

[First Reprint]

SENATE, No. 3327

STATE OF NEW JERSEY
220th LEGISLATURE

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Sponsored by:

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District 11 (Monmouth)

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SYNOPSIS

“Pet Insurance Act.”

CURRENT VERSION OF TEXT

As reported by the Senate Commerce Committee on February 16, 2023, with amendments.



(Sponsorship Updated As Of: 1/19/2023)

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 ¹“Insured” means the owner of the pet listed in the policy.

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

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

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SCM committee amendments adopted February 16, 2023.

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

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

6 (1) A veterinarian provided medical advice;

7 (2) The pet received previous treatment; or

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

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

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

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

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

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

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

39

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

47 b. Nothing in this act shall in any way prohibit or limit the
48 types of exclusions pet insurers may use in their policies or require

1 pet insurers to have any of the limitations or exclusions defined in
2 section 3 of this act.

3

4 5. a. A pet insurer transacting pet insurance shall disclose to
5 insureds:

6 (1) if the policy excludes coverage due to:

7 (a) a preexisting condition;

8 (b) a hereditary disorder;

9 (c) a congenital anomaly or disorder; or

10 (d) a chronic condition;

11 (2) if the policy includes any other exclusions, using the
12 following statement: "Other exclusions may apply. Please refer to
13 the exclusions section of the policy for more information";

14 (3) any policy provision that limits coverage through a waiting
15 or affiliation period, a deductible, coinsurance, or an annual or
16 lifetime policy limit;

17 (4) whether the pet insurer reduces coverage or increases
18 premiums based on the insured's claim history, the age of the
19 covered pet or a change in the geographic location of the insured;
20 and

21 (5) if the underwriting company differs from the brand name
22 used to market and sell the product.

23 b. (1) Unless the insured has filed a claim under the pet
24 insurance policy, the insured shall have the right to examine and
25 return the policy, certificate or rider to the company or an agent or
26 insurance producer of the company within ¹~~15~~ 30¹ days of its
27 receipt and to have the premium refunded if, after examination of
28 the policy, certificate or rider, the insured is not satisfied for any
29 reason.

30 (2) Pet insurance policies, certificates and riders shall have a
31 notice prominently printed on the first page, or attached thereto,
32 including specific instructions to accomplish a return. The
33 following free look statement or language substantially similar shall
34 be included:

35 "YOU HAVE ¹~~15~~ 30¹ DAYS FROM THE DAY YOU
36 RECEIVE THIS POLICY, CERTIFICATE OR RIDER TO
37 REVIEW IT AND RETURN IT TO THE COMPANY IF YOU
38 DECIDE NOT TO KEEP IT. YOU DO NOT HAVE TO TELL THE
39 COMPANY WHY YOU ARE RETURNING IT. IF YOU DECIDE
40 NOT TO KEEP IT, SIMPLY RETURN IT TO THE COMPANY
41 AT ITS ADMINISTRATIVE OFFICE OR YOU MAY RETURN IT
42 TO THE AGENT OR INSURANCE PRODUCER THAT YOU
43 BOUGHT IT FROM AS LONG AS YOU HAVE NOT FILED A
44 CLAIM. YOU MUST RETURN IT WITHIN ¹~~15~~ 30¹ DAYS OF
45 THE DAY YOU FIRST RECEIVED IT. THE COMPANY WILL
46 REFUND THE FULL AMOUNT OF ANY PREMIUM PAID
47 WITHIN 30 DAYS AFTER IT RECEIVES THE RETURNED
48 POLICY, CERTIFICATE, OR RIDER. THE PREMIUM REFUND

1 WILL BE SENT DIRECTLY TO THE PERSON WHO PAID IT.
2 THE POLICY, CERTIFICATE OR RIDER WILL BE VOID AS IF
3 IT HAD NEVER BEEN ISSUED.”

4 c. A pet insurer shall clearly disclose a summary description of
5 the basis or formula on which the pet insurer determines claim
6 payments under a pet insurance policy within the policy, prior to
7 policy issuance and through a clear and conspicuous link on the
8 main page of the internet website of the pet insurer or pet insurer’s
9 program administrator.

