

**State of Rhode Island
DEPARTMENT OF BUSINESS REGULATION
Insurance Division
1511 Pontiac Avenue, Bldg. 69-2
Cranston, Rhode Island 02920**

IN THE MATTER OF:

UNITED STATES FIRE INSURANCE
COMPANY

and

SPOT PET INSURANCE SERVICES, LLC

RESPONDENTS.

DBR No. 2021-IN-009

and

DBR No. 2021-IN-012

CONSENT AGREEMENT

It is hereby agreed between the Rhode Island Department of Business Regulation (“Department”) and United State Fire Insurance Company (“Respondent US Fire” or “US Fire”) and Spot Pet Insurance Services, LLC (“Respondent Spot” or “Spot”) (collectively, “Respondents”) as follows:

1. Respondent US Fire is an insurance company domiciled in the state of Delaware that is licensed as a foreign property and casualty insurance company (NAIC CoCode 21113) and has been licensed in Rhode Island since 1916 and is authorized to write the inland marine line of business, among other lines (pet insurance is currently categorized as inland marine insurance).

2. In Rhode Island, Respondent US Fire markets a variety of insurance products, including a pet insurance policy that has been filed for approval by the Department and that policy was approved by the Department.

3. Respondent Spot is a licensed insurance producer domiciled in Florida (NPN 19246385) and is licensed and authorized to sell and promote the Respondent US Fire pet insurance products in Rhode Island. Spot has been licensed in Rhode Island since 2019.

4. In Rhode Island, Respondent Spot only markets a pet insurance product underwritten by Respondent US Fire.

Promotional Offers

5. In Rhode Island, Respondents have marketed a pet insurance policy that has been filed and approved by the Department.

6. In its approved filing, Respondent US Fire included language that it would offer promotions to its named insureds. That language was approved by the Department initially in 2016 and has been included in several updates to Respondent's form filings with the Department. The language reads:

“Promotional Items – From time to time, **we** may offer promotional items to show customer appreciation. Examples of such items are discounts, gift cards, related services and merchandise. The value of the promotional item will not be more than allowed by the state of **your** primary address.”

7. The Department approved this language with the expectation that Respondent US Fire would adhere to state laws and regulations with respect to inducements and rebates. Respondent US Fire believed that using the approval was in adherence to the state laws and regulations with respect to inducements and rebates.

8. The language in paragraph 6 does not specify how such promotions will be conducted. It is general language implying that Respondent US Fire might from time to time offer gifts to its named insureds. It does not state that it will offer regular promotions to prospective insureds to entice them to sign-up if they remain insured for thirty days.

How and When Inducements to Contract were Offered

9. In the Spring of 2021, the Department signed up to receive quotes from various pet insurers. As a result of receiving those quotes, the Department received follow-up emails from numerous insurers or their producers with various insurance solicitations. Employees of the Department signed up for quotes from numerous insurers and producers affiliated with Respondent US Fire, as well as with Respondent Spot at <https://spotpetins.com/>.

10. On June 7, 2021, Respondent Spot sent an offer to a Departmental employee asking “Want \$25? Get a \$25 Amazon.com Gift Card to help care for your pet.” This offer included several links to obtain a quote or to enroll. Included in the “Why Spot Pet Insurance?” explanation was “You could get an Amazon.com gift card when you enroll”. In addition to advising the offer expires on June 30, 2021, restrictions associated with the gift card offer were included in small print at the bottom of the email.

**Restrictions apply, see amazon.com/gc-legal. The \$25.00 Amazon.com Gift Card is limited to one per customer. In addition, Amazon.com Gift Card promotion valid for new customers purchasing a new pet insurance policy only. Payment for pet insurance policy must be successfully submitted within thirty days of pet insurance policy inception date to receive Amazon.com Gift Card. If a customer requested cancel date is within thirty days of pet insurance policy inception date, the pet insurance policy is no longer eligible for Amazon.com Gift Card. Pet insurance policy renewals are not eligible for this promotion. Those stated that the “Gift card offer valid on new policies only. Policy must be active for 30 days to be eligible to receive gift card. Renewals are not eligible for this promotion.”*

11. On June 19, 2021, the Departmental employee received an offer from Respondent Spot stating “– Special Offer – Limited Time Get a \$25 Amazon.com Gift Card”. No specific deadline for action was included in the offer. The offer did contain a limited description of offer restrictions that included:

The \$25.00 Amazon.com Gift Card is limited to one per customer. In addition, Amazon.com Gift Card promotion is valid for new customers purchasing a new pet insurance policy only. For full terms click here [links.spotpetins.com].

