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Pet Insurance (C) Working Group

Virtual Meeting

May 19, 2021

The Pet Insurance (C) Working Group of the Property and Casualty Insurance (C) Committee met May 19, 2021. The following Working Group members participated: Don Beatty, Chair, Jessica Baggarley and Phyllis Oates (VA); Kendra Zoller, Vice Chair, and Andrew Gulcher (CA); Katie Hegland (AK); Kristin Fabian (CT); Angela King (DC); Warren Byrd (LA); Sheri Cullen (MA); Rasheda Chairs and Shirley Corbin (MD); LeAnn Cox (MO); Erin Summers (NV); Michael McKenney (PA); Matt Gendron (RI); Kathy Stajduhar (UT); Jamie Gile (VT); and John Haworth and Eric Slavich (WA). Also participating were: Linda Grant (IN); Brenda Johnson and Sharil Sivertson (KS); Sandra Darby, Brock Bubar and Frank Niles (ME); Chris Aufenthie (ND); Tracy Burns (NE); Maggie Dell (SD); and Jody Ullman (WI).

1. Adopted its April 29 Minutes

The Working Group met April 29 and took the following action: 1) discussed Section 3, Section 4 and Section 7 of the draft Pet Insurance Model Act; and 2) discussed issues with classifying pet insurance as a property/casualty (P/C) product.

Mr. Gendron made a motion, seconded by Mr. McKenney, to adopt the Working Group’s April 29 minutes (Attachment -). The motion passed unanimously.

1. Discussed Section 3, Section 4 and Section 7 of the Draft Pet Insurance Model Act

Mr. Beatty said the Working Group received comments from Companion Protect (Companion) regarding Section 3, Section 4 and Section 7 of the draft Pet Insurance Model Act. Justin Liby (Companion) said Companion would like to see some flexibility in terms of whether definitions in the draft model will be prescriptive required terms. He said Companion would like state insurance regulators to be able to approve the use of similar definitions. Birny Birnbaum (Center for Economic Justice—CEJ) said this approach would not provide the consistency sought in the draft model and would allow for different definitions in each state. He said for consumer protection purposes, he would like to see important terms defined in the draft model. Brendan Bridgeland (Center for Insurance Research—CIR) said it is important to have a common baseline to avoid consumer confusion. Mr. McKenney said this proposed language would allow for non-uniformity, both across different states and within the state, because different language could be approved for individual insurers within the state. The Working Group did not vote to adopt this change.

Mr. Liby said Companion does not want to have to link to the definitions and disclosures on the main page of the insurance company website, as required in Section 3 of the draft model. He said there may not even be a reference to pet insurance on the main page of the website, and there are several pet insurance programs that have program administrators who maintain the website and market the products. He said Companion’s suggestion is to require the location of the link to the definitions to be within the marketing information for the applicable policy. He said many pet insurers offer more than one type of policy, and there may be some differences with respect to the required disclosures for those policies. Additionally, he said some program administrators may administer multiple policies for a single insurer, or they may work with multiple insurers. Mr. McKenney asked how this language would be applied to printed marketing materials, such as pamphlets in pet stores and veterinary offices. Mr. Liby said the intention of the language is limited to internet website presence. Mr. McKenney said the language as submitted is not clear in its reference to marketing material. Mr. Gendron said the current language does not require the links on the insurer’s main page if a program administrator’s web page is used. He said the purpose of the language is to make the information easily available to consumers. Ms. Zoller said Companion currently has a link for California customers on their main web page. Mr. Liby said if Companion were to market a product for a different company, it would not want to place the link on the main web page. Ms. Zoller said the link is already buried on the web page, and the draft model should require the link to be more prominent. Mr. Byrd agreed that the link should be prominent on the main web page. Mr. Bridgeland said he would not be in favor of the proposed change. He said some companies currently have the information available on their web page, but there is no link, and the information can only be accessed through a Google search. Lisa Brown (American Property Casualty Insurance Association—APCIA) said even if program administrators handle programs for multiple companies, they should still be able to link to definitions on the main page of their website. The Working Group did not vote to adopt the change.

