



**State of Vermont**  
**Department of Financial Regulation**  
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To: Chair of the Pet Insurance (C) Working Group, Working Group Members, and Mr. Aaron Brandenburg

From: State of Vermont Department of Financial Regulation, Insurance Division

Date: 10/22/2019

Re: Comments on Sections 1-4 of the Pet Insurance Model Law

Dear Deputy Commissioner Beatty, Mr. Brandenburg, and members of the Pet Insurance (C) Working Group,

We appreciate the opportunity to comment on the first four sections of the Pet Insurance Model Law, as well as the time and effort the working group has put forth thus far.

**1) Section 3 (D):**

D. “Pet insurance” means an individual or group insurance policy that provides coverage for veterinary expenses.

Comment: Vermont does not have a framework for approving group property and casualty policies at this time.

**2) Section 3 (E):**

E. “Preexisting condition” means any condition for which a veterinarian provided medical advice, the pet received treatment for, or the pet displayed signs or symptoms consistent with the stated condition prior to the effective date of a pet insurance policy or during any waiting period.

Comment: Vermont requests clarification on whether a veterinarian must see and document the signs and symptoms mentioned, or whether a pet owner is the referenced party. It seems unreasonable that a pet owner knows all signs and symptoms of animal disease states. In addition, it seems difficult to establish the fact regarding signs and symptoms without a written record.

**3) Section 3 (G)**

G. “Veterinary expenses” means the costs associated with medical advice, diagnosis, care, or treatment provided by a veterinarian, including, but not limited to, the cost of drugs prescribed by a veterinarian.

Comment: Vermont would like to discuss whether this definition would allow for the exclusion of fees. E.g. medical waste fees, administrative exam fees, or other costs attributed to or resulting from the performance of veterinary services.

#### **4) Section 4 (A) (4)**

Whether the insurer reduces coverage or increases premiums based on the insured's claim history.

Comment: Deviation from filed rates and forms is considered an unfair trade practice in Vermont. Changing an insured's coverage levels during the policy period based on claims is not allowed per 8 V.S.A. 4724 (19). Vermont does, however, allow insurance companies to change premium based on claims at renewal (using filed rates), or to non-renew for any reason. The Department would expect a company to avoid continuation of coverage for an undesirable risk using the practice of non-renewal.

#### **5) Section 4 (E)**

A pet insurer that determines claim payments under a pet insurance policy based on ~~usual and customary~~ reasonable and necessary fees[...]

Comment: Vermont requests this change for all property and casualty coverages. There is no managed care rule applicable to property and casualty insurance that assesses the fairness of an insurer's usual and customary fees.

If there are any questions regarding this submission, please do not hesitate to be in touch.

Sincerely,

Anna Van Fleet

Assistant Director, Rates & Forms, Life & Health

Vermont Department of Financial Regulation