
SENATE BILL 5319

State of Washington

68th Legislature

2023 Regular Session

By Senators Stanford, Dozier, Mullet, and C. Wilson

Read first time 01/12/23. Referred to Committee on Business, Financial Services, Gaming & Trade.

1 AN ACT Relating to pet insurance; adding a new chapter to Title
2 48 RCW; and providing an effective date.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** (1) The requirements of this chapter shall
5 apply to pet insurance policies that are issued to any resident of
6 this state, are sold, solicited, negotiated, or offered in this
7 state, and policies or certificates that are delivered or issued for
8 delivery in this state.

9 (2) All other applicable provisions of this state's insurance
10 laws continue to apply to pet insurance except that the specific
11 provisions of this chapter shall supersede any general provisions of
12 law that would otherwise be applicable to pet insurance.

13 NEW SECTION. **Sec. 2.** The definitions in this section apply
14 throughout this chapter unless the context clearly requires
15 otherwise.

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

18 (2) "Congenital anomaly" and "congenital disorder" mean a
19 condition that is present from birth, whether inherited or caused by
20 the environment, which may cause or contribute to illness or disease.

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

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

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

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

15 (i) A veterinarian provided medical advice;

16 (ii) The pet received previous treatment; or

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

20 (b) A condition for which coverage is afforded on a policy cannot
21 be considered a preexisting condition on any renewal of the policy.

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

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

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

34 (10) "Waiting period" means the period of time specified in a pet
35 insurance policy that is required to transpire before some or all of
36 the coverage in the policy can begin.

37 (11) "Wellness program" means a subscription or reimbursement-
38 based program that is separate from an insurance policy that provides
39 goods and services to promote the general health, safety, or well-
40 being of the pet.

1 NEW SECTION. **Sec. 3.** (1) If a pet insurer uses any of the terms
2 in section 2 of this act in a policy of pet insurance, the pet
3 insurer shall use the definition of each of those terms as set forth
4 in section 2 of this act and include the definition of the terms in
5 the policy. The pet insurer shall also make the definition available
6 through a clear and conspicuous link on the main page of either the
7 pet insurer's website or the pet insurer's program administrator's
8 website, or both.

9 (2) Nothing in section 2 of this act shall in any way prohibit or
10 limit the types of exclusions pet insurers may use in their policies
11 or require pet insurers to have any of the limitations or exclusions
12 in this chapter.

13 NEW SECTION. **Sec. 4.** (1) A pet insurer transacting pet
14 insurance shall disclose the following to consumers:

15 (a) If the policy excludes coverage due to any of the following:

16 (i) A preexisting condition;

17 (ii) A hereditary disorder;

18 (iii) Either a congenital anomaly or a congenital disorder, or
19 both; or

20 (iv) A chronic condition;

21 (b) If the policy includes any other exclusions, the following
22 statement: "Other exclusions may apply. Please refer to the
23 exclusions section of the policy for more information";

24 (c) Any policy provision that limits coverage through a waiting
25 or affiliation period, a deductible, coinsurance, or an annual or
26 lifetime policy limit;

27 (d) Whether the pet insurer reduces coverage or increases
28 premiums based on the insured's claim history, the age of the covered
29 pet, or a change in the geographic location of the insured; and

30 (e) If the underwriting company differs from the brand name used
31 to market and sell the product.

32 (2)(a) Unless the insured has filed a claim under the pet
33 insurance policy, pet insurance applicants shall have the right to
34 examine and return the policy, certificate, or endorsement to the
35 company or an insurance producer appointed by the company within 15
36 days of its receipt and to have the premium refunded if, after
37 examination of the policy, certificate, or endorsement, the applicant
38 is not satisfied for any reason.

