

2023 -- S 0697 SUBSTITUTE A

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

RELATING TO INSURANCE -- PRODUCER LICENSING ACT

Introduced By: Senator V. Susan Sosnowski

Date Introduced: March 22, 2023

Referred To: Senate Commerce

(Dept. of Business Regulation)

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 27-2.4-2 and 27-2.4-16 of the General Laws in Chapter 27-2.4
2 entitled "Producer Licensing Act" are hereby amended to read as follows:

3 **27-2.4-2. Definitions.**

4 The following definitions apply to this chapter:

- 5 (1) "Business entity" means a corporation, association, partnership, limited liability
6 company, limited liability partnership, or other legal entity;
- 7 (2) "Contracted producer report" means the annual report that all insurers contracting with
8 insurance producers must provide to the department on or by March 1 listing each insurance
9 producer to whom the insurer paid one hundred dollars (\$100) or more in commissions for the
10 preceding calendar year of January 1 to December 31. The department shall prescribe the form and
11 manner of reporting.
- 12 (3) "Department" means the department of business regulation;
- 13 (4) "Home state" means any state or territory of the United States, or the District of
14 Columbia, in which an insurance producer maintains his or her principal place of residence or
15 principal place of business and is licensed to act as an insurance producer;
- 16 (5) "Insurance" means any of the lines of authority set forth in this title;
- 17 (6) "Insurance commissioner" means the director of the department of business regulation
18 or his or her designee;
- 19 (7) "Insurance producer" means a person required to be licensed under the laws of this state

1 to sell, solicit or negotiate insurance;

2 (8) "Insurer" means: (i) any person, reciprocal exchange, interinsurer, Lloyds insurer,
3 fraternal benefit society, and any other legal entity engaged in the business of insurance, including
4 insurance producers; (ii) notwithstanding §§ 27-19-2, 27-20-2, 27-20.1-2, 27-20.2-2, 27-20.3-2,
5 and 27-41-22, all of whom shall be engaged in the business of insurance for the purpose of this
6 chapter, nonprofit hospital and/or medical service corporation, a nonprofit dental service
7 corporation, a nonprofit optometric service corporation, a nonprofit legal service corporation, a
8 health maintenance organization as defined in chapter 41 of this title or as defined in chapter 62 of
9 title 42, or any other entity providing a plan of health benefits subject to state insurance regulation;
10 and (iii) an organization that for consideration assumes certain risks for an insured. Insurer
11 organizations may include corporations, stock companies, mutual companies, risk retention groups,
12 reciprocals, captives, Lloyds associations, and government residual plans.

13 (9) "License" means a document issued by this state's insurance commissioner authorizing
14 a person to act as an insurance producer for the lines of authority specified in the document. The
15 license itself does not create any authority, actual, apparent or inherent, in the holder to represent
16 or commit an insurance carrier;

17 (10) "Limited line credit insurance" includes credit life, credit disability, credit property,
18 credit unemployment, involuntary unemployment, mortgage life, mortgage guaranty, mortgage
19 disability, guaranteed automobile protection (gap) insurance, and any other form of insurance
20 offered in connection with an extension of credit that is limited to partially or wholly extinguishing
21 that credit obligation that the insurance commissioner determines should be designated a form of
22 limited line credit insurance;

23 (11) "Limited line credit insurance producer" means a person who sells, solicits or
24 negotiates one or more forms of limited line credit insurance coverage to individuals through a
25 master, corporate, group or individual policy;

26 (12) "Limited lines insurance" means those lines of insurance that the insurance
27 commissioner deems necessary to recognize for purposes of complying with subsection 27-2.4-
28 10(e);

29 (13) "Limited lines producer" means a person authorized by the insurance commissioner
30 to sell, solicit or negotiate limited lines insurance;

31 (14) "NAIC" means National Association of Insurance Commissioners;

32 (15) "Negotiate" means the act of conferring directly with or offering advice directly to a
33 purchaser or prospective purchaser of a particular contract of insurance concerning any of the
34 substantive benefits, terms or conditions of the contract, provided that the person engaged in that

1 act either sells insurance or obtains insurance from insurers for purchasers;

2 (16) "Person" means an individual;

3 (17) "Resident" means a person who either resides in Rhode Island or maintains an office
4 in Rhode Island where the business of producing insurance is transacted and designates Rhode
5 Island as the residence for purposes of licensure;

6 (18) "Sell" means to exchange a contract of insurance by any means, for money or its
7 equivalent, on behalf of an insurance company;

8 (19) "Solicit" means attempting to sell insurance or asking or urging a person to apply for
9 a particular kind of insurance from a particular company;

10 (20) "Terminate" means the cancellation of the relationship between an insurance producer
11 and the insurer or the termination of an insurance producer's authority to transact insurance;

12 (21) "Uniform application" means the current version of the NAIC uniform application for
13 resident and nonresident insurance producer licensing.

