

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Banking and Insurance

BILL: SB 1226

INTRODUCER: Senator DiCeglie

SUBJECT: Pet Insurance and Wellness Programs

DATE: March 7, 2025

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Johnson</u>	<u>Knudson</u>	<u>BI</u>	<u>Pre-meeting</u>
2.	_____	_____	<u>AEG</u>	_____
3.	_____	_____	<u>FP</u>	_____

I. Summary:

SB 1226 creates a regulatory framework for the oversight of pet insurance by the Office of Insurance Regulation (OIR). The bill provides consumer protections, including policy disclosures regarding the benefits and exclusions, and a right to rescind a policy within 30 days of issuance.

Although pet insurance is considered a kind of property insurance, it is essentially a health insurance policy for a pet that covers accidents and illnesses. In the United States about 65 million households have a dog and 46 million have a cat, and 4.8 million cats and dogs are insured in this country.¹ In 2022, total, nationwide premiums for pet insurance were about \$2.8 billion and covering over 4.41 million pets.² This represents an increase of 30.5 percent more premiums than in 2020 and about 28 percent more pets insured than in 2020.³

II. Present Situation:

Regulation of Insurance in Florida

Chapters 624-632, 634, 635, 636, 641, 642, 648, and 651, F.S., constitute the Florida Insurance Code (code). Part III of ch. 624, F.S., prescribes the requirements for an entity to obtain a certificate of authority and be authorized as an insurer. Part V of ch. 624, F.S., defines the kinds of insurance, including property insurance. Part I of ch. 626, F.S., regulates insurance agents, and Part III of ch. 626, F.S., regulates general lines agents. Part I of ch. 627, F.S., known as the “Rating Law,” provides that a purpose of this part is to promote the public welfare by regulating

¹ [Pet Insurance Buying Guide - Consumer Reports](#) (August 25, 2023) (Last visited March 6, 2025).

² [NAIC Passes Pet Insurance Model Act | Insurance Advocate \(insurance-advocate.com\)](#) (Sep. 10, 2022) (last visited March 6, 2025). This data was provided by North American Pet Health Insurance Association (NAPHIA).

³ *Id.*

insurance rates to ensure that they may not be excessive, inadequate, or unfairly discriminatory. Part X of ch. 617, F.S., regulates property insurance.

Department of Financial Services

The powers and duties of the Chief Financial Officer and the Department of Financial Services (DFS), relating to part I of ch. 626, F.S., are specified in s. 626.016, F.S. Part I, known as the “The Licensing Procedures Law,”⁴ applies only with respect to insurance agents, insurance agencies, managing general agents, insurance adjusters, reinsurance intermediaries, viatical settlement brokers, customer representatives, service representatives, and agencies. The powers and duties of the commission and the Office of Financial Regulation (OFR) specified in Part I apply only with respect to service companies, administrators, and viatical settlement providers and contracts.

Licensure of Insurance Agents

Section 626.112, F.S., provides that no person may be, act as, or advertise or hold himself or herself out to be an insurance agent, insurance adjuster, or customer representative unless he or she is currently licensed by the DFS and appointed by an appropriate appointing entity or person. An agent is a general lines agent, life agent, health agent, or title agent, or all such agents, as indicated by context.⁵ Part II of ch. 626, F.S., regulates general lines agents. A general lines agent is an agent transacting any of the following kinds of insurance:

- Property insurance.
- Casualty insurance.
- Surety insurance.
- Health insurance.
- Marine insurance.⁶

As a condition of transacting insurance in this state, agents must comply with consumer protection laws, including the following, as applicable:⁷

- Continuing education requirements for resident and nonresident agents, as required in s. 626.2815.
- Fingerprinting requirements for resident and nonresident agents, as required under s. 626.171 or s. 626.202.
- Fingerprinting following a department investigation under s. 626.601.
- The submission of credit and character reports, as required by s. 626.171.
- Qualifications for licensure as an agent in s. 626.731, s. 626.741, s. 626.785, s. 626.792, s. 626.831, or s. 626.835.
- Examination requirements in s. 626.221, s. 626.741, s. 626.792, or s. 626.835.
- Required licensure or registration of insurance agencies under s. 626.112.
- Requirements for licensure of resident and nonresident agents in s. 626.112, s. 626.321, s. 626.731, s. 626.741, s. 626.785, s. 626.792, s. 626.831, s. 626.835, or s. 626.927.

⁴ Section 626.011, F.S.

⁵ Section 626.015(3), F.S.

⁶ Section 626.015(7), F.S.,

⁷ Section 626.025, F.S.

