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Pet Insurance (C) Working Group

Virtual Meeting

October 21, 2021

The Pet Insurance (C) Working Group of the Property and Casualty Insurance (C) Committee met Oct. 21, 2021. The following Working Group members participated: Don Beatty, Chair (VA); Kendra Zoller, Vice Chair, Tyler McKinney, and Charlene Ferguson (CA); Austin Childs (AK); Jimmy Harris (AR); George Bradner and Kristin Fabian (CT); Warren Byrd (LA); Sheri Cullen (MA); Shirley Corbin (MD); Jo LeDuc and Jeana Thomas (MO); Erin Summers (NV); Michael McKenney (PA); Matt Gendron and Beth Vollucci (RI); Kathy Stajduhar (UT); Mary Block and Anna Van Fleet (VT); and David Forte, John Haworth, and Eric Slavich (WA). Also participating were: Linda Grant (IN); Heather Droge, Tate Flott, Brenda Johnson, and Vicki Schmidt (KS); Brock Bubar and Sandra Darby (ME); Joseph Sullivan (MI); Christine Peters (MN); Chris Aufenthie (ND); Cuc Nguyen (OK); Colette Hittner (OR); and Maggie Dell (SD).

1. Adopted its Oct. 7 Minutes

The Working Group met Oct. 7 to discuss language related to wellness plans and producer training in the draft Pet Insurance Model Act.

Mr. Byrd made a motion, seconded by Mr. Forte, to adopt the Working Group’s Oct. 7 minutes (Attachment -). The motion passed unanimously.

1. Discussed Comments on the Revised Draft Pet Insurance Model Act

Mr. Beatty said during its Oct. 7 meeting, the Working Group discussed a proposal from California on revisions to the wellness programs language and a proposal from Rhode Island on adding language about producer training requirements. He said both proposals had been revised based on comments heard during that meeting.

Ms. Zoller said there were quite a few concerns about how to regulate not allowing the insurance policies and wellness programs to be advertised together. She said the language was changed to reflect that a “pet insurer shall not market a wellness program as pet insurance or during the transaction of pet insurance.” She said there was also issue with whether to use the term “coverage” or “product,” so language was changed to include both terms. Mr. Byrd asked if the language in Section 7A should be reworded to be clearer. He said he agrees with the purpose of the language but does not think it is reading the way the language is meant to be read. Mr. Gendron clarified that the goal of the language in Section 7A is to be read as two separate points.

Birny Birnbaum (Center for Economic Justice—CEJ) said insurance policies are sold with a wellness component built into the policy or added as an endorsement to the policy. He said the Working Group should consider adding language to clarify that the requirements in in Section 7A do not apply to insurance coverage, described as wellness benefits, that is included in the policy contract. Mr. McKenney agreed with the language that Mr. Birnbaum proposed.

Lisa Brown (American Property Casualty Insurance Association—APCIA) asked if the term “transaction” referred to the moment the policy was issued. She said the word could be interpreted as any time the insured used pet insurance after it is purchased. Ms. Zoller clarified that the marketing of the wellness products should be separate from the transaction of purchasing a pet insurance policy. Ms. Zoller said it may be best to instead use the term “sell, solicit, or negotiate.” Mr. Byrd agreed that it would be better to use “sell, solicit, or negotiate.”

Mr. Birnbaum asked if this language in Section 7A would prohibit an insurer from offering a wellness program for purchase until after an insurance policy has already been purchased. Ms. Zoller said that is the goal of the language.

Cari Lee (North American Pet Health Insurance Association—NAPHIA) asked if an insurer can sell a wellness program that is part of the insurance coverage. Ms. Birnbaum said this language would not apply to those policies and that the issue would be clarified by the additional language he submitted.

Ms. Zoller made a motion, seconded by Mr. Gendron, to adopt the changes to the wellness language in Section 3 and   
Section 7. The motion passed unanimously.

Mr. Gendron said the first provision in his proposed Section 9 – Insurance Producer Training says that a producer must be appropriately licensed and complete the required training before the sale, solicitation, or negotiation of pet insurance. He said the next provision applies to those producers with a major lines license and would require them to be appropriately trained on the features of the pet insurance product. He said this would be in-house training that would not require approval from the state insurance department but would be subject to market conduct examination. Mr. Gendron said the third provision deals with limited lines license holders. He said the original proposal required10 credits at initial licensing and 10 credits of continuing education (CE) every two years. He said that after conversations with other states and producers, that requirement was changed to 10 credits at initial licensing and four credits of CE every two years. Mr. Gendron said the final part of his proposal outlines the required covered topics for in-house training and licensing education courses.

Mr. Byrd asked if the required credits are in addition to the requirements already in place. Mr. Gendron said this proposal does not add any credit requirements for major lines license holders. He said limited lines license holders do not currently have a required number of credits to obtain a license.

Ms. Zoller said she would like to add a provision to require a certificate of completion for the training for state insurance regulators to track the completed training. Mr. Gendron said he would expect the company to keep track of the course list and who was at the training, but he would not expect the producer to provide that information. Mr. Beatty said the insurer would keep track of this, and it would be checked during a market conduct exam.

Mr. Harris said he is concerned about placing CE requirements on a limited lines licensee, and he asked if there are other limited lines where there are continuous requirements. Mr. Gendron said there is a lot more to selling pet insurance than other limited lines products, and the CE requirements would make sense for this line of business.

Mr. Birnbaum said Section 9B(1)(i) should clarify that both the producer and the insurer shall ensure that the producer has been appropriately trained on the product. Mr. Gendron agreed that the subsection should read: “Both the producer and the insurer shall ensure that its producers have been appropriately trained on the features of its products.”

Isham Jones (American Veterinary Medical Association—AVMA) asked who would be providing the training on medical conditions. Mr. Gendron said for major lines license holders, the insurer would provide training on the specifics of pet insurance, and for limited lines license holders, the training would come from training providers that are required to register with the state department of insurance (DOI).

Wes Bissett (Independent Insurance Agents & Brokers of America—IIABA) said Section 8 – Regulations should be moved to the end of the model. He said in Section 9B(2)(iii), the term “limited lines” should be added before “insurance producer” for clarification.

Mr. Gendron made a motion, seconded by Mr. Byrd, to adopt Insurance Producer Training as Section 8 into the model, with the suggested edits in Section 8B(2)(iii) from Mr. Bissett and Section 8B(1)I from Mr. Birnbaum, and to move Regulations to Section 9. The motion passed unanimously.

1. Adopted the Pet Insurance Model Act

Mr. Gendron made a motion, seconded by Mr. McKenney, to adopt the Pet Insurance Model Act as drafted. The motion passed unanimously.

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

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