

Cari L. Lee  
608 345 5377  
calee@steptoe.com

Steptoe

1330 Connecticut Avenue, NW  
Washington, DC 20036-1795  
202 429 3000 main  
www.steptoe.com

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**Delivered via Electronic Mail**

Joint Committee on Health Coverage, Insurance and Financial Services  
Chair, Senator Donna Bailey  
c/o Legislative Information Office  
100 State House Station  
Augusta, ME 04333

**RE: NAPHIA Support of LD 290 as Amended**

Dear Members of the Joint House Committee on Health Coverage, Insurance, and Financial Services:

The North American Pet Health Insurance Association (NAPHIA) appreciates the opportunity to submit comments in support of the *amended* version of LD 290. NAPHIA members make up over 95% of the pet insurance market in Maine and across the United States, and we look forward to sharing our support for this legislation, which is critical to the viability of the Maine pet insurance market. Specifically, this bill provides legislative clarity for insurers and consumers regarding pet insurance policy issuance in Maine.

**Background**

As you may know, Maine's pet insurance law was enacted on January 1, 2023.<sup>1</sup> Last fall, insurers began filing their new policy forms to comply with the new statute. However, shortly thereafter, Maine's Bureau of Insurance (Bureau) began rejecting insurer filings because they were concerned that some policy filings included a *delayed* effectuation date. A delayed effectuation date means that a policy does not begin for a certain number of days, and no premium is charged. As a result, the Bureau issued bulletin 464, which prohibits an insurer from having a policy effectuation date for the sole purpose of delaying coverage.<sup>2</sup> After the bulletin was issued, the industry met with the Bureau to share concerns regarding their bulletin. Soon after, the Bureau stated that policies must be issued by 12:01 a.m. the day following acceptance of an application, with exceptions for underwriting and policies issued as part of a group.<sup>3</sup>

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<sup>1</sup> See 24-A M.R.S. ch. 44 (§§ 3151-3161), enacted by P.L. 2021, c. 562 (L.D. 482).

<sup>2</sup> See Maine Insurance Bureau Bulletin 464: Other methods of achieving a waiting period, such as delaying the effective date of a policy for the sole purpose of delaying coverage, are not permitted

<sup>3</sup> November 1, 2022 Bureau of Insurance letter stated the following; "However, when an insurer determines an applicant's eligibility for coverage and a payment mechanism is in place, coverage should begin promptly. As is a common practice, coverage can begin on 12:01 a.m. on the day following the acceptance of an application to allow insurers to calculate earned premium using whole days."

**LD 290 Amendments Create A Consumer-Friendly Compromise**

NAPHIA members remain committed to solving the Bureau's wish that policies begin quickly. We want the same thing. NAPHIA thus supports the amended version of LD 290, which will allow the industry to offer the products it offers in other states to pet owners in Maine. The amended version of LD 290 states that policies must begin by 12:01 a.m. *on the second calendar day* after the insurer has determined the pet's eligibility. The amendment also provides four limited exceptions to this general rule, including that if a policy has no waiting periods of any kind (even though LD 290 permits a waiting period for illnesses of up to 30 days), the policy must begin within 15 days after purchase. The benefits to Maine consumers from having this product as a choice in the market would allow pet owners to get full coverage from the day they begin paying premiums. The other exceptions deal with policy issues as part of a group (typically through an employer), which the Bureau already allows pursuant to Bulletin 464, and the rare instance where an insurer needs to conduct individualized underwriting on a specific pet.

We appreciate the opportunity to express our strong support for this bill. We believe it strikes a fair balance between the Bureau's concerns relating to consumer access to coverage while protecting current policyholders and insurers against adverse selection and increased premiums.

NAPHIA is happy to answer any questions or concerns.

Sincerely,

*Cari Lee*

**Cari Lee**

Director Government Affairs

Steptoe and Johnson, LLP

On behalf of the North American Pet Health Insurance Association