The Pet Insurance (C) Working Group of the Property and Casualty Insurance (C) Committee met via conference call Nov. 7, 2019. The following Working Group members participated: Don Beatty, Chair, and Jessica Baggarley (VA); Kendra Zoller, Vice Chair, and Risa Salat-Kolm (CA); Kristin Fabian (CT); Warren Byrd (LA); Sheri Cullen (MA); Shirley Corbin (MD); LeAnn Cox (MO); Elizabeth Kelleher Dwyer, Matt Gendron and Beth Vollucci (RI); Anna Van Fleet and Jessica Sherpa (VT); and David Forte and Eric Slavich (WA). Also participating were: Heather Droge (KS); Chris Aufenthie (ND); Anna Krylova (NM); Rodney Beetch (OH); Brian Fordham (OR); Kathy Stajduhar (UT); Jody Ullman (WI); and Donna Stewart (WY).

1. Discussed Section 3 of the Draft Pet Insurance Model Law

Mr. Beatty asked for those who submitted comments on Section 3—Definitions to speak to those comments. Ms. Sherpa said in reference to Section 3E—Preexisting Condition, it would be more objective to have a preexisting condition be something that somebody received care for by a veterinarian as opposed to putting the onus on the owner to recognize signs or symptoms they are not trained to recognize. John Fielding (North American Pet Health Insurance Association—NAPHIA) said NAPHIA supports the current definition, but the end of the definition needs to change from “waiting period” to “waiting or affiliation period.” He said the current definition has worked in California, and there is a concern that tightening down the definition would increase the cost of the pet insurance policy. Lynne Hennesssey (Nationwide Insurance) said the proposed change by Ms. Sherpa could increase the chance for policyholder fraud. Mr. Byrd said those instances of fraud would decrease the carrier’s rate of return and, therefore, increase the price for the consumer. He said there had been mention of a baseline medical exam required at policy inception. Ms. Baggarley said Virginia is seeing a growing number of policies that require an exam soon after policy inception. Ms. Sherpa said the carrier could require a recent examination of the animal for consideration of writing the policy. Mr. Fielding said the requirement of an exam prior to underwriting could be a disincentive for buying insurance. He said there is a robust disclosure requirement in the model to require that policy purchasers know what the preexisting conditions are. Superintendent Dwyer asked how often there are denials based on preexisting conditions that have not been treated by a veterinarian. Mr. Beatty said it would be helpful to know that answer before the Working Group decides on the changes to this definition. Isham Jones (American Veterinary Medical Association—AVMA) said multiple conditions can result in the same clinical signs, which should be considered when talking about preexisting conditions. Gail Golab (AVMA) said this could be a concern for those looking to purchase pet insurance that their claim may be denied because clinical signs due to a preexisting condition can reappear due to another condition. She said that the references to symptoms should be changed to “clinical signs.”

Lisa Brown (American Property Casualty Insurance Association—ACPIA) said APCIA has at least one member company that writes pet insurance on a group basis as an employee benefit. Ms. Zoller said MetLife is doing group pet insurance policies through an employer. Mr. Forte said that just because industry already writes group policies does not mean it should be included in the model. He said as a Working Group, they should discuss what would happen if a customer leaves his or her employer but still needed the pet insurance product. He said many states have adopted inland marine definitions, and group coverage would conflict with that definition. Mr. Beatty said he believes they have group policy in property/casualty (P/C) lines. Mr. Fielding confirmed at least eight states have group policy filings in P/C lines. Mr. Beatty said the Working Group could consider a drafting note for including group policies.

Mr. Fielding suggested taking out the California-specific legislation language in Section 3F—Veterinarian. Mr. Beatty said the Working Group would make that change to the model.

Ms. Sherpa said the definition in Section 3G—Veterinary Expenses should include fees, as currently many policies exclude fees that the policyholder would not be able to control. Mr. Gendron asked if that could be addressed in the balance billing section of the model. Ms. Brown said the comment from Ms. Sherpa could be addressed by using the suggestion from Mr. Fielding and NAPHIA that the model should use the term “eligible expenses” instead of “veterinary expenses.” Ms. Zoller asked for examples of other expenses. Ms. Brown said member companies reported expenses from services that may not be provided by the veterinarian but was suggested by the veterinarian, such as behavioral therapies and specialized dog foods. Ms. Sherpa said she does not believe the definition of veterinary expenses precluded a company from offering more benefits. Ms. Brown said the definition currently covers only expenses associated with treatment provided by a veterinarian. Ms. Brown
suggested changing the language to “provided, prescribed or suggested by a veterinarian.” Ms. Zoller asked how the insured would prove an expense that was not specifically prescribed. Gavin Friedman (Trupanion) said the recommendation would be included in the medical records. Ms. Golab suggested changing “provided” to “recommended.” Mr. Gendron asked if the file would identify recommendations from veterinarians. Ms. Golab said the AVMA would encourage veterinarians to put all treatment suggestions into the patient file.

Mr. Fielding said the current definition may be limiting what expenses are covered by pet insurance. He recommended using the term “eligible expenses” and then disclose what is and is not covered in the policy. Superintendent Dwyer said they are currently addressing an issue with a company providing a wellness plan that the company does not believe is an insurance policy. She said that by not defining the expenses, it may leave open the interpretation of what pet insurance is. Ms. Brown suggested adding “which shall include treatment provided, prescribed or suggested by a veterinarian” to Section 3D—Pet Insurance.

The Working Group will continue discussion on these sections during future conference calls.

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