

House File 2527 - Introduced

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A BILL FOR

1 An Act relating to pet insurance and pet wellness programs.

2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 515L.1 Definitions.

2 1. For purposes of this chapter:

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

5 b. "*Congenital anomaly or disorder*" means a condition
6 that is present from birth, whether inherited or caused by
7 the environment, which may cause or contribute to illness or
8 disease.

9 c. "*Hereditary disorder*" means an abnormality that is
10 genetically transmitted from a parent to the parent's offspring
11 and that may cause or contribute to illness or disease.

12 d. "*Insurance producer*" or "*producer*" means a person
13 licensed pursuant to chapter 522B and trained pursuant to
14 section 515L.6 to sell, solicit, or negotiate pet insurance.

15 e. "*Insurer*" means an entity qualified and licensed by the
16 insurance division to transact the business of pet insurance
17 in this state.

18 f. "*Orthopedic condition*" means a condition that affects
19 the bones, skeletal muscle, cartilage, tendons, ligaments, or
20 joints of a pet. "*Orthopedic condition*" includes but is not
21 limited to elbow dysplasia, hip dysplasia, intervertebral disc
22 degeneration, patellar luxation, and ruptured cranial cruciate
23 ligaments. "*Orthopedic conditions*" shall not include cancer or
24 metabolic, hemopoietic, or autoimmune diseases.

25 g. "*Pet insurance*" means an insurance policy that provides
26 coverage for accidents or illnesses of a pet.

27 h. "*Preexisting condition*" means a pet's condition for which
28 any of the following are true prior to the effective date of a
29 pet insurance policy or during any waiting period:

30 (1) A veterinarian has provided medical advice regarding
31 the condition.

32 (2) The pet has received previous treatment for the
33 condition.

34 (3) Based on information from verifiable sources, the pet
35 had signs or symptoms directly related to the condition for

1 which a claim is being made. A condition for which coverage
2 is afforded on a pet insurance policy shall not be considered
3 a preexisting condition on any renewal of the pet insurance
4 policy.

5 *i. "Veterinarian"* means a person licensed under chapter 169.

6 *j. "Veterinary expenses"* means any costs associated
7 with medical advice, diagnosis, care, or treatment by a
8 veterinarian, or the cost of prescription drugs prescribed by a
9 veterinarian.

10 *k. "Waiting period"* means the period of time specified
11 by a pet insurance policy that must transpire before some
12 or all of the coverage under the pet insurance policy shall
13 begin. *"Waiting period"* shall not apply to the renewal of a pet
14 insurance policy.

15 *l. "Wellness program"* means a subscription or
16 reimbursement-based program that provides goods and services to
17 promote the general health, safety, or well-being of a pet. An
18 entity that offers, promotes, or sells a wellness program to a
19 resident of this state shall not engage in any activity that
20 constitutes the business of insurance in this state.

21 2. The definitions in this section shall apply to the
22 interpretation of any contract for pet insurance entered into
23 in this state.

24 Sec. 2. NEW SECTION. 515L.2 **Scope.**

25 This chapter shall apply to pet insurance policies that
26 are delivered, issued for delivery, renewed, sold, solicited,
27 negotiated, or offered in this state.

28 Sec. 3. NEW SECTION. 515L.3 **Required disclosures.**

29 1. *Disclosures prior to entering into a contract.* An insurer
30 shall disclose to a person prior to entering into a contract
31 for pet insurance all of the following:

32 *a.* Whether the pet insurance policy excludes coverage due
33 to any of the following:

34 (1) A preexisting condition.

35 (2) A hereditary disorder.

1 (3) A congenital anomaly or disorder.

2 (4) A chronic condition.

3 *b.* If the pet insurance policy includes any other
4 exclusions, the pet insurance policy must include a statement
5 that other exclusions may apply, and the applicant should refer
6 to the exclusions section of the pet insurance policy for more
7 information.

8 *c.* Any waiting period required by the pet insurance policy,
9 any provisions that limit coverage during a waiting period,
10 and any deductibles, coinsurance, or annual or lifetime policy
11 limits.

12 *d.* Whether the pet insurer reduces coverage or increases
13 premiums based on the policyholder's claim history, the age of
14 the covered pet, or a change in the geographic location of the
15 policyholder.

16 *e.* Whether the underwriting company differs from the brand
17 name used to market and sell the pet insurance.

