

ASSEMBLY, No. 4942

STATE OF NEW JERSEY

220th LEGISLATURE

INTRODUCED DECEMBER 8, 2022

Sponsored by:
Assemblywoman CAROL A. MURPHY
District 7 (Burlington)

SYNOPSIS

“Pet Insurance Act.”

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning pet insurance and supplementing P.L.1987,
2 c.377 (C.17:46D-1 et seq.).

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. This act shall be known and may be cited as the “Pet
8 Insurance Act.”

9
10 2. The Legislature finds and declares that:

11 a. The purpose of this act is to promote the public welfare by
12 creating a comprehensive legal framework within which pet
13 insurance may be sold in this State.

14 b. The requirements of this act shall apply to pet insurance
15 policies that are issued to any resident of this State, and are sold,
16 solicited, negotiated, or offered in this State, and policies or
17 certificates that are delivered or issued for delivery in this State.

18 c. All other applicable provisions of this State’s insurance laws
19 shall continue to apply to pet insurance except that the specific
20 provisions of this act shall supersede any general provisions of law
21 that would otherwise be applicable to pet insurance.

22
23 3. As used in this act:

24 “Chronic condition” means a condition that can be treated or
25 managed, but not cured.

26 “Congenital anomaly or disorder” means a condition that is
27 present from birth, whether inherited or caused by the environment,
28 which may cause or contribute to illness or disease.

29 “Department” means the Department of Banking and Insurance.

30 “Hereditary disorder” means an abnormality that is genetically
31 transmitted from parent to offspring and may cause illness or
32 disease.

33 “Orthopedic” refers to conditions affecting the bones, skeletal
34 muscle, cartilage, tendons, ligaments, and joints. It includes, but is
35 not limited to, elbow dysplasia, hip dysplasia, intervertebral disc
36 degeneration, patellar luxation, and ruptured cranial cruciate
37 ligaments. It does not include cancers or metabolic, hemopoietic, or
38 autoimmune diseases.

39 “Pet” means a member of the kingdom of living beings,
40 commonly known as a domestic animal, that has the capacity for
41 spontaneous movement and rapid motor response to stimulation, yet
42 is not human, and which has been adapted or tamed to live in
43 intimate association with, and for the pleasure or advantage of, the
44 human species.

45 “Pet insurance” means a property insurance policy that provides
46 coverage for accidents and illnesses of pets.

1 “Preexisting condition” means any condition for which any of
2 the following are true prior to the effective date of a pet insurance
3 policy or during any waiting period:

4 (1) A veterinarian provided medical advice;

5 (2) The pet received previous treatment; or

6 (3) Based on information from verifiable sources, the pet had
7 signs or symptoms directly related to the condition for which a
8 claim is being made.

9 A condition for which coverage is afforded on a policy cannot be
10 considered a preexisting condition on any renewal of the policy.

11 “Renewal” means to issue and deliver at the end of an insurance
12 policy period a policy which supersedes a policy previously issued
13 and delivered by the same pet insurer or affiliated pet insurer and
14 which provides types and limits of coverage substantially similar to
15 those contained in the policy being superseded.

16 “Veterinarian” means an individual who holds a valid license to
17 practice veterinary medicine pursuant to P.L.1938, c.277 (C.45:16-1
18 et seq.).

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

23 “Waiting period” means the period of time specified in a pet
24 insurance policy that is required to transpire before some or all of
25 the coverage in the policy can begin. Waiting periods shall not be
26 applied to renewals of existing coverage.

27 “Wellness program” means a subscription or reimbursement-
28 based program that is separate from an insurance policy that
29 provides goods and services to promote the general health, safety,
30 or well-being of the pet. If any wellness program undertakes to
31 indemnify another, or provides coverage for a fortuitous event, it is
32 transacting in the business of insurance and is subject to the
33 insurance code. This definition is not intended to classify a contract
34 directly between a service provider and a pet owner that only
35 involves the two parties as being “the business of insurance,” unless
36 other indications of insurance also exist.

37
38 4. a. If a pet insurer uses any of the terms in section 3 of this
39 act in a policy of pet insurance, the pet insurer shall use the
40 definition of each of those terms as set forth herein and include the
41 definition of the term in the policy. The pet insurer shall also make
42 the definition available through a clear and conspicuous link on the
43 main page of the internet website of the pet insurer or pet insurer’s
44 program administrator.

45 b. Nothing in this act shall in any way prohibit or limit the
46 types of exclusions pet insurers may use in their policies or require
47 pet insurers to have any of the limitations or exclusions defined in
48 section 3 of this act.

