

News

Pet insurance growing, but read the fine print

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Fido is not feeling well. For many pet owners, that reality brings with it much more than concern for the four-footed member of their family. Vet bills, medications and follow-up care can be very expensive, often running into the thousands of dollars. Many animal lovers are turning to pet insurance for medical coverage and peace of mind.

Most insurance packages provide coverage for a combination of accidents, illness and preventive wellness, such as an annual visit to the veterinarian. "What is usually covered are not extraordinary medical expenses...It is really a bare-bones policy," said Alan Preyra, a lawyer with Bergmanis Preyra LLP in Toronto.

While there is the option of speaking with the insurance company to include additional coverage for additional cost, potential policyholders should first review what the standard insurance coverage offers very carefully. "Reading the fine print is not only recommended, but it is crucial. It is the only way to



Gartner

know that you are getting what you think you are paying for," said Rebekka Breder, associate counsel with Boughton Law in Vancouver.

Preyra points out that animal diseases such as cancer and spinal issues are usually not covered. Neither are gum and teeth problems, nor funeral expenses. As well, coverage may be denied for conditions common in certain breeds, such as hip dysplasia in retrievers. "They don't want people opting in their sick pets," Preyra said.

The most common reasons for

claim denials include incomplete documentation, coverage for only a specified type of care or a specific percentage of a bill, the pet's age and a history of pre-existing illness. "Other details in the fine print that may cause unfair claim denials include...injuries that were sustained without an eyewitness, injuries sustained during regular activities such as walking, running, playing, slipping or tripping, or chronic and long-term health conditions," noted Suzana Gartner, founder of Gartner & Associates, Animal Law in Toronto.

There is also usually a waiting period. During this time, if an animal becomes ill or injured, coverage will likely be denied. Ultimately, said Preyra, "you may find you pay more in coverage than you would vet bills." According to the North American Pet Health Insurance Association's *State of the Industry Report 2016*, the annual premium for accident and illness plans in Canada was \$537. Accident-only plans cost an average of \$189.

Policyholders who wish to dis-

pute a claim denial can appeal the decision to the insurance company itself. "Providing veterinary reports to the insurer can sometimes help," said Breder. "That said, one has to be very careful about what documents are provided to insurers so that they are not misinterpreted.

"If the insurance company still denies the claim," she added, "then taking them to court is, unfortunately, the only other way to dispute a claim denial."

According to the Insurance Institute of Canada, pet insurance first became available to Canadians in the late 1980s, yet today only about 3 per cent of Canadian cats and dogs are insured. However, the 2016 industry report from NAPHLA, whose Canadian office is in Winnipeg, estimates that within four years this number will climb to 5 to 10 per cent across the continent. That report also found that by the end of last year more than 1.6 million pets were insured in North America, including 200,000 cats, dogs and other pets in Canada. The annual average growth rate for pet insurance

since 2014 has hit 12 per cent.

Despite the limited extent of coverage, the Chartered Insurance Professional Institute values the contemporary North American pet insurance market at \$595 million. NAPHLA's 2016 report also found that total gross written premiums for pet insurance in Canada have grown by 15 per cent since 2014. (In the U.S., market growth exceeded 17 per cent.)

A shift in perspective is driving the increase, noted Gartner. "With Canadian attitudes surrounding pets changing, owners are becoming increasingly keen on having unrestricted veterinary care for their pets and are preparing to deal with the cost of such care."

"The European experience would certainly indicate there is significant room for expansion in the pet insurance market. In the U.K., about 30 per cent of pet owners carry insurance. In Sweden, this figure is at least 45 per cent. "This is mainly attributed to the fact that animals were domesticated much earlier in Europe than in North America," Gartner noted.