- Countersignature of insurance policies, as required under s. 624.425, s. 624.426, or s. 626.741.
- The code of ethics for life insurance agents, as set forth in s. 626.797.
- Any other licensing requirement, restriction, or prohibition designated a consumer protection by the Chief Financial Officer, but not inconsistent with the requirements of Subtitle C of the federal Gramm-Leach-Bliley Act.

The Office of Insurance Regulation

The Office of Insurance Regulation (OIR) is responsible for regulating all activities concerning insurers and other risk bearing entities, including licensing, rates, policy forms, market conduct, claims, issuance of certificates of authority, solvency, viatical settlements, premium financing, and administrative supervision, as provided under the code. The head of the OIR is the Commissioner.⁸

The Unfair Insurance Trade Practices Act (Act)

The Act⁹ regulates trade practice relating to the business of insurance, including activities of insurers and agents. The department and the office are authorized to impose fines on any person who violates any provision of this Act.¹⁰

National Association of Insurance Commissioners

The OIR is a member of the National Association of Insurance Commissioners (NAIC), an organization consisting of state insurance regulators.¹¹ As a member of the NAIC, OIR is required to participate in the organization's accreditation program.¹² NAIC accreditation is a certification that a state insurance department is fulfilling legal, regulatory, and organizational oversight standards and practices. Once accredited, a member state is subject to a full accreditation review every five years. The NAIC also periodically reviews its solvency standards as set forth in its model acts and revises accreditation requirements to adapt to evolving industry standards.

Pet Insurance Act

In 2022, the NAIC adopted the Pet Insurance Model Law, also known as the “Pet Insurance Act” (act).¹³ The purpose of this act is to promote the public welfare by creating a comprehensive

⁸ Section 20.121(3)(a)1, F.S. The Financial Services Commission (commission), composed of the Governor, the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture, serve as the commission. Commission members serve as agency head of the Financial Services Commission. Commission members shall serve as the agency head for purposes of rulemaking by the commission. Section 20.121(3)(c), F.S.

⁹ Part IX, ch. 626, F.S.

¹⁰ *Id.*

¹¹ The NAIC provides expertise, data, and analysis for insurance commissioners to effectively regulate the industry and protect consumers. Founded in 1871, the U.S. standard-setting organization is governed by the chief insurance regulators from the 50 states, the District of Columbia, and five U.S. territories to coordinate regulation of multistate insurers. [About \(naic.org\)](https://naic.org) (last visited March 6, 2025).

¹² Accreditation, NAIC, (December 12, 2024). https://content.naic.org/cipr_topics/topic_accreditation.htm (last visited March 6, 2025).

¹³ [NAIC Pet Insurance Model Law_11921Clean \(soutrnglobal.net\)](https://www.soutrnglobal.net), Model 633 (Aug. 2022) (last visited March 6, 2024).

legal framework within which pet insurance may be sold. The elements of the act include definitions, disclosures, policy conditions, sales practices for wellness programs, agent training, rulemaking, and violations. As of the summer of 2022, only one state, Maine, had adopted the Act.¹⁴ California enacted legislation to regulate pet insurance that contains provisions similar to the act, and also provides civil penalties for nonwillful violations and willful violations.¹⁵

Prior to the NAIC's approval of the model law, the following factors were cited as the impetus for NAIC to form a property and casualty insurance task force initially to review pet insurance coverage, product approval, marketing, ratemaking, claims practices, and regulatory concerns:

- Tremendous growth in the pet insurance market;
- Policy premiums that far exceed the cost of the covered pet; and
- Complex policies with multiple coverage options and exclusions.

The NAIC task force issued, *A Regulator's Guide to Pet Insurance* in 2019. The report found that in 2018:

- The largest amount of gross premium was concentrated in California (21.4 percent) and New York (10.4 percent). In contrast, Florida's represented 6.3 percent of the gross written premium.¹⁶
- The first pet policy was issued in the U.S. in 1982.
- The majority of the carriers selling policies offer the following coverage: accident only; and accident and illness.
- Most carriers write coverage for dogs and cats only. Some write policies for exotic pets, such as reptiles and birds. Many carriers exclude coverage for pets less than eight weeks old or older than 12 years.
- Some carriers have waiting periods for injury, illness, and orthopedic care. Policy exclusions were noted for preexisting conditions. Many policies exclude coverage for congenital and hereditary conditions, such as hip dysplasia, heart defects, cataracts, and diabetes.
- The most common marketing or distribution strategies were web-based marketing and referrals from veterinary clinics, friends, and families. The fastest growing form of distribution was through an employee benefit package.

