

Norwich Terriers, 2-21

Title: Considering health insurance for your dog?

Puppy buyers sometimes ask about pet health insurance. I've not offered advice one way or the other, except to encourage the new dog owner to explore the insurance options. There are a lot of things to consider.

The pet insurance marketplace is growing. According to the North American Pet Health Insurance Association (NAPHIA) *2020 State of the Industry Report*, the industry has experienced double-digit increases, with the average annual growth rate exceeding 22% in the United States, and continued robust growth is predicted. A number of trends support the industry's optimism. There are over 2 million dogs insured, just a fraction of the potential market when you consider that the American Pet Products Association estimates there are 90 million dogs. The rising cost of veterinary care is another big factor. For many pet owners there's a need to have some sort of plan to assist with finances. Nobody wants to face a decision between their dog's health and their bank account.

Consumer awareness of pet insurance is also growing, powered by the marketing efforts of pet insurance associations, as well as the increased availability of pet insurance through a number of distribution channels. Veterinarians are making their clients aware of pet insurance, sometimes with introductory offers. For some owners this may be a good idea, but taking the time to do some comparison shopping is a good idea too.

There are about 20 companies that comprise the pet insurance marketplace in North America, several of whom also market and/or underwrite multiple white label products, representing at least 20 additional pet insurance product brands. Comparison shopping is important, especially to understand the differences between products. What services does the

plan cover? Some plans cover accidents only. Others cover accidents and illnesses. Some plans offer a wellness plan as an add-on that includes preventative care options such as dental care, vaccinations, and parasite control (heartworm, flea/tick, deworming). These add-ons (also called "endorsements") enhance your basic coverage and increase your monthly premium. Other common endorsements include exam fees, routine checkups and prescription food.

Insurance products also differ in their terms of coverage. Companies typically require a health checkup and impose a waiting period before coverage kicks in. For accident coverage, the waiting period is usually a few days. It's important to understand what conditions and veterinary services are covered. Are any pre-existing conditions or breed-specific hereditary conditions excluded? There should be transparency of the covered services. Plans usually cover diagnostics such as x-rays, blood tests, and imaging (ultrasounds, cat scans, MRIs), as well as surgery, hospitalization, emergency care and specialty care. Other kinds of services include rehabilitation, hydrotherapy, alternative/holistic therapies for chronic conditions. Finally, research the company. How long has the company provided pet insurance? What is the insurance rating? What is the history of rate increases?

When you need to use the pet insurance, typically you must pay the vet bill out-of-pocket first and, then, file a claim with the insurance company. The insurer evaluates the claim and, if approved, sends a reimbursement (either a check by mail or direct deposit of the funds into your bank account). Depending on the complexity of the claim, this process may take a few business days or several weeks. The amount of the actual reimbursement depends on how your plan is structured. So, it's important to compare plan features such as the amount of the deductible, whether it is annual or per condition, what services count towards deductible fulfillment, and whether the reimbursement rate is different for specialty care vs. primary veterinary care.

That's not all. The cost of insurance depends on more than the coverage you buy. It also depends on your dog and where you live. Insurance for larger breeds typically costs more because overall larger breeds tend to have shorter life spans and develop more health issues. The age of the dog makes a difference. Because younger dogs usually have minimal health issues in their early years, they are less expensive to insure than older dogs. Also, insurance premiums vary according to state and zip code. More densely populated areas usually carry higher insurance costs (and higher costs for veterinary services).

Consumers who opt out of pet insurance tend to think it's unnecessary or too pricey. Purchasing pet insurance isn't necessarily more affordable than going without it. Hopefully, your dog will never get hurt or sick, and your only out-of-pocket medical costs will be annual check-ups, parasite control and vaccinations. However, going without insurance is a risk that not everyone wants to take. Increasingly, owners regard their dogs as family members and are willing to make the investment in pet insurance. Owners need to understand the pet insurance options to make the best decisions.

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