

Making Pet Insurance Recommendations—Or Not

Article by Roxanne Hawn



According to the North American Pet Health Insurance Association (NAPHIA), 50 percent more pet owners would purchase pet health insurance if their veterinary practice actively recommended it.

So, is adding pet insurance to your client recommendations a good idea for your practice and your community? Only you can say. Here are some things to consider as you decide.

Market growth

NAPHIA tracks market growth annually and reports that approximately 1.83 million pets were insured in the U.S. at the end of 2017. While that number represents 17.5 percent growth over 2016, it's still a small percentage of the total U.S. pet population—94.2 million cats and 89.7 dogs.

“The top 2 states in terms of insured pets are California and New York. Typically, the more densely populated an area, the higher the rate of penetration in terms of coverage,” explains Kristen Lynch, NAPHIA executive director. “You’ll see this in Europe as well. Of course, you’re aware that the more urbanized a center, the more pets live in close contact with their humans, and the more highly the humans value their pets. The tendency to purchase coverage is closely aligned with these values.”

NAPHIA data shows that in the U.S., on average, people spend \$535 per year to insure dogs and \$335 to insure cats

for accidents and illnesses. Accidents and illnesses plans represent 98 percent of pet insurance coverage, though some insurers now offer plans that cover wellness services too.

Pet insurance is also a hot trend in employee benefits, with some larger companies giving staff access to pet insurance, often at a discount, including places like Yotel Management, Colgate-Palmolive and Federal Reserve Bank of Chicago.

Hewlett-Packard, Levi Strauss & Co., Microsoft, T-Mobile, Xerox, adidas and Yahoo! are a few companies that offer Nationwide pet insurance as an employee benefit. Overall, nearly half of all Fortune 500 companies and more than 6,000 U.S. companies and organizations offer Nationwide pet insurance as a voluntary benefit, reports Adam Fell from Nationwide (formerly Veterinary Pet Insurance).

Clients with insurance

Clients who have pet insurance on their pets are more likely to bring pets in at the first sign of trouble, rather than waiting until the situation becomes dire. They also spend more per year on veterinary care— 29 percent more on dogs, 81 percent more on cats.

In the exam room, insurance can help shift conversations between veterinarians and clients away from money only so that you can focus more on the quality of care available for the pet’s situation.

Pet Insurance Comparisons and Reviews

Pet Insurance Guides (U.S.) (www.petinsuranceguideus.com/) is compiled courtesy of Doug Kenney, DVM.

For clients, sites like Pet Insurance Review (www.petinsurancereview.com) can help them see and compare options.

Policy details

If your practice decides to recommend pet insurance, help clients understand that policies have limitations, including:

- Deductibles (how much clients will need to spend per year or per illness or injury before insurance kicks in)
- Co-insurance (what percentage the insurance pays after the deductible is met, and how much the client will still need to cover)
- Annual limits (caps on how much a policy will pay out per year)
- Other limits (caps on how much a policy will pay out per accident, illness, diagnosis / body system, or lifetime)
- Exclusions (items simply not covered at all and those related to a pet's specific pre-existing conditions)

It's especially important that clients know what temporary or lifetime exclusions their pets may have with any given pet insurance provider or policy.

"Exclusions help keep monthly premiums reasonable for pet owners," says Fell of Nationwide.

Some insurance companies may exclude all pre-existing conditions. Others parse them into two categories as determined by a pet's medical history or medical treatment needs during a new policy's waiting period:

1. Incurable
2. Curable

"Incurable pre-existing conditions typically require lifelong care (i.e. diabetes, allergies, cancer, etc.)," says Jordan Holliday from Embrace Pet Insurance. "Curable pre-existing conditions are those that can be completely resolved (i.e. ear infections and undiagnosed vomiting or diarrhea). Curable pre-existing conditions could be covered moving forward if the pet goes 12 months symptom-free."

Imagine a puppy gets insured on the very first day she comes home, but then she presents with parvo symptoms during the policy's waiting period (sometimes a few days,

sometimes a couple of weeks). Clients may be surprised and frustrated that those parvo-related expenses, which as you know can be steep, are not covered. This exact scenario happened to me with a puppy I adopted in 2004. It was my first experience with pet insurance.