14 **27-2.4-16. Notification to insurance commissioner of termination.**

15 (a) **Termination for cause.** An insurer or authorized representative of the insurer that
16 terminates the [appointment](#), employment contract or other insurance business relationship with an
17 insurance producer shall notify the insurance commissioner within thirty (30) days following the
18 effective date of the termination, using a format prescribed by the insurance commissioner, if the
19 reason for termination is one of the reasons set forth in § 27-2.4-14 or the insurer has knowledge
20 the insurance producer was found by a court, government body, or self-regulatory organization
21 authorized by law to have engaged in any of the activities in § 27-2.4-14. Upon the written request
22 of the insurance commissioner, the insurer shall provide additional information, documents, records
23 or other data pertaining to the termination or activity of the insurance producer.

24 **(b) Termination without cause. An insurer or authorized representative of the insurer that**
25 **terminates the appointment, employment, or contract with a producer for any reason not set forth**
26 **in § 27-2.4-14, shall notify the insurance commissioner within thirty (30) days following the**
27 **effective date of the termination, using a format prescribed by the insurance commissioner. Upon**
28 **written request of the insurance commissioner, the insurer shall provide additional information,**
29 **documents, records or other data pertaining to the termination.**

30 **(b)(c) Ongoing notification requirement.** The insurer or the authorized representative of
31 the insurer shall promptly notify the insurance commissioner in a format acceptable to the insurance
32 commissioner if, upon further review or investigation, the insurer discovers additional information
33 that would have been reportable to the insurance commissioner in accordance with subsection (a)
34 of this section had the insurer then known of its existence.

1 ~~(e)~~(d) **Copy of notification to be provided to the insurance producer.**

2 (1) Within fifteen (15) days after making the notification required by subsections (a) and
3 ~~(b)~~(c) of this section, the insurer shall mail a copy of the notification to the insurance producer at
4 his or her last known address. If the insurance producer is terminated for cause for any of the
5 reasons listed in § 27-2.4-14, the insurer shall provide a copy of the notification to the insurance
6 producer at his or her last known address by certified mail, return receipt requested, postage prepaid
7 or by overnight delivery using a nationally recognized carrier.

8 (2) Within thirty (30) days after the insurance producer has received the original or
9 additional notification, the insurance producer may file written comments concerning the substance
10 of the notification with the insurance commissioner. The insurance producer shall, by the same
11 means, simultaneously send a copy of the comments to the reporting insurer, and the comments
12 shall become a part of the insurance commissioner's file and accompany every copy of a report
13 distributed or disclosed for any reason about the insurance producer as permitted under subsection
14 ~~(e)~~(f) of this section.

15 ~~(d)~~(e) **Immunities.**

16 (1) In the absence of actual malice, an insurer, the authorized representative of the insurer,
17 an insurance producer, the insurance commissioner, or an organization of which the insurance
18 commissioner is a member and that compiles the information and makes it available to other
19 insurance commissioners or regulatory or law enforcement agencies shall not be subject to civil
20 liability, except as provided in this section, and a civil cause of action of any nature shall not arise
21 against these entities or their respective agents or employees, except as provided in this section, as
22 a result of any statement or information required by or provided pursuant to this section or any
23 information relating to any statement that may be requested in writing by the insurance
24 commissioner, from an insurer or insurance producer; or a statement by a terminating insurer or
25 insurance producer to an insurer or insurance producer limited solely and exclusively to whether a
26 termination for cause under subsection (a) of this section was reported to the insurance
27 commissioner, provided that the propriety of any termination for cause under subsection (a) of this
28 section is certified in writing by an officer or authorized representative of the insurer or insurance
29 producer terminating the relationship.

