NEW YORK STATE BAR ASSOCIATION
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COMMITTEE ON ANIMALS AND THE LAW
Memorandum in Support

Animals #32

May 26, 2026

S. 10225
A. 11164

By: Senator Bailey
By: M. of A. Hunter
Senate Committee: Insurance
Assembly Committee: Insurance
Effective Date: 180 days after becoming law

AN ACT to amend the insurance law, in relation to providing for the issuance of pet insurance

LAW AND SECTION(S) REFERRED TO: Paragraph 11 of subsection (a) of section 1113 of the Insurance Law is amended and a new section 3463 is added.

THE COMMITTEE ON ANIMALS AND THE LAW SUPPORTS THIS LEGISLATION

This proposed legislation adds a new section 3463 to the Insurance Law to regulate marketing and sale of pet insurance to New York pet owners by establishing a comprehensive regulatory framework for the pet insurance industry in New York State, and defining "pet insurance" [Section 3463(a)(5)]. A corresponding change is made to Section 1113(a)(11), distinguishing "animal insurance," and the existing definition of animal insurance, from pet insurance.

Most dog and cat owners consider their pets members of the family. Dogs, and household pets in general, receive an ever-increasing amount of our time, attention and money.[1] When our animals suffer, we suffer too. But for many pet owners, veterinary care for a sick or injured pet may present an unsustainable financial burden. Pet insurance can provide – within policy limitations – a financial safety net for veterinary expenses. While the Insurance Department (predecessor to today's Department of Financial Services) determined in 2002 that animal (pet) insurance was covered under Section 3245 of the Insurance Law; that coverage was only for loss of or damage to personal property, which is considered to include animals.[2] Though defined as a form

[1] In 2024, American pet owners spent an estimated One Hundred & Fifty-One *Billion* ($151,000,000,000.00) Dollars on pet industry goods and services; at least 40 billion of which will be paid towards veterinary care and health-related products, including pet insurance policies *See* American Pet Products Industry Association ("APPA"), *Industry Trends and Stats, 2024.*

[2] Office of General Counsel, NYS Insurance Department (May 10, 2002), informal opinion Re: Non-commercial Pet Insurance, https://www.dfs.ny.gov/insurance/ogco2002/rg205106.htm (last viewed May 15, 2026).

of property insurance like human health insurance,[3] pet insurance that is the subject of this legislation covers the cost of medical (veterinary) care rather than covering loss of or damage to a covered animal. Practically speaking, this pet insurance is really health insurance for pets, and provides coverage for events (sickness, medical conditions) that are not encompassed in the loss or damage covered by existing sections of the Insurance Law.

In 1982, the first pet insurance policy was issued in the United States. Today, the pet insurance marketplace is comprised of about 25 companies, a number of which also market or underwrite multiple white label or co-branded product brands.[4]

Over the last decade, the pet insurance industry has grown exponentially. According to the North American Pet Health Industry Association's annual "State of the Industry Report," in 2024, U.S. pet owners paid an estimated 3.4 *billion* dollars in gross written pet insurance premiums ("GWP").[5] The pet insurance industry's New York market share – which is second only to the State of California – amounted to approximately 286 million dollars. Given the strong emotional bonds of pet ownership, that amount isn't surprising.[6] By any standard of measurement, the pet insurance industry is big business.

Many insurance companies that are not licensed in NY are selling pet insurance online to New York residents. If an insurance company is not licensed in NY, it is not regulated by NY, and New York consumers won't have the protections they would receive if they were to buy from insurance companies regulated by NY. Passage of this legislation will ensure that all insurance companies – including those selling policies online – must be licensed, and therefore subject to the bill's consumer protection and other provisions, providing greater protection for NY pet insurance consumers.

Legislative protection for this especially vulnerable class of insurance consumers has been virtually non-existent until recently. In 2014 the State of California enacted the first and, until very recently, only consumer protective statute regulating pet insurance.[7] A New York bill regulating pet insurance was first introduced in 2015, and during nearly every legislative session thereafter. The obvious justification for this consumer-oriented legislation remains as stated in

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[3] *See* proposed new § 3463 (5), NY Insurance Law, in S.10225/A.11164; *see also* California Insurance Code, Division 2, Part 9, 12880: *"pet insurance means an individual or group insurance policy that provides coverage for veterinary expenses."*

[4] *See* North American Pet Health Insurance Association (NAPHIA), *State of the Industry (SOI) Report, 2024 – © April 9, 2024.* For example, pet health insurance marketed as ASPCA Pet Health Insurance is underwritten by United States Fire Insurance Company, which is also the underwriter for the pet accident and illness coverage marketed as "Pumpkin."

