



September 28, 2020

The Honorable Donald C. Beatty
Chair, NAIC Pet Insurance (C) Working Group
c/o Executive Office, NAIC
444 North Capitol Street NW
Suite 700
Washington, DC 20001

Re: Pet Insurance Model Act – Discussion Draft for Pet Insurance (C) Working Group

Dear Commissioner Beatty:

On behalf of the American Veterinary Medical Association (AVMA) and our more than 95,000 member veterinarians, we thank you—once again—for the opportunity to provide comments on the discussion draft of the Pet Insurance Model Act (Model Act). Our goal for this communication is to share the veterinarian’s perspective on Section 6, Licensing, of the Model Act with the NAIC Pet Insurance (C) Working Group and to offer revisions to clarify the appropriate role of the entire veterinary healthcare team with respect to sharing information about pet insurance with our clients.

The AVMA recognizes the importance of pet health insurance and the role of veterinarians and clinic staff in providing valuable information for clients about this resource. For these reasons, the AVMA wants to ensure that veterinary teams can continue to discuss the availability of pet insurance with their clients while minimizing any regulatory impact that may chill such discussions. Any obstacles to discussing pet insurance with our clients would likely have an overall negative impact on animal health care.

With this background, the AVMA shares the following concerns and offers corresponding suggestions to improve Section 6 within the discussion draft of the Model Act.

The definition of “Transact” is too broad and should not encompass offering or disseminating basic information about the availability of pet insurance or referring clients to a pet insurance agent.

The AVMA believes the definition of “transact” in Section 6(B)(2) is too broad and encompasses conduct that should not be regulated, specifically the provision of basic information about the availability of pet insurance to clients or referring clients to one or more pet insurance agents for more information. Under the Model Act, engaging in these activities would require veterinarians and other clinic staff to comply with a host of obligations, including mandatory training and providing specific disclosures to clients that must be acknowledged in writing. The AVMA is concerned that such compliance obligations may unnecessarily chill discussions between the client and the veterinary healthcare team

regarding pet insurance (i.e., dissuading discussions of its availability), which—in turn—may ultimately impact the best interests of the patient and client.

Practically speaking, a veterinary clinic may have brochures for several pet insurance providers on the counter, but simply providing this information for clients should not mean that the clinic is “transacting insurance” or acting on behalf of any particular pet insurance provider. As such, the AVMA suggests deleting subsections 6(B)(2)(a) and (b) in their entirety resulting in an amendment to Section 6(B)(2) as follows:

(2) “Transact” means, for the purposes of this article, the following activities when engaged in by a veterinarian or pet retailer:

~~*(a) Offering and disseminating information to a prospective or current policyholder on behalf of a limited lines pet insurance agent, including brochures, buyer guides, descriptions of coverage, and price.*~~

~~*(b) Referring specific questions regarding coverage features and benefits from a prospective or current policyholder to a limited lines pet insurance agent.*~~

(c) Disseminating and processing applications for coverage, coverage selection forms, or other similar forms in response to a request from a prospective or current policyholder.

(d) Collecting premiums from a prospective or current policyholder on behalf of a limited lines pet insurance agent.

(e) Receiving and recording information from a policyholder to share with a limited lines pet insurance agent.

In addition, subsection 6(C)(1)(h)(2) restricts a veterinarian and any employees, who are not individually licensed to sell insurance, from “*answering questions about benefits, exclusions, and conditions of any of the insurance offered by the veterinarian or pet retailer*” and “*evaluate[ing] the adequacy of the prospective insured’s existing insurance coverage.*” If such activity is restricted, then what is the veterinarian and/or their staff doing that is worthy of being regulated? Specifically, what information would they be offering that would require registration with the limited lines pet insurance agent, as described in 6(C)(1)(b); training as described in 6(C)(1)(f); and disclosures to be issued by the veterinarian and signed by the client as described in 6(C)(1)(g)?

