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INSURANCE CODE - INS

DIVISION 2. CLASSES OF INSURANCE [1880 - 12880.8] (Division 2 enacted by Stats. 1935, Ch. 145.)

PART 9. Pet Insurance [12880 - 12880.8] (Part 9 added by Stats. 2014, Ch. 896, Sec. 1.)

12880. For purposes of this part, the following definitions shall apply:

- (a) "Chronic condition" means a condition that can be treated or managed, but not cured.
- (b) "Congenital anomaly or disorder" means a condition that is present from birth, whether inherited or caused by the environment, which may cause or otherwise contribute to illness or disease.
- (c) "Hereditary disorder" means an abnormality that is genetically transmitted from parent to offspring and may cause illness or disease.
- (d) "Orthopedic" refers to conditions affecting the bones, skeletal muscle, cartilage, tendons, ligaments, and joints, including 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.
- (e) "Pet insurance" means an individual or group property insurance policy that provides coverage for accidents and illnesses of pets, and other veterinary expenses.
- (f) "Preexisting condition" means any condition for which a veterinarian provided medical advice, the pet received treatment for, or the pet displayed signs or symptoms consistent with the stated condition prior to the effective date of a pet insurance policy or during any waiting period.
- (g) "Producer" means a person licensed pursuant to Section 1625 or 1625.5 who transacts pet insurance in California.
- (h) "Renewal" has the same meaning as defined in subdivision (e) of Section 660.
- (i) "Veterinarian" means an individual who holds a valid license to practice veterinary medicine from the Veterinary Medical Board pursuant to Chapter 11 (commencing with Section 4800) of Division 2 of the Business and Professions Code or other appropriate licensing entity in the jurisdiction in which the individual practices.
- (j) "Veterinary dental care" means the prevention, diagnosis, and treatment of conditions, diseases, and disorders of the oral cavity, the maxillofacial region, and associated structures.
- (k) "Veterinary expenses" means the costs associated with medical advice, diagnosis, care, or treatment provided by a veterinarian, including, but not limited to, veterinary dental care, the cost of drugs prescribed by a veterinarian, and services provided under the supervision of a veterinarian.
- (l) "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.
- (m) "Wellness program" means a subscription or reimbursement-based program that is separate from an insurance policy and that provides goods and services to promote the general health, safety, or well-being of the pet.

(Amended by Stats. 2024, Ch. 612, Sec. 1. (SB 1217) Effective January 1, 2025.)

12880.1. A policy of pet insurance that is marketed, issued, amended, renewed, or delivered, whether or not in California, to a California resident, on or after July 1, 2015, regardless of the situs of the contract or master group policyholder, or the jurisdiction in which the contract was issued or delivered, is subject to this part.

(Added by Stats. 2014, Ch. 896, Sec. 1. (AB 2056) Effective January 1, 2015.)

12880.2. (a) An insurer transacting pet insurance in California shall disclose all of the following to consumers:

- (1) If the policy excludes coverage due to any of the following:

(A) A preexisting condition.

(B) A hereditary disorder.

(C) A congenital anomaly or disorder.

(D) A chronic condition.

(2) If the policy includes any other exclusion, 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, a deductible, coinsurance, or an annual or lifetime policy limit.

(4) Whether the insurer reduces coverage or increases premiums based on the insured's claim history, the age of the covered pet, or a change in the geographic location of the insured.

(b) (1) If a pet insurer uses any of the terms in paragraph (1) of subdivision (a) in a policy of pet insurance, the insurer shall use the definition of those terms as set forth in Section 12880 and include the definitions of the terms in the policy. The pet insurer shall also make those definitions available before the sale of a policy, through a link on the main page of the insurer's internet website, or as a hard copy if hard copy policy documents are requested by or provided to a consumer.

(2) This subdivision and Section 12880 do not prohibit or limit the types of exclusions pet insurers may use in their policies. This subdivision does not require pet insurers to have any of the limitations or exclusions defined in Section 12880.

(c) Before the sale of a policy, a pet insurer shall clearly disclose a summary description of the basis or formula on which the insurer determines claim payments under a pet insurance policy within the policy and through a link on the main page of the insurer's internet website, or as a hard copy if hard copy policy documents are requested by or provided to a consumer.

(d) A pet insurer that uses a benefit schedule to determine claim payment under a pet insurance policy shall do both of the following before the sale of a policy:

(1) Clearly disclose the applicable benefit schedule in the policy.

(2) Disclose all benefit schedules used by the insurer under its pet insurance policies through a link on the main page of the insurer's internet website, or as a hard copy if hard copy policy documents are requested by or provided to a consumer.

(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 do both of the following before the sale of a policy:

(1) Include a usual and customary fee limitation provision in the policy that clearly describes the insurer's basis for determining usual and customary fees and how that basis is applied in calculating claim payments.

(2) Disclose the insurer's basis for determining usual and customary fees through a link on the main page of the insurer's internet website, or as a hard copy if hard copy policy documents are requested by or provided to a consumer.

