

Chapter 740

(House Bill 647)

AN ACT concerning

Property and Casualty Insurance – Pet Insurance – Regulation

FOR the purpose of establishing requirements and prohibitions for pet insurance policies that are issued to a resident of the State, or are sold, solicited, negotiated, or offered in the State, including disclosure requirements and requirements and prohibitions related to wellness programs; requiring the Maryland Insurance Administration to develop informational material about pet insurance policies that may be disseminated to and posted by veterinary practitioners; and generally relating to pet insurance.

BY repealing and reenacting, without amendments,

Article – Agriculture

Section 2–301(a) and (i)

Annotated Code of Maryland

(2016 Replacement Volume and 2023 Supplement)

BY adding to

Article – Insurance

Section 19–1101 through ~~19–1109~~ 19–1107 to be under the new subtitle “Subtitle 11.
Pet Insurance”

Annotated Code of Maryland

(2017 Replacement Volume and 2023 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Agriculture

2–301.

(a) In this subtitle the following words have the meanings indicated.

(i) “Veterinary practitioner” means a licensed and registered veterinarian engaged in the practice of veterinary medicine.

Article – Insurance**SUBTITLE 11. PET INSURANCE.****19–1101.**

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) “CHRONIC CONDITION” MEANS A CONDITION THAT CAN BE TREATED OR MANAGED, BUT NOT CURED.

(C) “CONGENITAL ANOMALY OR DISORDER” MEANS A CONDITION THAT IS PRESENT FROM BIRTH, WHETHER INHERITED OR CAUSED BY THE ENVIRONMENT, THAT MAY CAUSE OR CONTRIBUTE TO ILLNESS OR DISEASE.

(D) “HEREDITARY DISORDER” MEANS AN ABNORMALITY THAT IS GENETICALLY TRANSMITTED FROM PARENT TO OFFSPRING AND MAY CAUSE ILLNESS OR DISEASE.

(E) (1) “ORTHOPEDIC CONDITION” MEANS A CONDITION AFFECTING THE BONES, SKELETAL MUSCLE, CARTILAGE, TENDONS, LIGAMENTS, OR JOINTS.

(2) “ORTHOPEDIC CONDITION” INCLUDES ELBOW DYSPLASIA, HIP DYSPLASIA, INTERVERTEBRAL DISC DEGENERATION, PATELLAR LUXATION, AND RUPTURED CRANIAL CRUCIATE LIGAMENTS.

(3) “ORTHOPEDIC CONDITION” DOES NOT INCLUDE:

(I) CANCER; OR

(II) A METABOLIC, HEMOPOIETIC, OR AUTOIMMUNE DISEASE.

(F) (1) “PET INSURANCE POLICY” MEANS A PROPERTY INSURANCE POLICY THAT IS SOLD BY A PET INSURER OR PET INSURANCE PRODUCER THAT PROVIDES COVERAGE FOR ACCIDENTS AND ILLNESSES OF PETS.

(2) “PET INSURANCE POLICY” INCLUDES A CERTIFICATE OR ADD-ON COVERAGE.

(G) (1) “PREEXISTING CONDITION” MEANS A CONDITION FOR WHICH ANY OF THE FOLLOWING ARE TRUE BEFORE THE EFFECTIVE DATE OF A PET INSURANCE POLICY OR DURING ANY WAITING PERIOD:

(I) A VETERINARY PRACTITIONER PROVIDED MEDICAL ADVICE;

(II) THE PET RECEIVED TREATMENT; OR

(III) BASED ON INFORMATION FROM VERIFIABLE SOURCES, THE PET HAD SIGNS OR SYMPTOMS DIRECTLY RELATED TO THE CONDITION FOR WHICH A CLAIM IS BEING MADE.

(2) “PREEXISTING CONDITION” DOES NOT INCLUDE, FOR A RENEWAL OF A PET INSURANCE POLICY, A CONDITION FOR WHICH COVERAGE WAS AFFORDED ON THE PREVIOUS POLICY.