30 (2) In any action brought against a person that may have immunity under this chapter for
31 making any statement required by this section or providing any information relating to any
32 statement that may be requested by the insurance commissioner, the party bringing the action shall
33 plead specifically in any allegation that subdivision ~~(d)~~(e)(1) of this section does not apply because
34 the person making the statement or providing the information did so with actual malice.

1 (3) This chapter shall not abrogate or modify any existing statutory or common law
2 privileges or immunities.

3 ~~(e)~~**(f) Confidentiality.**

4 (1) Any documents, materials or other information in the control or possession of the
5 department that is furnished by an insurer, insurance producer or an employee or agent of the
6 insurer or insurance producer acting on behalf of the insurer or insurance producer, or obtained by
7 the insurance commissioner in an investigation pursuant to this section, shall be confidential by law
8 and privileged, shall not be subject to chapter 2 of title 38, shall not be subject to subpoena, and
9 shall not be subject to discovery or admissible in evidence in any private civil action. The insurance
10 commissioner is authorized to use the documents, materials or other information in the furtherance
11 of any regulatory or legal action brought as a part of the insurance commissioner's duties.

12 (2) Neither the insurance commissioner nor any person who received documents, materials
13 or other information while acting under the authority of the insurance commissioner shall be
14 permitted or required to testify in any private civil action concerning any confidential documents,
15 materials, or information subject to this chapter.

16 (3) In order to assist in the performance of the insurance commissioner's duties under this
17 chapter, the insurance commissioner:

18 (i) May share documents, materials or other information, including the confidential and
19 privileged documents, materials or information subject to this chapter, with other state, federal, and
20 international regulatory agencies, with the NAIC, its affiliates or subsidiaries, and with state,
21 federal, and international law enforcement authorities, provided that the recipient agrees to
22 maintain the confidentiality and privileged status of the document, material or other information;

23 (ii) May receive documents, materials or information, including confidential and privileged
24 documents, materials or information, from the NAIC, its affiliates or subsidiaries and from
25 regulatory and law enforcement officials of other foreign or domestic jurisdictions, and shall
26 maintain as confidential or privileged any document, material or information received with notice
27 or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the
28 source of the document, material or information;

29 (iii) May enter into agreements governing sharing and use of information consistent with
30 this subsection;

31 (iv) No waiver of any applicable privilege or claim of confidentiality in the documents,
32 materials, or information shall occur as a result of disclosure to the commissioner under this section
33 or as a result of sharing as authorized in this chapter;

34 (v) Nothing in this chapter shall prohibit the insurance commissioner from releasing final,

1 adjudicated actions including for cause terminations that are open to public inspection pursuant to
2 chapter 2 of title 38 to a database or other clearinghouse service maintained by the NAIC, its
3 affiliates or subsidiaries; and

4 (vi) If the department releases to an unauthorized third party any documents, materials or
5 other information provided to the department pursuant to this section, then the department shall be
6 subject to a fine not to exceed one thousand dollars (\$1,000) after a hearing on this violation brought
7 in the Superior Court.

8 ~~(f)~~(g) **Penalties for failing to report.** An insurer, the authorized representative of the
9 insurer, or insurance producer that fails to report as required under the provisions of this section or
10 that is found to have reported with actual malice by a court of competent jurisdiction may, after
11 notice and hearing, have its license or certificate of authority suspended or revoked and may be
12 fined in accordance with § 42-14-16.

13 SECTION 2. Section 27-13.1-7 of the General Laws in Chapter 27-13.1 entitled
14 "Examinations" is hereby amended to read as follows:

15 **27-13.1-7. Cost of examinations.**

16 (a) The total cost of the examinations shall be borne by the examined companies and shall
17 include the following expenses:

18 (1) One hundred fifty percent (150%) of the total salaries and benefits paid to the examining
19 personnel of the banking and insurance division engaged in those examinations less any salary
20 reimbursements;

21 (2) All reasonable technology costs related to the examination process. Technology costs
22 shall include the actual cost of software and hardware utilized in the examination process and the
23 cost of training ~~examination~~ insurance personnel in the proper use of the software or hardware;

24 (3) All necessary and reasonable education and training costs incurred by the state to
25 maintain the proficiency and competence of the ~~examining~~ insurance personnel. All these costs
26 shall be incurred in accordance with appropriate state of Rhode Island regulations, guidelines and
27 procedures.