Clients look to their veterinarian and the other members of the veterinary healthcare team for information related to all aspects of veterinary care, including how to pay for it. Pet insurance is an important and beneficial tool that helps clients cover veterinary expenses, which may ultimately lead to better health care for their pet and peace of mind for them. The registration, training, and disclosure requirements that accompany the limited activity of offering information about the existence of pet insurance and referring clients to agents for the details may serve as a significant deterrent to veterinarians and their team members, causing them to decide it is simply not worth the burden of meeting such requirements in order to discuss pet insurance with clients.

The AVMA believes these are compelling reasons for revising the definition of “transact” as recommended above.

The Model Act should not authorize compensation to veterinarians for unlicensed activities.

As currently drafted, Section 6(C)(2) authorizes compensation to veterinarians “whose activities are limited to offering and selling pet insurance on behalf of a licensed limited lines pet insurance agent[.]” The AVMA believes this subsection should be deleted or substantially revised so that compensation to the veterinarian is authorized only if the veterinarian is selling pet insurance as a duly licensed agent. When a veterinarian is licensed as an insurance agent, receiving compensation for offering and selling pet insurance policies would be a natural and expected consequence of such activity.

Otherwise, the possibility of receiving compensation simply for offering pet insurance to clients creates an ethical concern for veterinarians. The AVMA Principles of Veterinary Medical Ethics (PVME) hold that the welfare of the patient and the needs of the client are paramount, and that veterinarians must not be influenced by financial interests when making medical decisions about the patient. The PVME states in relevant part¹:

1. *A veterinarian shall be influenced only by the welfare of the patient, the needs of the client, the safety of the public, and the need to uphold the public trust vested in the veterinary profession; and shall avoid conflict of interest or the appearance thereof.*
 - a. *A veterinarian shall not allow any interests, especially financial interests, other than those mentioned above to influence the choice of treatment or animal care.*
 - i. *A veterinarian should consider the potential for creating a conflict of interest (or the appearance thereof) when deciding whether to participate in vendor incentive programs or other arrangements where the veterinarian receives a benefit for using or prescribing a particular product.*
 - ii. *The medical judgment of a veterinarian shall not be influenced by contracts or agreements made by their associations or societies.*
 - iii. *A veterinarian shall not offer or receive any financial incentive solely for the referral of a patient (fee-splitting).*

A conflict of interest would arise if a veterinarian’s medical judgment were to be influenced by his or her financial interest in receiving compensation by referring the client to a particular insurance provider. Even if medical judgment is not influenced by the possibility of compensation, the appearance of a conflict of interest would be present simply by the possibility that the veterinarian may be compensated for offering pet insurance to clients.

¹ The AVMA Principles of Veterinary Medical Ethics appear on the AVMA website:
<https://www.avma.org/KB/Policies/Pages/Principles-of-Veterinary-Medical-Ethics-of-the-AVMA.aspx>

More importantly, the receipt of compensation for recommending a pet insurance provider may significantly harm the perception of veterinarians and diminish the public trust vested in the veterinary profession. If the public believes that recommendations from veterinarians are driven by financial concerns rather than medical judgment, the public trust in veterinarians would be significantly diminished.

For these reasons, the AVMA also hopes that the Working Group reconsiders the circumstances under which compensation is authorized to veterinarians under the Model Act.

Our desire for continued collaboration

The AVMA sincerely appreciates the NAIC Pet Insurance (C) Working Group's ongoing effort to gather stakeholder input when considering appropriate regulatory standards for the pet insurance industry, including consideration of our feedback. Accordingly, we look forward to continued collaboration with the Working Group. If you have questions or would like more information, please contact Mr. Isham Jones, General Counsel, at 847-285-6708 or via e-mail to ijones@avma.org or Dr. Gail Golab, Chief Veterinary Officer, at 847-285-6618 or via e-mail to ggolab@avma.org.

Sincerely,

A handwritten signature in black ink that reads "Janet D. Donlin DVM". The signature is fluid and cursive, with the last name "Donlin" being more prominent.

Janet D. Donlin, DVM, CAE
Executive Vice President and Chief Executive Officer

IJ/GCG