
State of Vermont
Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101

For consumer assistance:
[Banking] 888-568-4547
[Insurance] 800-964-1784
[Securities] 877-550-3907
www.dfr.vermont.gov

TO: Members of the Senate Committee on Finance
FROM: Vermont Department of Financial Regulation
DATE: March 11, 2024
RE: NAIC Pet Insurance Model Law

This memo is to provide a summary and highlights of the Pet Insurance Model Law, which appears in Section 28 of the [draft amendment to H. 659](#). The National Association of Insurance Commissioners (“NAIC”) membership voted to approve the Pet Insurance Model Law, also titled Model 633, in August 2022. As discussed in committee, the Pet Insurance Model Law is not an accreditation requirement. However, it is designed to provide a specific and consistent regulatory framework for the pet insurance industry, which is a growing industry.¹ Currently, most states (including Vermont) regulate pet insurance under existing general property and casualty insurance authority. The development and adoption of the Model Law was in recognition of the need for comprehensive standards for pet insurance, which is a relatively new product with features that are different from other lines of property and casualty insurance.

NAIC and DFR Process Highlights: The NAIC Pet Insurance Working Group began reviewing the need for a pet insurance model law in April 2019. The Working Group undertook a collaborative process that included opportunity for industry input. DFR has communicated with the North American Pet Health Insurance Association (NAPHIA) about Vermont’s draft language.

Key features of the Model Act: The Model Act outlines how pet insurance may be sold in adopting states and includes important consumer protections and disclosure requirements.

- **Definitions:** sets out terms for consistency among adopting states.
- **Preexisting conditions:** permits exclusion of preexisting conditions, with disclosure to the consumer. The insurer has the burden of proving that the preexisting condition applies to a claim. An insurer may not exclude a condition at renewal for which coverage was offered at issuance.
- **Required disclosures:** requires insurers to disclose certain information to consumers, including regarding policy exclusions, coverage limitations, the right to examine and return a policy, and benefit schedules.

¹ The pet insurance industry had annual premiums of approximately \$2.8 billion in total in-force premiums in 2021 and over 4.41 million insured pets across North America, according to the North American Pet Health Insurance Association.



- **Waiting periods:** permits insurers to impose waiting periods of up to 30 days, but requires clear disclosure and disallows waiting periods for accidents. Requires that waiting periods may be waived upon completion of a medical examination.
- **Sales practices for wellness programs:** sets parameters for sale of wellness programs, which may not be marketed as pet insurance.
- **Insurance producer training:** requires producers to complete training specific to pet insurance.