28 (b) Expenses incurred pursuant to subsections (a)(2) and (a)(3) of this section shall be
29 allocated equally to each company domiciled in Rhode Island no more frequently than annually
30 and shall not exceed an annual average assessment of ~~three thousand five hundred dollars (\$3,500)~~
31 five thousand dollars (\$5,000) per company for any given three (3) calendar year period. All
32 revenues collected pursuant to this section shall be deposited as general revenues. That assessment
33 shall be in addition to any taxes and fees payable to the state.

34 SECTION 3. Chapter 27-2.4 of the General Laws entitled "Producer Licensing Act" is

1 hereby amended by adding thereto the following section:

2 **27-2.4-14.1. Appointments.**

3 (a) An insurance producer shall not act as an agent of an insurer unless the insurance
4 producer becomes an appointed agent of that insurer. An insurance producer who is not acting as
5 an agent of an insurer is not required to become appointed.

6 (b) To appoint a producer as its agent, the appointing insurer shall file, in a format approved
7 by the insurance commissioner, a notice of appointment within fifteen (15) days from the date the
8 first insurance application is submitted. An insurer may also elect to appoint a producer to all or
9 some insurers within the insurer's holding company system or group by the filing of a single
10 appointment request.

11 (c) An insurer shall pay an appointment fee, in the amount and method of payment set forth
12 in a regulation promulgated for that purpose, for each insurance producer appointed by the insurer.

13 (d) An insurer shall remit, in a manner prescribed by the insurance commissioner, a renewal
14 appointment fee in the amount set forth in a regulation promulgated for that purpose.

15 SECTION 4. Chapter 27-9 of the General Laws entitled "Casualty Insurance Rating" is
16 hereby amended by adding thereto the following section:

17 **27-9-57. Unfair discrimination.**

18 (a) No individual or entity subject to this chapter shall, because of race, color, creed,
19 national origin, or disability:

20 (1) Make any distinction or discrimination between persons as to the premiums or rates
21 charged for insurance policies.

22 (2) Demand or require a greater premium from any persons than it requires at that time
23 from others in similar cases.

24 (3) Insert in the policy any condition, or make any stipulation, whereby the insured binds
25 themselves, or their heirs, executors, administrators, or assigns, to accept any sum or service less
26 than the full value or amount of such policy in case of a claim thereon except such conditions and
27 stipulations as are imposed upon others in similar cases; and any such stipulation or condition so
28 made or inserted shall be void.

29 SECTION 5. Title 27 of the General Laws entitled "INSURANCE" is hereby amended by
30 adding thereto the following chapter:

31 CHAPTER 82

32 PET INSURANCE ACT

33 **27-82-1. Short Title.**

34 This act shall be known and may be cited as the "Pet Insurance Act."

1 **27-82-2. Scope and Purpose.**

2 (a) The purpose of this act is to promote the public welfare by creating a comprehensive
3 legal framework within which pet insurance may be sold in this state.

4 (b) The requirements of this act shall apply to pet insurance policies that are issued to any
5 resident of this state and are sold, solicited, negotiated, or offered in this state, and policies or
6 certificates that are delivered or issued for delivery in this state.

7 (c) All other applicable provisions of this state's insurance laws shall continue to apply to
8 pet insurance except that the specific provisions of this act shall supersede any general provisions
9 of law that would otherwise be applicable to pet insurance.

10 **27-82-3. Definitions.**

11 (a) If a pet insurer uses any of the terms in this chapter in a policy of pet insurance, the pet
12 insurer shall use the definition of each of those terms as set forth herein and include the definition
13 of the term(s) in the policy. The pet insurer shall also make the definition available through a clear
14 and conspicuous link on the main page of the pet insurer or pet insurer's program administrator's
15 website.

16 (b) Nothing in this chapter shall in any way prohibit or limit the types of exclusions pet
17 insurers may use in their policies or require pet insurers to have any of the limitations or exclusions
18 defined below.

19 (c) As used in this chapter:

20 (1) "Chronic condition" means a condition that can be treated or managed, but not cured.

21 (2) "Congenital anomaly or disorder" means a condition that is present from birth, whether
22 inherited or caused by the environment, which may cause or contribute to illness or disease.