(H) “RENEWAL” MEANS THE ISSUANCE AND DELIVERY AT THE END OF A PET INSURANCE POLICY PERIOD OF A POLICY THAT:

(1) SUPERSEDES THE POLICY PREVIOUSLY ISSUED AND DELIVERED BY THE SAME PET INSURER OR AFFILIATED PET INSURER; AND

(2) PROVIDES TYPES AND LIMITS OF COVERAGE SUBSTANTIALLY SIMILAR TO THOSE CONTAINED IN THE PRIOR POLICY.

(I) (1) “VETERINARY EXPENSES” MEANS THE COSTS ASSOCIATED WITH MEDICAL ADVICE, DIAGNOSIS, CARE, OR TREATMENT PROVIDED BY A VETERINARY PRACTITIONER.

(2) “VETERINARY EXPENSES” INCLUDES THE COST OF DRUGS PRESCRIBED BY A VETERINARY PRACTITIONER.

(J) “VETERINARY PRACTITIONER” HAS THE MEANING STATED IN § 2-301 OF THE AGRICULTURE ARTICLE.

(K) “WAITING PERIOD” MEANS THE PERIOD OF TIME SPECIFIED IN A NEW PET INSURANCE POLICY THAT MUST ELAPSE BEFORE SOME OR ALL OF THE COVERAGE IN THE POLICY BEGINS.

(L) “WELLNESS PROGRAM” MEANS A SUBSCRIPTION- OR REIMBURSEMENT-BASED PROGRAM THAT:

(1) IS SEPARATE FROM A PET INSURANCE POLICY; AND

(2) PROVIDES GOODS AND SERVICES TO PROMOTE THE GENERAL HEALTH, SAFETY, OR WELL-BEING OF THE PET.

19-1102.

IT IS THE INTENT OF THE GENERAL ASSEMBLY TO PROMOTE THE PUBLIC WELFARE BY CREATING A COMPREHENSIVE LEGAL FRAMEWORK WITHIN WHICH PET INSURANCE MAY BE SOLD IN THE STATE.

19-1103.

(A) THIS SUBTITLE APPLIES ONLY TO PET INSURANCE POLICIES OR CERTIFICATES THAT ARE:

- (1) ISSUED TO A RESIDENT OF THE STATE; OR**
- (2) SOLD, SOLICITED, NEGOTIATED, OR OFFERED IN THE STATE.**

(B) ALL OTHER APPLICABLE PROVISIONS OF THIS ARTICLE APPLY TO PET INSURANCE, EXCEPT THAT SPECIFIC PROVISIONS OF THIS SUBTITLE SUPERSEDE ANY GENERAL PROVISIONS OF THIS ARTICLE.

19-1104.

(A) A PET INSURER TRANSACTING PET INSURANCE SHALL DISCLOSE THE FOLLOWING TO CONSUMERS:

(1) ALL POLICY EXCLUSIONS, INCLUDING EXCLUSIONS OF COVERAGE DUE TO:

- (I) A PREEXISTING CONDITION;**
- (II) A HEREDITARY DISORDER;**
- (III) A CONGENITAL ANOMALY OR DISORDER; OR**
- (IV) A CHRONIC CONDITION;**

(2) ANY POLICY PROVISION THAT LIMITS COVERAGE THROUGH A WAITING PERIOD, A DEDUCTIBLE, COINSURANCE, OR AN ANNUAL OR LIFETIME POLICY LIMIT;

(3) WHETHER THE PET INSURER REDUCES COVERAGE OR INCREASES PREMIUMS BASED ON THE INSURED'S CLAIM HISTORY, THE AGE OF THE COVERED PET, OR A CHANGE IN THE GEOGRAPHIC LOCATION OF THE INSURED; AND

(4) THE IDENTITY OF THE UNDERWRITING COMPANY IF THE COMPANY DIFFERS FROM THE BRAND NAME USED TO MARKET AND SELL THE PET INSURANCE POLICY.

