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

In Re: STANDARD LIFE AND ACCIDENT INSURANCE COMPANY SERFF TRACKING NUMBER AMFT-129771653	))))	**Case No. 141110724C**

ORDER DISAPPROVING FORM FILING

Upon review and consideration of the filing of Standard Life and Accident Insurance Company, SERFF Tracking Number AMFT-129771653, specifically Forms SL-FDC-P-2014-10 MO and SL-FDC-C-2014-10 MO, the Deputy 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. Standard Life and Accident Insurance Company ("Standard Life"), NAIC Number 86355, is a foreign life and health insurance company organized pursuant to the laws of the state of Texas and transacting insurance business in this state 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 §374.075 with the review of forms that are filed by insurance companies.

5. Morgan-White Group, on behalf of Standard Life, filed forms with the Director via the System for Electronic Rate and Form Filing ("SERFF") on October 20, 2014. The SERFF Tracking Number is AMFT-129771653 ("Filing").

6. The Filing contains, in pertinent part, forms SL-FDC-P-2014-10 MO, identified as the First Diagnosis Cancer Master Policy ("Group Policy") and SL-FDC-C-2014-10 MO, identified as the First Diagnosis Cancer Certificate of Coverage ("Certificate").

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

7. Standard Life filed the forms within SERFF as Group Health-Specified Disease-Limited Benefit coverage.

8. On October 28, 2014, Standard Life amended the Filing and replaced the Group Policy and Certificate with amended forms. The amended forms are the subject of this Order.

9. On page 4 of the Group Policy and Certificate under the section titled Exceptions and Limitations, the forms state "[t]his policy pays only for First Diagnosis of internal Cancer or malignant melanoma."

10. On page 4 of the Group Policy and Certificate under the section titled Definitions, the forms limit the definition of First Diagnosis/First Diagnosed, stating:

    > The diagnosis will not be considered a First Diagnosis if you have had a diagnosis of Cancer within the 10-year period prior to the Policy Date; or if you have received medical advice, care or treatment; or a clinical or pathological diagnosis of Cancer prior to or within the Waiting Period. Cancer will not be a covered condition if tissue extracted during the Waiting Period leads to a diagnosis of Cancer[.]

11. On page 8 of the Group Policy and Certificate under the section titled Policy Provisions and the subsection titled Misstatement of Age, the forms state:

    > If your age has been misstated, an adjustment in premiums, coverage or both will be made, based on your true age. No misstatement of age will continue insurance otherwise validly terminated, or terminate insurance otherwise validly in force.

12. Nowhere within the Group Policy is there a provision stating that Standard Life will issue to the policyholder, for delivery to each person insured, a certificate setting forth a statement as to the insurance protection to which that person is entitled.

13. On page 1 of the Group Policy and the Certificate, the forms disclose:

    > If you are diagnosed with Cancer or if Cancer manifests itself during the first 60 days following the Policy Date, all premiums paid will be refunded to you and the policy will be voided from its Policy Date. That will mean your policy was never in force.

14. On page 2 of the Group Policy and the Certificate under the section titled Insuring Clause, the forms state: "We agree to provide the benefits set out in this policy for any insured Loss. This agreement is subject to all of the definitions, provisions, limitations and exclusions of the policy."

15. On page 3 of the Group Policy and the Certificate under the section titled Policy Schedule of Benefits, the forms state that the waiting period is 60 days.

16. On page 4 of the Group Policy and the Certificate under the section titled Exceptions and Limitations, the forms state:

> This policy pays only for First Diagnosis of internal Cancer or malignant melanoma. We will NOT pay benefits for:
>
> * * *
>
> 6. Cancer First Diagnosed during the 60-day Waiting Period. Cancer will not be a covered condition:
>
> a. when any medical advice, care, treatment or clinical diagnosis received within the Waiting Period leads to a First Diagnosis of Cancer;
> b. if tissue extracted during the Waiting Period leads to a First Diagnosis of Cancer; or
> c. if Cancer manifests itself before the policy has been in force for at least 60 days following the Policy Date. Cancer is manifested when symptoms exist.
> d. if you are diagnosed with Cancer or if Cancer manifests itself during the first 60 days following the Policy Date, all premiums paid will be refunded to you and the policy will be voided from its Policy Date.

17. On page 5 of the Group Policy and the Certificate under the section titled Definitions, the forms define Waiting Period as "the 60-day period beginning on the Policy Date, during which there is no benefit."

18. On page 5 of the Group Policy and the Certificate under the section titled Definitions, the forms define Policy Date as "[t]he date on which this policy first became effective. That date is shown on the Schedule."

19. On page 5 of the Group Policy and the Certificate under the section titled Eligibility and Benefits and the subsection titled Eligibility, the forms state that "[t]o be eligible for coverage under this policy, you must meet all of the conditions listed … Your Cancer must be First Diagnosed more than 60 days after the Policy Date[.]