(f) If a medical examination by a licensed veterinarian is required to effectuate coverage, the pet insurer shall clearly and conspicuously disclose the required aspects of the examination before a policy purchase and disclose that examination documentation may result in a preexisting condition exclusion before the sale of a policy.

(g) Waiting periods and the requirements applicable to waiting periods shall be clearly and prominently disclosed to consumers before a policy purchase.

(h) The insurer shall create a summary of all policy provisions required in subdivisions (a) to (g), inclusive, and subdivision (j) into a separate document titled "Insurer Disclosure of Important Policy Provisions."

(i) The insurer shall post the "Insurer Disclosure of Important Policy Provisions" document required in subdivision (h) through a link on the main page of the insurer's internet website, or as a hard copy if hard copy policy documents are requested by or provided to a consumer.

(j) (1) In connection with the issuance of a new pet insurance policy, the insurer shall provide the insured with a copy of the "Insurer Disclosure of Important Policy Provisions" document required pursuant to subdivision (h) in at least 12-point type when it delivers the policy.

(2) In addition, the pet insurance policy shall have clearly printed thereon or attached thereto a notice stating that, after receipt of the policy by the owner, the policy may be returned by the insured for cancellation by delivering it or mailing it to the insurer or to the agent through whom it was purchased.

(A) The period of time set forth by the insurer for return of the policy shall be clearly stated on the notice, and this free look period shall be not less than 30 days. The insured may return the policy to the insurer or the agent through whom the policy was purchased at any time during the free look period specified in the notice.

(B) The delivery or mailing of the policy by the insured pursuant to this paragraph shall void the policy from the beginning, and the parties shall be in the same position as if a policy or contract had not been issued.

(C) All premiums paid and any policy fee paid for the policy shall be refunded to the insured within 30 days from the date that the insurer is notified of the cancellation. However, if the insurer has paid any claim, or has advised the insured in writing that a claim will be paid, the 30-day free look right pursuant to this paragraph is inapplicable and instead the policy provisions relating to cancellation apply to any refund.

(k) The disclosures required in this section shall be in addition to any other disclosure requirements required by law or regulation.

(Amended by Stats. 2024, Ch. 612, Sec. 2. (SB 1217) Effective January 1, 2025.)

12880.3. (a) A person who violates a provision of this part is liable to the state for a civil penalty to be determined by the commissioner, not to exceed five thousand dollars (\$5,000) for each violation, or, if the violation was willful, a civil penalty not to exceed ten thousand dollars (\$10,000) for each violation. The commissioner may establish the acts that constitute a distinct violation for purposes of this section. However, when the issuance, amendment, or servicing of a policy or endorsement is inadvertent, all of those acts constitute a single violation for purposes of this section.

(b) The penalty imposed by this section shall be imposed by and determined by the commissioner pursuant to Section 12880.4. The penalty imposed by this section is appealable by means of any remedy provided by Section 12940 or by Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(Added by Stats. 2014, Ch. 896, Sec. 1. (AB 2056) Effective January 1, 2015.)

12880.4. (a) Whenever the commissioner shall have reason to believe that a person has engaged or is engaging in this state in a violation of this part, and that a proceeding by the commissioner in respect thereto would be to the interest of the public, he or she shall issue and serve upon that person an order to show cause containing a statement of the charges in that respect, a statement of that person's potential liability under this part, and a notice of a hearing thereon to be held at a time and place fixed therein, which shall not be less than 30 days after the service thereof, for the purpose of determining whether the commissioner should issue an order to that person to pay the penalty imposed by Section 12880.3 and to cease and desist those methods, acts, or practices, or any of them, that violate this part.

(b) If the charges or any of them are found to be justified, the commissioner shall issue and cause to be served upon that person an order requiring that person to pay the penalty imposed by Section 12880.3 and to cease and desist from engaging in those methods, acts, or practices found to be in violation of this part.

(c) The hearing shall be conducted in accordance with the Administrative Procedure Act (Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code), except that the hearings may be conducted by an administrative law judge in the administrative law bureau when the proceedings involve a common question of law or fact with another proceeding arising under other Insurance Code sections that may be conducted by administrative law bureau administrative law judges. The commissioner and the appointed administrative law judge shall have all the powers granted under the Administrative Procedure Act.

(d) The person is entitled to have the proceedings and the order reviewed by means of any remedy provided by Section 12940 or by the Administrative Procedure Act.

(Amended by Stats. 2015, Ch. 303, Sec. 374. (AB 731) Effective January 1, 2016.)

12880.5. The commissioner may adopt reasonable rules and regulations, as are necessary to administer this part, in accordance with the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(Added by Stats. 2014, Ch. 896, Sec. 1. (AB 2056) Effective January 1, 2015.)

12880.6. At the time a pet insurance policy is issued or delivered to a policyholder, the insurer shall include a written disclosure with all of the following information, printed in 12-point boldface type:

(a) The department's mailing address, toll-free telephone number established pursuant to Section 12921.1, and internet website address.