(B) (1) A NOTICE SHALL BE PROMINENTLY PRINTED ON OR ATTACHED TO THE FACE OF THE PET INSURANCE POLICY THAT STATES THAT:

(I) THE POLICY MAY BE SURRENDERED TO THE INSURER FOR CANCELLATION WITHIN 10 DAYS AFTER THE DATE THE POLICY IS DELIVERED TO THE INSURED; AND

(II) IF A POLICY IS CANCELED DURING THE 10-DAY PERIOD, A PRO RATA PREMIUM FOR THE UNEXPIRED TERM OF THE POLICY SHALL BE RETURNED TO THE INSURED.

(2) AN INSURED IS NOT ENTITLED TO A PRO RATA PREMIUM IN ACCORDANCE WITH PARAGRAPH (1)(II) OF THIS SUBSECTION IF THE INSURED HAS MADE A CLAIM UNDER THE PET INSURANCE POLICY.

(C) A PET INSURER SHALL CLEARLY DISCLOSE A SUMMARY DESCRIPTION OF THE BASIS OR FORMULA ON WHICH THE PET INSURER DETERMINES CLAIM PAYMENTS UNDER A PET INSURANCE POLICY:

(1) WITHIN THE POLICY;

(2) BEFORE ISSUING THE POLICY; AND

(3) THROUGH A CLEAR AND CONSPICUOUS LINK ON THE MAIN PAGE OF THE WEBSITE OF THE PET INSURER OR PET INSURER'S PROGRAM ADMINISTRATOR.

(D) IF A PET INSURER USES A BENEFIT SCHEDULE TO DETERMINE CLAIM PAYMENT UNDER A PET INSURANCE POLICY, THE PET INSURER SHALL:

(1) CLEARLY DISCLOSE THE APPLICABLE BENEFIT SCHEDULE IN THE POLICY; AND

(2) DISCLOSE ALL BENEFIT SCHEDULES USED BY THE PET INSURER UNDER ITS PET INSURANCE POLICIES THROUGH A CLEAR AND CONSPICUOUS LINK ON THE MAIN PAGE OF THE WEBSITE OF THE PET INSURER OR PET INSURER'S PROGRAM ADMINISTRATOR.

(E) IF A PET INSURER DETERMINES CLAIM PAYMENTS UNDER A PET INSURANCE POLICY THAT ARE BASED ON USUAL AND CUSTOMARY FEES, OR ANY OTHER REIMBURSEMENT LIMITATION BASED ON PREVAILING VETERINARY PRACTITIONER CHARGES, THE PET INSURER SHALL:

(1) INCLUDE A USUAL AND CUSTOMARY FEE LIMITATION PROVISION IN THE POLICY THAT CLEARLY DESCRIBES:

(I) THE PET INSURER’S BASIS FOR DETERMINING USUAL AND CUSTOMARY FEES; AND

(II) HOW THE BASIS IS APPLIED IN CALCULATING CLAIM PAYMENTS; AND

(2) DISCLOSE THE PET INSURER’S BASIS FOR DETERMINING USUAL AND CUSTOMARY FEES THROUGH A CLEAR AND CONSPICUOUS LINK ON THE MAIN PAGE OF THE WEBSITE OF THE PET INSURER OR PET INSURER’S PROGRAM ADMINISTRATOR.

(F) IF A MEDICAL EXAMINATION BY A VETERINARY PRACTITIONER IS REQUIRED TO BEGIN COVERAGE, THE PET INSURER SHALL:

(1) CLEARLY AND CONSPICUOUSLY DISCLOSE THE REQUIRED ASPECTS OF THE EXAMINATION BEFORE PURCHASE OF THE PET INSURANCE POLICY; AND

(2) DISCLOSE THAT EXAMINATION DOCUMENTATION MAY RESULT IN A PREEXISTING CONDITION EXCLUSION.

(G) A PET INSURER SHALL CLEARLY AND PROMINENTLY DISCLOSE ANY WAITING PERIODS AND THE REQUIREMENTS APPLICABLE TO THE WAITING PERIODS BEFORE PURCHASE OF THE PET INSURANCE POLICY.