20. On page 6 of the Group Policy and the Certificate under the section titled Eligibility and Benefits and the subsection titled First Diagnosis Cancer Benefit, the forms state:

> Subject to the terms of this policy, we will pay the benefit amount shown in the Schedule, or the benefit amount in effect at the time of your Loss, when you are First Diagnosed as having internal

Cancer or malignant melanoma. No benefit is payable if the Cancer first manifests itself before the end of the Waiting Period – See Part A of this policy. You are limited to one benefit payment while this policy is in force. Your coverage terminates upon payment of the benefit.

CONCLUSIONS OF LAW

21. 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.

22. 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.

23. 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…:
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> ***
>
> (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***….;
>
> (6) ***If the premiums or benefits vary by age, there shall be a provision specifying an equitable adjustment of premiums or of benefits, or both, to be made in the event the age of the covered person has been misstated, such provision to contain a clear statement of the method of adjustment to be used***;
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> (7) ***A provision that the insurer shall issue to the policyholder, for delivery to each person insured, a certificate setting forth a statement as to the insurance protection to which that person is entitled***, to whom the insurance benefits

are payable, and a statement as to any family member's or dependent's coverage[.]

(Emphasis added.)

Standard Life's Filing Does Not Substantively Provide All Provisions Required In All Group Policies Under Section 376.426

24. Neither Standard Life's Group Policy nor its Certificate is compliant with Missouri insurance laws. Under the section titled Exceptions and Limitations, the Group Policy and Certificate state that "[t]his policy pays only for First Diagnosis" of cancer. Under the section titled Definitions, the Group Policy and Certificate limit the definition of First Diagnosis/First Diagnosed as excluding a "diagnosis of Cancer within the 10-year period prior to the Policy Date[.]" Section 376.426(5) defines a pre-existing condition as one for which the insured received medical advice or treatment no more than 12 months prior to the effective date of coverage. The Group Policy and Certificate's definition 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 because the pre-existing time frame is greater than 12 months prior to the effective date of coverage. As such, the Group Policy and Certificate do not comply with the laws of this state as required by §376.405.

25. Neither Standard Life's Group Policy nor its Certificate is compliant with Missouri insurance laws. Under the subsection titled Misstatement of Age, the Group Policy and Certificate provide that if there is a misstatement of age "an adjustment in premiums, coverage or both will be made, based on your true age." However, neither the Group Policy nor the Certificate provides a clear statement of the method of adjustment. Section 376.426(6) requires such a clear statement. As such, the Group Policy and Certificate do not comply with the laws of this state as required by §376.405.

26. Standard Life's Group Policy is not compliant with Missouri insurance laws. Section 376.426(7) requires all group policies to contain a provision that a certificate of coverage will be issued to the policyholder for delivery to each person insured. The Group Policy does not contain the required provision. As such, the Group Policy does not comply with the laws of this state as required by §376.405.

Standard Life's Filing Is Not Reasonably Adequate To Meet the Needed Requirements for the Protection of Those Insured

27. Standard Life's Group Policy and Certificate are not compliant with Missouri insurance laws. Section 376.405 requires insurance policies to be reasonably adequate to meet the needed requirements for the protection of those insured. Standard Life's Group Policy and Certificate purport to provide coverage in

the event an insured develops a covered form of cancer. However, if cancer manifests within the first 60 days of coverage, which may include a diagnosis much later, the policy is voided. If an insured pays premium for coverage but that coverage does not begin until a later date, there is no transfer of risk for that time period. Without a transfer or risk, there is no insurance.[2] As such, the product Standard Life is attempting to market to Missouri consumers is not reasonably adequate to meet the needed requirements for the protection of those insured, because Missouri consumers are not being insured by the product. Therefore the Group Policy and Certificate do not comply with the laws of this state as required by §376.405.

28. After review and consideration of the forms included in the Standard Life Filing, the company has failed to demonstrate its compliance with Missouri law as enumerated herein.

29. While there may be additional reasons as to why the forms do not comply with Missouri's insurance laws, the reasons stated herein are sufficient to disapprove the forms.

30. Each reason stated herein for disapproval of the forms is a separate and sufficient cause to disapprove such forms.

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

32. This Order is in the public interest.

IT IS THEREFORE ORDERED that forms SL-FDC-P-2014-10 MO and SL-FDC-C-2014-10 MO are hereby **DISAPPROVED.** Standard Life and Accident 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 5th day of December, 2014.

JAMES R. McADAMS
DEPUTY DIRECTOR

[2] *New Appleman On Insurance Law* vol. 1, §1.03, 1-19 (Jeffery E. Thomas et al. eds., Library ed., LexisNexis 2013) ("An insurance contract involves, first and foremost, a transfer of risk.").

NOTICE

TO: Standard Life and Accident Insurance Company 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 5 day of December, 2014, a copy of the foregoing Order and Notice was

Served via certified mail addressed to:

Steven Harvey Schouweiler
President
Standard Life and Accident Insurance Company
One Moody Plaza
Galveston, TX 77550

Chris Machaka
Compliance Analyst
Standard Life and Accident Insurance Company
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Jackson, MS 39236

Sheri Kempker