1 (b) Pet insurance policies, certificates, and endorsements must
2 have a notice prominently printed on the first page or attached
3 thereto including specific instructions to accomplish a return. The
4 following free look statement or language substantially similar must
5 be included:

6 "You have 15 days from the day you receive this policy,
7 certificate, or endorsement to review it and return it to the company
8 if you decide not to keep it. You do not have to tell the company why
9 you are returning it. If you decide not to keep it, simply return it
10 to the company at its administrative office or you may return it to
11 the insurance producer that you bought it from as long as you have
12 not filed a claim. You must return it within 15 days of the day you
13 first received it. The company will refund the full amount of any
14 premium paid within 30 days after it receives the returned policy,
15 certificate, or endorsement. The premium refund will be sent directly
16 to the person who paid it. The policy, certificate, or endorsement
17 will be void as if it had never been issued."

18 (3) A pet insurer shall clearly disclose a summary description of
19 the basis or formula on which the pet insurer determines claim
20 payments under a pet insurance policy within the policy prior to
21 policy issuance and through a clear and conspicuous link on the main
22 page of either the pet insurer's website or pet insurer's program
23 administrator's website, or both.

24 (4) A pet insurer that uses a benefit schedule to determine claim
25 payment under a pet insurance policy shall:

26 (a) Clearly disclose the applicable benefit schedule in the
27 policy; and

28 (b) Disclose all benefit schedules used by the pet insurer under
29 its pet insurance policies through a clear and conspicuous link on
30 the main page of either the pet insurer's website or pet insurer's
31 program administrator's website, or both.

32 (5) A pet insurer that determines claim payments under a pet
33 insurance policy based on usual and customary fees or any other
34 reimbursement limitation based on prevailing veterinary service
35 provider charges shall:

36 (a) Include a usual and customary fee limitation provision in the
37 policy that clearly describes the pet insurer's basis for determining
38 usual and customary fees and how that basis is applied in calculating
39 claim payments; and

1 (b) Disclose the pet insurer's basis for determining usual and
2 customary fees through a clear and conspicuous link on the main page
3 of either the pet insurer's website or the pet insurer's program
4 administrator's website, or both.

5 (6) If any medical examination by a licensed veterinarian is
6 required to effectuate coverage, the pet insurer shall clearly and
7 conspicuously disclose the required aspects of the examination prior
8 to purchase and disclose that examination documentation may result in
9 a preexisting condition exclusion.

10 (7) The pet insurer shall disclose waiting periods and the
11 requirements applicable to them clearly and prominently to consumers
12 prior to the policy purchase.

13 (8) The pet insurer shall include a summary of all policy
14 provisions required in this section in a separate document titled
15 "insurer disclosure of important policy provisions."

16 (9) The pet insurer shall post the insurer disclosure of
17 important policy provisions document required in subsection (8) of
18 this section through a clear and conspicuous link on the main page of
19 either the pet insurer's website or the pet insurer's program
20 administrator's website, or both.

21 (10) In connection with the issuance of a new pet insurance
22 policy, the pet insurer shall provide the consumer with a copy of the
23 insurer disclosure of important policy provisions document required
24 in subsection (8) of this section in at least 12-point type when it
25 delivers the policy.

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

29 (a) The address and customer service telephone number of either
30 the pet insurer or the insurance producer of record, or both; and

31 (b) If the policy was issued or delivered by an insurance
32 producer, a statement advising the policyholder to contact the
33 insurance producer for assistance.

34 (12) The disclosures required in this section are in addition to
35 any other disclosure requirements required by law or regulation.

36 NEW SECTION. **Sec. 5.** (1) A pet insurer may issue policies that
37 exclude coverage on the basis of one or more preexisting conditions
38 with appropriate disclosure to the consumer. The pet insurer has the

1 burden of proving that the preexisting condition exclusion applies to
2 the condition for which a claim is being made.

3 (2) (a) A pet insurer may issue policies that impose waiting
4 periods upon effectuation of the policy that do not exceed 30 days
5 for illnesses or orthopedic conditions not resulting from an
6 accident. Waiting periods for accidents are prohibited. Waiting
7 periods may not be applied to renewals of existing coverage.

