

Pet Insurance Regulation

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Issue

Explain how states regulate pet insurance. This report updates OLR Report [2020-R-0215](#).

Summary

Generally, pet insurance covers certain qualified veterinary expenses when household pets receive treatment due to an illness or accident. The National Association of Insurance Commissioners (NAIC) adopted a pet insurance model law in 2022, which 17 states have since adopted.

In Connecticut, pet insurers file policy forms with the Insurance Department, which categorizes pet insurance as a type of “inland marine” insurance. (Inland marine insurance falls under the property and casualty line of insurances and covers a wide range of specialty products and situations, including tuition protection, identity fraud, and personal property.)

Connecticut law requires pet insurers, as with most other inland marine insurers, to give insureds a (1) premium billing notice at least 30 days before renewal and (2) notice of intent not to renew at least 60 days in advance ([CGS § 38a-323](#)). According to the Insurance Department, pet insurers must also give insureds certain information if a policy is being cancelled, including a cancellation date, reason for cancellation, and notice that excess premiums will be returned.

Additionally, the law exempts inland marine insurers, including pet insurers, from the requirement to file premium rates with the department ([CGS §§ 38a-676 & 38a-688](#)). In practice, rates are based on an insured’s risk and market competition. Pet insurers [set rates](#) using factors such as a pet’s age or a preexisting condition. According to the [American Veterinary Medical Association](#), the cost of veterinary care has increased in recent years.

Regulatory Approaches

NAIC Model Law

The NAIC issued a [model law](#) for regulating pet insurance in 2022. According to NAIC, the following [17 states](#) have adopted the model law (or a substantially similar version of it) to date:

1. California,
2. Delaware,
3. Florida,
4. Hawaii,
5. Louisiana,
6. Maine,
7. Maryland,
8. Mississippi,
9. Montana,
10. Nebraska,
11. New Hampshire,
12. New Jersey,
13. Ohio,
14. Pennsylvania,
15. Rhode Island,
16. Vermont, and
17. Washington.

The model law generally includes uniform statutory definitions of terms that apply to pet insurance, which insurers must use in their policies. It also requires insurer disclosure of certain policy conditions (such as waiting periods) and coverage exclusions (such as preexisting conditions). It limits waiting periods to 30 days and prohibits them for accidents.

The model law also requires a 15 day “free look” period when an insured who has not filed a claim may request a refund of the policy premium.

Additionally, the model law prohibits pet insurers from marketing wellness programs as pet insurance. Wellness programs are generally subscription programs, separate from an insurance policy, that provide goods and services to promote the pet’s wellbeing.

Finally, the model law requires that insurance providers be trained on certain topics before selling pet insurance, including preexisting conditions and waiting periods, non-insurance wellness programs, how pet insurance interacts with hereditary and congenital disorders, rating, underwriting, and renewal.

Other States

Five states have not adopted the model law but regulate pet insurance in other ways. Utah defines pet insurance as limited lines insurance, requiring pet insurers to be licensed but exempting them from examination to do so ([Utah Code Ann. §§ 31A-23A-106 & 108](#)). Idaho also defines pet insurance as limited lines insurance in its licensing requirements ([Idaho Code § 41-1003](#)).

New Mexico defines pet insurance as a kind of property insurance ([N.M. Stat. Ann § 59A-7-4](#)). Under New Mexico law, property insurers must be licensed and must notify policy holders 60 days before a policy cancellation, among other requirements ([N.M. Stat. Ann. § 59A-18-29](#) & [59A-12-4](#)).

Tennessee allows insurers to offer pet insurance for the cost of a pet’s hospital and medical services as long as the services are provided by a licensed veterinarian ([Tenn. Code Ann. § 56-7-2102](#)). Additionally, pet insurers must disclose the policy’s annual premium and benefits ([Tenn. Code Ann. § 56-7-2103](#)).

Texas classifies pet insurers as inland marine insurance (non-filed) ([28 TAC § 5.5008](#)). As such, individual and group policies covering veterinary expenses for pet illness or injury are not subject to rules, rates, and form filing requirements ([28 TAC § 5.5001](#)).

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