12. On July 10, 2021, the Departmental employee received an offer from Respondent Spot stating “– Special Offer – Limited Time Get a \$25 Amazon.com Gift Card”. No specific deadline for action was included in the offer. The offer did contain a limited description of offer restrictions that included:

Eligibility varies by state. Restrictions apply, see amazon.com/gc-legal [amazon.com). The \$25.00 Amazon.com [amazon.com) Gift Card is limited to one per customer. In addition, Amazon.com [amazon.com) Gift Card promotion is valid

for new customers purchasing a new pet insurance policy only. For full terms click here [links.spotpetins.com]).

13. When the Department investigated the issue in the Spring and Summer of 2021, it observed that Spot’s website also prominently advertised the \$25 gift offer. After the Department contacted Respondent US Fire and Respondent Spot, Respondent Spot added language to its disclosure statement that the offer is not available in Rhode Island.

The Department’s Position on Rebates and Inducements

14. Offering a gift as an inducement to enter into an insurance contract is prohibited by Rhode Island statutes. This prohibition was adopted because such inducements can cause a consumer to make a choice based on the offered inducement instead of making a choice based on the merits of the insurance product. The statutes in question have prohibited inducements and rebates tied to the sale of insurance products since the 1950s.

15. The Department has a longstanding policy with respect to inducements: if a licensee makes the offer available to all consumers regardless of whether the consumer binds coverage, then the licensee may make the offer. Rhode Island law prohibits the tying of the item to the purchase of insurance. This interpretation was publicly articulated more than a decade ago via [Insurance Bulletin 2009-9](#), which remains available on the Department’s website. The Bulletin states “a licensee is expressly prohibited from giving a “gift” which requires the actual purchase of an insurance policy.” The Bulletin lays out three conditions under which a licensee might offer gifts in exchange for a quote, of which the first condition was that “the gift is not contingent on the purchase or renewal of a policy.

16. Respondents have stated that the offer was specified in the pet insurance policy forms and rate filings that were filed with and approved by the Department. The Department’s position is that the policy filing was not specific as to when the offers would be made. Had the

language been clear with respect to Respondent's intended offer, the Department would not have intentionally approved the language.

Sense of Urgency

17. The offers not only presented an inducement of a \$25 gift card, but certain offers also created a sense of urgency in the offer by stating "limited offer," "limited time," or stating that the offer was "ending soon," including in emails received by the Department from Respondent Spot on June 7th, June 19th, July 10th. Those statements all appear incorrect based on other later emails with the same offer or the offer being on the Spot main webpage after that date. The Department believes that this false sense of urgency amounts to a material misrepresentation. Respondents have stated that their promotion ran in monthly segments, and that the statements were not incorrect because the monthly segment might end soon, or the promotion could be cancelled at any time.

US Fire's Oversight of the Marketing of its Insurance Policies

18. Respondent US Fire is charged with overseeing the marketing and sales of its insurance products and overseeing the activities of its affiliated producers. Respondent US Fire has an extensive agency agreement with Respondent Spot allowing Respondent US Fire to oversee the marketing efforts of its own products. Specifically, any advertising to be used by Respondent Spot must be approved by Respondent US Fire before use and Respondent US Fire has a system in place to review all marketing emails from Respondent Spot before they are used to solicit consumers. Respondent US Fire did approve the advertisements in question before they were made available to Rhode Island consumers.