18 2. *Right to examine and return the policy.*

19 *a.* Unless a pet insurance policyholder has filed a claim
20 under a pet insurance policy, the policyholder shall maintain
21 the right to examine and return the policy to the insurer
22 within fifteen days of receipt and to have the policyholder's
23 premium refunded if, after examination of the policy, the
24 policyholder is not satisfied for any reason.

25 *b.* A pet insurance policy shall contain a notice prominently
26 printed on the first page of the policy, and on the first
27 page of any certificates or riders, that includes specific
28 instructions to complete a return.

29 *c.* A refund issued under paragraph "a" shall be paid to
30 the policyholder within thirty calendar days after the insurer
31 receives the returned policy.

32 3. *Claim payments.* An insurer shall clearly disclose
33 a summary description of the basis or formula on which the
34 insurer determines claim payments under the insurer's pet
35 insurance policy within the pet insurance policy, prior to

1 issuance of the pet insurance policy, and on the insurer's
2 internet site.

3 4. *Benefit schedules.* If an insurer uses a benefit schedule
4 to determine claim payments under a pet insurance policy, the
5 insurer shall do all of the following:

6 a. Clearly disclose the applicable benefit schedule within
7 the pet insurance policy.

8 b. Disclose all benefit schedules used by the insurer
9 on the insurer's internet site and on the insurer's program
10 administrator's internet site, if applicable.

11 5. *Usual and customary fees.* If an insurer determines
12 claim payments under a pet insurance policy based on usual and
13 customary fees, or any other reimbursement limitation based on
14 prevailing veterinary service provider charges, the insurer
15 shall do all of the following:

16 a. Include a usual and customary fee limitation provision in
17 the pet insurance policy that clearly describes the insurer's
18 basis for determining usual and customary fees and how that
19 basis is applied in calculating claim payments.

20 b. Disclose the insurer's basis for determining usual
21 and customary fees on the insurer's internet site and on the
22 insurer's program administrator's internet site, if applicable.

23 6. *Veterinary examinations.* If a medical examination by a
24 veterinarian is required for coverage under a pet insurance
25 policy, the insurer shall clearly disclose the required
26 aspects of the examination, and whether documentation from the
27 examination may result in a preexisting condition exclusion.

28 7. *Internet site disclosures.* A pet insurer shall include
29 a summary of all policy provisions required by subsections
30 1 through 6 in a separate document that is provided to all
31 policyholders upon issuance of the pet insurance policy, and
32 that may be accessed on the main page of the insurer's internet
33 site and on the insurer's program administrator's internet
34 site, if applicable.

35 8. *Disclosures upon issuance or delivery.* At the time a

1 pet insurance policy is delivered or issued for delivery, an
2 insurer shall provide a written disclosure to the policyholder
3 that contains all of the following:

4 *a.* The mailing address, telephone number, and internet site
5 of the department of insurance and financial services.

6 *b.* The address and customer service telephone number of the
7 insurer, or of the agent or broker of record.

8 *c.* If the policy is issued or delivered by an agent or
9 broker, a statement advising the policyholder to contact the
10 agent or broker for assistance.

11 *d.* Any other disclosures required by law or rule.

12 **Sec. 4. NEW SECTION. 515L.4 Policy conditions.**

13 1. An insurer may issue a pet insurance policy that excludes
14 coverage on the basis of a preexisting condition provided that
15 the insurer complies with the disclosure requirement under
16 section 515L.3, subsection 1, paragraph "a". The pet insurer
17 shall have the burden of proving that a preexisting condition
18 exclusion applies to the condition for which a policyholder
19 makes a claim.

20 2. *a.* An insurer shall not issue a pet insurance policy
21 that imposes any of the following:

22 (1) A waiting period for accidents.

23 (2) A waiting period upon effectuation of the policy that
24 exceeds thirty calendar days for illnesses or orthopedic
25 conditions not resulting from an accident.

26 *b.* If an insurer issues a pet insurance policy that imposes
27 a waiting period, the insurer shall include a provision in
28 the pet insurance policy allowing for waiver of the waiting
29 period upon completion of a medical examination, paid for by
30 the policyholder unless the pet insurance policy provides
31 otherwise. An insurer may require a medical examination under
32 this paragraph to be conducted by a veterinarian, may specify
33 the elements to be included as part of an examination, and may
34 require documentation of the medical examination. An insurer
35 shall not specify elements to be included as part of the

1 examination that unreasonably restrict a policyholder's ability
2 to waive a waiting period.

