

**PET INSURANCE MODEL ACT –  
DISCUSSION DRAFT for PET INSURANCE (C) WORKING GROUP**  
**Revisions made following June 24, 2021 virtual meeting**

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**Section 1      Short Title**

This Act shall be known as the “Pet Insurance Act”

**Section 2      Scope and Purpose**

A. The purpose of this Act is to promote the public welfare by creating a comprehensive legal framework within which Pet Insurance may be sold in this state.

B. The requirements of this Act shall apply to Pet Insurance policies that are issued to any resident of this state, and are sold, solicited, negotiated, or offered in this state, and policies or certificates that are delivered or issued for delivery in this state.

C. All other applicable provisions of this state’s insurance laws shall continue to apply to Pet Insurance except that the specific provisions of this Act shall supersede any general provisions of law that would otherwise be applicable to Pet Insurance.

**Section 3      Definitions**

If an insurer uses any of the terms in this Act in a policy of pet insurance, the insurer shall use the definition of each of those terms as set forth herein and include the definition of the term(s) in the policy. The insurer shall also make the definition available through a clear and conspicuous link on the main page of the insurer or insurer’s program administrator’s Internet Web site.

Nothing in this Act shall in any way prohibit or limit the types of exclusions insurers may use in their policies or require insurers to have any of the limitations or exclusions defined below.

As used in this Act:

A. “Chronic condition” means a condition that can be treated or managed, but not cured.

B. “Congenital anomaly or disorder” means a condition that is present from birth, whether inherited or caused by the environment, which may cause or contribute to illness or disease.

C. “Hereditary disorder” means an abnormality that is genetically transmitted from parent to offspring and may cause illness or disease.

D. “Pet insurance” means a property insurance policy that provides coverage for accidents and illnesses of pets.” The motion passed unanimously.

E. "Preexisting condition" means any condition for which any of the following are true prior to the effective date of a pet insurance policy or during any waiting period:

- i. A veterinarian provided medical advice;
  - ii. The pet received previous treatment; or
  - iii. Based on information from verifiable sources, the pet had signs or symptoms directly related to the condition for which a claim is being made.
- A condition for which coverage is afforded on a policy cannot be considered a pre-existing condition on any renewal of the policy.

F. "Veterinarian" means an individual who holds a valid license to practice veterinary medicine from the appropriate licensing entity in the jurisdiction in which he or she practices.

G. "Veterinary expenses" means the costs associated with medical advice, diagnosis, care, or treatment provided by a veterinarian, including, but not limited to, the cost of drugs prescribed by a veterinarian.

H. "Waiting period" means the period of time specified in a pet insurance policy that is required to transpire before some or all of the coverage in the policy can begin.  
A condition for which coverage is afforded on a policy cannot be excluded within a waiting period on any renewal of the policy.

I. "Renewal" means to issue and deliver at the end of an insurance policy period a policy which supersedes a policy previously issued and delivered by the same insurer or affiliated insurer and which provides types and limits of coverage substantially similar to those contained in the policy being superseded.

## **Section 4 Disclosures**

(A) An insurer transacting pet insurance shall disclose all of the following to consumers:

(1) If the policy excludes coverage due to any of the following:

- (a) A preexisting condition.
- (b) A hereditary disorder.
- (c) A congenital anomaly or disorder.
- (d) A chronic condition.

(2) If the policy includes any other exclusion, the following statement: "Other exclusions may apply. Please refer to the exclusions section of the policy for more information."

(3) Any policy provision that limits coverage through a waiting or affiliation period, a deductible, coinsurance, or an annual or lifetime policy limit.

(4) Whether the insurer reduces coverage or increases premiums based on the insured's claim history, the age of the covered pet or a change in the geographic location of the insured.

(5) If the underwriting company differs from the brand name used to market and sell the product.

(B) An insurer shall clearly disclose a summary description of the basis or formula on which the insurer determines claim payments under a pet insurance policy within the policy, prior to policy issuance and

through a clear and conspicuous link on the main page of the insurer or insurer's program administrator's Internet Web site.

(C) An insurer that uses a benefit schedule to determine claim payment under a pet insurance policy shall do both of the following:

(1) Clearly disclose the applicable benefit schedule in the policy.

(2) Disclose all benefit schedules used by the insurer under its pet insurance policies through a clear and conspicuous link on the main page of the insurer or insurer's program administrator's Internet Web site.

(D) An insurer that determines claim payments under a pet insurance policy based on usual and customary fees, or any other reimbursement limitation based on prevailing veterinary service provider charges, shall do both of the following:

(1) Include a usual and customary fee limitation provision in the policy that clearly describes the insurer's basis for determining usual and customary fees and how that basis is applied in calculating claim payments.

(2) Disclose the insurer's basis for determining usual and customary fees through a clear and conspicuous link on the main page of the insurer or insurer's program administrator's Internet Web site.

(E) The insurer shall include a summary of all policy provisions required in subdivisions (A) through (D), inclusive, in a separate document titled "Insurer Disclosure of Important Policy Provisions."

(F) The insurer shall post the "Insurer Disclosure of Important Policy Provisions" document required in subdivision (F) through a clear and conspicuous link on the main page of the insurer or insurer's program administrator's Internet Web site.

(G) (1) In connection with the issuance of a new pet insurance policy, the insurer shall provide the consumer with a copy of the "Insurer Disclosure of Important Policy Provisions" document required pursuant to subdivision (E) in at least 12-point type when it delivers the policy.

(2) In addition, the pet insurance policy shall have clearly printed thereon or attached thereto a notice stating that, after receipt of the policy by the insured the policy may be returned by notifying in writing the insurer or to the agent through whom it was purchased.

(a) The free look period shall be clearly stated on the notice, and shall be not less than 30 days.

(b) The notification of cancellation of the policy by the insured pursuant to this paragraph shall void the policy from the beginning, and the parties shall be in the same position as if a policy or contract had not been issued.

(c) All premiums paid and any policy fee paid for the policy shall be refunded to the insured within 30 days from the date that the insurer is notified of the cancellation. However, if the insurer has paid any claim, or has advised the insured in writing that a claim will be paid, the 30-day free look right pursuant to this paragraph is inapplicable and the policy provisions relating to cancellation shall apply.

(H) At the time a pet insurance policy is issued or delivered to a policyholder, the insurer shall include a written disclosure with all of the following information, printed in 12-point boldface type:

(1) The department's mailing address, toll-free telephone number and internet website address.

(2) The address and customer service telephone number of the insurer or the agent or broker of record.

(3) If the policy was issued or delivered by an agent or broker, a statement advising the policyholder to contact the broker or agent for assistance.

(l) The disclosures required in this section shall be in addition to any other disclosure requirements required by law or regulation.

## **Section 5      Violations**

Violations of this Act shall be subject to the penalties pursuant to [insert state administrative code].

## **Section 6      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.

(B) A pet insurer that does not utilize a preexisting condition provision may impose a waiting or affiliation period 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.

## **Section 7      Regulations**

The commissioner may adopt reasonable rules and regulations, as are necessary to administer this part.