

2024 -- S 2812

LC004387

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

A N A C T

RELATING TO INSURANCE -- PET INSURANCE ACT

Introduced By: Senators Bissailon, Picard, Gu, and Ruggerio

Date Introduced: March 22, 2024

Referred To: Senate Environment & Agriculture

(Dept. of Business Regulation)

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 27 of the General Laws entitled "INSURANCE" is hereby amended by
2 adding thereto the following chapter:

3 CHAPTER 82

4 PET INSURANCE ACT

5 **27-82-1. Scope and purpose.**

6 (a) The purpose of this chapter is to promote the public welfare by creating a
7 comprehensive legal framework within which pet insurance may be sold in this state.

8 (b) The requirements of this chapter shall apply to pet insurance policies that are issued to
9 any resident of this state and are sold, solicited, negotiated, or offered in this state, and policies or
10 certificates that are delivered or issued for delivery in this state.

11 (c) All other applicable provisions of this state's insurance laws shall continue to apply to
12 pet insurance except that the specific provisions of this chapter shall supersede any general
13 provisions of law that would otherwise be applicable to pet insurance.

14 **27-82-2. Definitions.**

15 (a) If a pet insurer uses any of the terms in this chapter in a policy of pet insurance, the pet
16 insurer shall use the definition of each of those terms as set forth herein and include the definition
17 of the term(s) in the policy. The pet insurer shall also make the definition available through a clear
18 and conspicuous link on the main page of the pet insurer or pet insurer's program administrator's
19 website.

1 **(b) Nothing in this chapter shall in any way prohibit or limit the types of exclusions pet**
2 **insurers may use in their policies or require pet insurers to have any of the limitations or exclusions**
3 **defined below.**

4 **(c) For purposes of this chapter:**

5 **(1) “Chronic condition” means a condition that can be treated or managed, but not cured.**

6 **(2) “Congenital anomaly or disorder” means a condition that is present from birth, whether**
7 **inherited or caused by the environment, which may cause or contribute to illness or disease.**

8 **(3) “Hereditary disorder” means an abnormality that is genetically transmitted from parent**
9 **to offspring and may cause illness or disease.**

10 **(4) “Orthopedic” refers to conditions affecting the bones, skeletal muscle, cartilage,**
11 **tendons, ligaments, and joints. It includes, but is not limited to, elbow dysplasia, hip dysplasia,**
12 **intervertebral disc degeneration, patellar luxation, and ruptured cranial cruciate ligaments. It does**
13 **not include cancers or metabolic, hemopoietic, or autoimmune diseases.**

14 **(5) “Pet insurance” means a property insurance policy that provides coverage for accidents**
15 **and illnesses of pets.**

16 **(6) “Preexisting condition” means any condition for which any of the following are true**
17 **prior to the effective date of a pet insurance policy or during any waiting period:**

18 **(i) A veterinarian provided medical advice;**

19 **(ii) The pet received previous treatment; or**

20 **(iii) Based on information from verifiable sources, the pet had signs or symptoms directly**
21 **related to the condition for which a claim is being made.**

22 **(iv) A condition for which coverage is afforded on a policy cannot be considered a**
23 **preexisting condition on any renewal of the policy.**

24 **(7) “Renewal” means to issue and deliver at the end of an insurance policy period a policy**
25 **which supersedes a policy previously issued and delivered by the same pet insurer or affiliated pet**
26 **insurer and which provides types and limits of coverage substantially similar to those contained in**
27 **the policy being superseded.**

28 **(8) “Veterinarian” means an individual who holds a valid license to practice veterinary**
29 **medicine from the appropriate licensing entity in the jurisdiction in which the individual practices.**

30 **(9) “Veterinary expenses” means the costs associated with medical advice, diagnosis, care,**
31 **or treatment provided by a veterinarian, including, but not limited to, the cost of drugs prescribed**
32 **by a veterinarian.**

33 **(10) “Waiting period” means the period of time specified in a pet insurance policy that is**
34 **required to transpire before some or all of the coverage in the policy can begin. Waiting periods**

1 may not be applied to renewals of existing coverage.

2 (11) "Wellness program" means a subscription or reimbursement-based program that is
3 separate from an insurance policy that provides goods and services to promote the general health,
4 safety, or wellbeing of the pet. If any wellness program

5 (i) Pays or indemnifies another as to loss from certain contingencies called "risks,"
6 including through reinsurance;

7 (ii) Pays or grants a specified amount or determinable benefit to another in connection with
8 ascertainable risk contingencies; or

9 (iii) Acts as a surety, it is transacting in the business of insurance and is subject to the
10 insurance code, as defined in § 27-54.1-1. This definition is not intended to classify a contract
11 directly between a service provider and a pet owner that only involves the two (2) parties as being
12 "the business of insurance," unless other indications of insurance also exist.