Mr. Liby said Companion would support the new definition of “pet insurance,” as proposed by the North American Pet Health Insurance Association (NAPHIA) and the American Veterinary Medical Association (AVMA). That language reads, “‘Pet Insurance’ means an individual or group insurance policy that provides coverage for expenses specified in the policy.” Ms. Zoller said the current definition that refers to veterinary expenses is not limiting the services that are covered. Kate Jensen (NAPHIA) said the proposed definition makes it clear that the definition of “pet insurance” is what is laid out in the specific policy that is purchased. She said this will encourage the consumer to understand what they have purchased and what is covered in the policy. Isham Jones (AVMA) said it is important that the consumer knows when going into a veterinary clinic what will and will not be covered under their pet insurance policy. Ms. Oates suggested the use of the term “eligible veterinary expenses.” Mr. McKenney said it would make sense to use “eligible veterinary expenses” and keep the definition of veterinary expenses. Ms. Brown said the APCIA would support the proposed definition of “pet insurance” from NAPHIA and the AVMA. She said if the Working Group adopts the use of eligible veterinary expenses, then there should be an added clause of “as specified in the policy.” Ms. Jensen said by limiting the definition to veterinary expenses, no matter how it is defined, companies would be limited in what they could offer consumers in terms of coverage in the future. She said NAPHIA would like to see flexibility with this definition. Mr. Birnbaum said the proposed definition from NAPHIA and the AVMA does not make it clear that it is for pet insurance. Ms. Jensen said the definition is broad because there is no standard policy in pet insurance, and industry does not want the definition to be limiting. She said the definition could be reworked to include the word “pet.” Ms. Brown said there are companies that are currently offering coverage for services outside of veterinary offices, and companies should be able to continue to write those policies or policies for other products that consumers may request in the future. Mr. Gendron said there may be an unintended consequence of trying to define what “pet insurance” is if the intent is to exclude wellness coverage offered by veterinarians as insurance. He said the discussion on wellness products would help inform the discussion on the definition of “pet insurance.”

1. Discussed Issues Related to Pet Wellness Products

Ms. Zoller said the Working Group should consider addressing, within the draft model, the wellness plans that most pet insurers are now selling alongside their insurance policies. Mr. Gulcher said California has seen several add-on products to traditional insurance, such as wellness products and health savings accounts (HSAs), that have been confusing to consumers. Ms. Zoller said with some of these products, the consumers pay money and then lose that money if they do not use the benefits. Mr. Gulcher said there are regulatory questions of how the money is being handled by the insurance companies and the verbiage used to describe wellness products and HSAs. Mr. Beatty asked if these products met the definition of “pet insurance” in California. Mr. Gulcher said several companies had products that were sent to the legal department for further review. Mr. Gendron asked if there have been any direct misrepresentations in the wellness offerings and whether there were any overlapping coverages with the insurance products they were sold alongside. Mr. Gulcher said there were instances of overlapping coverage for services like office visits in both the wellness coverage and insurance policy. He said there were not misrepresentations, but there are aspects that could be confusing to consumers. Mr. McKenney said some wellness plans cover funerals after a pet’s death, which he would consider an insurance benefit. He said when wellness products are added on as endorsements, a non-payment for the wellness product could result in the cancellation of the whole insurance policy. Mr. Byrd asked if the wellness plans can be purchased without buying an insurance policy. Mr. Gulcher said the products that have been reviewed in California all require an insurance policy to be purchased to be able to buy the wellness plan. Alison Osterberg (Banfield Pet Hospital) said it is common for veterinarians to sell wellness subscription packages for things like vaccines that are not tied to an insurance policy. Ms. Jensen said it is important to industry to define what is and is not insurance and to ensure that only licensed insurance professionals are selling pet insurance products.

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

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