(H) (1) A PET INSURER SHALL:

(I) INCLUDE WITH A COPY OF THE PET INSURANCE POLICY A SUMMARY OF ALL POLICY PROVISIONS REQUIRED IN ACCORDANCE WITH SUBSECTIONS (A) THROUGH (G) OF THIS SECTION IN A SEPARATE DOCUMENT IN AT LEAST 12 POINT TYPE TITLED: “INSURER DISCLOSURE OF IMPORTANT POLICY PROVISIONS”; AND

(II) INCLUDE THE DOCUMENT REQUIRED UNDER ITEM (I) OF THIS PARAGRAPH ON THE WEBSITE OF THE PET INSURER OR PET INSURER’S PROGRAM ADMINISTRATOR THROUGH A CLEAR AND CONSPICUOUS LINK ON THE MAIN PAGE OF THE WEBSITE.

(2) THE DOCUMENT REQUIRED UNDER PARAGRAPH (1)(I) OF THIS SUBSECTION SHALL INCLUDE ALL RELEVANT DEFINITIONS ESTABLISHED UNDER § 19-1101 OF THIS SUBTITLE.

(I) AT THE TIME A PET INSURANCE POLICY IS ISSUED OR DELIVERED TO A POLICYHOLDER, THE PET INSURER SHALL INCLUDE THE FOLLOWING INFORMATION, PRINTED IN 12 POINT BOLDFACE TYPE:

(1) THE ADMINISTRATION'S MAILING ADDRESS, TOLL-FREE TELEPHONE NUMBER, AND WEBSITE ADDRESS;

(2) THE ADDRESS AND CUSTOMER SERVICE TELEPHONE NUMBER OF THE PET INSURER OR THE INSURANCE PRODUCER OF RECORD FOR THE PET INSURER; AND

(3) IF THE POLICY WAS ISSUED OR DELIVERED BY AN INSURANCE PRODUCER, A STATEMENT ADVISING THE POLICYHOLDER TO CONTACT THE INSURANCE PRODUCER FOR ASSISTANCE.

(J) THE DISCLOSURE REQUIREMENTS REQUIRED IN ACCORDANCE WITH THIS SECTION SHALL BE IN ADDITION TO ANY OTHER APPLICABLE DISCLOSURE REQUIREMENTS UNDER THIS ARTICLE OR REGULATIONS ADOPTED UNDER THIS ARTICLE.

19-1105.

(A) (1) A PET INSURER MAY ISSUE POLICIES THAT EXCLUDE COVERAGE ON THE BASIS OF ONE OR MORE PREEXISTING CONDITIONS WITH APPROPRIATE DISCLOSURE TO THE CONSUMER.

(2) THE PET INSURER HAS THE BURDEN OF PROVING THAT THE PREEXISTING CONDITION EXCLUSION APPLIES TO THE CONDITION FOR WHICH A CLAIM IS MADE.

(B) (1) (I) SUBJECT TO SUBPARAGRAPHS (II) AND (III) OF THIS PARAGRAPH, A PET INSURER MAY ISSUE A POLICY THAT IMPOSES A WAITING PERIOD BEFORE COVERAGE UNDER THE POLICY BEGINS.

(II) A WAITING PERIOD MAY NOT EXCEED 30 DAYS FOR AN ILLNESS OR ORTHOPEDIC CONDITION THAT DOES NOT RESULT FROM AN ACCIDENT.

(III) A PET INSURER MAY NOT IMPOSE A WAITING PERIOD FOR AN ILLNESS OR ORTHOPEDIC CONDITION THAT RESULTS FROM AN ACCIDENT.

(2) (I) A PET INSURER THAT IMPOSES A WAITING PERIOD UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL INCLUDE A PROVISION IN THE PET INSURANCE POLICY THAT ALLOWS FOR THE WAIVING OF WAITING PERIODS ON COMPLETION OF A MEDICAL EXAMINATION.

(II) 1. A PET INSURER MAY REQUIRE A MEDICAL EXAMINATION UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH TO BE CONDUCTED BY A VETERINARY PRACTITIONER AFTER THE PURCHASE OF THE POLICY.

2. UNLESS THE PET INSURANCE POLICY SPECIFIES THAT THE PET INSURER WILL PAY FOR A MEDICAL EXAMINATION UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, A POLICYHOLDER SHALL PAY FOR THE MEDICAL EXAMINATION.