3 3. An insurer shall not require a veterinary examination of
4 a pet covered under a pet insurance policy as a condition for
5 the renewal of the pet insurance policy.

6 4. Any prescriptive, wellness, or noninsurance benefits
7 included in a pet insurance policy shall comply with all state
8 insurance laws and rules.

9 Sec. 5. NEW SECTION. 515L.5 **Wellness programs.**

10 1. An insurer or a producer shall not do any of the
11 following:

12 a. Require a person to participate, or to not participate,
13 in a wellness program as a prerequisite to purchasing a pet
14 insurance policy.

15 b. Market a wellness program as pet insurance.

16 c. Market a wellness program during the offer, sale,
17 solicitation, or negotiation of pet insurance.

18 2. A wellness program sold by an insurer or a producer shall
19 comply with all of the following:

20 a. The costs associated with the wellness program shall be
21 separate and identifiable from any pet insurance policy sold
22 by the insurer or a producer.

23 b. The terms and conditions for the wellness program shall
24 be separate from any pet insurance policy sold by the insurer
25 or a producer.

26 c. The products or coverages available through the wellness
27 program shall not duplicate products or coverages available
28 through a pet insurance policy sold by the insurer or producer.

29 d. The advertising of the wellness program shall not be
30 misleading as to the nature of the wellness program.

31 3. An insurer or a producer that engages in the sale of
32 a wellness program shall clearly disclose to a person prior
33 to the person purchasing the wellness program all of the
34 following:

35 a. A statement that a wellness program is not a pet

1 insurance policy.

2 *b.* The mailing address, telephone number, and internet site
3 of the department of insurance and financial services.

4 *c.* The address and customer service telephone number of the
5 insurer, or of the producer, agent, or broker of record.

6 *d.* Any coverage included in a pet insurance contract that is
7 described as wellness shall be considered insurance.

8 **Sec. 6. NEW SECTION. 515L.6 Insurance producer training.**

9 1. An insurance producer shall not sell, solicit, or
10 negotiate pet insurance until the producer has completed
11 training as required by this section and is licensed under
12 chapter 522B.

13 2. An insurer shall require that the insurer's insurance
14 producers are trained as required by this section and have been
15 trained on the coverages and conditions of all pet insurance
16 policies offered by the insurer.

17 3. Training for insurance producers shall include
18 information on all of the following topics:

19 *a.* Preexisting conditions, hereditary disorders, congenital
20 anomalies or disorders, and chronic conditions in pets, and
21 applicable pet insurance coverages.

22 *b.* Waiting periods required by pet insurance policies, if
23 any.

24 *c.* Rating, underwriting, renewal, and other related
25 administrative topics as it relates to pet insurance.

26 **Sec. 7. NEW SECTION. 515L.7 Rules.**

27 The commissioner of insurance may adopt rules pursuant to
28 chapter 17A to administer this chapter.

29 **EXPLANATION**

30 The inclusion of this explanation does not constitute agreement with
31 the explanation's substance by the members of the general assembly.

32 This bill relates to pet insurance policies and wellness
33 programs.

34 The bill applies to pet insurance policies (policies)
35 that are delivered, issued for delivery, renewed, sold,

1 solicited, negotiated, or offered in this state. Prior to
2 entering into a contract for pet insurance, an insurer shall
3 disclose to a person whether the policy excludes coverage
4 due to a preexisting condition, a hereditary disorder, a
5 congenital anomaly or disorder, a chronic condition, or any
6 other exclusions. Prior to entering into a contract for pet
7 insurance, an insurer shall also disclose to a person any
8 waiting period required by the policy and any limitation on
9 coverage during a waiting period. In addition, the insurer
10 must disclose whether the pet insurer reduces coverage or
11 increases premiums based on the policyholder's claim history,
12 the age of the covered pet, or a change in the geographic
13 location of the policyholder, and whether the underwriting
14 company differs from the brand name used to market and sell
15 the pet insurance product. "Chronic condition", "congenital
16 anomaly or disorder", "hereditary disorder", "insurer", "pet
17 insurance", "preexisting condition", and "waiting period" are
18 defined in the bill.