Consumer Reports¹⁷ conducted a member survey¹⁸ of 2,061 members who insured their pets. The average premium paid by CR members was \$47 per month per pet. Depending on the plan selected, deductibles can range from \$0 to \$1,000 or more. Copays (the fixed percentage of a vet bill that is paid out of pocket) are typically 20 percent.¹⁹

¹⁴ [ST880 \(soutronglobal.net\)](#) (last visited March 6, 2025).

¹⁵ A maximum of \$5,000 for each nonwillful violation and \$10,000 for each willful violation. See California AB 2056, Chapter 986, and effective July 1, 2015. California Code of Insurance 12880-12880.4.

¹⁶ NAIC, *A Regulator's Guide to Pet Insurance* (2019), [publication-pin-op-pet-insurance.pdf \(naic.org\)](#) (last visited March 6, 2024). This data was provided by NAPHIA, not the states or the NAIC. Such data includes NAPHIA members only and is not exhaustive of the entire market for pet insurance. The report notes that NAPHIA represents 99 percent of the U.S. and Canada pet insurance industry.

¹⁷ [What We Do - Consumer Reports](#) (last visited March 6, 2025). Consumer Reports is an independent, nonprofit member organization that works side by side with consumers for truth, transparency, and fairness in the marketplace. Consumer Reports was founded in 1936.

¹⁸ [Pet Insurance Buying Guide - Consumer Reports](#) (Aug. 25, 2023) (last visited March 6, 2025).

Regulation of Veterinarians in Florida

Veterinary Medicine, the Practice of Veterinary Medicine

In 1979, the Legislature determined the practice of veterinary medicine to be potentially dangerous to public health and safety if conducted by incompetent and unlicensed practitioners and that minimum requirements for the safe practice of veterinary medicine are necessary.²⁰ The Board of Veterinary Medicine in the Department of Business and Professional Regulation implements the provisions of ch. 474, F.S., on Veterinary Medical Practice.²¹ A veterinarian is a health care practitioner licensed to engage in the practice of veterinary medicine in Florida under ch. 474, F.S.²² In Fiscal Year 2021-2022, there were 12,360 actively licensed veterinarians in Florida.²³

Veterinary medicine²⁴ includes, with respect to animals:²⁵

- Surgery;
- Acupuncture;
- Obstetrics;
- Dentistry;
- Physical therapy;
- Radiology;
- Theriogenology (reproductive medicine);²⁶ and
- Other branches or specialties of veterinary medicine.

The practice of veterinary medicine is the diagnosis of medical conditions of animals and the prescribing, dispensing, or administering of medicine and treatment to animals for the prevention, cure, or relief of a wound, fracture, bodily injury, or disease, or holding oneself out as performing any of these functions.²⁷ Veterinarians who are incompetent or present a danger to the public are subject to discipline and may be prohibited from practicing in the state.²⁸

²⁰ See s. 474.201, F.S.

²¹ See s. 474.204 through 474.2125, F.S., concerning the powers and duties of the board.

²² See s. 474.202(11), F.S.

²³ See Department of Business and Professional Regulation, *Division of Professions Annual Report Fiscal Year 2021-2022*, at page 18, at [Division Annual Report FY 22-23.pdf](#) (last visited March 6, 2025), which is the latest such Annual Report issued by the DBPR.

²⁴ See s. 474.202(13), F.S.

²⁵ Section 474.202(1), F.S., defines “animal” as “any mammal other than a human being or any bird, amphibian, fish, or reptile, wild or domestic, living or dead.”

²⁶ The Society for Theriogenology, established in 1954, is composed of veterinarians dedicated to standards of excellence in animal reproduction. See <https://www.therio.org/> (last visited Jan. 4, 2024).

²⁷ See s. 474.202(9), F.S. Also included is the determination of the health, fitness, or soundness of an animal, and the performance of any manual procedure for the diagnosis or treatment of pregnancy, fertility, or infertility of animals.

²⁸ See s. 474.213, F.S., on prohibited acts, and s. 474.214, F.S., on disciplinary proceedings.

III. Effect of Proposed Changes:

Section 1. Amends s. 624.604, F.S., to provide that property insurance may include pet insurance that provides coverage for accidents and for illnesses of pets.

Section 2. Amends s. 626.9541, F.S., defining as unfair methods of competition and unfair or deceptive acts the following sales practices for pet wellness programs by pet insurance agents:

- Marketing a wellness program as pet insurance.
- Requiring the purchase of a wellness program as a prerequisite to the purchase of pet insurance;
- Wellness program costs that are not separate and identifiable from any pet insurance policy sold by the pet insurance agent;
- Wellness program terms and conditions that are not separate from any pet insurance policy sold by the pet insurance agent;
- Wellness program products or coverages that duplicate products or coverages available through the pet insurance policy; and
- Misleading advertising of the wellness program.

