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Pet Insurance (C) Working Group

Virtual Meeting

June 7, 2022

The Pet Insurance (C) Working Group of the Property and Casualty Insurance (C) Committee met June 7, 2022. The following Working Group members participated: Don Beatty, Chair, Jessica Baggarley, and Phyllis Oates (VA); Kendra Zoller, Vice Chair, and Charlene Ferguson (CA); Alex Reno (AK); Jimmy Harris (AR); George Bradner and Kristin Fabian (CT); Angela King (DC); Warren Byrd (LA); Sheri Cullen (MA); Shirley Corbin and Linas Glemza (MD); Carrie Couch, Jo LeDuc, and Jeana Thomas (MO); Michael McKenney (PA); Matt Gendron, Rachel Chester, and Beth Vollucci (RI); Kathy Stajduhar (UT); Jamie Gile, Mary Block, and Anna Van Fleet (VT); and David Forte, Ned Gaines, John Haworth, Molly Nollette, and Eric Slavich (WA). Also participating were: Linda Grant (IN); Tate Flott, Brenda Johnson, and Shannon Lloyd (KS); Sharon P. Clark (KY); Brock Bubar, Sandra Darby, and Leah Piatt (ME); Joseph Sullivan (MI); Sandra Anderson (MN); Eric Dunning (NE); Melissa Robertson (NM); Lee Anne Washburn and Tynesia Dorsey (OH); Jody Ullman and Mark Prodoehl (WI); and Danie Capps (WY).

1. Discussed Proposed Changes to the Pet Insurance Model Act

Mr. Beatty said the Pet Insurance Model Act was adopted by the Working Group and the Property and Casualty Insurance (C) Committee prior to the 2021 Fall National Meeting. He said at the 2021 Fall National Meeting, there were concerns about Section 7, and the draft model was pulled from the Executive (EX) Committee and Plenary meeting agenda. He said the Working Group was reappointed at the Spring National Meeting to reevaluate the model.

Mr. Beatty said there are two minor edits and two larger proposed changes to the model at this time.

Mr. Beatty said the first minor edit is changing a reference in Section 5 to Section 6B. He said this reference should be to Section 5B, but it was not changed when the model sections were reordered. Mr. Byrd made a motion, seconded by Mr. Gendron, to correct the references in Section 5.

Mr. Beatty said the second minor edit was proposed by Missouri and involves adding the word “the” to the beginning of Section 7B. Ms. LeDuc said adding the word “the” would allow for a more correct reading of the statement. Ms. LeDuc made a motion, seconded by Mr. Forte, to add the word “the” to the beginning of 7B.

Mr. Gendron said Rhode Island submitted a proposal that addressed the concerns around the training requirements outlined in Section 7 of the draft model. He said those specific requirements were removed and replaced with language stating that insurance companies need to ensure producers are trained on the features of their products.

Mr. Bradner suggested having two options in the model for Section 7, where Option 1 would be the original adopted language and Option 2 would be the proposed language from Rhode Island. Mr. Gendron agreed that this could be a reasonable approach. Mr. Byrd said the shorter, less specific version of the language would likely be better received by the Committee.

Ms. Zoller said California would not support the new proposed language, as it does not promote uniformity, which is the goal of the model.

Birny Birnbaum (Center for Economic Justice—CEJ) said he opposes the removal of the producer training section and its replacement with a drafting note. He said pet insurance specific producer training is necessary, particularly if it is sold by a property/casualty (P/C) licensed producer. He said the drafting note says states may wish to include producer training requirements for pet insurance, but with the proposed deletion, there is no guidance for what those training requirements should be. He agreed that removing the specific training requirements would lead to a lack of uniformity.

Mr. Birnbaum proposed that the model should retain Section 7 as it was previously adopted and insert a drafting note stating, “States may determine that existing training requirements suffice for the sale of pet insurance depending upon the type of producer license and line of insurance used for the sale of pet insurance in the state. If a state determines that existing training requirements for producers are sufficient, the requirements in this section serve as a guide for recommended training for producers engaged in the sale of pet insurance.”

Brendan Bridgeland (Center for Insurance Research—CIR) agreed with Mr. Birnbaum’s proposal. He said he would merge the existing drafting note in Section 7 into the language in Section 7B.

Wes Bissett (Independent Insurance Agents & Brokers of America—IIABA) said the IIABA supports the original adopted language in Section 7. He said the model should be specific about the training requirements for someone holding a major lines license versus someone who has a limited lines license.

Cari Lee (North American Pet Health Insurance Association—NAPHIA) said NAPHIA supports a robust training for all agents selling pet insurance. She said NAPHIA supports uniformity. She said NAPHIA will support states that choose to require producer training and would support the original adopted language in Section 7. Lisa Brown (American Property Casualty Insurance Association—APCIA) and Cate Paolino (National Association of Mutual Insurance Companies—NAMIC) agreed with Ms. Lee.

Mr. Forte said guidance on licensing, continuing education (CE), and pre-licensing education and training should be left to the Producer Licensing (D) Task Force. He said Washington would vote to adopt the language in Section 7 proposed by Rhode Island. Commissioner Clark agreed that uniformity on this issue should go through the Task Force.

Mr. Gendron suggested adding language in Section 7 that says states can promulgate a regulation defining other training requirements. Mr. Beatty said it is important to work towards uniformity for states in the model.

Commissioner Clark asked if specific training requirements exist in any other model. Mr. Gendron said the original language was modeled after the producer training sections of the *Long-Term Care Insurance Model Act* (#640) and the *Suitability in Annuity Transactions Model Regulation* (#275).

Mr. Beatty said there was a suggestion to replace the proposed drafting note in Section 3 that deals with the characterization of pet insurance as property insurance for the purposes of financial reporting. Mr. Byrd said the drafting note should be removed from the model.

Mr. Beatty said the Working Group will schedule a meeting soon to wrap up discussions on the current proposals for Section 7.

Having no further business, the Pet Insurance (C) Working Group adjourned.

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