



SUPPORT SB589 – An Act Relative to Pet Insurance
Sen. Richard Ross (R)
Referred to Joint Committee on Financial Services

WHAT THIS BILL DOES:

This bill requires pet insurance companies to clearly state exactly what their policy will cover and what it will not cover. It also prevents pet insurance companies from excluding coverage for breed-specific conditions.

WHY YOU SHOULD SUPPORT THIS BILL:

This bill clarifies the definitions used by pet insurance companies and makes the coverage (and the exclusions) being offered very clear to the consumer. Pet insurance can be costly and confusing and it is important for consumers to understand what they are purchasing.

FOR MORE INFORMATION:

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SENATE No. 589
The Commonwealth of Massachusetts

PRESENTED BY:
Richard J. Ross

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:
An Act relative to pet insurance.

PETITION OF:
NAME: DISTRICT/ADDRESS:
Richard J. Ross Norfolk, Bristol and Middlesex
Steven S. Howitt 4th Bristol 1/24/2017
Ryan C. Fattman Worcester and Norfolk 2/2/2017
Bruce E. Tarr First Essex and Middlesex 2/14/2017

SENATE No. 589

By Mr. Ross, a petition (accompanied by bill, Senate, No. 589) of Richard J. Ross, Steven S. Howitt, Ryan C. Fattman and Bruce E. Tarr for legislation relative to pet insurance. Financial Services.

The Commonwealth of Massachusetts

In the One Hundred and Ninetieth General Court
(2017-2018)

An Act relative to pet insurance.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 175 of the General Laws is hereby amended by inserting at the end
2 thereof the following new section:-

3 Section 228. (a) For purposes of this section, the following definitions shall apply:

4 "Breed-specific condition" means an abnormality or condition that is genetically
5 transmitted from parent to offspring and may cause illness or disease; provided that such
6 abnormality or condition is frequently found in a specific breed.

7 "Chronic condition" means a condition that can be treated or managed, but not cured.

8 "Congenital anomaly or disorder" means a condition that is present from birth, whether
9 inherited or caused by the environment, which may cause or otherwise contribute to illness or
10 disease.

11 "Hereditary disorder" means an abnormality that is genetically transmitted from parent to
12 offspring and may cause illness or disease.

13 "Pet insurance" means an individual or group insurance policy that provides coverage for
14 veterinary expenses.

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

18 "Veterinarian" means an individual who holds a valid license to practice veterinary
19 medicine from the Board of Registration in Veterinary Medicine pursuant to section 55 of
20 chapter 112 of the General Laws or other appropriate licensing entity in the jurisdiction in which
21 he or she practices.

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

25 "Waiting or affiliation period" means the period of time specified in a pet insurance
26 policy that is required to transpire before some or all of the coverage in the policy can begin.

27 (b) A policy of pet insurance that is marketed, issued, amended, renewed, or delivered,
28 whether or not in Massachusetts, to a Massachusetts resident, on or after July 1, 2017, regardless
29 of the situs of the contract or master group policyholder, or the jurisdiction in which the contract
30 was issued or delivered, is subject to this section.

31 (c)(1) An insurer transacting pet insurance in Massachusetts shall disclose all of the
32 following to consumers:

33 (i) If the policy excludes coverage due to any of the following:

34 (A) A preexisting condition.

35 (B) A hereditary disorder.

36 (C) A congenital anomaly or disorder.

37 (D) A chronic condition.

38 (ii) If the policy includes any other exclusion, the following statement: "Other exclusions
39 may apply. Please refer to the exclusions section of the policy for more information."
40 (iii) Any policy provision that limits coverage through a waiting or affiliation period, a
41 deductible, coinsurance, or an annual or lifetime policy limit.
42 (iv) Whether the insurer reduces coverage or increases premiums based on the insured's
43 claim history.

44 (2) If a pet insurer uses any of the terms in clause (i) of paragraph (1) in a policy of pet
45 insurance, the insurer shall use the definition of those terms as set forth in subsection (a) and
46 include the definition of the term in the policy. The pet insurer shall also make that definition
47 available through a link on the main page of the insurer's Internet website.

48 (3) Nothing in this section in any way prohibits or limits the types of exclusions pet
49 insurers may use in their policies, nor does it require pet insurers to have any of the limitations or
50 exclusions defined in subsection (a); provided however, that pet insurers shall not exclude
51 coverage for breed-specific conditions, as defined in subsection (a).

52 (4) A pet insurer shall clearly disclose a summary description of the basis of the formula
53 on which the insurer determines claim payments under a pet insurance policy within the policy
54 and through a link on the main page of the insurer's Internet website.

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

57 (i) Clearly disclose the applicable benefit schedule in the policy.
58 (ii) Disclose all benefit schedules used by the insurer under its pet insurance policies
59 through a link on the main page of the insurer's Internet website.

