

Consumer Perceptions of Pet Insurance: Caring for the Fur-Family



A ZELDIS RESEARCH THOUGHT LEADERSHIP STUDY

Methodology



Between November 2021 and March 2022, we conducted three separate studies with pet owners within the US.

1



Initial Online Quant

- n=500 consumers, current pet owners
- National database sample
- 18yrs+ (mean age: 50)
- Completed early January 2022

2



Omnibus Follow-up

- n=1,500 consumers, current pet owners
- National database sample
- 18yrs+ (mean age: 45)
- Completed early February 2022

3



Webcam 1-on-1 Qual Interviews

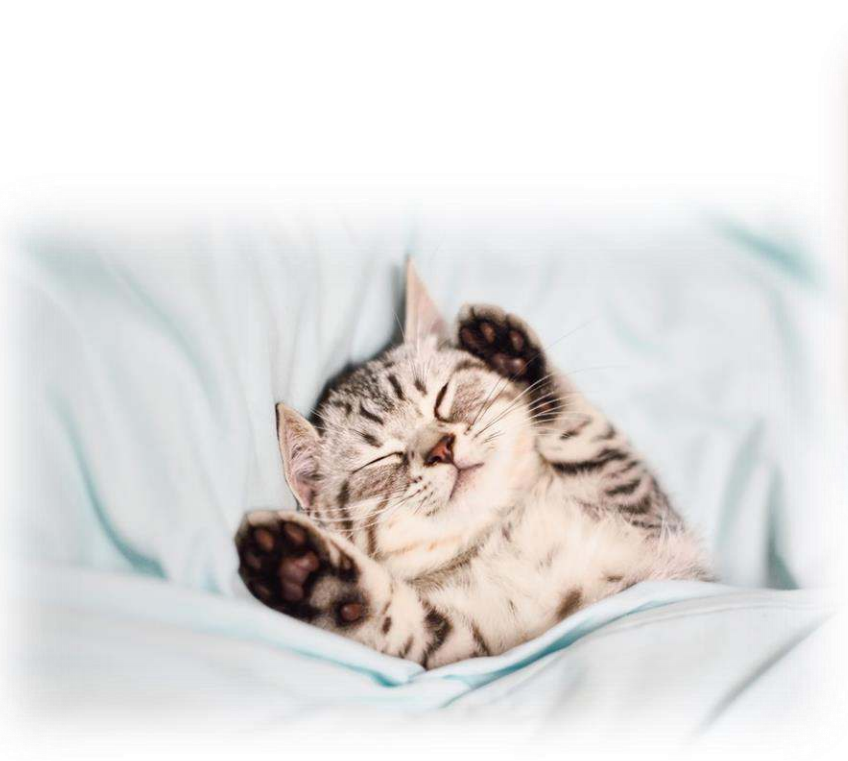
- 30- or 45-minute interviews
- n=10 current pet owners
 - 5 own pet insurance
 - 5 do not own pet insurance
- Mix of demographics and geography within US
- Completed early March 2022

This presentation synthesizes results from all three initiatives, but, where relevant, methodologies have been broken out...

Trigger Warning!



There will be tons of gratuitous and adorable puppy and kitty pictures throughout this presentation...



Pet Ownership Among US Consumers




Why Have Pets: Top Social, Emotional, and Health Benefits



“A home without a pet is an empty home.”

Benefits Pet(s) Provide:

Unconditional Love **54%**

Help lower stress **44%**

Provide an outlet for affection **37%**

They make you laugh **36%**



Why Pets...

“ She does weird s***, and it's entertaining to watch. I love playing with her. It's funny because she's the most spoiled, fat, lazy cat, and suddenly I'll wave a wand and she's like, 'I am a predator. I am a hunter. Fear me,' and she's going after a little catnip jellyfish or whatever. I just find that so amusing...She is very affectionate. She'll come put her head next to my leg and lean on it and purr. It's a different kind of affection, but it's clearly her saying, 'Hey, I'm here. Let's spend time together.' I'm like, 'Oh, that's nice. I like you. I appreciate you.' (Non-Ins Owner) ”



Pandemic Pets



Nearly one in four pet owners say they welcomed a new pet into their home during the pandemic.

23%

When asked to provide adjectives that describe how their new pets made them feel, pet owners' choice of descriptors is overwhelmingly positive:

<i>Happy</i>	61%
<i>Thankful</i>	55%
<i>Grateful</i>	46%
<i>Excited</i>	45%
<i>Wonderful</i>	41%

Pandemic Pets...

