

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

In Re: STANDARD INSURANCE )  
COMPANY ) Case No. 150122041C  
SERFF TRACKING NUMBER )  
STAN-129851473 )

**ORDER DISAPPROVING FORM FILING**

Upon review and consideration of the filing of Standard Insurance Company, SERFF Tracking Number STAN-129851473, specifically Forms GP0614-CI and GC0614-CI 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 Insurance Company (“Standard”), NAIC Number 69019, is a foreign life and health insurance company organized pursuant to the laws of the state of Oregon and transacting insurance business in this state pursuant to a Certificate of Authority issued by the Director.
3. Pursuant to §376.405,<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 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. Standard filed forms with the Director via the System for Electronic Rate and Form Filing (“SERFF”) on January 20, 2015. The SERFF Tracking Number is STAN-129851473 (“Filing”).
6. The Filing contains, in pertinent part, form GP0614-CI, identified as the Group Critical Illness Insurance Policy (“Group Policy”) and form GC0614-CI , identified as the Group Critical Illness Insurance Certificate (“Certificate”).
7. Brackets ( [ ... ] ) within a form reviewed by the Division indicate that the language within the brackets may be included or excluded from the form, or the brackets may indicate a numeric range.

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<sup>1</sup> All statutory citations are to RSMo (Supp. 2013).

8. Standard Life filed the Group Policy and Certificate within SERFF as Group Health, Specified Disease, Limited Benefit Insurance.

9. On page 2 of the Group Policy under the section titled Incontestability of Group Policy, the form states:

Any statement made by the Policyholder [or Employer] to obtain the Group Policy is a representation and not a warranty.

No misrepresentation by the Policyholder [or Employer] will be used to deny a claim or to deny the validity of the Group Policy unless all of the following are true:

- The Group Policy would not have been issued if we had known the truth.
- We have given the Policyholder a copy of a written instrument signed by the Policyholder which contains the misrepresentation.

The validity of the Group Policy will not be contested after it has been in force for two years, except for nonpayment of premiums or fraudulent misrepresentations.

10. On page 31 of the Certificate under the section titled General Provisions and the subsection titled Misstatement of Age, the form states:

If a person's age has been misstated, we will make an equitable adjustment of premiums, benefits, or both. The adjustment will be based on the following:

- The amount of insurance based on the correct age.
- The difference between the premiums paid and the premiums which would have been paid if the age had been correctly stated.

11. Nowhere within either the Group Policy or the Certificate is there a provision that informs the insured that:

[W]ritten 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[.]

12. On page 29 of the Certificate under the section titled Claims and Benefit Payment and the subsection Time Limits on Filing Proof of Loss, the form states:

Proof Of Loss must be provided within 90 days after the date of the Critical Illness. [For Additional Benefits, Proof Of Loss must be provided within 90 days after meeting the requirements for the Additional Benefits.] If that is not possible, it must be provided as soon as reasonably possible, but not later than one year after that 90-day period.

If Proof Of Loss is filed outside these time limits, the claim will be denied. These limits will not apply while the claimant lacks legal capacity.

### CONCLUSIONS OF LAW

13. 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.
14. 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.

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

15. 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...:*

\* \* \*

*(3) A provision that a copy of the application, if any, of the policyholder shall be attached to the policy when issued, that all statements made by the policyholder or by the persons insured shall be deemed representations and not warranties and that no statement made by any person insured shall be used in any contest unless a copy of the instrument containing the statement is or has been furnished to such person or, in the event of the death or incapacity of the insured person, to the individual's beneficiary or personal representative;*

\* \* \*

*(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;*

\* \* \*

***(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;***

**\* \* \***

***(10) A provision that in the case of claim for loss of time for disability, written proof of such loss must be furnished to the insurer within ninety days after the commencement of the period for which the insurer is liable, and that subsequent written proofs of the continuance of such disability must be furnished to the insurer at such intervals as the insurer may reasonably require, and that in the case of claim for any other loss, written proof of such loss must be furnished to the insurer within ninety days after the date of such loss. Failure to furnish such proof within such time shall not invalidate nor reduce any claim if it was not reasonably possible to furnish such proof within such time, provided such proof is furnished as soon as reasonably possible and in no event, except in the absence of legal capacity of the claimant, later than one year from the time proof is otherwise required[.]***

(Emphasis added.)

16. Standard's Group Policy is not compliant with Missouri insurance laws. Under the section titled Incontestability of Group Policy, the form properly discloses that "[n]o misrepresentation by the Policyholder [or Employer] will be used to deny a claim or to deny the validity of the Group Policy unless ... We have given the Policyholder a copy of a written instrument signed by the Policyholder which contains the misrepresentation." However, the Group Policy does not substantively provide that "in the event of the death or incapacity of the insured person, [the statement will be provided] to the individual's beneficiary or personal representative" as required by §376.426(3). Because such statement is not within the provision, the Group Policy does not comply with §376.426(3). As such, the Group Policy does not comply with the laws of this state as required by §376.405.
17. Standard's Certificate is not compliant with Missouri insurance laws. Under the subsection titled Misstatement of Age, the form provides that if there is a misstatement of age "we will make an equitable adjustment of premiums, benefits, or both;" however, the Certificate does not contain a clear statement of the method of adjustment to be used. Section 376.426(6) requires such a clear statement. As such, the Certificate does not comply with the laws of this state as required by §376.405.

18. Neither Standard's Group Policy nor its Certificate is compliant with Missouri insurance laws. Section 376.426(8) requires all policies of group insurance to substantively contain the following provision:

[W]ritten 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[.]

Neither the Group Policy nor the Certificate contains the required provision. As such, the Group Policy and Certificate do not comply with the laws of this state as required by §376.405.

19. Standard's Certificate is not compliant with Missouri insurance laws. Under the subsection titled Time Limits on Filing Proof of Loss, the Group Policy excludes a required substantive notice provision. The Certificate does not notify the insured that failure to furnish proof within the 90-day time frame "shall not invalidate nor reduce any claim" if it was not reasonably possible to do so, as required by §376.426(10). As such, the Certificate does not comply with the laws of this state as required by §376.405.
20. After review and consideration of the forms included in the Standard 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 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 form is a separate and sufficient cause to disapprove such form.
23. Standard's Group Policy and Certificate 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 GP0614-CI and GC0614-CI are hereby **DISAPPROVED**. Standard 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** 6<sup>th</sup> day of March, 2015.



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**JAMES R. McADAMS**  
**DEPUTY DIRECTOR**



**NOTICE**

**TO: Standard 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 0<sup>th</sup> day of March, 2015, a copy of the foregoing Order and Notice was

1) Served via certified mail addressed to:

J. Greg Ness  
President  
Standard Insurance Company  
1100 SW 6<sup>th</sup> Avenue  
Portland, OR 97204

Sharon Denman  
Compliance Analyst  
Standard Insurance Company  
900 SW 5<sup>th</sup> Avenue  
Portland, OR 97204

  
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