23 (3) "Hereditary disorder" means an abnormality that is genetically transmitted from parent
24 to offspring and may cause illness or disease.

25 (4) "Orthopedic" refers to conditions affecting the bones, skeletal muscle, cartilage,
26 tendons, ligaments, and joints. It includes, but is not limited to, elbow dysplasia, hip dysplasia,
27 intervertebral disc degeneration, patellar luxation, and ruptured cranial cruciate ligaments. It does
28 not include cancers or metabolic, hemopoietic, or autoimmune diseases.

29 (5) "Pet insurance" means a property insurance policy that provides coverage for accidents
30 and illnesses of pets.

31 (6) "Preexisting condition" means any condition for which any of the following are true
32 prior to the effective date of a pet insurance policy or during any waiting period:

33 (i) A veterinarian provided medical advice;

34 (ii) The pet received previous treatment; or

1 (iii) Based on information from verifiable sources, the pet had signs or symptoms directly
2 related to the condition for which a claim is being made.

3 (iv) A condition for which coverage is afforded on a policy cannot be considered a
4 preexisting condition on any renewal of the policy.

5 (7) "Renewal" means to issue and deliver at the end of an insurance policy period a policy
6 which supersedes a policy previously issued and delivered by the same pet insurer or affiliated pet
7 insurer and which provides types and limits of coverage substantially similar to those contained in
8 the policy being superseded.

9 (8) "Veterinarian" means an individual who holds a valid license to practice veterinary
10 medicine from the appropriate licensing entity in the jurisdiction in which he or she practices.

11 (9) "Veterinary expenses" means the costs associated with medical advice, diagnosis, care,
12 or treatment provided by a veterinarian, including, but not limited to, the cost of drugs prescribed
13 by a veterinarian.

14 (10) "Waiting period" means the period of time specified in a pet insurance policy that is
15 required to transpire before some or all of the coverage in the policy can begin. Waiting periods
16 may not be applied to renewals of existing coverage.

17 (11) "Wellness program" means a subscription or reimbursement-based program that is
18 separate from an insurance policy that provides goods and services to promote the general health,
19 safety, or wellbeing of the pet. If any wellness program:

20 (i) Pays or indemnifies another as to loss from certain contingencies called "risks,"
21 including through reinsurance;

22 (ii) Pays or grants a specified amount or determinable benefit to another in connection with
23 ascertainable risk contingencies; or

24 (iii) Acts as a surety, it is transacting in the business of insurance and is subject to the
25 insurance code, as defined in § 27-54.1-1. This definition is not intended to classify a contract
26 directly between a service provider and a pet owner that only involves the two (2) parties as being
27 "the business of insurance," unless other indications of insurance also exist.

28 **27-82-4. Disclosures.**

29 (a) A pet insurer transacting pet insurance shall disclose the following to consumers:

30 (1) If the policy excludes coverage due to any of the following:

31 (i) A preexisting condition;

32 (ii) A hereditary disorder;

33 (iii) A congenital anomaly or disorder; or

34 (iv) A chronic condition.

1 (2) If the policy includes any other exclusions, the following statement: "Other exclusions
2 may apply. Please refer to the exclusions section of the policy for more information."

3 (3) Any policy provision that limits coverage through a waiting or affiliation period, a
4 deductible, coinsurance, or an annual or lifetime policy limit.

5 (4) Whether the pet insurer reduces coverage or increases premiums based on the insured's
6 claim history, the age of the covered pet or a change in the geographic location of the insured.

7 (5) If the underwriting company differs from the brand name used to market and sell the
8 product.

9 (b) Right to examine and return the policy.

10 (1) Unless the insured has filed a claim under the pet insurance policy, pet insurance
11 applicants shall have the right to examine and return the policy, certificate or rider to the company
12 or an agent/insurance producer of the company within fifteen (15) days of its receipt and to have
13 the premium refunded if, after examination of the policy, certificate or rider, the applicant is not
14 satisfied for any reason.