Termination of the Gift Card Offer in Rhode Island

19. After the Department raised concerns with the advertisements, Respondents US Fire and Spot stated that they stopped making the gift card offer available to Rhode Island residents as of June 25, 2021, and also had added disclosure language to Respondent Spot's website explaining that Rhode Island residents were not eligible for the promotion. In July, the Department identified that

emails with the offer were still being distributed. Respondents confirmed that cessation of emails had begun but was not completed until July 22, 2021.

20. However, in August 2021, Departmental employees continued observing paid banner advertisements in emails from the Providence Journal and the Boston Globe, as well as banners on websites advertising the gift card offer.

21. Respondents explained their reasonable efforts to suppress advertising in July and continued to adjust its advertising practices. Respondent believes that the gift card offer should no longer be made to consumers who are digitally identifiable as Rhode Island residents, or consumers who are obscuring their digital identity. The Department has not observed any further instances of the offer since raising this matter with Respondents in August 2021.

Relevant Rhode Island Law and Regulations

22. R.I. Gen. Laws § 27-29-4 prohibits unfair and deceptive acts or practices in the business of insurance.

23. R.I. Gen. Laws § 27-29-4(1) prohibits misrepresentations by act or omission with regards to policies, contracts or other sales materials.

24. R.I. Gen. Laws § 27-29-4(2) prohibits the presentation of advertisements relating to the business of insurance that are “untrue, deceptive, or misleading.”

25. R.I. General Laws § 27-29-4(8) prohibits an insurer from providing valuable consideration or inducements in the issuance of an insurance contract and prohibits rebating of premiums in insurance products unless those are specified in the policy.

26. R.I. General Laws §§ 27-6-46 and 27-9-44 prohibit the provision of valuable consideration or inducements in the issuance of a property or accident insurance contract and prohibits rebating of premiums in property and accident insurance products.

27. R.I. General Laws § 27-9-44 prohibits the provision of valuable consideration or inducements in the issuance of a casualty insurance contract and prohibits rebating in property insurance products.

28. R.I. Gen. Laws § 42-14-16 outlines administrative penalties available for violations of the above cited laws, including fines up to \$50,000 per violation.

THEREFORE, based on the foregoing, Respondent and the Department have decided to resolve this matter without further administrative proceedings and hereby agree to the following:

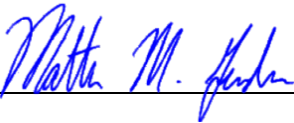
- I. Respondents admits that the gift card offer was an inducement under Rhode Island laws.
- II. Respondents admit they advertised its insurance products in emails and online with messages containing a false sense of urgency.
- III. Respondents agree to not offer inducements to contract for its insurance policies in Rhode Island.
- IV. Respondents agree to not include language in advertisements that could create a false sense of urgency.
- V. Respondent US Fire agrees to pay an administrative fine within thirty-days of ten thousand dollars (\$10,000) to resolve this matter.
- VI. Respondent Spot agrees to pay an administrative fine within thirty days of five thousand dollars (\$5,000) to resolve this matter.
- VII. Waiver of Hearing and Appeal. By agreeing to resolve this matter through the execution of this Consent Agreement, Respondent knowingly and voluntarily waives any right to an administrative hearing and waives any right to pursue an appeal to the Superior Court under the Rhode Island Administrative Procedures Act, R.I. Gen. Laws § 42-35-1 *et seq.*
- VIII. Enforcement. If the Respondent fails to comply with any term or condition of this Consent Agreement within any applicable time period set forth herein, the Respondent

will be in violation hereunder and the Department shall be entitled to immediately to take enforcement or other action in accordance with applicable law.

- IX. Compliance; Other Laws. Compliance with the terms of this Consent Agreement does not relieve the Respondent of any obligation to comply with other applicable laws or regulations administered by or through the Department or any other governmental agency.

Counsel for the Department and Respondent hereby consent and agree to the foregoing on behalf of their respective clients this 2nd day of February 2022.

Department of Business Regulation
By its Legal Counsel,



United State Fire Insurance Company
By its Regulatory Officer



Spot Pet Insurance Services, LLC
by its Chief Financial Officer