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Pet Insurance (C) Working Group

Virtual Meeting

March 4, 2021

The Pet Insurance (C) Working Group of the Property and Casualty Insurance (C) Committee met March 4, 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); Warren Byrd (LA); Rasheda Chairs and Shirley Corbin (MD); LeAnn Cox and Kendra Hetland (MO); Erin Summers (NV); Mike McKenney (PA); Elizabeth Kelleher Dwyer and Matt Gendron (RI); Kathy Stajduhar (UT); Jamie Gile and Anna Van Fleet (VT); and David Forte, John Haworth and Eric Slavich (WA). Also participating were: Ken Williamson (AL); Vincent Gosz (AZ); Heather Droge and Brenda Johnson (KS); Chris Aufenthie (ND); Maggie Dell (SD); and Jody Ullman (WI).

1. Adopted its Feb. 18 Minutes

The Working Group met Feb. 18 to discuss Section 7 and Section 8 of the proposed Pet Insurance Model Act.

Mr. Byrd made a motion, seconded by Mr. Bradner, to adopt the Working Group’s Feb. 18 minutes (Attachment -). The motion passed unanimously.

1. Discussed Section 3D of the Draft Pet Insurance Model Act

Mr. Beatty said the North American Pet Health Insurance Association (NAPHIA) and the American Veterinary Medical Association (AVMA) submitted language for the definition of “pre-existing condition” that was agreeable to both parties. Kate Jensen (NAPHIA) said the new language addresses questions about technical terms that came up on prior Working Group calls, and the new language also tightens the definition of what could be considered a pre-existing condition. She said the new definition inserts a clause about verifiable sources that allows sources beyond the pet’s medical record to be used to verify a pre-existing condition. She said the new definition includes the word “directly” inserted before “related to the condition” because the connection between the reported signs and symptoms and the condition for which the claim is being filed needs to be discernable. She said NAPHIA and the AVMA also submitted language related to pre-existing conditions to be used in Section 7A of the Pet Insurance Model Act that the burden is on the insurance company to prove that a pre-existing condition exclusion would apply. Isham Jones (AVMA) said the new proposed language better protects pet health, and the AVMA stands behind the language as submitted.

Mr. Forte said Washington is favorable to the new language. He asked for an example of a verifiable source of a symptom that would be directly related to a condition, and he asked why the term “symptoms” was included. Ms. Jensen said an example would be records from a shelter where a pet was adopted or information provided by the pet owner at the time of application for insurance. She said insurers could also use social media as a verifiable source of information relating to the pre-existing condition. Ms. Jensen said the term “symptoms” was included because it is consumer friendly and has been working in current California law. Mr. Gendron said the new language solves the problem of using the term “clinical signs” and the issues that would come up with having to define that term. He said the widely used definition of “symptom” makes sense in the context of this model.

Mr. Byrd asked whether there needs to be a temporal aspect to the three parts of the proposed definition to make it clear that previous veterinary advice does not preclude coverage for a current pet health condition. Dr. Jules Benson (NAPHIA) said the insertion of the term “directly related to” in the third part of the definition solves that problem. Mr. Byrd asked if there should be a temporal aspect in parts one and two of the definition. Dr. Benson said those parts of the definition deal directly with the advice and treatment of the stated condition, so there would not be a temporal issue with those parts.

Mr. Gendron asked whether a dog spraining a ligament three years ago and then spraining it again years later would be considered a pre-existing condition by the treating veterinarian. Dr. Gail Golab (AVMA) said re-injuring something that was already injured would be considered a pre-existing condition. Dr. Benson agreed that in this specific case, that injury would not fully heal, and a re-injury would be directly related to the previous injury. Mr. Gendron asked if the same logic would apply to a broken bone. Dr. Benson said if the bone broke in a different location and the break is not due to a weakness in the bone caused by the previous break, it would not be considered directly related to a pre-existing condition. Dr. Golab said the insertion of the “directly related to” language helps all parties understand that a clinical sign, even if presented exactly the same as in a past condition, cannot be used to justify a pre-existing condition if it is not directly related to the current condition for which treatment is being sought.

Ms. Salat-Kolm asked if pet insurers are currently using social media as a verifiable source for claims information. Dr. Benson said 99% of the time, information will come from the medical record. He said social media may be used in a case where a consumer reports an injury or illness close to the start of the policy to verify that the dog was healthy before the start of the policy. Mr. Bradner said insurers are already using social media to verify claims in other lines of business, like workers’ compensation. He said insurers would most likely use social media if there were suspicion of fraud.

Ms. Fabian asked how insurers would be provided with the language and the intent of the specific language being used within the model. Mr. Gendron said after the model is adopted by each state, there will sometimes be a model bulletin that can help clarify some of the language. Ms. Jensen said when the model is taken up by state legislation, there is an opportunity for the industry to participate in legislative hearings. She said NAPHIA represents 95% of pet insurance products, and a part of its mission for its members is education on regulatory issues.

Mr. Forte asked if an injury in a previous coverage period would be considered pre-existing in the renewal period. Dr. Benson said all policies on the market today include language that any subsequent policy period is a continuation of the first policy, and new pre-existing conditions do not apply to the language found in the first policy. He said there have been some policy types that state that each coverage term, the policy will start over as a new policy. He said this varies by product, and the same company can have different products that treat the renewal term differently in order to offer different policy price points. Mr. McKenney said if a pre-existing condition gets reset at a policy renewal, there should be language stating that in the disclosures. He asked if industry’s intent with the disclosures was to have them apply to both new and renewal policies. Ms. Jensen said NAPHIA would have no problem with more frequent disclosures if they include meaningful and helpful information to consumers. Mr. McKenney said a renewal policy not offering continuous coverage would violate the definition of renewal in Pennsylvania, and that type of policy would not be consumer friendly.

Ms. Dell asked if current policy language would allow for renewal of the policy if a veterinarian recommended euthanasia and whether the condition would then be treated as a pre-existing condition. Dr. Benson said to his knowledge, the recommendation of euthanasia would not change any of the coverage as it exists in the policy.

Brendan Bridgeland (Center for Insurance Research—CIR) said the term “verifiable sources” gives some cause for concern. He said if a condition is listed in a shelter record but the consumer was not aware of that condition prior to adopting the pet and applying for pet insurance, that shelter record could still be used against the applicant. He said while he understands the use of social media to prevent fraud in claims, there could be false information posted to social media that could be used as verifiable information. He suggested adding a drafting note to provide examples of verifiable sources. Mr. Beatty asked Mr. Bridgeland to submit language for the drafting note to the Working Group.

Mr. Gendron made a motion, seconded by Mr. Byrd, to adopt the proposed definition of pre-existing condition that reads:

“Pre-existing condition” means any condition for which any of the following are true prior to the effective date of a pet insurance policy or during any waiting period:

1. A veterinarian provided medical advice.
2. The pet received previous treatment.
3. Based on information from verifiable sources, the pet had signs or symptoms directly related to the condition for which a claim is being made.

The motion passed unanimously.

The Working Group agreed to look further into the issue of how renewal policies are treated and whether language requiring the treatment of renewal policies should be added to the draft model on a future call.

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

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