3. A PET INSURER MAY:

A. SPECIFY ELEMENTS TO BE INCLUDED AS PART OF A MEDICAL EXAMINATION UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH; AND

B. IF THE SPECIFICATIONS DO NOT UNREASONABLY RESTRICT A POLICYHOLDER'S ABILITY TO WAIVE THE WAITING PERIOD, REQUIRE DOCUMENTATION OF THE MEDICAL EXAMINATION.

(3) A PET INSURER SHALL CLEARLY AND PROMINENTLY DISCLOSE REQUIREMENTS WITH RESPECT TO APPLICABLE WAITING PERIODS BEFORE PURCHASE OF THE POLICY.

(C) A PET INSURER SHALL REQUIRE THAT AN INSURED SUBMIT A CLAIM UNDER THE PET INSURANCE POLICY AFTER SUBMITTING PAYMENT TO THE VETERINARY PRACTITIONER FOR VETERINARY EXPENSES.

(D) A PET INSURER MAY NOT REQUIRE A MEDICAL EXAMINATION OF THE COVERED PET AS A CONDITION FOR THE RENEWAL OF A POLICY.

(E) A PRESCRIPTIVE, WELLNESS, OR NONINSURANCE BENEFIT INCLUDED IN THE POLICY FORM FOR A PET INSURANCE POLICY IS PART OF THE POLICY AND SUBJECT TO THIS ARTICLE AND REGULATIONS ADOPTED UNDER THIS ARTICLE.

(F) A PET INSURER MAY NOT CONDITION AN INSURED'S ELIGIBILITY TO PURCHASE A PET INSURANCE POLICY ON PARTICIPATION, OR LACK OF PARTICIPATION, IN A SEPARATE WELLNESS PROGRAM.

19-1106.

(A) A PET INSURER OR PET INSURANCE PRODUCER MAY NOT:

~~(1), EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION AND § 19-1107 OF THIS SUBTITLE, MARKET A WELLNESS PROGRAM AS A PET INSURANCE POLICY; OR~~

~~(2) MARKET A WELLNESS PROGRAM DURING THE SALE, SOLICITATION, OR NEGOTIATION OF A PET INSURANCE POLICY.~~

(B) IF A PET INSURER OR PET INSURANCE PRODUCER SELLS A WELLNESS PROGRAM:

(1) THE PURCHASE OF THE WELLNESS PROGRAM MAY NOT BE A REQUIREMENT TO PURCHASE THE PET INSURANCE;

(2) THE COSTS AND THE TERMS AND CONDITIONS OF THE WELLNESS PROGRAM SHALL BE SEPARATE AND IDENTIFIABLE FROM ANY PET INSURANCE POLICY SOLD BY A PET INSURER OR PET INSURANCE PRODUCER;

(3) THE PRODUCTS OR COVERAGES AVAILABLE THROUGH THE WELLNESS PROGRAM MAY NOT DUPLICATE PRODUCTS OR COVERAGES AVAILABLE THROUGH THE PET INSURANCE POLICY;

(4) THE ADVERTISING OF THE WELLNESS PROGRAM SHALL ACCURATELY AND CLEARLY DESCRIBE THE WELLNESS PROGRAM; AND

(5) THE PET INSURER OR PET INSURANCE PRODUCER SHALL CLEARLY AND IN 12 POINT BOLDFACE TYPE DISCLOSE TO CONSUMERS:

(I) THAT, EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION AND § 19-1107 OF THIS SUBTITLE, WELLNESS PROGRAMS ARE NOT INSURANCE;

(II) THE ADMINISTRATION'S MAILING ADDRESS, TOLL-FREE TELEPHONE NUMBER, AND WEBSITE ADDRESS; AND

(III) THE ADDRESS AND CUSTOMER SERVICE TELEPHONE NUMBER OF THE PET INSURER OR PRODUCER OR INSURANCE PRODUCER OF RECORD FOR THE PET INSURER.

(C) COVERAGE THAT IS INCLUDED IN THE PET INSURANCE POLICY CONTRACT DESCRIBED AS A "WELLNESS" BENEFIT IS INSURANCE.

19-1107.

