AN ACT concerning regulation.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 5. The Illinois Insurance Code is amended by adding Article XLVIII as follows:

(215 ILCS 5/Art. XLVIII heading new)

ARTICLE XLVIII. PET INSURANCE

(215 ILCS 5/1800 new)

Sec. 1800. Purpose and scope.

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

(b) The requirements of this Article shall apply to pet insurance policies that are issued to any resident of this State; pet insurance policies that are sold, solicited, negotiated, or offered in this State; and pet insurance policies or certificates that are delivered or issued for delivery in this State.

(c) All other applicable provisions of this State's insurance laws shall continue to apply to pet insurance, except that the specific provisions of this Article shall supersede any general provisions of law that would otherwise be applicable to pet insurance.

(d) Nothing in this Article shall in any way prohibit or limit the types of exclusions pet insurers may use in their policies or require pet insurers to have any of the limitations or exclusions described in this Article.

(e) Any person licensed as an insurance producer with a personal line of authority or with both property and casualty lines of authority is authorized to sell, solicit, and negotiate pet insurance.

(215 ILCS 5/1805 new)

Sec. 1805. Definitions. In this Article:

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

"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.

"Department" means the Department of Insurance.

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

"Pet insurance" means a property insurance policy that provides coverage for accidents and illnesses of pets.

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

(1) a veterinarian provided medical advice;

(2) the pet received previous treatment; or

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

"Preexisting condition" does not include a condition that was covered under a preceding policy period prior to the renewal so long as there was no break in the superseding policy periods.

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

"Orthopedic conditions" refers to conditions affecting the bones, skeletal muscle, cartilage, tendons, ligaments, and joints. "Orthopedic conditions" include, but are not limited to, elbow dysplasia, hip dysplasia, intervertebral disc degeneration, patellar luxation, and ruptured cranial cruciate ligaments. "Orthopedic conditions" do not include cancers or metabolic, hemopoietic, or autoimmune diseases.

"Veterinarian" means an individual who holds a valid license to practice veterinary medicine from the appropriate licensing entity in the jurisdiction in which the individual practices.

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

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

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

(215 ILCS 5/1810 new)

Sec. 1810. Applicability of defined terms. If a pet insurer uses any of the defined terms in Section 1805 in a policy of pet insurance, the pet insurer shall use the definition of each of those terms as set forth in Section 1805 and include the definition of the terms in the policy. The pet insurer shall also make the definition available through a clear and conspicuous link on the main page of the pet insurer's website or the pet insurer's program administrator's website.

(215 ILCS 5/1815 new)

Sec. 1815. Disclosures.

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

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

(A) a preexisting condition;

(B) a hereditary disorder;

(C) a congenital anomaly or disorder; or

(D) a chronic condition.

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

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

(4) 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.

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

(b) Unless the insured has filed a claim under the pet insurance policy, pet insurance applicants shall have the right to examine and return the policy, certificate, or rider to the company or an agent or insurance producer of the company within 30 days of its receipt and to have the premium refunded if, after examination of the policy, certificate, or rider, the applicant is not satisfied for any reason.

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

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

This subsection (b) does not apply to renewals.

(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 within the policy, both prior to policy issuance and through a clear and conspicuous link on the main page of the pet insurer's website or the pet insurer's program administrator's website.

(d) A pet insurer that uses a benefit schedule to determine claim payment under a pet insurance policy 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 pet insurer's website or the pet insurer's program administrator's website.

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

(1) include a usual and customary fee limitation provision in the policy that clearly describes the pet insurer's basis for determining usual and customary fees and how that 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 pet insurer's website or the pet insurer's program administrator's website.

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

(g) Waiting periods and the requirements applicable to the waiting periods shall be clearly and prominently disclosed to consumers prior to the policy purchase.

(h) The pet insurer shall include a summary of all disclosures required by this Section in a separate document titled "Insurer Disclosure of Important Policy Provisions". The pet insurer shall post the document by way of a clear and conspicuous link on the main page of the pet insurer's website or the pet insurer's program administrator's website.

In connection with the issuance of a new pet insurance policy, the pet insurer shall provide the consumer with a copy of the Insurer Disclosure of Important Policy Provisions document required under this subsection (h) in at least 12-point type when it delivers the policy.

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

(1) The Department's mailing address, toll-free telephone number, and website address.

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

(3) If the policy was issued or delivered by an agent or broker, a statement advising the policyholder to

contact the broker or agent for assistance.

(j) The disclosures required in this Section shall be in addition to any other disclosure requirements required by law or rule.

(215 ILCS 5/1820 new)

Sec. 1820. Policy conditions.

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

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

(1) A pet insurer using a waiting period shall include a provision in its contract that allows the waiting periods to be waived upon completion of a medical examination. Pet insurers may require the examination to be conducted by a licensed veterinarian after the purchase of the policy.

(A) A medical examination shall be paid for by the policyholder, unless the policy specifies that the pet insurer will pay for the examination.

(B) A pet insurer may specify elements to be included as part of the examination and require documentation thereof, provided the specifications do not unreasonably restrict a consumer's ability to waive the waiting periods by completing a medical examination.

(2) Waiting periods and the requirements applicable to them shall be clearly and prominently disclosed to consumers prior to the policy purchase.

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

(d) If a pet insurer includes any prescriptive, wellness, or noninsurance benefits in the policy form, then such benefits are made part of the policy contract and shall follow all applicable laws and rules adopted under this Code.

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

(215 ILCS 5/1825 new)

Sec. 1825. Sales practices for wellness programs.

(a) No pet insurer or insurance producer shall market a wellness program as pet insurance or market a wellness program during the sale, solicitation, or negotiation of pet insurance.

(b) If a wellness program is sold by a pet insurer or insurance producer:

(1) The purchase of the wellness program shall not be a requirement for purchasing pet insurance.

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

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

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

(5) The advertising of the wellness program shall not be misleading and shall be in accordance with this Section.

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

(A) That wellness programs are not insurance.

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

(C) The Department's mailing address, toll-free telephone number, and website address.

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

(215 ILCS 5/1830 new)

Sec. 1830. Insurance producer training.

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

(b) An insurer shall ensure that its producers are trained under subsection (c) and that its producers have been appropriately trained on the coverages and conditions of its pet insurance products.

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

(1) preexisting conditions and waiting periods;

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

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

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

(d) The satisfaction of the training requirements of another state that are substantially similar to the requirements of subsection (c) shall satisfy the training requirements in this State.

(215 ILCS 5/1835 new)

Sec. 1835. Rules. The Department may adopt rules necessary to implement this Article.