

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS
PET INSURANCE (C) WORKING GROUP
Unresolved Issues with Draft Pet Insurance Model Act
MARCH 4, 2021 Meeting

On behalf of National Association of Mutual Insurance Companies (NAMIC)¹ members, thank you for the opportunity to review the draft Pet Insurance Model Act. NAMIC appreciates that much work and thought has gone into this drafting process. In reviewing materials, NAMIC members would like to highlight a few points.

PREEXISTING CONDITION DEFINITION

Section 3(E)

- As a practical matter, workability and clarity are important for implementation.
- The California approach to pre-existing conditions, which has been in place for five-and-a-half years, has proven to be a positive experience.
- The “and contemporaneous with” wording does not strike the balance because it contemplates only a subset of preexisting conditions by imposing an unclear temporal requirement.
- NAMIC supports the perspective and efforts of the North American Pet Health Insurance Association (NAPHIA) on this point. NAMIC urges the Working Group to delete the phrase “and contemporaneous with,” retaining the requirement that the sign or symptom be “related to” the state condition – essentially requiring that the insurer prove that relationship.

WAITING PERIODS

Section 7(B)

- As drafted, the substantive provision does not appear to allow a waiting period and a preexisting condition exclusion to both exist at the same time.
- To be an effective tool for fighting fraud (or moral hazard) and for controlling costs, it makes sense that they would both be permitted to operate together.

¹ NAMIC is the largest property/casualty insurance trade group, with a diverse membership of more than 1,400 local, region, and national member companies, including seven of the top 10 property/casualty insurers in the United States. NAMIC members lead the personal lines sector, representing 66% of the homeowner’s insurance market and 53% of the auto market.



- Waiting periods are used in other property-casualty contexts. For example, there is a pause before National Flood Insurance Program (NFIP) policies take effect.
- NAMIC notes that Section 4 includes robust disclosures regarding waiting periods (and other issues related to pet insurance policies). We would not object to bolstering the waiting period disclosure requirement.
- NAMIC recommends that the Working Group remove this subsection.

PET INSURANCE DEFINITION

Section 3(D)

- The definition of “pet insurance” may limit competition and product diversity. Generally, markets benefit when consumers have more options.
- Some insurers may want to design coverage for expenses beyond those considered “veterinary” (such as pet massage). Some veterinarians may provide things that are not considered medical. Based on the above points, as drafted, the definition may simultaneously be too narrow and too broad.
- NAMIC asks the Working Group to delete the term “veterinary expenses” and instead incorporate the term “eligible expenses” in the definition.

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Thank you again for the opportunity to share this perspective.