19 Under the bill, unless a pet insurance policyholder has
20 filed a claim under a policy, the policyholder shall maintain
21 the right to examine and return the policy to the insurer
22 within 15 days of receipt, and to have the policyholder's
23 premium refunded if the policyholder is not satisfied for any
24 reason. A policy shall contain a notice that includes specific
25 instructions to complete a return, and any refund issued to a
26 policyholder shall be paid within 30 days after the insurer
27 receives the returned policy.

28 The bill requires an insurer to clearly disclose prior
29 to issuance of a policy, and on the insurer's internet site,
30 a summary description of the basis or formula on which the
31 insurer determines claim payments under the policy. An insurer
32 shall also disclose within a policy, and on the insurer's
33 internet site, a benefit schedule if the insurer uses a benefit
34 schedule to determine claim payments under a policy, and a
35 usual and customary fee limitation provision if the insurer

1 determines claim payments under a policy based on usual and
2 customary fees or any other reimbursement limitation based
3 on prevailing veterinary service provider charges. The bill
4 requires an insurer to clearly disclose whether a medical
5 examination by a veterinarian is required for coverage under a
6 policy, the required aspects of the examination, and whether
7 documentation from the examination may result in a preexisting
8 condition exclusion.

9 A pet insurer shall include a summary of all disclosures
10 required by the bill in a separate document that is provided to
11 all policyholders upon issuance of a policy, and that may be
12 accessed on the main page of the insurer's internet site.

13 At the time a pet insurance policy is delivered or issued
14 for delivery, an insurer shall provide a written disclosure to
15 the policyholder that contains the mailing address, telephone
16 number, and internet site of the department of insurance and
17 financial services, the address and customer service telephone
18 number of the insurer or of the agent or broker of record, and,
19 if the policy is issued or delivered by an agent or broker, a
20 statement advising the policyholder to contact the agent or
21 broker for assistance.

22 Under the bill, an insurer may issue a policy that excludes
23 coverage on the basis of a preexisting condition provided that
24 the insurer complies with the disclosure requirements. The
25 bill prohibits an insurer from issuing a policy that imposes
26 a waiting period that exceeds 30 calendar days for illnesses
27 or orthopedic conditions not resulting from an accident, or
28 any waiting period for accidents. If an insurer issues a pet
29 insurance policy that imposes a waiting period, the insurer
30 shall include a provision in the pet insurance policy allowing
31 for waiver of the waiting period upon completion of a medical
32 examination pursuant to the requirements in the bill.

33 The bill prohibits an insurer from requiring a veterinary
34 examination of a pet covered under a policy as a condition for
35 the renewal of the policy. The bill requires any prescriptive,

1 wellness, or noninsurance benefits included in a policy to
2 comply with all state insurance laws. The bill prohibits
3 an insurer from requiring a person to participate, or not
4 to participate, in a wellness program as a prerequisite to
5 purchasing a policy. "Wellness program" is defined in the
6 bill.

7 The bill prohibits an insurer from marketing a wellness
8 program as pet insurance, or marketing a wellness program
9 during the sale, solicitation, or negotiation of pet insurance.
10 A wellness program sold by an insurer shall keep the costs
11 associated with the wellness program separate and identifiable
12 from any policy sold by the insurer, the terms and conditions
13 for the wellness program shall be separate from any policy
14 sold by the insurer, the products or coverages available
15 through the wellness program shall not duplicate products or
16 coverages available through a policy, and the advertising
17 of the wellness program shall not be misleading as to the
18 nature of the wellness program. An insurer that engages in
19 the sale of a wellness program shall clearly disclose to a
20 person prior to purchasing the wellness program a statement
21 that a wellness program is not an insurance policy, the mailing
22 address, telephone number, and internet site of the department
23 of insurance and financial services, the address and customer
24 service telephone number of the insurer or of the agent or
25 broker of record, and a disclosure that coverages included in
26 the pet insurance contract that are described as wellness shall
27 be considered insurance.

28 The bill prohibits an insurance producer from selling,
29 soliciting, or negotiating a pet insurance product until
30 after the insurance producer is licensed as an insurance
31 producer and has completed training as required by the bill.
32 "Insurance producer" is defined in the bill. An insurer shall
33 require that insurance producers are trained according to
34 the requirements detailed in the bill, and require that they
35 have also been trained on the coverages and conditions of the

1 insurer's policies.

2 The commissioner of insurance may adopt rules to administer

3 the bill.