

MAY 4 2015

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

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In The Matter Of:

**LIFE, HEALTH AND DISABILITY FORM
FILING EXEMPTIONS; GROUP LONG-
TERM CARE FORM FILING
EXEMPTIONS**

No. 15A-005-INS

ORDER

Public Comment Period

On April 1, 2015, the Director of the Arizona Department of Insurance ("Department") opened a public comment period to receive comments pursuant to Arizona Revised Statutes ("A.R.S.") §§ 20-1110(F) and 20-1691.08(F) to assist her in determining whether certain life, disability and group long-term care insurance product forms should be exempt from the filing requirements, specifically:

- 1) The applicability of filing and approval requirements for life and disability insurance advertising forms subject to A.R.S. § 20-1110(E);
- 2) The applicability of filing and approval requirements for life and disability insurance product forms subject to A.R.S. § 20-1110(A); and
- 3) The applicability of filing and approval requirements for group long-term care insurance product forms subject to A.R.S. § 20-1691.08.

The public comment period ended on April 15, 2015.

Public Comments Received and the Department's Responses

The record shows that the Department received the following public comments¹:

- 1) Delta Dental requested that Exhibits A and B be amended to exempt advertisements and forms submitted by dental service corporations. Delta

¹All public comments are available for review.

1 Dental posited that the provisions of A.R.S. § 20-1110 allow for the exemption
2 of dental service corporations documents.

3 2) Blue Cross Blue Shield of Arizona (“BCBS”) supported the Department’s
4 exemption of group disability forms for groups with more than 100 employees
5 only. BCBS requested that Exhibit B be changed to exempt service
6 corporation policy forms.

7 3) American United Life Insurance Company (“American United”) had no
8 concerns about the changes proposed. Instead, American United asked for
9 clarification about whether past exempted forms are now required to be filed
10 for review and approval.

11 The Department responds to the comments as follows:

12 1) The Department agrees that the reference to dental service corporations in
13 A.R.S. § 20-1110(C) allows the Director to consider dental service corporation
14 advertisements and forms for exemption pursuant to A.R.S. § 20-1110(F).
15 Exhibits A and B have been amended accordingly.

16 2) The Department agrees that the reference to service corporations in A.R.S. §
17 20-1110(C) allows the Director to consider service corporation forms for
18 exemption pursuant to A.R.S. § 20-1110(F). Exhibit B has been amended
19 accordingly².

20 3) Forms that were previously considered exempt under the prior order, but are
21 no longer exempt, do not need to be filed unless or until the form is amended,
22 at which point it would need to be filed.

23 It is important to emphasize that a form identified as exempt from filing by this Order
24 is not exempt from compliance with applicable state and federal laws and rules. Should the

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26 ² Statutory cites in Exhibit B, subsections B.1.a. and B.1.c. have also been corrected.

1 Department have reason to believe that an exempt form is not compliant with applicable
2 requirements, it may require that the form be filed or submitted for review. This Order does
3 not exempt any rate filings.

4 **Director's Findings**

5 The Director of Insurance finds as follows:

- 6 1) A.R.S. § 20-1110(F) authorizes the Director to exempt, by order, from the
7 requirements of A.R.S. § 20-1110 for so long as the Director deems proper
8 any insurance document or form specified in the order, to which, in her
9 opinion, A.R.S. § 20-1110 may not practicably be applied, or the filing and
10 approval of which are not desirable or necessary for the protection of the
11 public; and
- 12 2) A.R.S. § 20-1691.08(F) authorizes the Director to exempt, by order, from the
13 requirements of A.R.S. § 20-1691.08 for so long as the Director deems proper
14 any insurance rate or form specified in the order, to which, in her opinion,
15 A.R.S. § 20-1691.08 may not practicably be applied, or the filing and approval
16 of which are not desirable or necessary for the protection of the public; and
- 17 3) Recent CMS guidance regarding student health insurance necessitates the
18 filing of student health insurance forms. Therefore, Exhibit B is amended to
19 require that student health forms be filed as informational; and
- 20 4) The Director previously issued an order as authorized under A.R.S. §§ 20-
21 1110(F) and 20-1691.08(F) in Docket Number 03A-143-INS on October 22,
22 2003.

23 **Order**

24 NOW, THEREFORE, in order to protect the interests of consumers of life and
25 disability and long-term care insurance products in Arizona, to promote a competitive
26 market place for life and disability and long-term care insurance products in Arizona, to

1 promote the availability and affordability of life and disability and long-term care insurance
2 products in Arizona, and to promote the effective and efficient administration of Title 20,

3 IT IS ORDERED, pursuant to A.R.S. § 20-1110(F), adopting Exhibits A and B
4 attached hereto, and pursuant to A.R.S. § 20-1691.08(F), adopting Exhibit C, attached
5 hereto.

