

NAPHIA Pet Insurance Working Group Comments

September 8, 2021

Fix Typo in Section 6B

- A pet insurer may issue policies that impose waiting periods upon effectuation of the policy that do not exceed 30 days for illnesses or “orthopedic” conditions not resulting from an accident.

Amend Right of Return ONLY if no Claims have been Filed

Right of Return.

- (1) **Unless the insured has filed a claim under the pet insurance policy**, Pet insurance applicants shall have the right to return the policy, certificate or rider to the company or an agent/insurance producer of the company within fifteen (15) days of its receipt and to have the premium refunded, after examination of the policy, certificate or rider, the applicant is not satisfied for any reason,
- (2) Pet insurance policies, certificates and riders shall have a notice prominently printed on the first page or attached thereto including specific instructions to accomplish a return. The following free look statement or language substantially similar shall be included:
 - “You have 15 days from the day you receive this policy, certificate or rider to review it and return it to the company if you decide not to keep it. You do not have to tell the company why you are returning it. If you decide not to keep it, simply return it to the company at its administrative office or you may return it to the agent/insurance producer that you bought it from **as long as you have not filed a claim**. You must return it within 15 days of the day you first received it. The company will refund the full amount of any premium paid within 30 days after it receives the returned policy, certificate or rider. The premium refund will be sent directly to the person who paid it. The policy, certificate or rider will be void as if it had never been issued.”

Amend Waiting Period Language in the Model

- **Allow for a maximum 72 hour waiting period for accidents**
 - The current model language allows a consumer to wait until an accident occurs before binding coverage.
 - NAPHIA collected information from members companies who initially had no waiting period for accidents. However, due to the spike in the number of claims filed within the first 72 hours, these companies instituted accident waiting periods to prevent adverse selection.
 - Waiting periods are meant to protect current policyholders from paying for consumers who knowingly try to obtain coverage for their ill pet.
- **Increase the maximum orthopedic waiting period to 60 days**
 - Because pet owners are more easily able to delay treatment for orthopedic conditions, NAPHIA recommends allowing insurers the option to use a more extended waiting period of up to 60 days.
 - Longer waiting periods discourage pets owners who may suspect their pet has a more severe condition from entering the pool.
 - Optional longer waiting periods help reduce premium costs for healthy pets.
 - Longer orthopedic waiting periods will encourage companies to continue writing coverage for these conditions to better mitigate their costs.
 - Longer waiting periods keep premiums affordable for all insureds.
 - The competitive market has shown waiting periods are needed. New entrants would be offering policies without orthopedic waiting periods to increase their market share if they weren't.
- **In any case, consumers who are interested in waiving a waiting period have a mechanism to do so under the model as drafted.**
- **We as an industry are committed to the robust waiting period disclosures in the model that inform consumers BEFORE they choose a policy.**