[5] Based on a conservative 20% estimated rate of annual increase over the reported 3-year annual growth rate of 21.7%. *See* NAPHIA, *SOI Report 2024, Section 2, GWP.*

[6] For example, eighty-five (85%) percent of American dog owners consider their pets as family members. *See* American Veterinary Medical Association's ("AVMA"), *Pet Ownership and Demographics Sourcebook, Copyright © 2018.*

[7] California Insurance Code, Division 2, Part 9, 12880 – 12880.6 (*Stats. 2014, Ch. 896, Sec.1, as amended).*

the Assembly sponsor's memorandum for the bill introduced over a decade ago, *"[c]urrently, the pet insurance industry is completely devoid of any regulation."*[8]

In 2019, the National Association of Insurance Commissioners ("NAIC")[9] began developing a "model law to establish appropriate regulatory standards for the pet insurance industry." A final draft was completed in October 2021 and following adoption by NAIC's Property and Casualty Insurance Committee, was approved as "The Pet Insurance Model Act." Model bills developed by NAIC are intended to be adopted in every state to provide uniform regulation of insurance across the country. Since its issuance, the Model Act has been adopted or mostly enacted by California, Delaware, Louisiana, Maine, Maryland, Mississippi, Nebraska, New Hampshire, Ohio, Vermont and Washington state.

The New York State Bar Association's Committee on Animals and the Law **supports** the current bill, S.10225 / A.11164, which would amend New York's Insurance Law by the adoption of the provisions of the NAIC Model Pet Insurance Act, modified for inclusion in the NY Insurance Law. The legislation includes the Model Act's definitions of "pet insurance" as well as:

- ✓ defining significant health disorders, conditions and diseases;
- ✓ mandating a pet insurer's important disclosures including, *inter alia*, policy exclusions for pre-existing and/or other chronic conditions and disorders;
- ✓ mandating disclosure if the insurer will reduce coverage or increase premiums based on the insured's claim history, the age of the covered pet or a change of the insured's geographic location.

If any of the defined terms are included in the pet insurance policy, the provider must use the definition verbatim and must list the definition(s) on their website.

The bill also grants consumers the right to examine and return a pet insurance policy to the insurance company or agent within 30 days of receiving the policy and to have the premium fully refunded. In addition, it protects against an insurer's required or non-disclosed inclusion within the pet insurance policy of "wellness" or other non-insurance benefits, and provides that the purchase of an insurer's wellness program cannot be a requirement for buying the insurer's pet insurance product.

Insurers must include a separate "Insurer Disclosure of Important Policy Provisions" together with a "clear and conspicuous" link on the main page of the insurer's or program administrator's website.

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[8] NY A.3594 of 2015, Sponsor's Memorandum, https://assembly.state.ny.us/leg/?default_fld=&leg_video=&bn=A03594&term=2015&Memo=Y (last viewed May 17, 2026).

[9] The National Association of Insurance Commissioners (NAIC) provides expertise, data and analysis for insurance commissioners to effectively regulate the industry and protect consumers. NAIC is governed by the chief insurance regulators from the 50 states, D.C. and five territories to coordinate regulation of multistate insurers. *See* https://content.naic.org/ (last viewed May 15 2026).

Adhering to the Model Act, New York's proposed pet insurance legislation requires insurers to confirm that their producers have been appropriately trained on the coverages and conditions of their pet insurance products.

As noted above, this bill will provide additional protections to consumers purchasing pet insurance policies for coverage of accidents and illnesses of their pets by requiring that any entity selling pet insurance be not only trained, but also licensed by the NYS Department of Financial Services, which would retain jurisdiction over these insurers and their policies. In turn, this will ensure that DFS reviews policies, policy documents and rates, and will provide limited security to policy owners if the insurer goes out of business.

In light of the increasing popularity of the purchase of pet insurance coverage by the pet owning public and the long-overdue regulating of the sale of pet health insurance to New Yorkers, the New York State Bar Association's Committee on Animals and the Law strongly **SUPPORTS** amending the Insurance Law to include the provisions of the Pet Insurance Model Act, and strongly **SUPPORTS** the passage and enactment of S.10225 / A.11164.