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Pet Insurance (C) Working Group

Virtual Meeting

September 8, 2021

The Pet Insurance (C) Working Group of the Property and Casualty Insurance (C) Committee met Sept. 8, 2021. The following Working Group members participated: Don Beatty, Chair (VA); Kendra Zoller, Vice Chair (CA); Katie Hegland (AK); Jimmy Harris (AR); Angela King (DC); Warren Byrd (LA); Shirley Corbin (MD); LeeAnn Cox and Jo LeDuc (MO); Dennis Sloand (PA); Matt Gendron and Beth Vollucci (RI); Kathy Stajduhar (UT); Mary Block and Jamie Gile (VT); and David Forte, John Haworth, and Eric Slavich (WA). Also participating were: Lucretia Prince (DE); Linda Grant (IN); Heather Droge, Brenda Johnson, and Tate Flott (KS); Brock Bubar (ME); Joseph Sullivan (MI); Christine Peters (MN); Chris Aufenthie (ND); Maggie Dell (SD); and Jody Ullman (WI).

1. Discussed the Definition of “Wellness Plans” in the Draft Pet Insurance Model Act

Mr. Beatty said during its Aug. 4 meeting, the Working Group adopted the Pet Insurance Model Act. He said following that meeting, there were suggested edits to some elements of the model.

Mr. Beatty said the first suggested change was to remove the word “internet” and make “website” one word throughout the model. Mr. Gendron made a motion, seconded by Mr. Forte, to make this change throughout the model. The motion passed unanimously.

Mr. Beatty said the next suggested change was to make “preexisting” consistent throughout the model. He said the Working Group should decide whether to use “pre-existing” or “preexisting.” Mr. Gendron made a motion, seconded by Mr. Forte, to use “preexisting” throughout the model. The motion passed unanimously.

Mr. Beatty said the next suggested change was to insert language in Section 4–Disclosures, titled Right of Return, that addresses the free look period. Mr. Sloand said in the adopted version of the model, there was a statement indicating that a claim must have been paid in order to negate the free look period. Brendan Bridegland (Center for Insurance Research—CIR) said he agrees with Mr. Sloand’s point. He said the substantive sections of the model should stay intact and these issues should not all be addressed in the disclosure section. Cari Lee (North American Pet Health Association—NAPHIA) said NAPHIA’s submitted comments suggest adding language to the Right of Return section that clarifies that a policy cannot be returned if the insured has filed a claim. Mr. Byrd said whether or not a claim has been paid, when an insured makes a claim, he or she is making a demand of the policy. Mr. Beatty said it is unlikely that an insured would make a claim under the policy and then try to return it. He said the paid language is not necessary. Mr. Gendron said it is unlikely that a claim would even be paid or denied within the first 15 days of the policy.

Mr. Gendron made a motion, seconded by Mr. Byrd, to add Section 4D–Right to Examine and Return the Policy, with the following language:

(1)Unless the insured has filed a claim under the pet insurance policy, pet insurance applicants shall have the right to examine and 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.”

The motion passed, with Pennsylvania voting against.

Mr. Beatty said the next suggested change is to remove repetitious language in Section 6(B)(4) and instead address this language in Section 4–Disclosures. Mr. Forte said this language should be moved to Section 4 because it does relate to a disclosure to the insured. Mr. Forte made a motion, seconded by Mr. Byrd to move the language in Section 6(B)(4) to Section 4. The motion passed unanimously.

Mr. Byrd said any mention of “insurer” in the model should be changes to “pet insurer” for clarification. Mr. Byrd made a motion, seconded by Mr. Forte, to change “insurer” to “pet insurer” throughout the model. The motion passed unanimously.

Mr. Beatty said the next suggested change was removing the reference to the *Unfair Trade Practices Act* (#880) and replacing it with a reference that each state can change to include its own unfair trade practice law. Mr. Byrd made a motion, seconded by Mr. Gendron, to adopt this change. The motion passed unanimously.

Mr. Beatty said the next suggested change was to change Section 4(E) to read: “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 itself, prior to policy issuance and through a clear and conspicuous link on the main page of the insurer or insurer’s program administrator’s website.” Mr. Gendron said he had never seen the word “itself” inserted after referring to a policy and said the change was not necessary.

Mr. Beatty said the next suggested change was to insert a drafting note in Section 4(H) to refer to the specific insurance department in each state. There was no objection to this change.

Mr. Beatty said the next suggested change was to move the definition of “preexisting condition” from Section 3 to Section 4. Mr. Forte said the definitions guide the policy, and they should not only be a part of the disclosures. There was no motion to make this change.

Mr. Beatty said there were a few more suggestions of moving language from Section 6 to Section 4. There was no motion to make those changes.

Mr. Forte said the Working Group had previously voted that there should not be waiting periods for accidents. He said the current language in Section 6 is ambiguous if waiting periods for accidents are prohibited. Ms. Lee said that prohibiting waiting periods for accidents could allow for insurance fraud since a consumer could purchase and immediately use the insurance to cover his or her pet after an accident has already occurred. Mr. Forte said state insurance regulators do not want insurance fraud to occur. Mr. Bridgeland said that if the accident occurred before coverage, that would be considered a preexisting condition. Ms. Lee said the insurer would not know it is a preexisting condition if the consumer does not disclose the accident. Mr. Byrd said a waiting period of three days for accidents should mean that the policy is not effective until that waiting period is over. Ms. Lee said these policies have different waiting periods for different coverages, so only the accident coverage would not be effective during that period. Mr. Bridgeland said it is problematic to charge a consumer for a 365-day policy with only 362 days of coverage.

Mr. Forte made a motion, seconded by Mr. Gendron, to change the language in Section 6B to: “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. Waiting periods for accidents are prohibited.”

Ms. Zoller said state insurance regulators do not have authority over non-insurance products, and she said Section 7 and language relating to wellness programs should not be included in the model. Mr. Forte said the language says “by a licensed insurance entity” to refer to products sold by licensed pet insurers.

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

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