1 5. a. A pet insurer transacting pet insurance shall disclose to
2 insureds:
3 (1) if the policy excludes coverage due to:
4 (a) a preexisting condition;
5 (b) a hereditary disorder;
6 (c) a congenital anomaly or disorder; or
7 (d) a chronic condition;
8 (2) if the policy includes any other exclusions, using the
9 following statement: “Other exclusions may apply. Please refer to
10 the exclusions section of the policy for more information”;
11 (3) any policy provision that limits coverage through a waiting
12 or affiliation period, a deductible, coinsurance, or an annual or
13 lifetime policy limit;
14 (4) whether the pet insurer reduces coverage or increases
15 premiums based on the insured’s claim history, the age of the
16 covered pet or a change in the geographic location of the insured;
17 and
18 (5) if the underwriting company differs from the brand name
19 used to market and sell the product.
20 b. (1) Unless the insured has filed a claim under the pet
21 insurance policy, the insured shall have the right to examine and
22 return the policy, certificate or rider to the company or an agent or
23 insurance producer of the company within 15 days of its receipt and
24 to have the premium refunded if, after examination of the policy,
25 certificate or rider, the insured is not satisfied for any reason.
26 (2) Pet insurance policies, certificates and riders shall have a
27 notice prominently printed on the first page, or attached thereto,
28 including specific instructions to accomplish a return. The
29 following free look statement or language substantially similar shall
30 be included:
31 “YOU HAVE 15 DAYS FROM THE DAY YOU RECEIVE
32 THIS POLICY, CERTIFICATE OR RIDER TO REVIEW IT AND
33 RETURN IT TO THE COMPANY IF YOU DECIDE NOT TO
34 KEEP IT. YOU DO NOT HAVE TO TELL THE COMPANY
35 WHY YOU ARE RETURNING IT. IF YOU DECIDE NOT TO
36 KEEP IT, SIMPLY RETURN IT TO THE COMPANY AT ITS
37 ADMINISTRATIVE OFFICE OR YOU MAY RETURN IT TO
38 THE AGENT OR INSURANCE PRODUCER THAT YOU
39 BOUGHT IT FROM AS LONG AS YOU HAVE NOT FILED A
40 CLAIM. YOU MUST RETURN IT WITHIN 15 DAYS OF THE
41 DAY YOU FIRST RECEIVED IT. THE COMPANY WILL
42 REFUND THE FULL AMOUNT OF ANY PREMIUM PAID
43 WITHIN 30 DAYS AFTER IT RECEIVES THE RETURNED
44 POLICY, CERTIFICATE, OR RIDER. THE PREMIUM REFUND
45 WILL BE SENT DIRECTLY TO THE PERSON WHO PAID IT.
46 THE POLICY, CERTIFICATE OR RIDER WILL BE VOID AS IF
47 IT HAD NEVER BEEN ISSUED.”

- 1 c. A pet insurer shall clearly disclose a summary description of
2 the basis or formula on which the pet insurer determines claim
3 payments under a pet insurance policy within the policy, prior to
4 policy issuance and through a clear and conspicuous link on the
5 main page of the internet website of the pet insurer or pet insurer's
6 program administrator.
- 7 d. A pet insurer that uses a benefit schedule to determine claim
8 payment under a pet insurance policy shall:
- 9 (1) clearly disclose the applicable benefit schedule in the policy;
10 and
- 11 (2) disclose all benefit schedules used by the pet insurer under
12 its pet insurance policies through a clear and conspicuous link on
13 the main page of the internet website of the pet insurer or pet
14 insurer's program administrator.
- 15 e. A pet insurer that determines claim payments under a pet
16 insurance policy based on usual and customary fees, or any other
17 reimbursement limitation based on prevailing veterinary service
18 provider charges, shall:
- 19 (1) include a usual and customary fee limitation provision in the
20 policy that clearly describes the pet insurer's basis for determining
21 usual and customary fees and how that basis is applied in
22 calculating claim payments; and
- 23 (2) disclose the pet insurer's basis for determining usual and
24 customary fees through a clear and conspicuous link on the main
25 page of the internet website of the pet insurer or pet insurer's
26 program administrator.
- 27 f. If any medical examination by a licensed veterinarian is
28 required to effectuate coverage, the pet insurer shall clearly and
29 conspicuously disclose the required aspects of the examination prior
30 to purchase and disclose that examination documentation may result
31 in a preexisting condition exclusion.
- 32 g. Waiting periods and the requirements applicable to them
33 shall be clearly and prominently disclosed to consumers prior to the
34 policy purchase.
- 35 h. (1) The pet insurer shall include a summary of all policy
36 provisions required in subsections a. through g. of this section in a
37 separate document titled "Insurer Disclosure of Important Policy
38 Provisions."
- 39 (2) The "Insurer Disclosure of Important Policy Provisions"
40 document shall be made available through a clear and conspicuous
41 link on the main page of the internet website of the pet insurer or
42 pet insurer's program administrator.
- 43 (3) In connection with the issuance of a new pet insurance
44 policy, the pet insurer shall provide the consumer with a copy of the
45 "Insurer Disclosure of Important Policy Provisions" document in at
46 least 12-point type when it delivers the policy.