10 d. A pet insurer that uses a benefit schedule to determine claim
11 payment under a pet insurance policy shall:

12 (1) clearly disclose the applicable benefit schedule in the policy;
13 and

14 (2) disclose all benefit schedules used by the pet insurer under
15 its pet insurance policies through a clear and conspicuous link on
16 the main page of the internet website of the pet insurer or pet
17 insurer’s program administrator.

18 e. A pet insurer that determines claim payments under a pet
19 insurance policy based on usual and customary fees, or any other
20 reimbursement limitation based on prevailing veterinary service
21 provider charges, shall:

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

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

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

35 g. Waiting periods and the requirements applicable to them
36 shall be clearly and prominently disclosed to consumers prior to the
37 policy purchase.

38 h. (1) The pet insurer shall include a summary of all policy
39 provisions required in subsections a. through g. of this section in a
40 separate document titled “Insurer Disclosure of Important Policy
41 Provisions.”

42 (2) The “Insurer Disclosure of Important Policy Provisions”
43 document shall be made available through a clear and conspicuous
44 link on the main page of the internet website of the pet insurer or
45 pet insurer’s program administrator.

46 (3) In connection with the issuance of a new pet insurance
47 policy, the pet insurer shall provide the consumer with a copy of the

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

1 e. An insured's eligibility to purchase a pet insurance policy
2 shall not be based on participation, or lack of participation, in a
3 separate wellness program.

4

5 7. a. A pet insurer or insurance producer shall not ¹]:

6 (1) ¹ market a wellness program as pet insurance ¹]; or

7 (2) market a wellness program during the sale, solicitation, or
8 negotiation of pet insurance ¹.

9 b. If a wellness program is sold by a pet insurer or insurance
10 producer:

11 (1) the purchase of the wellness program shall not be a
12 requirement to the purchase of pet insurance;

13 (2) the costs of the wellness program shall be separate and
14 identifiable from any pet insurance policy sold by a pet insurer or
15 insurance producer;

16 (3) the terms and conditions for the wellness program shall be
17 separate from any pet insurance policy sold by a pet insurer or
18 insurance producer;

19 (4) the products or coverages available through the wellness
20 program shall not duplicate products or coverages available through
21 the pet insurance policy; and

22 (5) the advertising of the wellness program shall not be
23 misleading and shall be in accordance with this subsection.

24 c. A pet insurer or insurance producer shall clearly disclose to
25 consumers, printed in 12-point boldface type:

26 (1) that wellness programs are not insurance;

27 (2) the address and customer service telephone number of the
28 pet insurer or insurance producer, or broker of record; and

29 (3) the department's mailing address, toll-free telephone
30 number, and website address.

31 d. Coverages included in the pet insurance policy contract
32 described as "wellness" benefits are insurance.

33

34 8. a. An insurance producer shall not sell, solicit, or negotiate
35 a pet insurance product until after the producer is appropriately
36 licensed and has completed the required training pursuant to
37 subsection c. of this section.

38 b. Insurers shall ensure that its producers are trained pursuant
39 to subsection c. of this section and that its producers have been
40 appropriately trained on the coverages and conditions of its pet
41 insurance products.

42 c. The training required pursuant to this subsection shall
43 include information on:

44 (1) preexisting conditions and waiting periods;

45 (2) the differences between pet insurance and noninsurance
46 wellness programs;

1 (3) hereditary disorders, congenital anomalies or disorders and
2 chronic conditions and how pet insurance policies interact with
3 those conditions or disorders; and

4 (4) rating, underwriting, renewal and other related
5 administrative topics.

6 d. The satisfaction of the training requirements of another state
7 that are substantially similar to the provisions of subsection c. of
8 this section shall be deemed to satisfy the training requirements in
9 this State.

10 ¹e. Notwithstanding the requirements contained in this section,
11 an insurance producer shall only be licensed to sell pet insurance if
12 the producer holds an active life, health, or property and casualty
13 license and is in good standing at the time the producer submits an
14 application for licensure.¹

15

16 9. The commissioner of the department shall be authorized to
17 establish and enforce penalties for violations of this act, pursuant to
18 section 6 of P.L.1996, c.45 (C.17:1-15).

19

20 10. The department may adopt rules and regulations pursuant to
21 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1
22 et seq.), to effectuate the purposes of this act.

23

24 11. This act shall take effect on the first day of the 12th month
25 next following the date of enactment.