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

18 "You have fifteen (15) days from the day you receive this policy, certificate, or rider to
19 review it, and return it to the company if you decide not to keep it. You do not have to tell the
20 company why you are returning it. If you decide not to keep it, simply return it to the company at
21 its administrative office, or you may return it to the agent/insurance producer that you bought it
22 from as long as you have not filed a claim. You must return it within fifteen (15) days of the day
23 you first received it. The company will refund the full amount of any premium paid within thirty
24 (30) days after it receives the returned policy, certificate, or rider. The premium refund will be sent
25 directly to the person who paid it. The policy, certificate, or rider will be void as if it had never
26 been issued."

27 (c) A pet insurer shall clearly disclose a summary description of the basis or formula on
28 which the pet insurer determines claim payments under a pet insurance policy within the policy,
29 prior to policy issuance, and through a clear and conspicuous link on the main page of the pet
30 insurer's or pet insurer's program administrator's website.

31 (d) A pet insurer that uses a benefit schedule to determine claim payment under a pet
32 insurance policy shall do both of the following:

33 (1) Clearly disclose the applicable benefit schedule in the policy.

34 (2) Disclose all benefit schedules used by the pet insurer under its pet insurance policies

1 through a clear and conspicuous link on the main page of the pet insurer's or pet insurer's program
2 administrator's website.

3 (e) A pet insurer that determines claim payments under a pet insurance policy based on
4 usual and customary fees, or any other reimbursement limitation based on prevailing veterinary
5 service provider charges, shall do both of the following:

6 (1) Include a usual and customary fee limitation provision in the policy that clearly
7 describes the pet insurer's basis for determining usual and customary fees and how that basis is
8 applied in calculating claim payments.

9 (2) Disclose the pet insurer's basis for determining usual and customary fees through a clear
10 and conspicuous link on the main page of the pet insurer's or pet insurer's program administrator's
11 website.

12 (f) If any medical examination by a licensed veterinarian is required to effectuate coverage,
13 the pet insurer shall clearly and conspicuously disclose the required aspects of the examination
14 prior to purchase and disclose that examination documentation may result in a preexisting condition
15 exclusion.

16 (g) Waiting periods and the requirements applicable to them, must be clearly and
17 prominently disclosed to consumers prior to the policy purchase.

18 (h) The pet insurer shall include a summary of all policy provisions required in subsections
19 (a) through (g) of this section, inclusive, in a separate document titled "insurer disclosure of
20 important policy provisions."

21 (i) The pet insurer shall post the "insurer disclosure of important policy provisions"
22 document required in subsection (h) of this section through a clear and conspicuous link on the
23 main page of the pet insurer's or pet insurer's program administrator's website.

24 (j) In connection with the issuance of a new pet insurance policy, the pet insurer shall
25 provide the consumer with a copy of the "insurer disclosure of important policy provisions"
26 document required pursuant to subsection (h) of this section in at least twelve-point (12-point) type
27 when the policy is delivered.

28 (k) At the time a pet insurance policy is issued or delivered to a policyholder, the pet insurer
29 shall include a written disclosure with the following information, printed in twelve-point (12-point)
30 boldface type:

31 (1) The address and customer service telephone number of the pet insurer or the agent or
32 broker of record.

33 (2) If the policy was issued or delivered by an agent or broker, a statement advising the
34 policyholder to contact the broker or agent for assistance.

1 (l) The disclosures required in this section shall be in addition to any other disclosures
2 required by law or regulation.

3 **27-82-5. Policy Conditions.**

4 (a) A pet insurer may issue policies that exclude coverage on the basis of one or more
5 preexisting conditions with appropriate disclosure to the consumer. The pet insurer has the burden
6 of proving that the preexisting condition exclusion applies to the condition for which a claim is
7 being made.

8 (b) A pet insurer may issue policies that impose waiting periods upon effectuation of the
9 policy that do not exceed thirty (30) days for illnesses or orthopedic conditions not resulting from
10 an accident. Waiting periods for accidents are prohibited. However, an insurer may issue coverage
11 to be effective at 12:01 a.m. on the second calendar day after the purchase, subject only to the
12 following exceptions.

13 (1) If an insurer elects to conduct individualized underwriting on a specific pet, then
14 coverage must be effective by 12:01 a.m. on the second calendar day after the insurer has
15 determined such pet is eligible for coverage.

16 (2) An insurer may delay coverage from becoming effective to establish a method for the
17 consumer or group administrator to pay the premium.