- 1 i. At the time a pet insurance policy is issued or delivered to a
2 policyholder, the pet insurer shall include the following
3 information, printed in 12-point boldface type:
- 4 (1) the department's mailing address, toll-free telephone number
5 and website address;
- 6 (2) the address and customer service telephone number of the
7 pet insurer or the agent or broker of record; and
- 8 (3) if the policy was issued or delivered by an agent or broker, a
9 statement advising the policyholder to contact the broker or agent
10 for assistance.
- 11 j. The disclosures required pursuant to this section shall be in
12 addition to any other disclosure requirements required by law or
13 regulation.
- 14
- 15 6. a. A pet insurer may issue policies that exclude coverage on
16 the basis of one or more preexisting conditions with appropriate
17 disclosure to the consumer. The pet insurer has the burden of
18 proving that the preexisting condition exclusion applies to the
19 condition for which a claim is being made.
- 20 b. A pet insurer may issue policies that impose waiting periods
21 upon effectuation of the policy that do not exceed 30 days for
22 illnesses or orthopedic conditions not resulting from an accident.
23 Waiting periods for accidents are prohibited.
- 24 (1) A pet insurer utilizing a waiting period permitted pursuant to
25 this subsection shall include a provision in its contract that allows
26 the waiting periods to be waived upon completion of a medical
27 examination. Pet insurers may require the examination to be
28 conducted by a veterinarian after the purchase of the policy.
- 29 (a) A medical examination under paragraph (1) of this
30 subsection shall be paid for by the insured, unless the policy
31 specifies that the pet insurer will pay for the examination.
- 32 (b) A pet insurer can specify elements to be included as part of
33 the examination and require documentation thereof, provided the
34 specifications do not unreasonably restrict an insured's ability to
35 waive the waiting periods in this subsection.
- 36 (2) Waiting periods, and the requirements applicable to them,
37 shall be clearly and prominently disclosed to consumers prior to the
38 policy purchase.
- 39 c. A pet insurer shall not require a veterinary examination of
40 the covered pet for the insured to have their policy renewed.
- 41 d. If a pet insurer includes any prescriptive, wellness, or non-
42 insurance benefits in the policy form, then it shall be made part of
43 the policy contract and shall follow all applicable laws and
44 regulations.
- 45 e. An insured's eligibility to purchase a pet insurance policy
46 shall not be based on participation, or lack of participation, in a
47 separate wellness program.

- 1 7. a. A pet insurer or insurance producer shall not:
- 2 (1) market a wellness program as pet insurance; or
- 3 (2) market a wellness program during the sale, solicitation, or
- 4 negotiation of pet insurance.
- 5 b. If a wellness program is sold by a pet insurer or insurance
- 6 producer:
- 7 (1) the purchase of the wellness program shall not be a
- 8 requirement to the purchase of pet insurance;
- 9 (2) the costs of the wellness program shall be separate and
- 10 identifiable from any pet insurance policy sold by a pet insurer or
- 11 insurance producer;
- 12 (3) the terms and conditions for the wellness program shall be
- 13 separate from any pet insurance policy sold by a pet insurer or
- 14 insurance producer;
- 15 (4) the products or coverages available through the wellness
- 16 program shall not duplicate products or coverages available through
- 17 the pet insurance policy; and
- 18 (5) the advertising of the wellness program shall not be
- 19 misleading and shall be in accordance with this subsection.
- 20 c. A pet insurer or insurance producer shall clearly disclose to
- 21 consumers, printed in 12-point boldface type:
- 22 (1) that wellness programs are not insurance;
- 23 (2) the address and customer service telephone number of the
- 24 pet insurer or insurance producer, or broker of record; and
- 25 (3) the department's mailing address, toll-free telephone
- 26 number, and website address.
- 27 d. Coverages included in the pet insurance policy contract
- 28 described as "wellness" benefits are insurance.
- 29
- 30 8. a. An insurance producer shall not sell, solicit, or negotiate
- 31 a pet insurance product until after the producer is appropriately
- 32 licensed and has completed the required training pursuant to
- 33 subsection c. of this section.
- 34 b. Insurers shall ensure that its producers are trained pursuant
- 35 to subsection c. of this section and that its producers have been
- 36 appropriately trained on the coverages and conditions of its pet
- 37 insurance products.
- 38 c. The training required pursuant to this subsection shall
- 39 include information on:
- 40 (1) preexisting conditions and waiting periods;
- 41 (2) the differences between pet insurance and noninsurance
- 42 wellness programs;
- 43 (3) hereditary disorders, congenital anomalies or disorders and
- 44 chronic conditions and how pet insurance policies interact with
- 45 those conditions or disorders; and
- 46 (4) rating, underwriting, renewal and other related
- 47 administrative topics.

