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BULLETIN 24-25

DATE: December 5, 2024
TO: Property and Casualty Insurance Carriers and Producers
RE: Pet Insurance

The Maryland Insurance Administration (the “Administration”) is issuing this Bulletin to notify property and casualty insurance carriers and producers that 2024 Maryland Laws Ch. 740 (House Bill 647), which establishes a regulatory framework that applies to the sale of pet insurance in the state, will become effective on January 1, 2025. The law is codified at Title 19, Subtitle 11 of the Insurance Article.¹

Section 19–1104 describes disclosures and notices that a pet insurer is required to provide to consumers concerning the following:

- Policy exclusions;
- Policy provisions that limit coverage through a waiting period, a deductible, coinsurance, or an annual or lifetime policy limit;
- Whether the 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;
- The name of the underwriting company, if it differs from the brand name used to market and sell the policy;
- The insured’s right to cancel a policy within 10 days after it is delivered to the insured;
- The insured’s right to a pro rata premium refund for the unexpired term of a policy that the insured cancelled within 10 days after it was delivered and under which no claim was made;²
- The basis or formula on which the insurer determines claim payments;
- Benefit schedules the insurer uses to determine claim payments;

¹ Statutes referenced in this Bulletin are within the Insurance Article of the Annotated Code of Maryland.

² § 19–1104(b)(1)(ii) and (b)(2) provide that, if a policy is cancelled within the 10-day "free look period" and no claim has been made under the policy, the policyholder is entitled to a refund of the pro rata premium for the unexpired term of the policy. This provision establishes the minimum amount that the insurer is required to refund under these circumstances, but does not prohibit the insurer from refunding the full premium amount.

- If applicable, the insurer’s basis for determining usual and customary fees and how the basis is applied in calculating claim payments;
- If a medical examination by a veterinary practitioner is required to begin coverage, the required aspects of the examination and a statement that the examination documentation may result in a preexisting condition exclusion; and
- Any waiting periods and the requirements applicable to the waiting periods.

Section 19-1105(a) provides that pet insurance policies may exclude coverages on the basis of one or more preexisting conditions with appropriate disclosure to the consumer.

Section 19-1105(b) permits the issuance of a pet insurance policy that imposes a waiting period of up to 30 days for coverage of an illness or orthopedic condition that does not result from an accident, if the policy includes a provision that allows for the waiving of the waiting period upon completion of a medical examination.

Section 19-1105(c) provides that, if the insured has paid a veterinary practitioner for expenses covered under the policy, the insurer shall require that the insured submit a claim under the policy to be reimbursed. The Administration does not interpret this provision as prohibiting the insurer from directly paying the veterinary practitioner for covered expenses.

Section 19-1105(d) prohibits a pet insurer from requiring a medical examination of the covered pet as a condition for the renewal of a policy.

Section 19-1105(e) clarifies that a prescriptive, wellness, or noninsurance benefit included in the policy form for a pet insurance policy is part of the policy and subject to the Insurance Article.

Section 19-1105(f) prohibits a pet insurer from conditioning an insured's eligibility to purchase a pet insurance policy on participation, or lack of participation, in a separate wellness program.

Section 19-1106 sets forth requirements that a pet insurer or producer must comply with in advertising or selling a wellness program that is separate from a policy to the insured.

Pursuant to § 19–1107, a “wellness program” that contracts to indemnify or to pay or provide a specified determinable amount or benefit on the occurrence of a determinable contingency is considered “insurance” and subject to the Insurance Article.

Questions about Title 19, Subtitle 11 of the Insurance Article may be directed to:

William Fawcett
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Questions concerning rate and form filings may be directed to:

Marsha Hall
Assistant Director, Property & Casualty Rates & Forms Division

marsha.hall@maryland.gov

Marie Grant
Acting Insurance Commissioner

By: **Signature on Original**
William Fawcett
Associate Commissioner
Property & Casualty Insurance