



## 103RD GENERAL ASSEMBLY

### State of Illinois

2023 and 2024

HB4532

Introduced 1/31/2024, by Rep. Joyce Mason - Kelly M. Cassidy

#### SYNOPSIS AS INTRODUCED:

215 ILCS 5/Art. XLVIII heading new  
215 ILCS 5/1800 new  
215 ILCS 5/1805 new  
215 ILCS 5/1810 new  
215 ILCS 5/1815 new  
215 ILCS 5/1820 new  
215 ILCS 5/1825 new

Amends the Illinois Insurance Code. Creates the Pet Insurance Article of the Code. Defines terms. Requires a pet insurer to disclose coverage exclusions, limitations, waiting periods, and other information. Provides that 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. Provides that a pet insurer may issue policies that exclude coverage on the basis of one or more preexisting conditions with appropriate disclosure to the consumer. Provides that 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. Prohibits waiting periods for accidents. Provides that no pet insurer or insurance producer shall market a wellness program as pet insurance. Sets forth provisions concerning wellness programs sold by a pet insurer or insurance producer.

LRB103 36202 RPS 66295 b

1 AN ACT concerning regulation.

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

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

6 (215 ILCS 5/Art. XLVIII heading new)

7 ARTICLE XLVIII. PET INSURANCE

8 (215 ILCS 5/1800 new)

9 Sec. 1800. Purpose and scope.

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

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

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

1 be applicable to pet insurance.

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

6 (e) Any person licensed in a major line of authority as an  
7 insurance producer is authorized to sell, solicit, and  
8 negotiate pet insurance.

9 (215 ILCS 5/1805 new)

10 Sec. 1805. Definitions. In this Article:

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

13 "Congenital anomaly or disorder" means a condition that is  
14 present from birth, whether inherited or caused by the  
15 environment, that may cause or contribute to illness or  
16 disease.

17 "Department" means the Department of Insurance.

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

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

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

1           (1) a veterinarian provided medical advice;  
2           (2) the pet received previous treatment; or  
3           (3) based on information from verifiable sources, the  
4           pet had signs or symptoms directly related to the  
5           condition for which a claim is being made.

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

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

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

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

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

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

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

12       (215 ILCS 5/1810 new)

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

22       (215 ILCS 5/1815 new)

23       Sec. 1815. Disclosures.

24       (a) A pet insurer transacting pet insurance shall disclose

1 the following to consumers:

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

4 (A) a preexisting condition;

5 (B) a hereditary disorder;

6 (C) a congenital anomaly or disorder; or

7 (D) a chronic condition.

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

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

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

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

21 (b) Unless the insured has filed a claim under the pet  
22 insurance policy, pet insurance applicants shall have the  
23 right to examine and return the policy, certificate, or rider  
24 to the company or an agent or insurance producer of the company  
25 within 30 days of its receipt and to have the premium refunded  
26 if, after examination of the policy, certificate, or rider,

1 the applicant is not satisfied for any reason.

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

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

20 This subsection (b) does not apply to renewals.

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

1       (d) A pet insurer that uses a benefit schedule to  
2 determine claim payment under a pet insurance policy shall:

3           (1) clearly disclose the applicable benefit schedule  
4 in the policy; and

5           (2) disclose all benefit schedules used by the pet  
6 insurer under its pet insurance policies through a clear  
7 and conspicuous link on the main page of the pet insurer's  
8 website or the pet insurer's program administrator's  
9 website.

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

14           (1) include a usual and customary fee limitation  
15 provision in the policy that clearly describes the pet  
16 insurer's basis for determining usual and customary fees  
17 and how that basis is applied in calculating claim  
18 payments; and

19           (2) disclose the pet insurer's basis for determining  
20 usual and customary fees through a clear and conspicuous  
21 link on the main page of the pet insurer's website or the  
22 pet insurer's program administrator's website.

23       (f) If any medical examination by a licensed veterinarian  
24 is required to effectuate coverage, the pet insurer shall  
25 clearly and conspicuously disclose the required aspects of the  
26 examination prior to purchase and disclose that examination



1 documentation may result in a preexisting condition exclusion.

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

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

11 In connection with the issuance of a new pet insurance  
12 policy, the pet insurer shall provide the consumer with a copy  
13 of the Insurer Disclosure of Important Policy Provisions  
14 document required under this subsection (h) in at least  
15 12-point type when it delivers the policy.

16 (i) At the time a pet insurance policy is issued or  
17 delivered to a policyholder, the pet insurer shall include a  
18 written disclosure with the following information, printed in  
19 12-point boldface type:

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

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

24 (3) If the policy was issued or delivered by an agent  
25 or broker, a statement advising the policyholder to  
26 contact the broker or agent for assistance.

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

4           (215 ILCS 5/1820 new)

5       Sec. 1820. Policy conditions.

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

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

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

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

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

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

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

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

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

20           (215 ILCS 5/1825 new)

21          Sec. 1825. Sales practices for wellness programs.

22          (a) No pet insurer or insurance producer shall market a  
23          wellness program as pet insurance.

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

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

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

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

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

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

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

18                   (A) That wellness programs are not insurance.

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

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

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