-Limited Benefit policy.

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[1]All statutory citations are to RSMo (Supp. 2014).

8. On November 7, 2014, Freedom Life amended the Filing and replaced the Policy with an amended form. The amended form is the subject of this Order.

9. On page 18 of the Policy under the section titled When Coverage Begins and Ends and the subsection titled Eligibility and Additions, the form states:

> **Your Spouse, Your** unmarried, dependent children who are under the age of nineteen (19) (twenty-four (24) if a **Full-Time Student**; and grandchildren who are considered **Your** dependents for federal income tax purposes and who are under age nineteen (19) (twenty-four (24) if a **Full-Time Student**; any children which an **Insured** is required to insure under a medical support order; any child whom **You**, or **Your Spouse** (if listed as an **Other Insured** on the **Policy Schedule**), intends to adopt and has become a party to a suit for that purpose; and any child who is in the custody of an **Insured** under a temporary court order that grants the **Insured** conservatorship of the child, are eligible for this coverage. Any eligible dependent (other than a newborn or adoptee) will be added to this **Policy** when **We** approve the written application for such coverage, and accept payment of any necessary premium.

(Emphasis in original.)

10. On page 21 of the Policy under the section titled When Coverage Begins and Ends and the subsection titled Continuation of Coverage and Policy of Conversion, the form states:

> A **Policy Of Conversion Coverage**, whereby the coverage then afforded by this **Policy** for an applicable **Insured** will continue without a requirement of any additional evidence of the insurability of such **Insured**, is available only:
>
> **1.** for **Your Spouse** who is covered under this **Policy**, if his or her coverage ceases due to divorce, annulment or court approved separation; or
> **2.** for **Your** unmarried child(ren) who is covered under this **Policy**, if his or her coverage ceases due to his or her reaching the limiting age of nineteen (19) (twenty-four (24) if enrolled as a **Full-Time Student**).
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> ***
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> In order to be eligible for a **Policy Of Conversion Coverage**, a written election of continuation of coverage via conversion must be made by the applicable **Insured**, on a form furnished by **Us**, and the first premium must be paid, in advance, to **Us** on or before the date on which the applicable coverage under this **Policy** for such **Insured** would otherwise terminate. The amount of first premium

> required from the effective date through the end of the first renewal period of the **Policy Of Conversion Coverage** shall not be more than **Our** full Individual premium rate then applicable for the applicable **Insured** under the **Policy** with the same mode of payment. Applicable **Insureds** shall not be required to pay the **Renewal Premium** for a **Policy Of Conversion Coverage** less often than monthly.

(Emphasis in original.)

11. On page 14 of the Policy under the section titled Definitions, Freedom Life defines Policy of Conversion Coverage as:

> [T]he documents prepared by **Us** in accordance with the provisions of Section III.D. CONTINUATION OF COVERAGE AND POLICY OF CONVERSION, which on their effective date will replace this **Policy** as the contract of coverage between the applicable **Insured** and the **Company**, consisting of (i) an endorsement removing each applicable **Insured** from this **Policy** and (ii) a new **Policy** of coverage for each applicable **Insured** with the same applicable provisions as this **Policy**, including any riders or amendments attached hereto, but bearing a new **Policy** number.

(Emphasis in original.)

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 §376.777.

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 §376.777.

Freedom Life's Filing Does Not Comply With Section 376.776

14. Section 376.776 states:

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

* * *

3. ***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 policyholder.*** The policyholder's election for continued coverage under this section shall be furnished by the policyholder to the insurer within thirty-one days after the child's attainment of the limiting age. As used in this subsection, a dependent child is a person who:

(1) Is a resident of this state;
(2) Is unmarried and no more than twenty-five years of age; and
(3) 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, P.L. 89-97, 42 U.S.C. Section 1395, et seq.

4. This section applies only to policies delivered or issued for delivery in this state more than one hundred twenty days after October 13, 1967.

(Emphasis added.)

15. Freedom Life's Policy is not compliant with Missouri insurance laws. Under the subsection titled Eligibility and Additions, the Policy provides coverage for dependent children until a limiting age (nineteen or until age twenty-four if the dependent is enrolled as a full-time student). Under the subsection titled Continuation of Coverage and Policy of Conversion, the Policy provides that a conversion policy is available to such dependents at the option of an applicable insured upon such a limiting age. Under the section titled Definitions, the Policy defines a "Policy of Conversion Coverage" to include an endorsement removing the dependent from the policy as well as a new policy of coverage for the former dependent. Section 376.776.3 requires the company to continue coverage, "the policy shall remain in force," for such a dependent beyond a limiting age at the option of the policyholder. This continuation of coverage can last until the child no longer meets the statutory definition of dependent. However, rather than keeping the policy in force for dependent coverage at the policyholder's option, the Policy provides for a separate conversion policy for the dependent who has reached the limiting age. This is not compliant with §376.776.3. 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 reason stated herein is sufficient to disapprove the form.

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

19. This Order is in the public interest.

IT IS THEREFORE ORDERED that Form GASDCYD-2011-IP-MO-FLIC is hereby **DISAPPROVED.** Freedom Life Insurance Company of America is hereby prohibited from delivering or issuing for delivery any Policy of individual health insurance utilizing said form.

SO ORDERED, SIGNED AND OFFICIAL SEAL AFFIXED THIS 26th day of November, 2014.

JAMES R. McADAMS
DEPUTY 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 26th 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
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