13 **27-82-4. Disclosures.**

14 (a) A pet insurer transacting pet insurance shall disclose the following to consumers:

15 (1) If the policy excludes coverage due to any of the following:

16 (i) A preexisting condition;

17 (ii) A hereditary disorder;

18 (iii) A congenital anomaly or disorder; or

19 (iv) A chronic condition;

20 (2) If the policy includes any other exclusions, the following statement: "Other exclusions
21 may apply. Please refer to the exclusions section of the policy for more information.";

22 (3) Any policy provision that limits coverage through a waiting or affiliation period, a
23 deductible, coinsurance, or an annual or lifetime policy limit;

24 (4) Whether the pet insurer reduces coverage or increases premiums based on the insured's
25 claim history, the age of the covered pet or a change in the geographic location of the insured; and

26 (5) If the underwriting company differs from the brand name used to market and sell the
27 product.

28 (b) Right to examine and return the policy.

29 (1) Unless the insured has filed a claim under the pet insurance policy, pet insurance
30 applicants shall have the right to examine and return the policy, certificate or rider to the company
31 or an agent/insurance producer of the company within fifteen (15) days of its receipt and to have
32 the premium refunded if, after examination of the policy, certificate or rider, the applicant is not
33 satisfied for any reason.

34 (2) Pet insurance policies, certificates and riders shall have a notice prominently printed on

1 the first page or attached thereto including specific instructions to accomplish a return. The
2 following free look statement or language substantially similar shall be included:

3 “You have fifteen (15) days from the day you receive this policy, certificate, or rider to
4 review it, and return it to the company if you decide not to keep it. You do not have to tell the
5 company why you are returning it. If you decide not to keep it, simply return it to the company at
6 its administrative office, or you may return it to the agent/insurance producer that you bought it
7 from as long as you have not filed a claim. You must return it within fifteen (15) days of the day
8 you first received it. The company will refund the full amount of any premium paid within thirty
9 (30) days after it receives the returned policy, certificate, or rider. The premium refund will be sent
10 directly to the person who paid it. The policy, certificate, or rider will be void as if it had never
11 been issued.”

12 (c) A pet insurer shall clearly disclose a summary description of the basis or formula on
13 which the pet insurer determines claim payments under a pet insurance policy within the policy,
14 prior to policy issuance, and through a clear and conspicuous link on the main page of the pet
15 insurer’s or pet insurer’s program administrator’s website.

16 (d) A pet insurer that uses a benefit schedule to determine claim payment under a pet
17 insurance policy shall do both of the following:

18 (1) Clearly disclose the applicable benefit schedule in the policy; and

19 (2) Disclose all benefit schedules used by the pet insurer under its pet insurance policies
20 through a clear and conspicuous link on the main page of the pet insurer’s or pet insurer’s program
21 administrator’s website.

22 (e) A pet insurer that determines claim payments under a pet insurance policy based on
23 usual and customary fees, or any other reimbursement limitation based on prevailing veterinary
24 service provider charges, shall do both of the following:

25 (1) Include a usual and customary fee limitation provision in the policy that clearly
26 describes the pet insurer’s basis for determining usual and customary fees and how that basis is
27 applied in calculating claim payments; and

28 (2) Disclose the pet insurer’s basis for determining usual and customary fees through a
29 clear and conspicuous link on the main page of the pet insurer’s or pet insurer’s program
30 administrator’s website.

31 (f) If any medical examination by a licensed veterinarian is required to effectuate coverage,
32 the pet insurer shall clearly and conspicuously disclose the required aspects of the examination
33 prior to purchase and disclose that examination documentation may result in a preexisting condition
34 exclusion.

1 (g) Waiting periods and the requirements applicable to them, must be clearly and
2 prominently disclosed to consumers prior to the policy purchase.

3 (h) The pet insurer shall include a summary of all policy provisions required in subsections
4 (a) through (g) of this section, inclusive, in a separate document titled “Insurer Disclosure of
5 Important Policy Provisions.”

6 (i) The pet insurer shall post the “Insurer Disclosure of Important Policy Provisions”
7 document required in subsection (h) of this section through a clear and conspicuous link on the
8 main page of the pet insurer’s or pet insurer’s program administrator’s website.

9 (j) In connection with the issuance of a new pet insurance policy, the pet insurer shall
10 provide the consumer with a copy of the “Insurer Disclosure of Important Policy Provisions”
11 document required pursuant to subsection (h) of this section in at least twelve-point (12) type when
12 the policy is delivered.

13 (k) At the time a pet insurance policy is issued or delivered to a policyholder, the pet insurer
14 shall include a written disclosure with the following information, printed in twelve-point (12)
15 boldface type:

16 (1) The address and customer service telephone number of the pet insurer or the agent or
17 broker of record.

18 (2) If the policy was issued or delivered by an agent or broker, a statement advising the
19 policyholder to contact the broker or agent for assistance.