8 (b) A pet insurer utilizing a waiting period permitted in (a) of
9 this subsection shall include a provision in its policy that allows
10 the waiting periods to be waived upon completion of a medical
11 examination. Pet insurers may require the examination to be conducted
12 by a licensed veterinarian after the purchase of the policy.

13 (c) A medical examination under (b) of this subsection must be
14 paid for by the policyholder, unless the policy specifies that the
15 pet insurer will pay for the examination.

16 (d) A pet insurer can specify elements to be included as part of
17 the examination and require documentation thereof, provided the
18 specifications do not unreasonably restrict a consumer's ability to
19 waive the waiting periods listed in (a) of this subsection.

20 (3) A pet insurer may not require a veterinary examination of the
21 covered pet for the insured to have their policy renewed.

22 (4) If a pet insurer includes any prescriptive, wellness, or
23 noninsurance benefits in the policy form, then it is made part of the
24 policy contract and must follow all applicable laws and regulations
25 in the insurance code.

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

29 NEW SECTION. **Sec. 6.** (1) A pet insurer and insurance producer
30 may not:

31 (a) Market a wellness program as pet insurance; or

32 (b) Market a wellness program during the sale, solicitation, or
33 negotiation of pet insurance.

34 (2) If a wellness program is sold by either a pet insurer or an
35 insurance producer, or both:

36 (a) The purchase of the wellness program may not be a requirement
37 to the purchase of pet insurance;

1 (b) The costs of the wellness program must be separate and
2 identifiable from any pet insurance policy sold by either a pet
3 insurer, an insurance producer, or both;

4 (c) The terms and conditions for the wellness program must be
5 separate from any pet insurance policy sold by either a pet insurer,
6 an insurance producer, or both;

7 (d) The products or coverages available through the wellness
8 program may not duplicate products or coverages available through the
9 pet insurance policy;

10 (e) The advertising of the wellness program may not be misleading
11 and must be in accordance with this section;

12 (f) Either a pet insurer or an insurance producer, or both, must
13 clearly disclose the following to consumers, printed in 12-point
14 boldface type:

15 (i) That wellness programs are not insurance; and

16 (ii) The address and customer service telephone number of either
17 the pet insurer or the insurance producer of record, or both.

18 (3) Coverages included in the pet insurance policy contract
19 described as "wellness" benefits are insurance.

20 (4) If any wellness program undertakes to indemnify another or
21 pay a specified amount upon determinable contingencies, it is
22 transacting in the business of insurance and is subject to the
23 insurance code. This definition is not intended to classify a
24 contract directly between a service provider and a pet owner that
25 only involves the two parties as being the business of insurance
26 unless other indications of insurance also exist.

27 NEW SECTION. **Sec. 7.** (1) An insurance producer may not sell,
28 solicit, or negotiate a pet insurance product until after the
29 producer is appropriately licensed and has completed the required
30 training identified in subsection (3) of this section.

31 (2) An insurer shall ensure that its producers are trained under
32 subsection (3) of this section and that its producers have been
33 appropriately trained on the coverages and conditions of its pet
34 insurance products.

35 (3) The training required under this subsection must include
36 information on the following topics:

37 (a) Preexisting conditions and waiting periods;

38 (b) The differences between pet insurance and noninsurance
39 wellness programs;

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

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

6 (4) The satisfaction of the training requirements of another
7 state that are substantially similar to the provisions of subsection
8 (3) of this section shall satisfy the training requirements in this
9 state.

10 NEW SECTION. **Sec. 8.** The insurance commissioner may adopt rules
11 as necessary to implement and administer this chapter.

12 NEW SECTION. **Sec. 9.** Sections 1 through 8 and 10 of this act
13 constitute a new chapter in Title 48 RCW.

14 NEW SECTION. **Sec. 10.** This act takes effect January 1, 2024.

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