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on the lighter side

Pets R Us?

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We love them. We baby them. We insure them? Yup, in increasing numbers. Pet health and accident insurance has arrived.

After pet cemeteries, pet therapists, and pet designer drinking water, could insurance firms for Fido and Fluffy be far behind? No, comes the answer from areas as diverse as southern California, Sweden, France, South Africa and, of course, the traditionally animal-mad England. The time may not be right yet for a real pet insurance boom, but many believe this dog will have its day, and soon. In the past two years, the major U.S. pet insurer has doubled the number of policies in force to 75,000, while many thousands of other cats and dogs are insured by regional HMOs formed by veterinarians.

Avoiding doggie downers

Advances in the technology used to treat animal maladies, longer pet life spans, and growing veterinary costs will make pet insurance attractive in coming years, according to proponents. "We are seeing much more interest and acceptance of pet insurance in the United States," said Dr. Jack L. Stephens, president of VPI (Veterinary Pet Insurance), Anaheim, Calif. Owners with policies can avoid unnecessary euthanasia or continued suffering for their pets.

Procedures such as laser cataract surgery, joint replacements, chemotherapy, and yes, pet orthodontia (that's animal braces, folks), make your cat or dog just like one of the

family. And, that is precisely how most pet owners feel about their quadruped friends. According to American Animal Hospital Association spokesperson Andrea Ashby, the organization's 1995 survey of American pet owners showed 70% thought of their pets as children.

"We've humanized our pets," she said. But, Ashby admitted that, for now at least, most pet owners surveyed said they wouldn't consider pet insurance. "Basically, they believe a pet's illness wouldn't cause financial ruin the way a human illness might. But, I think you'll see the trend turning toward more pet insurance in the next five years as veterinarian costs increase."

Getting that paw print on the dotted line

So far, VPI is the only national U.S. firm selling pet medical and accident insurance. The company, which is licensed by the insurance departments in each state where it operates, reported growth of 30% in 1994 and 27.19% in the first eight months of 1995. The largest of the pet insurance HMOs, Medical Management International, Portland, Ore., intends to branch into seven other states in the near future, according to a *Wall Street Journal* report. Neither firm employs actuaries.

Love for pets knows no borders

The success of U.S. insurers, though, doesn't match the popularity of pet insurance in other countries. In Sweden, nearly 20% of all pets are insured. In England, 14 different plans insure at least 700,000 pets and produce a premium volume of \$96 million annually.

Eight countries sent representatives to the Worldwide Conference of Pet Health Insurers in November in London. VPI was there, as well as England's Dog Breeders Insurance Company, founded in 1947, and Sweden's Agria, founded in 1955.

The attendees presented status reports, shared financial information and demographics, and participated in discussion groups on the problems facing their fledgling industry.

Animal actuary has to deal with nine lives

Only one actual pet actuary is known to exist, Sally Schreiber, FSA, of England's Pet Plan Group, Ltd. No morbidity tables for cats and dogs (or other members of the animal kingdom) exist, so firms offering this type of coverage rely on information from veterinary groups and organizations such as the American Kennel Club. As Schreiber recently told the *Wall Street Journal*, however, she is busy accumulating data on trends as she observes them.

Insuring mad cows and other catastrophes

Several U.S. firms sell insurance to farmers and breeders. Usually, if values are small, say between \$10,000 and \$20,000, farm owner's insurance covers catastrophes such as lightning striking a standing cow. For levels higher than that, farmers and breeders get their insurance from firms like American Livestock, Geneva, Ill. The firm writes policies for individual animals, such as thoroughbred horses and champion show dogs, including infertility coverage. Feed lot livestock — cattle in huge herds being fattened for slaughter — can also be covered. No actuaries are employed by livestock firms, so the data on life spans of breeds and other vital statistics have been accumulated over many decades and is simply applied by underwriters.

Meanwhile, animal owners who don't fall into the farmer or breeder categories will have to shop hard for the best deals for their individual pets, keeping in mind that deductibles and premiums can be high for insureds who chase cars and chew mail men.