6 This Order shall supersede the Order in Docket Number 03A-143-INS, filed on
7 October 22, 2003 and is effective immediately.

8 DATED this 4th day of May, 2015.

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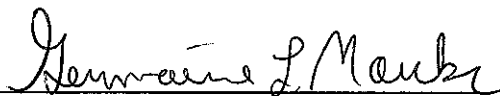

GERMAINE L. MARKS, Director
Arizona Department of Insurance

Exhibit A

**ADVERTISING FORMS EXEMPTED FROM THE FILING
REQUIREMENTS OF A.R.S. § 20-1110(E)**

Pursuant to the provisions of A.R.S. § 20-1110(F), the Director may exempt, by order, any insurance documents or forms as specified in such order from the filing requirements of A.R.S. § 20-1110 if, in her opinion, the filing is not desirable or necessary for the protection of the public.

Accordingly, the following advertising forms are exempt from the filing requirement of A.R.S. § 20-1110(E);

- A. All Individual and Group Life Insurance Advertisements
- B. All Individual and Group Annuity Advertisements
- C. All Disability Income Advertisements
- D. All Indemnity and Service Corporation Dental Advertisements
- E. All Accident Only Insurance Advertisements
- F. All Group Long-Term Care Insurance Advertisements

Exhibit B

I. LIFE AND DISABILITY FORMS EXEMPTED FROM THE FILING AND APPROVAL REQUIREMENTS OF A.R.S. § 20-1110

Pursuant to the provisions of A.R.S. § 20-1110(F), the Director may exempt, by order, any insurance document or form as specified in such order from the filing requirements of A.R.S. § 20-1110 if, in her opinion, the filing is not desirable or necessary for the protection of the public.

Accordingly, the following advertising forms are exempt from the filing requirement of A.R.S. § 20-1110;

A. The following types of life insurance policy forms are exempt from filing:

1. Individual permanent policies with fixed premiums, benefits and guaranteed values as follows:
 - a. Ordinary whole life.
 - b. Limited pay life.
 - c. Life paid up at certain ages.
 - d. Endowments.
 - e. Modified benefit whole life (only 1 decrease or increase in face amount at a certain age with no change in premium).
 - f. Modified premium whole life (only 1 change in premium with no change in benefit amount).
 - g. Single premium life and endowments.
 - h. Joint life without survivorship benefits.
 - i. Individual policies issued as a result of a group conversion privilege.
2. Individual term policies.
3. Group policies as follows:
 - a. Group annuities.
 - b. Group permanent life.
 - c. Group term life.
4. Miscellaneous life forms as follows:
 - a. Industrial life.
 - b. Immediate annuities.
 - c. Variable life and annuity contracts which provide benefits according to the investment experience of a separate account pursuant to A.R.S. § 20-651.
 - d. Applications, endorsements, amendments and riders issued in conjunction with (1), (2), (3) and (4) above.

Exhibit B

B. The following types of insurance policy forms issued by disability insurers or service corporations are exempt from filing:

1. Group disability policies, including blanket disability, **except the following forms which must be filed:**
 - a. Forms issued to small group (2-100 employees) as defined by 45 CFR §§ 144.103 and 155.20, and
 - b. Group disability forms issued to trustees where the trust situs is in Arizona, and
 - c. Forms issued to Associations as defined by 45 CFR §§ 144.102, 144.103 and 150.103, for which an evidence of coverage is issued to individuals or small groups in Arizona, and
 - d. All group forms issued by HCSOs, and
 - e. Student Health¹ forms, as defined by 45 CFR § 147.145, must be filed as an informational filing.
2. Any size Group Dental forms, except prepaid dental which must be filed.
3. Forms for individual disability policies as follows are exempt from filing:
 - a. Long term disability income including overhead expense.
 - b. Short term disability income including overhead expense.
 - c. Prescription drugs.
 - d. Accident only.
 - e. Travel accident.
 - f. Accidental death and disability.
 - g. Overhead expense disability income.
 - h. Individual policies issued as a result of a group conversion privilege.
4. Applications, riders, endorsements and amendments issued in conjunction with (1), (2) and (3) above.

¹ Student health rates must be filed with the Department and rate justifications for a Student Health threshold increase must be submitted in HIOS in the Rate Review Justification (RRJ) System. [Rate Review Justification Instructions: For Transitional Policies and Student Health Plans, April 1, 2015:

<http://www.cms.gov/CCIIO/Resources/Forms-Reports-and-Other-Resources/Downloads/RRJ-Instructions-Manual-20150401-Final.pdf>]

Exhibit B

C. Regulation of exempt forms:

1. Each year, on or before June 30, insurers shall file with the Rate and Form Division of the Department of Insurance a verified list of all forms which became available for issue in the State of Arizona as of June 1 of the previous year and which are exempt from the filing requirements of A.R.S. § 20-1110 by this Order.
2. The verified list of exempt forms shall set forth each such exempt form by its title and form number. If the form does not have a descriptive title, a brief explanation of the coverage provided shall be included.
 - a. The list of exempt forms shall be accompanied by an original certification as set forth in Certification 1, executed by a designated representative of the insurer, unless such certifications have previously been filed for said forms.
 - b. The list of exempt forms shall be accompanied by an original actuarial certification set forth in Certification 2. The actuarial certification shall apply to all exempt life and annuity forms, unless such certifications have previously been filed for said forms.