Section 3. Creates s. 627.71545, F.S., relating to pet insurance and noninsurance wellness programs. This section may be cited as the “Pet Insurance Act.” The section states that the purpose of this section is to promote the public welfare by creating a comprehensive regulatory framework within which pet insurance may be sold in this state. The section states that this chapter applies to the following:

- Pet insurance policies that are issued to any resident of this state or that are sold, solicited, negotiated, or offered in this state.
- Pet insurance policies or certificates that are delivered or issued for delivery in this state.

All other applicable provisions of the insurance laws of this state continue to apply to pet insurance except that the specific provisions of this chapter supersede any general provisions of law which would otherwise be applicable to pet insurance.

This section may not be construed to 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 as specified in subsection (9).

The section defines the following terms:

- “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, which may cause or contribute to illness or disease.
- “Hereditary disorder” means an abnormality that is genetically transmitted from parent to offspring and may cause illness or disease.
- “Orthopedic conditions” means a condition affecting the bones, skeletal muscle, cartilage, tendons, ligaments, or joints. It includes, but is not limited to, elbow dysplasia, hip dysplasia, intervertebral disc degeneration, patellar luxation, and ruptured cranial cruciate ligaments. It does not include cancers or metabolic, hemopoietic, or autoimmune diseases.

- “Pet insurance” means a property insurance policy that provides coverage for accidents and for illnesses and diseases of pets. Such insurance reimburses a policyholder for expenses associated with medical advice, diagnosis, care, or treatment provided by a veterinarian, including, but not limited to, the cost of drugs prescribed by the veterinarian.
- “Pet insurance policy” or “policy” includes pet insurance certificates.
- “Preexisting condition” means a condition for which, before the effective date of a pet insurance policy or during any waiting period a veterinarian provided medical advice, the pet received previous treatment, or based on information from verifiable sources the pet had signs or symptoms directly related to the condition for which a claim is being made. A condition for which coverage is afforded on a policy is not deemed to be a preexisting condition on any renewal of the policy.
- “Renewal” means the issuance and delivery at the end of an insurance policy period of a policy that supersedes the 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.
- “Veterinarian” means a health care practitioner who is licensed to engage in the practice of veterinary medicine in Florida under chapter 474, F.S.
- “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. Waiting periods may not be applied to renewals of existing coverage.
- “Wellness program” means a subscription-based or reimbursement-based program that is separate from an insurance policy which provides goods and services to promote the general health, safety, or well-being of the pet. If the subscription or program includes language such as “undertakes to indemnify another,” “pays a specified amount upon determinable contingencies,” or “provides coverage for a fortuitous event,” the subscription or program is transacting in the business of insurance and is subject to the Florida Insurance Code. This definition is not intended to classify a contract directly between a service provider and a pet owner which involves only the two parties as being the business of insurance, unless other indications of insurance also exist.

The bill specifies that when the foregoing defined terms are used in a pet insurance policy, they must be defined pursuant to the statute. The pet insurer must include any such definitions used in policies available via a clear and conspicuous link on the main page of the website of the pet insurer’s or the pet insurer’s program administrator.

The bill requires a pet insurer transacting pet insurance to disclose the following to pet insurance applicants and policyholders:

- Whether the policy excludes coverage due to a chronic condition, a congenital anomaly or disorder, a hereditary disorder, or a preexisting condition.
- If the policy includes any other policy exclusions not listed above, such other exclusions must be disclosed by including the following statement in the disclosure: “Other exclusions may apply. Please refer to the exclusions section of the policy for more information.”
- Any policy provision that limits coverage through a waiting period, a deductible, coinsurance, or an annual or lifetime policy limit. Waiting periods and the requirements applicable to them must be clearly and prominently disclosed to consumers before the policy purchase.

- Whether the pet insurer reduces coverage or increases premiums based on the policyholder's claim history, the age of the covered pet, or a change in the geographic location of the policyholder.
- Whether the underwriting company differs from the brand name used to market and sell the product.

Before issuing a pet insurance policy, a pet insurer is required to provide through a clear and conspicuous link on the main page of the pet insurer's website or the website of the insurer's program administrator, a summary description of the basis or formula for the pet insurer's determination of claim payments under the policy.