IF A WELLNESS PROGRAM CONTRACTS TO INDEMNIFY OR TO PAY OR PROVIDE A SPECIFIED DETERMINABLE AMOUNT OR BENEFIT ON THE OCCURRENCE OF A DETERMINABLE CONTINGENCY, THE WELLNESS PROGRAM SHALL BE CONSIDERED INSURANCE AND BE SUBJECT TO THE PROVISIONS OF THIS ARTICLE AND REGULATIONS ADOPTED UNDER THIS ARTICLE.

~~19-1108.~~

~~(A) (1) IF THE COMMISSIONER FINDS THAT A PERSON HAS VIOLATED THIS SUBTITLE, THE COMMISSIONER MAY IMPOSE A CIVIL PENALTY NOT EXCEEDING \$250 FOR EACH VIOLATION.~~

~~(2) IF THE COMMISSIONER FINDS A VIOLATION OF THIS SUBTITLE TO BE WILLFUL, THE COMMISSIONER MAY IMPOSE A CIVIL PENALTY NOT EXCEEDING \$1,000 FOR THE VIOLATION.~~

~~(3) A PENALTY IMPOSED UNDER THIS SUBSECTION IS IN ADDITION TO ANY OTHER PENALTY PROVIDED BY LAW.~~

~~(B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE COMMISSIONER MAY SUSPEND THE CERTIFICATE OF AUTHORITY OF A PET INSURER THAT FAILS TO COMPLY WITH AN ORDER OF THE COMMISSIONER WITHIN THE TIME SET BY THE ORDER OR ANY EXTENSION OF THAT TIME GRANTED BY THE COMMISSIONER.~~

~~(2) THE COMMISSIONER MAY NOT SUSPEND THE CERTIFICATE OF AUTHORITY OF A PET INSURER FOR FAILURE TO COMPLY WITH AN ORDER:~~

~~(I) UNTIL THE TIME SET FOR AN APPEAL FROM THE ORDER HAS EXPIRED; OR~~

~~(II) IF AN APPEAL HAS BEEN TAKEN, UNTIL THE ORDER HAS BEEN AFFIRMED.~~

~~(3) THE COMMISSIONER MAY DETERMINE WHEN THE SUSPENSION OF A CERTIFICATE OF AUTHORITY BECOMES EFFECTIVE.~~

~~(4) THE SUSPENSION SHALL REMAIN IN EFFECT FOR THE PERIOD SET BY THE COMMISSIONER:~~

~~(I) UNLESS THE COMMISSIONER MODIFIES OR RESCINDS THE SUSPENSION; OR~~

~~(H) UNTIL THE ORDER ON WHICH THE SUSPENSION IS BASED IS MODIFIED, RESCINDED, OR REVERSED.~~

~~(C) (1) BEFORE THE COMMISSIONER IMPOSES A PENALTY OR SUSPENDS OR REVOKES A CERTIFICATE OF AUTHORITY UNDER THIS SUBTITLE, THE COMMISSIONER SHALL ISSUE A WRITTEN ORDER THAT STATES THE FINDINGS OF THE COMMISSIONER.~~

~~(2) THE COMMISSIONER SHALL HOLD A HEARING BEFORE ISSUING AN ORDER UNDER PARAGRAPH (1) OF THIS SUBSECTION.~~

~~(3) THE COMMISSIONER SHALL GIVE WRITTEN NOTICE OF THE HEARING AT LEAST 10 DAYS BEFORE THE HEARING.~~

~~(4) THE NOTICE SHALL SPECIFY THE ALLEGED VIOLATION.~~

~~19 1109.~~

~~THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT THIS SUBTITLE.~~

SECTION 2. AND BE IT FURTHER ENACTED, That, on or before June 1, 2025, the Maryland Insurance Administration shall develop informational material about pet insurance policies that may be disseminated to and posted by veterinary practitioners in the State.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall apply to all policies and contracts of pet insurance issued, delivered, or renewed in the State on or after January 1, 2025.

SECTION ~~3~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take effect ~~October~~ January 1, 2024 ~~2025~~.

Approved by the Governor, May 16, 2024.