(b) The address and customer service telephone number of the insurer or the agent or broker of record.

(c) A statement that the department should be contacted only after discussions with the insurer, or its agent or other representative, have failed to produce a satisfactory resolution of the problem.

(d) If the policy was issued or delivered by an agent or broker, a statement advising the policyholder to contact the broker or agent for assistance.

(Added by Stats. 2019, Ch. 166, Sec. 1. (AB 1535) Effective January 1, 2020.)

12880.7. (a) After disclosure to the consumer, a pet insurer may issue policies that exclude coverage on the basis of one or more preexisting conditions. A condition for which coverage is afforded on a policy shall not be considered a preexisting condition on a renewal of the policy. The pet insurer has the burden of proving that the preexisting condition exclusion applies to the condition for which a claim is being made.

(b) After disclosure to the consumer, a pet insurer may issue policies that impose waiting periods upon commencement of coverage that do not exceed 30 days for illnesses or orthopedic conditions not resulting from an accident. A pet insurance policy shall not impose a waiting period for accidents.

(1) A pet insurer utilizing a waiting period shall include a provision in its contract that allows the waiting period to be waived upon completion of a medical examination. A pet insurer may require the examination to be conducted by a licensed veterinarian after the purchase of the policy.

(2) (A) A medical examination conducted pursuant to paragraph (1) shall be paid for by the policyholder, unless the policy specifies that the pet insurer will pay for the examination.

(B) A pet insurer may specify elements to be included as part of the medical examination conducted pursuant to paragraph (1) and may require documentation of those elements, if those specifications do not unreasonably restrict an insured's ability to waive the waiting period.

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

(4) (A) Upon receipt of a complete application for coverage and valid payment information, a pet insurer shall issue coverage to be effective no later than 12:01 a.m. on the second consecutive day.

(B) Notwithstanding subparagraph (A):

(i) A pet insurer may elect to conduct individualized underwriting on a specific pet, in which case coverage shall be effective no later than 12:01 a.m. on the next day after the pet insurer has determined the pet is eligible for coverage.

(ii) If pet insurance coverage is acquired by an individual through an employer or organization, the effective date of the pet insurance coverage may be postponed to align with the eligibility requirements, benefits effective date, or payment transmission date chosen by the employer or organization.

(C) The date and time at which coverage becomes effective shall be prominently disclosed to the consumer.

(D) For purposes of this paragraph, "individualized underwriting" may include examinations, tests, and any other diagnostic measures that the pet insurer may require, but shall not include any waiting or deferral periods.

(c) A waiting period shall not be applied to a renewal of existing coverage.

(d) A pet insurer shall not require a veterinary examination of the covered pet as a condition of policy renewal.

(e) If a pet insurer includes any prescriptive, wellness, or noninsurance benefits in the policy form, then those benefits are made part of the policy contract and shall comply with all applicable laws and regulations for insurance policies.

(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.

(Added by Stats. 2024, Ch. 612, Sec. 3. (SB 1217) Effective January 1, 2025.)

12880.8. (a) A pet insurer or producer shall not market a wellness program as pet insurance. Marketing materials for pet insurance shall be separate from marketing materials for wellness programs.

(b) If a wellness program is sold by a pet insurer or producer, all of the following shall apply:

(1) The seller shall clearly and conspicuously disclose during the sales process that the wellness program is not a regulated insurance product and that a pet owner may purchase pet insurance without having to purchase a wellness program.

(2) The purchase or renewal of the wellness program shall not be a requirement to the purchase or renewal of pet insurance.

(3) The costs of the wellness program shall be separate and identifiable from a pet insurance policy sold by the pet insurer or producer.

(4) A payment transaction for pet insurance shall be separate from a payment transaction for a wellness program.

(5) The terms and conditions for a wellness program shall be separate from the terms and conditions of a pet insurance policy sold by the pet insurer or producer.

(6) Documents and correspondence provided to a consumer regarding a wellness program shall clearly identify the entity providing the wellness program.

(7) The products or coverages available through the wellness program shall not duplicate products or coverages available through the pet insurance policy.

(8) The advertising of the wellness program shall not be misleading or false and shall comply with this section.

(c) Coverages included in the pet insurance policy contract described as "wellness" benefits are insurance.

(d) (1) A wellness program sold by an insurer shall be deemed to be insurance.

(2) Notwithstanding paragraph (1), a wellness program sold by an insurer shall not be deemed to be insurance if all of the following are true:

(A) The wellness program services are provided by an entity other than an insurer.

(B) The wellness program is marketed under the name of the entity providing wellness program services.

(C) The wellness program does not constitute insurance pursuant to subdivision (e).

(e) If a wellness program undertakes to indemnify a person against loss, damage, or liability arising from a contingent or unknown event, it is transacting insurance and is subject to this code.

(Added by Stats. 2024, Ch. 612, Sec. 4. (SB 1217) Effective January 1, 2025.)