



Testimony on Pet Insurance

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Good morning, Chairman Boyle, Chairwoman Pickett, and Honorable Members of the House Insurance Committee. My name is Jodi Frantz and I serve as Commissioner Humphreys' Chief of Staff at the Pennsylvania Insurance Department (Department). On behalf of Commissioner Humphreys, who couldn't be here today, I would like to thank you for giving us the opportunity to speak with you about HB 660, which was sponsored by Representative Schlossberg.

As noted in Representative Schlossberg's co-sponsorship memo, HB 660 would "create a comprehensive legal framework for the sale, solicitation, and negotiation of pet insurance policies within our state, leaving no space for hidden fees or confusion of coverage." Every pet owner wants what is best for their pets, but owners may not understand the full scope of the pet insurance that they are purchasing. This bill would provide for enhanced consumer protection for owners choosing to obtain insurance coverage for their pets and ensure that benefits are clear and transparent from the inception of the policy.

HB 660 is based on the National Association of Insurance Commissioners' (NAIC) Pet Insurance Model Act. The model law's origins can be traced back to 2018 when the NAIC's Property and Casualty Insurance Committee formed a group that drafted "A Regulator's Guide to Pet Insurance." The guide's purpose was to inform regulators about pet insurance after concerns were raised by an insurer regarding producer licensing requirements for producers selling pet insurance. After the guide's completion, the NAIC created the Pet Insurance Working Group and charged it with writing a model law for the regulation of pet insurance.

The Department was a member of the Pet Insurance Working Group throughout the more than two years it spent drafting the model law. These were years of abundant collaboration and compromise, with pet insurers, agents, consumer advocates and veterinarians attending the working group's meetings and providing their considerable



expertise throughout the drafting of the model law. To date, our understanding is that three states have adopted laws or regulations that are based on the model.

Except for Pennsylvania-specific enforcement language, HB 660 is nearly identical to the NAIC model law. HB 660 provides important protections for consumers who want to purchase pet insurance. There are five categories of consumer protections set forth in HB 660: (1) A requirement that consumers have an opportunity to examine the policy before they decide to keep it (referred to as a “free look” provision); (2) Requirements that insurers make certain disclosures to consumers; (3) Requirements that mandate certain terms and conditions in the policies; (4) Standards governing sales practices; and (5) Specifications for the training of producers who sell these products.

(1) “Free look” provision

HB 660 provides for a 15-day “free look” period, meaning that a consumer has the right to cancel the pet insurance policy within 15 days of issuance and receive a full refund, so long as no claims had been submitted. This provision is designed to provide pet owners with time to examine their policy after issuance and decide whether it is right for them. This provision will help ensure consumers understand their pet insurance policy and don’t make a purchase they later regret.

(2) Disclosure provisions

HB 660 contains considerable disclosure requirements to assist consumers with understanding their pet insurance policies. In fact, a disclosure document must be posted on the pet insurer’s website and provided to an insured upon issuance of a pet insurance policy. It must include details about policy exclusions, waiting periods, deductibles, coinsurance provisions and limits. It must state whether claims will result in reduced coverage or higher premiums. If the age of the pet or a change in address will reduce coverage or increase premium, that too must be disclosed. Any benefit schedule or usual and customary fee



limitation must be included in the disclosure. If a medical examination is required to effectuate coverage, a statement that it may result in a preexisting condition exclusion must also be included.

### (3) Policy Conditions

HB 660 also contains several requirements for the terms and conditions in the policy itself. For example, it would prohibit waiting periods associated with accidents and limit waiting periods associated with illness and orthopedic conditions to 30 days. It requires that any waiting period be waived upon completion of a medical examination and prohibits a pet insurer from requiring a medical examination as a condition of renewing the policy. HB 660 also prohibits pet insurers from labeling a covered condition as “pre-existing” when the policy renews and then excluding it upon the renewal.

### (4) Sales practices

Sections 4507 and 4508 of the proposed law provide standards for the advertising and marketing of pet insurance policies and provide specific standards surrounding the characterization of wellness programs, including a notice that is to be provided to the consumer.

### (5) Training

Finally, HB 660 includes robust training requirements for producers selling pet insurance. The bill requires pet insurers be responsible for ensuring the producers they use to sell their products are trained on preexisting conditions and waiting periods, the differences between pet insurance and wellness programs, hereditary disorders, congenital anomalies or disorders, chronic conditions, rating, and underwriting.

The Department’s mission is to promote a competitive and robust marketplace for consumers, while ensuring consumers are treated fairly, and can make informed decisions. HB



660 will help the Department further this mission as it is designed to protect and inform consumers about the pet insurance policies they purchase. The Department's authority to promulgate rules and regulations will be an important tool.

Thank you for allowing me the opportunity to speak with you today about HB 660. I am happy to answer any questions you may have at this time.