Other common things pet insurance typically won't cover at all include:

- Breeding, whelping and pregnancy
- Cosmetic procedures like tail docking or ear cropping

Because of pre-existing conditions, it can be impractical to switch companies or policies later, so making a well-informed decision from the start is important.

Right time to talk

Simply put: The sooner veterinary teams talk to clients about getting pet insurance, the better.

"To avoid pre-existing exclusions," says Fell, "we recommend purchasing pet insurance when a pet is young... As a pet ages, the chances increase that the pet may develop a chronic condition that cannot be cured and, hence, the exclusion would be permanent."

Since you're likely to see new pets often—especially puppies and kittens—right after they come home with a client's family, that's the ideal time to talk about pet insurance, if you're going to.

When you first meet newly adopted adult pets, that's another good time to mention pet insurance—especially if those pets are younger adults.

While Embrace doesn't have data that sets a threshold for where the too-late point often falls, Jenna Mahan, director of claims, says, "There are a ton of issues that seem to pop up around 2 years of age. That's when allergies, orthopedic issues and other chronic maladies make themselves known for a lot of pets."

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Other Pet Insurance Resources

The North American Pet Health Insurance Association (NAPHIA) website (www.naphia.org) features several free resources:

- Pet Health Insurance Buying Guide (advice for clients)
- Pet Insurance Best Practices Guide (report for veterinary practices)
- Driving Growth of Pet Health Insurance (report for veterinary practices)

Where to start

If your practice wants to recommend pet insurance proactively, here are some ideas on where to start:

Forms. Add a section to new patient forms for pet insurance policy information (company name and policy number). If nothing else, it may spur questions and conversations, and it will provide insights into which pet insurance companies your clients already use.

Questions. Ask clients in the exam room about pet insurance. Some practices use presumptive language such as “What pet insurance do you use?” rather than “Do you have pet insurance?”

Research. Don’t try to be an expert on every company (there are more than 20 now in the U.S.). Choose several to research and recommend.

Brochures and more. Do more than hand clients pet insurance brochures. Point out key benefits and offer examples of how insurance has helped other clients.

In-house “experts.” While it’s nice if your entire team understands pet insurance basics, it helps to designate several people as your in-house experts.

Once a practice gets going with insurance recommendations, then you can do more such as linking from your website to the companies you recommend, looking into offering free trial policies to clients, and appointing a staff member to file insurance claims on clients’ behalf.

Targeted efforts

NAPHIA recommends targeting your pet insurance recommendations on new pets, new pet owners and new clients so that you’re most likely to reach people before the too-late point on illnesses and exclusions.

Through its surveys and research, the organization has found that people were most likely to purchase pet

insurance (67 percent) within the first six months of owning a pet.

In a 2016 report, NAPHIA also noted that people in these roles are most likely to recommend pet insurance:

- 51 percent veterinarians
- 39 percent other veterinary staff
- 10 percent practice managers

The same survey found that financial objections are the most common among veterinary professionals who do not or are unlikely to recommend pet insurance. Those objections include “not worth the money” and “too expensive.” Similar research with pet owners resulted in similar financial objections.

NAPHIA also found in its veterinary survey in 2016 that 56 percent of respondents “wish all clients had pet health insurance” and that 41 percent said, “it makes no difference whether or not clients have pet health insurance.”

If you fall into the “wishers” category and want to do more than wish, consider stepping up pet insurance recommendations for the clients most likely to take the advice.

References:

¹ American Pet Products Association, 2017-2018 APPA National Pet Owners Survey

² North American Pet Health Insurance Association, Pet Insurance – Best Practices Guide for Veterinary Teams.

³ North American Pet Health Insurance Association, Pet Insurance – Best Practices Guide for Veterinary Teams.



Roxanne Hawn is a professional writer and award-winning blogger based in the Rocky Mountains of Colorado. A former writer/editor for the American Animal Hospital Association and the American Humane Association, she has written about veterinary medicine and pet topics for nearly 20 years. Her work has also appeared in The New York Times, Reader’s Digest, Natural Home, Bankrate.com, WebMD, The Bark, Modern Dog, and many high-profile outlets. Her first book is called *Heart Dog: Surviving the Loss of Your Canine Soul Mate*.