

PLUWG COMMENTS RECEIVED - PET INSURANCE LICENSING STANDARDS

PRODUCER LICENSING UNIFORMITY (D) WORKING GROUP – PET INSURANCE LICENSING STANDARDS

The **Producer Licensing Uniformity (D) Working Group** has been given the task to review the current Pet Insurance Licensing Standards and provide a recommendation on a uniform solution moving forward.

On March 18th, the Working Group held a conference call to begin discussions on this task. The Working Group discussed three possible recommendations:

- A. Confirm current Uniform Licensing Standards for Pet Insurance is correct policy direction.
or
- B. Recommend Pet Insurance become a core limited line all states shall adopt.
or
- C. Recommend the major lines of authority of Property and Casualty be required to sell Pet Insurance. To complete this task, the Working Group's next step is to solicit comments on the above three recommendations for Pet Insurance Licensing Standards.

Attached please find the *Draft for Discussion Document concerning Producer Licensing Standards for Pet Insurance*. This document provides a brief historical look at Pet Insurance, the current licensing standards and potential recommendations for moving forward.

Please review the attached discussion draft and email your comments on the three recommendations to gwelker@naic.org by **Friday, April 23, 2021**.

All materials in addition to all comments received can be found on the Producer Licensing Uniformity (D) Working Group.

PLUWG Webpage: https://content.naic.org/cmte_d_pltf_uwg.htm

If you have any questions or concerns, please contact me.

Thank you,

Greg Welker, CFE

Antifraud & Producer Licensing Program Manager

Market Regulation Department

National Association of Insurance Commissioners

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GWelker@naic.org

AL DOI:

Greg: Alabama wants to keep Pet Insurance under P&C. Thanks,

Sent from my iPhone

CA DOI:

Good Afternoon, Greg – California’s comments are stated in your email below, in blue text.

Please let me know if you have any questions.

Thank you.

Charlene Ferguson

Chief, Licensing Services Division

California Department of Insurance

(916) 492-3010

- A. Confirm current Uniform Licensing Standards for Pet Insurance is correct policy direction.
 Yes. California confirms the current Uniform Licensing Standards (Standards) for Pet Insurance is the correct policy decision. As a non-core limited line, pet insurance allows states to choose if there is a need to go through the legislative process to license pet insurance agents in accordance with the non-core licensing requirements stated in the Standards.
 or
- B. Recommend Pet Insurance become a core limited line all states shall adopt.
 No. California has not experienced the need for “pet insurance” to become a core limited line pet insurance license for California and all states to adopt.
 or
- C. Recommend the major lines of authority of Property and Casualty be required to sell Pet Insurance.
 No. California’s main concern is for consumers to receive the pet insurance disclosures (California Insurance Code [sections 12880 through 12880.6](#)) before purchasing a pet insurance policy from a property and casualty broker-agent or a non-core limited line pet insurance agent.

The complexities of the pet insurance policy can be a challenge; however, Standard #37(C)(1), (D)(2), and (E) state the Designated Responsible Producer (DRP), the individual licensee, and the employees of a business entity licensed to sell pet insurance are to “receive a program of instruction or training subject to review by the insurance department.”

When the pet insurance licensing is introduced in a state’s legislature, the state’s insurance regulator, the pet insurance industry, and consumer groups can participate in the legislative process to codify adequate and effective required pet insurance training. Depending on the state’s needs, the

requirement for the DRP, licensee, or employee to complete the pet insurance training after the license is issued could be prior to renewal, annually or more frequently.

One other item, if the decision is made for the property and casualty broker-agent to be the required line of authority to sell pet insurance, “pet insurance” should be removed as an example of a non-core limited line license in the Standards.

CO DOI:

Hi Greg,

I hope you are doing well.

Colorado is in favor of Option A.

Steve

Sincerely,

Steven A. Giampaolo, JD

Director of Producer Licensing and Enforcement

he/him/his



COLORADO

**Department of
Regulatory Agencies**

Division of Insurance

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stevena.giampaolo@state.co.us | www.dora.colorado.gov/insurance

NE DOI:

Hello Greg,

For Nebraska we would prefer option “B”, pet insurance become a core limited line. In addition to a limited line we would recommend that those producers who hold a major lines license would also be able to sell pet insurance.

Thank you,

Kevin Schlautman

Licensing Administrator

Nebraska Department of Insurance

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OH DOI:

Good morning Greg,

Ohio recommends the major lines of authority of Property and Casualty be required to sell Pet Insurance.

Thank you!

Karen Vourvopoulos

Chief of License Division

Ohio Department of Insurance

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RI DOI:

Comment letter sent from Superintendent Dwyer.

SC DOI:

SC responses to recommendations:

- A. We do not feel that this recommendation will promote uniformity amongst the states and would make non-resident licensing more difficult for those states with a pet insurance license.
- B. We feel that this recommendation should be adopted.
- C. We feel that this recommendation should be retained.

Thank you,

Andrea Bourgoin, CISR, SILA-F
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VA DOI:

Virginia recommends option "A" below.