18 (3) For pet insurance coverage acquired by an individual through an employer or
19 organization, the coverage effective date of such pet insurance may be delayed to align with the
20 eligibility and effective date requirements of the employer's or organization's benefit plan.

21 (4) A pet insurer utilizing a waiting period permitted in subsection (b) of this section shall
22 include a provision in its contract that allows the waiting periods to be waived upon completion of
23 a medical examination. Pet insurers may require the examination to be conducted by a licensed
24 veterinarian after the purchase of the policy.

25 (i) A medical examination under subsection (b)(1) of this section shall be paid for by the
26 policyholder, unless the policy specifies that the pet insurer will pay for the examination.

27 (ii) A pet insurer can specify elements to be included as part of the examination and require
28 documentation thereof; provided, the specifications do not unreasonably restrict a consumer's
29 ability to waive the waiting periods in subsection (b) of this section.

30 (5) Waiting periods, and the requirements applicable to them, must be clearly and
31 prominently disclosed to consumers prior to the policy purchase.

32 (6) If a policy does not include a waiting period for an illness or orthopedic condition, an
33 insurer may set a policy effectuation date that is up to fifteen (15) calendar days after purchase, so
34 long as such policy effectuation date is clearly disclosed and no premium is charged before the

1 policy becomes effective.

2 (c) A pet insurer must not require a veterinary examination of the covered pet for the
3 insured to have their policy renewed.

4 (d) If a pet insurer includes any prescriptive, wellness, or non-insurance benefits in the
5 policy form, then it is made part of the policy contract and must follow all applicable laws and
6 regulations in the insurance code.

7 (e) An insured's eligibility to purchase a pet insurance policy must not be based on
8 participation, or lack of participation, in a separate wellness program.

9 **27-82-6. Sales practices for wellness programs.**

10 (a) A pet insurer and/or producer shall not do the following:

11 (1) Market a wellness program as pet insurance;

12 (2) Market a wellness program during the sale, solicitation, or negotiation of pet insurance.

13 (b) If a wellness program is sold by a pet insurer and/or producer:

14 (1) The purchase of the wellness program shall not be a requirement to the purchase of pet
15 insurance.

16 (2) The costs of the wellness program shall be separate and identifiable from any pet
17 insurance policy sold by a pet insurer and/or producer.

18 (3) The terms and conditions for the wellness program shall be separate from any pet
19 insurance policy sold by a pet insurer and/or producer.

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

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

24 (6) A pet insurer and/or producer shall clearly disclose the following to consumers, printed
25 in twelve-point (12-point) boldface type:

26 (i) That wellness programs are not insurance.

27 (ii) The address and customer service telephone number of the pet insurer or producer or
28 broker of record.

29 (c) Coverages included in the pet insurance policy contract described as "wellness" benefits
30 are insurance.

31 **27-82-7. Insurance producer training.**

32 (a) An insurance producer shall not sell, solicit, or negotiate a pet insurance product until
33 after the producer is appropriately licensed and has completed the required training identified in
34 subsection (c) of this section.

1 (b) Insurers shall ensure that its producers are trained under subsection (c) of this section
2 and that its producers have been appropriately trained on the coverages and conditions of its pet
3 insurance products.

4 (c) The training required under this subsection shall include information on the following
5 topics:

6 (1) Preexisting conditions and waiting periods;

7 (2) The differences between pet insurance and noninsurance wellness programs;

8 (3) Hereditary disorders, congenital anomalies or disorders and chronic conditions and how
9 pet insurance policies interact with those conditions or disorders; and

10 (4) Rating, underwriting, renewal, and other related administrative topics.

11 (d) The satisfaction of the training requirements of another state that are substantially
12 similar to the provisions of subsection (c) of this section shall be deemed to satisfy the training
13 requirements in this state.

14 **27-82-8. Violations.**

15 Violations of this chapter shall be subject to penalties pursuant to § 42-14-16.

16 SECTION 6. This act shall take effect on January 1, 2024.

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LC002296/SUB A
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO INSURANCE -- PRODUCER LICENSING ACT

1 This act would amend the statutory provisions regarding insurance producer appointments
2 to provide for an efficient electronic process clarify language relating to insurance claims adjusters,
3 add elements to unfair discrimination prohibitions and establishes the provisions of the pet
4 insurance act.

5 This act would take effect on January 1, 2024.

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LC002296/SUB A
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