



OFFICE OF
INSURANCE COMMISSIONER

May 13, 2021

Don Beatty
Chair, NAIC Pet Insurance (C) Working Group
National Association of Insurance Commissioners
1100 Walnut St., Suite 1500
Kansas City, MO 64106

Dear Chair Beatty and members of the working group:

Washington state offers the following comments for consideration to Section 7 of the model draft.

Section 7 Policy Preexisting Conditions

(A) A pet insurer may issue policies that provide coverage, and may issue policies that exclude coverage, on the basis of one or more preexisting conditions with appropriate disclosure to the consumer. The insurer has the burden of proving that the pre-existing condition exclusion applies to the condition for which a claim is being made. ~~A pet insurer shall not exclude coverage on the basis of a preexisting condition provision for a period beyond six months following the insured's effective date of coverage. A preexisting condition provision contained in a pet insurance policy may only relate to conditions for which medical advice, diagnosis, care, or treatment, including, but not limited to, use of prescription drugs, was recommended or received from a veterinarian during the six months immediately preceding the effective date of coverage.~~

(B) A pet insurer ~~that does not utilize a preexisting condition provision~~ may impose a waiting or affiliation period, which may include a specific type of coverage or condition, not to exceed 30 days before the coverage subject to this part shall become effective. During the waiting or affiliation period, the insurer is not required to provide coverage for veterinary expenses and no premium shall be charged to the policyholder or insured.

(C) A pet insurer must not require a veterinary exam of the covered pet in order for the insured to have its policy renewed.

(D) If a pet insurer includes any prescriptive, wellness, or non-insurance benefits in the policy form, then it is part of the policy contract and must follow all applicable laws and regulations in the insurance code.

(E) An insured's eligibility to purchase a pet insurance policy must not be based on participation, or lack of participation, in a separate wellness program.

Washington is comfortable with Pet Insurance policies including *both* a waiting period and preexisting condition clauses, as well as exclusions that shape the coverage being offered. These tools allow insurance companies to insure risks they find acceptable. However, there should be limitations to protect consumers from illusory benefits and unmet expectations. Washington considers a waiting period of 30 days acceptable and finds it actuarially sound during the waiting period to have zero premiums charged to the insured associated with the specific coverage or condition required to be inserted into a waiting period. If a 12 month term policy has a 30 day waiting period for the entire policy, the consumer should be charged for 11 months of coverage. If a specific condition or coverage has a 30 day waiting period until it is in effect, the premium allocated to that specific condition or coverage risk should not include the 30 day waiting period time. Simply, zero coverage should equate to zero premium being charged.

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Washington is learning more about some insurance companies requiring a veterinary examination of the covered pet prior to a renewal policy being offered. Our concern with this practice is centered on those pets that acquire a chronic condition. These policies are marketed to pet owners as protection from the financial impact of having a pet with a costly illness. If a dog develops cancer during a policy period, then has to be reexamined for a renewal, the cancer is treated as “new” pre-existing event. The insured will not be covered by nonrenewal, and then become subject to a new policy preexisting condition clause, or the pet will become uninsurable, defeating the whole purpose of purchasing the original insurance policy.

Subsection (D) and (E) address wellness plans. Washington considers coverages, benefits, and conditions inserted into the insurance policy as part of the insurance contract and must follow all applicable laws in the insurance code. Washington has reviewed and approved prescriptive and wellness benefits that were offered as an endorsement to the policy. We are concerned to learn of “wellness” plans by non insurance companies, and that are not made part of the insurance policy, but affect eligibility of the insured to qualify for a “partner” insurance policy. Eligibility to purchase a pet insurance policy should not be contingent on purchase of a secondary wellness plan offered by a non insurance company. The insurance policy should stand alone and separate from any “wellness plan” offered by a non insurance company.

Thank you for accepting these comments. If there are questions regarding this matter, please do not hesitate to contact me at (360) 725-7042 or davidf@oic.wa.gov

Sincerely,



David Forte, CPCU, AIC
Senior Policy Analyst, Property & Casualty
Policy and Legislative Affairs Division