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

63 (i) Include a usual and customary fee limitation provision in the policy that clearly
64 describes the insurer's basis for determining usual and customary fees and how that basis is
65 applied in calculating claim payments.
66 (ii) Disclose the insurer's basis for determining usual and customary fees through a link
67 on the main page of the insurer's Internet website.

68 (7) The insurer shall create a summary of all policy provisions required in paragraphs (1)
69 through (6), inclusive, into a separate document titled "Insurer Disclosure of Important Policy
70 Provisions."

71 (8) The insurer shall post the "Insurer Disclosure of Important Policy Provisions"
72 document required in paragraph (7) through a link on the main page of the insurer's Internet
73 website.

74 (9)(i) In connection with the issuance of a new pet insurance policy, the insurer shall
75 provide the consumer with a copy of the "Insurer Disclosure of Important Policy Provisions"
76 document required pursuant to paragraph (7) in at least 12-point type when it delivers the policy.
77 (ii) The pet insurance policy shall have clearly printed thereon or attached thereto a notice
78 stating that, after receipt of the policy by the owner, the policy may be returned by the insured
79 for cancellation by delivering it or mailing it to the insurer or to the agent through whom it was
80 purchased.

81 (A) The period of time set forth by the insurer for return of the policy shall be clearly
82 stated on the notice, and this free look period shall be not less than 30 days. The insured may
83 return the policy to the insurer or the agent through whom the policy was purchased at any time
84 during the free look period specified in the notice.

85 (B) The delivery or mailing of the policy by the insured pursuant to this clause shall void
86 the policy from the beginning, and the parties shall be in the same position as if a policy or
87 contract had not been issued.

88 (C) All premiums paid and any policy fee paid for the policy shall be refunded to the
89 insured within 30 days from the date that the insurer is notified of the cancellation. However, if
90 the insurer has paid any claim, or has advised the insured in writing that a claim will be paid, the

91 30-day free look right pursuant to this clause is inapplicable and instead the policy provisions
92 relating to cancellation apply to any refund.

93 (10) The disclosures required in this section shall be in addition to any other disclosure
94 requirements under any relevant law or regulation.

95 (d)(1) An insurer who violates a provision of this section shall be liable for a civil penalty
96 to be determined by the commissioner, not to exceed five thousand dollars for each violation, or,
97 if the violation was willful, a civil penalty not to exceed ten thousand dollars for each violation.
98 The commissioner may establish the acts that constitute a distinct violation for purposes of this
99 section. However, when the issuance, amendment, or servicing of a policy or endorsement is
100 inadvertent, all of those acts constitute a single violation for purposes of this section.

101 (2) The penalty imposed by this section shall be imposed by and determined by the
102 commissioner pursuant to subsection (e) of this section. The penalty imposed by this section is
103 appealable.

104 (e)(1) Whenever the commissioner has reason to believe that an insurer has been engaged
105 in conduct in Massachusetts which violates this section, or if the commissioner believes that an
106 insurer has been engaged in conduct outside of Massachusetts which has an effect on a person
107 residing in Massachusetts and which violates this section, the commissioner shall issue and serve
108 upon that insurer a statement of charges and notice of hearing to be held at a time and place fixed
109 in the notice, the date of such hearing shall be not less than 30 days after the date of service.

110 (2) At the time and place fixed for such hearing the insurer shall have an opportunity to
111 answer the charges against it and present evidence on its behalf. Upon good cause shown, the
112 commissioner shall permit any adversely affected person to intervene, appear and be heard at
113 such hearing by counsel or in person.

114 (3) At any hearing conducted pursuant to this section the commissioner may administer
115 oaths, examine and cross-examine witnesses and receive oral and documentary evidence. The
116 commissioner shall have the power to subpoena witnesses, compel their attendance and require
117 the production of books, papers, records, correspondence and other documents which are
118 relevant to the hearing. A stenographic record of the hearing shall be made upon the request of
119 any party or at the discretion of the commissioner. If no stenographic record is made and if
120 judicial review is sought, the commissioner shall prepare a statement of the evidence for use on
121 the review. Hearings conducted under this section shall be governed by the same rules of
122 evidence and procedure applicable to administrative proceedings conducted under the laws of the
123 commonwealth.

124 (4) Statements of charges, notices, orders and other processes of the commissioner under
125 this chapter may be served by anyone duly authorized to act on behalf of the commissioner.
126 Service of process may be completed in the manner provided by law for service of process in
127 civil actions or by registered mail. A copy of the statement of charges, notice, order or other
128 process shall be provided to the person or persons whose rights under this chapter have been
129 allegedly violated. A verified return setting forth the manner of service, or return postcard receipt
130 in the case of registered mail, shall be sufficient proof of service.

131 (5) If the charges are found to be justified, the commissioner shall issue and cause to be
132 served upon the insurer an order requiring payment of the penalty imposed by subsection (d) and
133 to cease and desist from engaging in the methods, acts, or practices found to be in violation of
134 this section.

135 (f) The commissioner may adopt reasonable rules and regulations, as are necessary to
136 administer this section.