



## **NAPHIA Supports S.B. 175**

### **Ohio Senate Insurance Committee Hearing April 10, 2024**

Chair Hackett and Members of the Senate Insurance Committee:

Thank you for holding this hearing on S.B. 175 regarding the regulation of pet insurance and thank you for the opportunity to speak to you in support of the bill today. My name is Patricia Adams. I am Chief Compliance Officer of Independence Pet Group and I'm here today on behalf of the North American Pet Health Insurance Association (NAPHIA).

NAPHIA supports S.B. 175, which provides strong and sensible oversight specifically for pet insurance. We urge the Committee to approve the bill.

As a brief background, of the more than 73 million cats and 75 million dogs in the U.S., about 2.5 - 3% are covered by pet insurance, notably lower than in many parts of the world. But the category is growing very quickly – in the last two years, growth has exceeded 25% per year. A number of factors contribute to the increasing demand, including the strengthening of the family/pet bond and the accessibility of ever-more advanced medical treatments for pets. Caring for a beloved pet can be costly and our industry's goal is to enable pets to receive the treatment their veterinarian recommends, not the treatment that can be afforded on a given day. Pet insurance policies cover mainly accidents and illnesses for conditions such as cancer, infections, digestive problems, bone fractures, and more common day-to-day things like allergies and ear infections.

In the end, the industry wants consumers to be happy with their purchase and the coverage we provide, which is why we support the bill that is before you today. The bill is based on the NAIC Pet Insurance Model Act. We worked alongside the National Association of Insurance Commissioners, state regulators, and the veterinary community for more than 2 ½ years in developing the model, which was adopted by the NAIC in August of 2022. The model has been enacted in seven states to date and is being considered in legislatures around the country.

We support this bill because it is good for consumers and industry participants alike.

#### **The bill is good for consumers because:**

- It mandates robust consumer disclosures. We believe it is important – especially in a growing market – that all consumers receive comprehensive and clear disclosures so they can make informed, wise decisions about the company and plan they purchase;

- It brings consistency to important concepts. For example, the bill requires insurers to use the same definitions that today differ by company;
- It requires that every agent selling our products receive appropriate training on the policies they are selling. Most, if not all, companies already train their agents today, but the bill would mandate that all pet insurers train their agents.

The bill is also good for industry participants – companies, distributors, and agents – because it brings clarity and consistency to our regulatory requirements. Going forward, we will have specific requirements applicable to pet insurance that all players must comply with, including new entrants to this growing market.

Again, thank you for your consideration of this legislation, which will help consumers and create a level playing field for all.

We respectfully request that you support adoption of S.B. 175.

Thank you.