

ACT 79

H.B. NO. 544

A Bill for an Act Relating to Pet Insurance.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Chapter 431, Hawaii Revised Statutes, is amended by adding a new article to be appropriately designated and to read as follows:

**“ARTICLE
PET INSURANCE**

§431: -101 Short title. This article shall be known and may be cited as the Hawaii Pet Insurance Act.

§431: -102 Scope and purpose. (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, and are sold, solicited, negotiated, or offered in this State, and 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 identified and defined in section 431: -103.

§431: -103 Definitions. As used in this article, unless the context clearly indicates otherwise:

“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” means conditions affecting the bones, skeletal muscle, cartilage, tendons, ligaments, and joints. “Orthopedic” includes but is not limited to elbow dysplasia, hip dysplasia, intervertebral disc degeneration, patellar luxation, and ruptured cranial cruciate ligaments. “Orthopedic” does not include cancers or metabolic, hemopoietic, or autoimmune diseases.

“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 before 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.

“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.

“Veterinarian” means an individual who holds a valid license to engage in the practice of veterinary medicine under chapter 471.

“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 wellbeing of the pet.

§431: -104 Disclosures. (a) A pet insurer transacting pet insurance shall disclose the following to consumers:

- (1) Whether the policy excludes coverage due to any of the following:
 - (A) A chronic condition;
 - (B) A congenital anomaly or disorder;
 - (C) A hereditary disorder; or
 - (D) A preexisting condition;
- (2) If the policy includes any other exclusions, 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 period, an affiliation period, a deductible, coinsurance, or an annual or life-time policy limit;
- (4) Whether the pet insurer reduces coverage or increases premiums based on the consumer’s claim history, the age of the covered pet, or a change in the geographic location of the covered pet; and
- (5) Whether the underwriting company differs from the brand name used to market and sell the product.

(b) Unless the consumer 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 pet insurer or an agent or insurance producer of the pet insurer within thirty 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 to the first page that includes specific instructions to accomplish a return. The following free look 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 pet insurer if you decide not to

keep it. You do not have to tell the pet insurer why you are returning it. If you decide not to keep it, simply return it to the pet insurer 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 pet 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.”

(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, before policy issuance and through a clear and conspicuous link on the main page of the pet insurer’s or 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 or 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 or pet insurer’s program administrator’s website.

(f) If any medical examination by a veterinarian is required to effectuate coverage, the pet insurer shall clearly and conspicuously disclose the required aspects of the examination before 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 before the policy purchase.

(h) The pet insurer shall include a summary of all policy provisions required in subsections (a) through (g), inclusive, in a separate document titled “Insurer Disclosure of Important Policy Provisions”.

(i) The pet insurer shall post the insurer disclosure of important policy provisions document required in subsection (h) through a clear and conspicuous link on the main page of the pet insurer’s or pet insurer’s program administrator’s website.

(j) 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 pursuant to subsection (h) in at least twelve-point type when the pet insurer delivers the policy.

(k) 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 twelve-point boldface type:

- (1) The insurance division’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; and
- (3) If the policy was issued or delivered by an agent or a broker, a statement advising the policyholder to contact the agent or broker for assistance.
- (l) The disclosures required in this section shall be in addition to any other disclosure requirements required by law or rule.

§431: -105 Policy conditions. (a) If a pet insurer uses any of the terms in this article in a policy of pet insurance, the pet insurer shall use the definition of each of those terms as set forth in section 431: -103 and include the definition of the term 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 or pet insurer's program administrator's website.

(b) 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 shall have the burden of proving that the preexisting condition exclusion applies to the condition for which a claim is being made. A condition for which coverage is afforded on a policy shall not be considered a preexisting condition on any renewal of the policy.

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

A pet insurer utilizing a waiting period permitted under this subsection 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 veterinarian after the purchase of the policy. The medical examination for the waiver shall be paid for by the consumer, unless the policy specifies that the pet insurer will pay for the examination. A pet insurer may specify elements to be included as part of the medical examination and require documentation of the examination; provided that the specifications shall not unreasonably restrict a consumer's ability to waive the waiting period under this subsection.

Waiting periods, and the requirements applicable to the waiting periods, shall be clearly and prominently disclosed to consumers before the policy purchase.

(d) A pet insurer shall not require a medical examination of the covered pet for the consumer to have the policy renewed.

(e) If a pet insurer includes any prescriptive, wellness, or non-insurance benefits in the policy form, then the benefits shall be made part of the policy contract and shall follow all applicable laws and rules in this chapter.

(f) A consumer's eligibility to purchase a pet insurance policy shall not be based on participation, or lack of participation, in a separate wellness program.

§431: -106 Sales practices for wellness programs; when deemed insurance. (a) A pet insurer or an insurance producer shall not market a wellness program as pet insurance.

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

- (1) The purchase of the wellness program shall not be a requirement to the purchase of 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 an 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 an 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 subsection; and
 - (6) A pet insurer or an insurance producer shall clearly disclose the following to consumers, printed in twelve-point boldface type:
 - (A) That wellness programs are not insurance;
 - (B) The address and customer service telephone number of the pet insurer or insurance producer or broker of record; and
 - (C) The insurance division's mailing address, toll-free telephone number, and website address.
- (c) Coverages included in the pet insurance policy contract described as "wellness" benefits shall be deemed insurance.
- (d) If a wellness program undertakes to indemnify another or pays a specified amount upon determinable contingencies, the wellness program shall be deemed to be transacting an insurance business as described in section 431:1-215 and shall be subject to this chapter.
- (e) A wellness program shall not be construed to classify a contract that is directly between a service provider and a pet owner and only involves the two parties as transacting an insurance business as described in section 431:1-215, unless other indications of insurance also exist.

§431: -107 Insurance producer training. (a) An insurance producer shall not sell, solicit, or negotiate a pet insurance product until after the insurance producer is appropriately licensed under the property and casualty lines of authority and has completed the required training identified in subsection (c).

(b) An insurer shall ensure that its insurance producers are trained under subsection (c) and that its insurance 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) Chronic conditions, congenital anomalies and disorders, and hereditary disorders and how pet insurance policies interact with those conditions or disorders; and
- (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 provisions of subsection (c) shall be deemed to satisfy the training requirements in this State.

§431: -108 Rules. The commissioner may adopt rules pursuant to chapter 91 to administer this article.

§431: -109 Violations. Violations of this article shall be subject to penalties pursuant to this chapter and the rules pursuant to this chapter.”

SECTION 2. This Act shall not be applied so as to impair any contract existing as of the effective date of this Act in a manner violative of either the Constitution of the State of Hawaii or Article I, Section 10, of the United States Constitution.

SECTION 3. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 4. This Act shall take effect on January 1, 2026.

(Approved May 19, 2025.)