Exhibit B

**CERTIFICATION 1
STATE OF ARIZONA
CERTIFICATION
ANNUAL LIST OF EXEMPT LIFE, ANNUITY AND DISABILITY FORMS
(INCLUDING DENTAL FORMS)**

I have reviewed or supervised the preparation of the enclosed list of exempt forms available for issue in Arizona. I hereby certify that to the best of my knowledge, information and belief, the information provided is correct and complete, that none of these forms are deceptive and misleading and none of these forms contain exceptions or conditions that unreasonably or deceptively affect the risk purported to be assumed in the general coverages of the policy. I certify that the forms listed comply with all applicable laws, regulations and bulletins and that the use of any form listed in this report will be discontinued in the event of future changes in laws or regulations which would prohibit the use of such a form.

**CERTIFICATION 2
STATE OF ARIZONA
CERTIFICATION
ACTUARIAL LIST OF EXEMPT LIFE AND ANNUITY FORMS**

I have reviewed or supervised the review of the actuarial formulae for policies exempt from filing. I certify that the nonforfeiture benefits for these policies, for every age and face amount combination, meet the nonforfeiture requirements of the Arizona Insurance Code. I certify that to the best of my knowledge the policies are not actuarially deceptive or misleading and do not contain exceptions or conditions that unreasonably or deceptively affect the risk purported to be assumed in the general coverage of the policies.

Exhibit B

II. INDIVIDUAL LIFE AND ANNUITY FORMS CONDITIONALLY EXEMPTED FROM THE PRIOR APPROVAL REQUIREMENTS OF A.R.S. § 20-1110(A)

Pursuant to the provisions of A.R.S. §20-1110(F), the Director may exempt, by order, any life insurance or annuity document or form as specified in such order from the approval requirements of A.R.S. §20-1110 if, in her opinion, the approval of such is not desirable or necessary for the protection of the public.

Accordingly, forms relating to ordinary life insurance or annuity contracts which meet the criteria listed below are conditionally exempted from the prior approval requirement of A.R.S. §20-1110(A) at the time of the first use in this state and the requirement of filing with the Director at least thirty (30) days prior to delivery or issuance for delivery pursuant to A.R.S. §20-1110(C).

A. The identical form (except for variations necessary to meet the requirements of the state in which coverage will be effective) has already been allowed or approved by the insurance regulatory agency of the filing insurer's state of domicile; and

B. The identical form (except for variations necessary to meet the requirements of the state in which coverage will be effective) has already been allowed or approved by the insurance regulatory agency or agencies of a state or states, other than the filing insurer's state of domicile, in which the filing insurer issued at least 25% of its total U.S. business for ordinary life insurance or annuity considerations, as applicable, according to the applicable State Pages, Exhibit of Premiums and Losses, page 21, of its annual statement as of the most recent calendar year end;

C. The law of the states referenced in paragraphs A and B requires that the form be filed with the insurance regulatory agency at least 15 days prior to its use and either requires approval, or allows the insurance regulatory agency an opportunity to disapprove it, prior to its use in that state; and

D. The law of the states referenced in paragraphs A and B allows the insurance regulatory agency to disapprove the form if it is ambiguous, misleading or deceptive, or a substantially similar standard; and

E. The form is filed with this Department no later than the date it is first delivered or issued for delivery in this state; and

Exhibit B

F. Together with the form, the insurer files all of the following:

1. A certification of qualification for this exemption, in a form required by this Department;
2. A certification attesting to the insurer's knowledge and understanding of, and the form's compliance with, the law of Arizona, in a form required by this Department.

Exhibit C

**LONG-TERM CARE FORMS EXEMPTED FROM THE FILING AND
APPROVAL REQUIREMENTS OF A.R.S. § 20-1691.08**

Pursuant to the provisions of A.R.S. § 20-1691.08(F), the Director may exempt, by order, any long-term care insurance rate or form, to which, in the Director's opinion, A.R.S. § 20-1691.08 may not practicably be applied or the filing and approval of which are, in the Director's opinion, not desirable or necessary for the protection of the public.

Accordingly, the following long-term care rates and forms are exempt from the filing and approval requirements of A.R.S. § 20-1691.08:

All Group Long-term Care