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Pet Insurance (C) Working Group

Virtual Meeting

February 18, 2021

The Pet Insurance (C) Working Group met Feb. 18, 2021. The following Working Group members participated: Don Beatty, Chair, Jessica Baggarley and Phyllis Oates (VA); Kendra Zoller, Vice Chair, and Risa Salat-Kolm (CA); Katie Hegland (AK); Kristin Fabian and George Bradner (CT); Angela King (DC); Warren Byrd (LA); Sheri Cullen (MA); Rasheda Chairs, Shirley Corbin and Linas Glemza (MD); Carrie Couch, LeAnn Cox and Jeana Thomas (MO); Mike McKenney (PA); Matt Gendron (RI); Kathy Stajduhar (UT); Anna Van Fleet (VT); and David Forte, John Haworth and Eric Slavich (WA). Also participating were: Ken Williamson (AL); Michele MacKenzie (ID); Heather Droge and Brenda Johnson (KS); Daniel Lawson (ME); Chris Aufenthie (ND); and Jody Ullman (WI).

1. Discussed Section 7 and Section 8 of the Draft Pet Insurance Model Act

Mr. Beatty asked a representative from the American Veterinary Medical Association (AVMA) to speak to its submitted comments regarding the definition of “preexisting condition” as they related to Section 7. Dr. Gail Golab (AVMA) said the AVMA is pleased with the use of “contemporaneous” in the definition of “preexisting condition,” but he said the AVMA would like to see “and contemporaneous” used instead of the current “or contemporaneous.” She said the reason for the requested change is to make sure that “related” and “contemporaneous” were congruent. Dr. Golab said the AVMA believes that both conditions need to be present in order for the clinical signs to be appropriately associated with a particular animal’s condition. Mr. Beatty asked for the AVMA’s thoughts on the proposed definition from the North American Pet Health Association (NAPHIA). Dr. Golab said the AVMA continues to believe that “contemporaneous” is appropriate. She said the AVMA understands NAPHIA’s concern about the use of the term “clinical signs.” However, she said there is a concern that an animal could exhibit a clinical sign that may be related to multiple conditions during the animal’s lifetime and coverage should not be denied because an animal exhibits the same clinical sign for different conditions at different periods. Kate Jensen (NAPHIA) said the signs of some conditions do wax and wane, so the use of “contemporaneous” is not appropriate because it is not an accurate indicator of what may be going on with a pet at any given time. Mr. Beatty asked if the average consumer would understand a claim denial based on the “contemporaneous” language. Ms. Jensen said “contemporaneous” is not common terminology for the consumer. She said California has not had a problem administering its pet insurance law and its definition of “preexisting condition,” which does not include “contemporaneous.” She said the California law seems to be working well for both the California Department of Insurance (DOI) and consumers.

Mr. Gendron asked if it is possible to remove the word “clinical” from the “preexisting condition” definition. Dr. Golab said the previous discussion of the inclusion of “clinical sign” was related to the difference between a clinical sign and a symptom. She said symptoms are self-reported and do not exist in the world of veterinary medicine. She said the use of “clinical sign” allows for observation by both the owner and in a veterinarian’s exam room. She said the proposed AVMA definition is more supportive of both the consumer and the veterinarian because it reduces the number of claims that should potentially be denied. Ms. Jensen said NAPHIA is willing to withdraw its proposed definition of “clinical signs” in order to eliminate confusion on the part of the consumer. She said NAPHIA members have not had a difficult time administering the current California language that reads “signs or symptoms.” Brendan Bridgeland (Center for Insurance Research—CIR) said from a consumer perspective, the term “clinical” is problematic as it could be read to mean that it has been diagnosed by a professional.

Ms. King said from a consumer perspective, the meaning of “signs and symptoms” needs to be clear in order to understand what would be covered in a claim.

Mr. Byrd asked if a veterinarian gave advice on how to keep a dog healthy, and later on the dog developed an issue related to something the veterinarian had previously discussed with the consumer, would the claim for treatment be denied. Jules Benson (NAPHIA) said the burden of proof is on the insurer to say that there is a connection to anything that happened before the policy and what is happening with the pet during the policy. He said with respect to Mr. Byrd’s example, an insurer would not be able to deny that claim.

Mr. Benson said this line of insurance is extremely open to adverse selection. He said people can buy pet insurance, knowing something is wrong with their pet but not having been to the veterinarian. Once the policy is in force, he said the consumer could report that his or her pet has had a certain clinical sign for some time. He said that the observations by pet owners and clinicians is used to build the clinical picture of the pet’s health. Mr. Benson said pet insurers have veterinarians on staff to analyze medical records in order to prove beyond a doubt that a clinical sign is part of a preexisting condition.   
Mr. Byrd asked where the line is between clinical advice and diagnosis. Mr. Benson said advice about preventative care is not a clinical diagnosis.

Mr. Bradner said it is important to include language that prevents a situation where clinical signs that presented a year ago are not wrongly connected to clinical signs or a diagnosis in the future. He said he thinks “contemporaneous” or language with the same meaning should be included in the definition. Mr. McKenney and Ms. Van Fleet agreed that the definition should guard against the situation described by Mr. Bradner and others. Mr. Forte said the definition could include a statement that it is the burden of the insurer to prove the preexisting condition.

Mr. Beatty said NAPHIA and the AVMA will work together to come up with a compromise on the definition of “preexisting condition” to the Working Group.

Ms. Jensen said for Section 7B, NAPHIA has surveyed its members and found virtually no consumer issues with waiting periods. She said to keep the model from becoming too prescriptive, it would be better to rely on the disclosure requirements for waiting periods found in Section 4 of the model and allow for flexibility with policy structure within Section 7B.

Mr. Byrd asked if the language in Section 7B allows a company to employ a 30-day waiting period but choose to offer coverage during that period. Ms. Jensen said NAPHIA would like to allow for flexibility in the length of a waiting period. She said different companies and policies currently employ their waiting periods differently based on condition. She said waiting periods tend to be longer for conditions that take longer to manifest in pets—for example, joint issues. She said flexibility already exists in the marketplace, and consumers seem to like that. Mr. Byrd asked if a mandated waiting period would do away with the preexisting condition clause. Ms. Jensen said the waiting period and preexisting condition clause should work in tandem and are used to be fair to consumers with a healthy pet. She said NAPHIA is trying to eliminate the opportunity for someone with a very sick pet to get coverage after they know the pet is sick and, in turn, drive up the cost of policies for everyone. Ms. Fabian asked if an accident occurred during the waiting period that resulted in an injury, would that injury be covered. Mr. Benson said it would not be covered. Mr. Gendron said there should be a better balance in the allowable waiting period time and that disclosures would not be a reasonable alternative if enough consumers were not thoroughly reading their policies. Mr. Byrd asked if a pre-policy veterinary examination of the pet could get rid of a waiting period. Mr. Benson said that while some companies have implemented an examination requirement to waive the waiting period, it could be a barrier to adoption because of the time and cost to the consumer for the exam.

Mr. Beatty said the Working Group had previous discussions on the language in Section 8 with regard to reimbursement of covered expenses. Mr. Byrd and Ms. Jensen said the reimbursement requirements and notices are appropriately covered in Section 4C and Section 4D.

Mr. McKenney made a motion, seconded by Mr. Gendron to remove Section 8 from the model. The motion passed unanimously.

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

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