

SENATE, No. 2034

STATE OF NEW JERSEY
221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Senator VIN GOPAL

District 11 (Monmouth)

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District 20 (Union)

SYNOPSIS

“Pet Insurance Act.”

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



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 “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.

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

1 this section shall be deemed to satisfy the training requirements in
2 this State.

3 e. Notwithstanding the requirements contained in this section,
4 an insurance producer shall only be licensed to sell pet insurance if
5 the producer holds an active life, health, or property and casualty
6 license and is in good standing at the time the producer submits an
7 application for licensure.

8

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

12

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

16

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

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20

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STATEMENT

22

23 This bill establishes the "Pet Insurance Act," which creates a
24 comprehensive legal framework within which pet insurance may be
25 sold in the State.

26 Under the bill, several consumer protections related to policy
27 renewals, waiting periods, policy limits, conditions, and benefit
28 schedules are included, including disclosures a pet insurer
29 transacting pet insurance must disclose to consumers, such as:

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

31 (a) a preexisting condition;

32 (b) a hereditary disorder;

33 (c) a congenital anomaly or disorder; or

34 (d) a chronic condition; and

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

38 The bill provides limits on how insurers can deny pet insurance
39 claims related to preexisting conditions of covered pets, and
40 requires the insurer to prove a preexisting condition limitation
41 applies.

42 The bill additionally provides requirements to insurers and
43 insurance producers to clearly differentiate pet wellness programs
44 from insurance policies to eliminate consumer confusion between
45 what services are covered by insurance.

46 Finally, the bill provides training requirements for insurance
47 producers to ensure that producers are appropriately prepared to
48 present information to consumers.