WA DOI:

Good afternoon, Greg.

Please find below my comments as requested by the Producer Licensing Task Force regarding the three (3) Pet Insurance recommendations.

D. Confirm current Uniform Licensing Standards for Pet Insurance is correct policy direction.

While this is an approach that could be taken, I do not feel it is the correct path the PLTF should take. By taking this approach, the major issue in this 5 year drama remains unresolved and should not to chosen simply because it's the easiest way. If this is the recommendation chosen, there are several things that would be necessary to correct:

- Remove pet insurance as an example in ULS #35
- Clarify the statement "states should consider products where the **nature of the insurance offered is incidental to the product being sold** to be limited line insurance products." How is pet insurance incidental to the product being sold? Pet insurance **IS** the product being sold. There should be a great deal of caution given when we go down this path. If this is interpreted to be that the purchase of the pet of pet health services is the product being sold, then all sorts of things can be interpreted as "incidental" in the world of licensing. Some examples:
 - If purchasing a home, insurance is incidental to that purchase and a limited line should be created for homeowners
 - If purchasing an auto, insurance is incidental to that purchase and a limited line should be created for auto insurance
 - If getting medical services is what is being purchased, insurance is incidental to that purchase and a limited line should be created for health insurance

I do not agree that pet insurance is incidental to the product being sold. I still firmly believe that a P&C license is required, and that pet

insurance – the fastest growing insurance market over the past few years – is just as complex as health insurance.

- E. Recommend Pet Insurance become a core limited line all states shall adopt. I do not recommend this is the approach to take. Ma in cony years and many regulators (in conjunction with the NAIC and NIPR) have made the determination for the ULS that core limited lines have been defined, and if a state decides to add more (which becomes a uniformity problem for the other states), there is a defined process spelled out for guidelines to adopt that limited line. I cannot speak for NIPR but I'd guess that they are not open to the idea of adding pet insurance to the

core limited lines, and opening up the debate by other interested parties on other limited lines which could/should be included.

- F. Recommend the major lines of authority of Property and Casualty be required to sell Pet Insurance. This is the approach that should be adopted. The ULS beings with “A state is not required to implement any non-core limited line of authority for which a state does not already require a license or which is already encompassed within a major line of authority.” That’s 51 out of 55 NAIC jurisdictions as of today. For those states that do offer or want to consider offering the limited line, the path is also clearly laid out in ULS #35. For those of us who do not offer it as a limited line, we have the reciprocity piece from GLBA and the PLMA (it’s in our law) which says the non-resident applicant MUST receive a non-resident limited lines license granting the same scope of authority as granted under the license issued by the home state. We don’t have that limited line so we grant a full P&C license to reciprocate and the license should clearly state that the non-resident license being issued in this circumstance is limited to the resident state license right on the license itself. Additionally, this product is being sold as an employee benefit, which removes it from the personal insurance classification, and therefore requires a P&C license.

Thanks,



Jeff Baughman,
 PIR, SILA - F
 Producer Licensing & Oversight Program Manager
 Washington State Office of the Insurance Commissioner
 (360) 725-7156
jeffb@oic.wa.gov

WI DOI:

Good afternoon.

Wisconsin would not recommend a limited line of authority. In Wisconsin, the property major line of authority is required.



Melody Esquivel | Agent Licensing Supervisor

Wisconsin Office of the Commissioner of Insurance

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AVMA Comments (Ltr Received)

Greetings Mr. Welker—

Attached you will find the AVMA's comments for the Working Group regarding pet insurance licensing standards. We very much appreciate the opportunity to provide our thoughts.

Best wishes for a good weekend,

Gail

Gail C. Golab, PhD, DVM, MANZCVS, DACAW

Chief Veterinary Officer

American Veterinary Medical Association

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JACK CHASKEY – WESMONTLAW: (Ltr Received)

Chris, Courtney and Greg,

Good morning! I hope you all are doing well and your families are healthy.

Attached please find comments from Westmont on behalf of Companion Protect in response to the request for comments.

We favor the development of a core limited line but have not gone into great detail in our letter. We think that there should be more uniformity in the regulation of producers selling pet health insurance. The current handbook standard does not necessarily help.

We have several clients that do business in the pet health insurance market. If you have any questions about the business we would be happy to provide our experience as those questions arise..

We look forward to working with you on this project. Don't hesitate to reach out.

Hope to see you soon—maybe SILA this year.

Jack

856-281-8608

NAMIC COMMENT: (Ltr Received)

Greg:

Hello, please see NAMIC's attached comments on the recommendation options you outline below.

Also, kindly add me to the distribution list for this group or let me know the best person for me to ask.

Thank you.

Sincerely,

Cate

Cate Paolino

Director of Public Policy

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UNUM COMMENT: (Ltr Received)

Dear Greg,

Attached is a comment letter from Unum to the members of the Producer Licensing Uniformity (D) Working Group. I would be grateful if you would confirm receipt and pass along this letter to the Chair.

Best regards,

Paul

Paul Glyn Williams

Assistant Vice President & Legal Counsel

Unum

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