- If a pet insurer uses a benefit schedule to determine claim payments under a pet insurance policy, the insurer must clearly disclose:
 - The applicable benefit schedule in the policy; and
 - 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 or pet insurer's program administrator's website.
- If a pet insurer uses usual and customary payments to determine claims payments under a pet insurance policy, or any other reimbursement limitation based on prevailing veterinary service provider charges, the insurer must:
 - Include a usual and customary fee limitation provision in the policy which clearly describes the pet insurer's basis or formula for determining usual and customary fees and how that basis or formula is applied in calculating claim payments.
 - 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 or pet insurer's program administrator's website.

If any medical examination by a veterinarian is required to effectuate coverage, the pet insurer must clearly and conspicuously disclose the required aspects of the examination before the policy is purchased and must disclose that examination documentation may result in a preexisting condition exclusion.

Insurer Disclosure of Important Policy Provisions

At the time a pet insurance policy is issued or delivered to a policyholder, the pet insurer must provide the policyholder with a copy of the Insurer Disclosure of Important Policy Provisions, which provides a summary of the required disclosures. Further, the pet insurer must post the document by way of a clear and conspicuous link on the main page of the pet insurer's or pet insurer's program administrator's website. The pet insurer must also include a written disclosure with all of the following information:

- Contact information for the Division of Consumer Services of the Department of Financial Services, including a toll-free telephone number and a link.
- The address and customer service telephone number of the pet insurer or the insurance agent.

Right to Return Policy

A pet insurance policy and rider must have a notice prominently printed on the first page or attached, which includes specific instructions to accomplish a return. If a policyholder decides

not to keep the policy, the policyholder must return it to the insurer at its administrative office or return it to the agent/insurance producer unless the policyholder has filed a claim. The policyholder's right to return the policies lasts 30 days after the date of receipt. The insurer must refund the full amount of any premium paid within 30 days after receipt of the returned policy, certificate, or rider. The premium refund must be sent directly to the person who paid it. The policy, certificate, or rider will be void as if it had never been issued. The notice must state in substantially form, the following:

You have 30 days from the day you receive this policy, certificate, or rider to review it and return it to the insurer if you decide not to keep it. You do not have to tell the insurer why you are returning it. If you decide not to keep it, simply return it to the insurer at its administrative office or return it to the agent or broker that you bought it from as long as you have not filed a claim. You must return the policy, certificate, or rider within 30 days after the day you first received it. The insurer 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.

Exclusions and Waiting Periods

The bill authorizes a pet insurer to issue a policy:

- That excludes coverage on the basis of one or more preexisting conditions with appropriate written disclosure to the applicant or policyholder. The pet insurer has the burden of proving whether a preexisting condition exclusion is applicable to a claim.
- That imposes waiting periods upon effectuation of the policy which do not exceed 30 days for illnesses, diseases or orthopedic conditions not resulting from an accident. A pet insurer may not issue policies that impose waiting periods for accidents.
 - A pet insurer that imposes a waiting period authorized in this section must waive the waiting period upon completion of a medical examination.
 - Pet insurers may require that such an examination be conducted by a licensed veterinarian after the purchase of the policy and the insurer will pay for the examination. Such an examination required by a pet insurer must be paid for by the policyholder, unless the policy specifies the pet insurer will pay for the examination.
 - A pet insurer may specify requirements for the medical examination and require documentation that such requirements were satisfied, provided the specifications do not unreasonably restrict the ability of the applicant or policyholder to waive the waiting periods.

A pet insurer may not require a medical examination by a veterinarian of the covered pet for the policyholder to renew the policy. If a pet insurer includes any prescriptive, wellness, or noninsurance benefits in the pet insurance policy, such benefits are made part of the policy and must conform to all applicable laws in the code.

Agent Training

The bill provides that pet insurers must ensure that their agents are appropriately trained on the terms and conditions of their pet insurance products. Such training must include the following topics:

- Preexisting conditions and waiting periods.
- The differences between pet insurance and noninsurance wellness programs.
- Hereditary disorders, congenital anomalies or disorders, chronic conditions, and the way pet insurance policies address those conditions or disorders.
- Rating, underwriting, renewal, and other related administrative topics.

Rulemaking

The bill authorizes the commission to adopt rules to administer this section.

Section 4. Provides the act takes effect January 1, 2026.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The increased transparency provided by the policy disclosures will provide consumers with greater information to use in comparing the costs of premiums and benefits of various pet insurance policies.

The purchase of a pet insurance may reduce the out of pocket costs a consumer incurs when a pet experiences an unexpected medical emergency.

Enactment of the bill will provide greater regulatory certainty for insurers that write such coverage in Florida.

C. **Government Sector Impact:**

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill amends sections 624.604 and 626.9541 of the Florida Statutes.
This bill creates section 627.71545 of the Florida Statutes.

IX. Additional Information:

A. **Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. **Amendments:**

None.