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Delivered via Electronic Mail – matthew.gendron@dbr.ri.gov

Matt Gendron
Chair, Pet MCAS Subject Matter Expert Working Group
Rhode Island Department of Business Regulation
Building 68, 1511 Pontiac Ave,
Cranston, RI 02920

RE: NAPHIA Comments on Pet MCAS Draft

Dear Mr. Gendron;

The North American Pet Health Insurance Association (NAPHIA) is pleased to offer comments regarding the draft pet Market Conduct Annual Statement (MCAS). We appreciate all the efforts of the subject matter expert regulators to prepare definitions and interrogatories for the MCAS Blanks Working Group. As you know, NAPHIA is committed to working towards a final report that provides meaningful and valuable data for market conduct review.

Our comments below focus mainly on the claims reporting schedule currently under discussion by the working group. As promised, our members reviewed the current items for discussion with their claims departments to gather information and suggestions. It is our intent to provide a clearer understanding of our member processes as well as the suggestions below:

1. **Adopt Travel MCAS Claim Definition**– NAPHIA understands the regulator’s interest in learning which items are covered in a claim. However, we learned that most member companies view each invoice as a claim. Therefore, they do not separate each line item as an individual claim. As a result, none of the companies we spoke with break out claims payments or denials by coverage type or line item today. We suggest the working group use the claim definition in the travel MCAS:

Travel MCAS Claim Definition:

Claim – A request or demand for payment of a loss that may be included within the terms of coverage of an insurance policy/certificate. Each claimant/insured reporting a loss is counted separately. Exclude:

- *An event reported for “information only.”*
 - *An inquiry of coverage if a claim has not actually been presented (opened) for payment.*
 - *A potential claimant if that individual has not made a claim nor had a claim made on his or her behalf*
- **Challenges of reporting claims by coverage type** – Companies overwhelmingly shared that claims systems could not easily break out the data by coverage type and line item. Our top concerns include the following:

- Significant and costly upgrades for insurers, MGAs, producers, administrators, veterinarians, and claims system vendors for a minimal number of insured pets (today, 3.89% of dogs and 0.95% of cats are insured in the U.S.).
- Data integrity and lack of uniformity would likely result in little confidence in reported numbers.
- Pet insurance does not have required uniform coding standards, like health insurance (91.2% of Americans have health insurance). Therefore this may create data integrity issues.
- Requiring insurers to break out claims by coverage type rather than policy type by January 1, 2024, is unrealistic.

2. Include Claim Reporting by Policy type for Wellness Only, Accident and Illness, and Other Policy Types

NAPHIA agrees with Rhode Island's suggestions to report claims by insured Wellness Only, Accident and Illness, and other policy types. We believe these categories will be the most useful for MCAS analysis.

3. Consider Claim Reporting for Partial vs. Full Payment

NAPHIA member companies confirm they can report the dollar amounts of partial vs. full payment of claims by policy type.

4. Factor in Reasonable Implementation Timeline

Again, we must mention the issue of timing. Should regulators wish to stand up a pet MCAS for the 2024 reporting year, we suggest a streamlined approach for the first few years of reporting. Then, once data becomes available, it will be much clearer what, if any, revisions are needed.

NAPHIA remains committed to working with you and your colleagues on the working group to develop the MCAS data call. Please do not hesitate to contact us should you have any questions.

Sincerely,

Cari Lee

Cari L. Lee

Director of Government Affairs and Public Policy

Steptoe and Johnson, LLP

On behalf of the North American Pet Health Insurance Association