20 (l) The disclosures required in this section shall be in addition to any other disclosures
21 required by law or regulation.

22 **27-82-5. Policy Conditions.**

23 (a) A pet insurer may issue policies that exclude coverage on the basis of one or more
24 preexisting conditions with appropriate disclosure to the consumer. The pet insurer has the burden
25 of proving that the preexisting condition exclusion applies to the condition for which a claim is
26 being made.

27 (b) A pet insurer may issue policies that impose waiting periods upon effectuation of the
28 policy that do not exceed thirty (30) days for illnesses or orthopedic conditions not resulting from
29 an accident. Waiting periods for accidents are prohibited. However, an insurer may issue coverage
30 to be effective at 12:01 a.m. on the second calendar day after the purchase.

31 (1) A pet insurer utilizing a waiting period permitted in subsection (b) of this section shall
32 include a provision in its contract that allows the waiting periods to be waived upon completion of
33 a medical examination. Pet insurers may require the examination to be conducted by a licensed
34 veterinarian after the purchase of the policy.

1 (i) A medical examination under subsection (b) of this section shall be paid for by the
2 policyholder, unless the policy specifies that the pet insurer will pay for the examination.

3 (ii) A pet insurer can specify elements to be included as part of the examination and require
4 documentation thereof, provided the specifications do not unreasonably restrict a consumer's
5 ability to waive the waiting periods in subsection (b) of this section.

6 (2) Waiting periods, and the requirements applicable to them, must be clearly and
7 prominently disclosed to consumers prior to the policy purchase.

8 (3) If a policy does not include a waiting period for an illness or orthopedic condition, an
9 insurer may set a policy effectuation date that is up to fifteen (15) days after purchase, so long as
10 such policy effectuation date is clearly disclosed and no premium is earned before the policy
11 becomes effective.

12 (c) A pet insurer must not require a veterinary examination of the covered pet for the
13 insured to have their policy renewed.

14 (d) If a pet insurer includes any prescriptive, wellness, or non-insurance benefits in the
15 policy form, then it is made part of the policy contract and must follow all applicable laws and
16 regulations in the insurance code.

17 (e) An insured's eligibility to purchase a pet insurance policy must not be based on
18 participation, or lack of participation, in a separate wellness program.

19 **27-82-6. Sales Practices for Wellness Programs.**

20 (a) A pet insurer and/or producer shall not do the following:

21 (1) Market a wellness program as pet insurance;

22 (2) Market a wellness program during the sale, solicitation, or negotiation of pet insurance.

23 (b) If a wellness program is sold by a pet insurer and/or producer:

24 (1) The purchase of the wellness program shall not be a requirement to the purchase of pet
25 insurance;

26 (2) The costs of the wellness program shall be separate and identifiable from any pet
27 insurance policy sold by a pet insurer and/or producer;

28 (3) The terms and conditions for the wellness program shall be separate from any pet
29 insurance policy sold by a pet insurer and/or producer;

30 (4) The products or coverages available through the wellness program shall not duplicate
31 products or coverages available through the pet insurance policy;

32 (5) The advertising of the wellness program shall not be misleading and shall be in
33 accordance with subsection (b) of this section; and

34 (6) A pet insurer and/or producer shall clearly disclose the following to consumers, printed

1 in twelve-point (12) boldface type:

2 (i) That wellness programs are not insurance.

3 (ii) The address and customer service telephone number of the pet insurer or producer or
4 broker of record.

5 (c) Coverages included in the pet insurance policy contract described as “wellness” benefits
6 are insurance.

7 **27-82-7. Insurance Producer Training.**

8 (a) An insurance producer shall not sell, solicit, or negotiate a pet insurance product until
9 after the producer is appropriately licensed and has completed the required training identified in
10 subsection (c) of this section.

11 (b) Insurers shall ensure that its producers are trained under subsection (c) of this section
12 and that its producers have been appropriately trained on the coverages and conditions of its pet
13 insurance products.

14 (c) The training required under this subsection shall include information on the following
15 topics:

16 (1) Preexisting conditions and waiting periods;

17 (2) The differences between pet insurance and noninsurance wellness programs;

18 (3) Hereditary disorders, congenital anomalies or disorders and chronic conditions and how
19 pet insurance policies interact with those conditions or disorders; and

20 (4) Rating, underwriting, renewal, and other related administrative topics.

21 (d) The satisfaction of the training requirements of another state that are substantially
22 similar to the provisions of subsection (c) of this section shall be deemed to satisfy the training
23 requirements in this state.

24 **27-82-8. Violations.**

25 Violations of this chapter shall be subject to penalties pursuant to § 42-14-16.

26 SECTION 2. This act shall take effect on January 1, 2025.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T
RELATING TO INSURANCE -- PET INSURANCE ACT

- 1 This act would enact a chapter to regulate pet insurance.
- 2 This act would take effect on January 1, 2025.

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