“ Working from home gave me the flexibility to get a puppy. (Pet Ins. Owner) ”



“ I think most of the time when people are away and working full-time or doing travel hockey, you're not around as much, so having a puppy is really difficult to manage...Being home that year was the perfect time for us to get a dog and really get to know the dog and train the dog so it worked out...The kids love [having] a companion. They like being able to take her on walks or go out in the yard, teach her how to play ball. She's a little buddy. (Non-Ins. Owner) ”

Key Points of Frustration/Challenges of Pet Ownership



*Pets aren't all fun and games for their owners—key challenges include **cost**, **worry**, and **practical responsibilities**.*



- **Cost/pet expenses**
(food, veterinary, grooming, dog walkers, etc.)
- **Worrying about their wellbeing**
(healthcare, quality of life, etc.)
- **Practical responsibilities**
(travel, cleaning up after them, etc.)
- **Training, especially puppies/kittens**
- **Other frustrations**
(bathroom accidents, behavioral issues, etc.)

Monthly heartworm, flea and tick, and all of the things that it takes to keep your dog healthy preventatively is really expensive.

Leo has some medical issues, and he has had some medical issues. I think that has been the most difficult part. He needs medicine before he eats every time. If we go away, we have to have someone come twice a day to feed him and give him his medicine.

You probably have to clean the house more, because of course Pippa, the golden, sheds. I just think, you know, when we go on vacation, making sure that we've boarded them in a safe place.

The training...I think having a puppy is probably, at times, more difficult than having a baby. A dog will get into everything...Obviously, the potty training is very challenging. Those are probably the things that can be difficult.

More on Petcare Costs



Pet owners acknowledge that the cost of pet ownership is a major challenge; however, self-reported data vastly underrepresents the true magnitude of the cost of caring for a pet.



Zeldis Study Self-Report

Estimated annual all-in cost of owning pet(s)*:

\$468

ASPCA Data

2021 data on recurring annual costs of owning a pet...

\$700-\$1,100

Gap...

\$232-\$632

*Mean isolating single-pet owners.



*Pet owners recognize cost as a major challenge of ownership, but the actual annual cost of caring for their pets is **50% to 150% higher than they perceive.***

Pet Insurance Ownership



Pet Owners With Pet Insurance: Who Are They?



Pet owners with pet insurance are more likely to be:



Snapshot: Pet Owners With Pet Insurance



Three in four pet owners who have insurance for their pets indicate a high level of satisfaction with their plans.

76%

Extremely or somewhat satisfied with plan's "value for the money"

Pet owners are most motivated to purchase an insurance plan for their pets as a safety net for future issues that may arise for their pets...

To be covered for future issues

64%

Experiences with a previous pet (chronic issues or frequent health problems)

28%

Current pet has chronic issues or health problems

15%

Reasons for purchasing...

“My last dog died from a sudden illness that would have cost so much money that we wouldn't have been able to afford her treatment, so we had to put her to sleep. That is in my memory. Pet insurance would be helpful for something like that.” (Pet Ins. Owner)



“It's like people insurance. If there's something [like] a \$10,000 operation that she needed, I wouldn't think twice about doing it, obviously, because I have pet insurance. I would still probably do it, but then I'd have a \$10,000 bill to pay for her. Catastrophic things. I think everyone should have pet insurance. (Pet Ins. Owner)

Qualitative Context from Pet Insurance Owners...



- **Pet insurance has clear, demonstrable value**

Many pet insurance owners we spoke to are clearly able to articulate the value they get from their policies; these consumers are using their policies most frequently and are able to clearly articulate policy details.

We have pet insurance for him, and thank God that we did...we've probably come close to the \$10,000 mark of bills from Leo...pet insurance doesn't cover routine vet care, but it does pay 80% of his pills, which cost \$120 a month [and] it pays for any time we have to see the specialist. (Pet Ins. Owner)



- **Pet insurance is a moral obligation**

A few pet insurance owners echo a consistent statement highlighting the responsibility to provide care for their pets and that pet insurance supports this goal.

You have a pet and she's part of your family, and she's a responsibility like anything else and you owe them really, because they can't help themselves. They're like children. They need you to take care of them to the best of your ability, so I think it's my responsibility to do the best for her. (Pet Ins. Owner)

- **Some owners are unclear on plan details**

One or two of the pet insurance owners are unable to articulate their plan's details with any degree of certainty (even their monthly premiums.)

I've never actually used it. I have had a couple of times where I've had to take her to the emergency vet, so I guess I've used it once or twice for that...To be honest, I've never really looked into what else I can get from it. When I get their emails, I delete them. (Pet Ins. Owner)

Profiling a Promoter...Meet Jeff:

Key Stats:

- Highly satisfied pet insurance owner
- Owner of one dog ~7 years old, with chronic-but-manageable issues requiring periodic testing and a special diet
- Actively promotes/recommends pet insurance to anyone in the market
- Would not commit to dog ownership without pet insurance due to a desire for cost-control

Insurance Info:

- Insurance Company: Figo – chose because it was best value (coverage for cost)
- Cost: \$80 monthly premium, \$100 yearly deductible
- Services Included: All diagnostics and services covered @90% after deductible is reached
- Exclusions: preventative healthcare and dental
- Research Sources: Internet and WOM (friends and family)
- Shopping: Nationwide and Trupanion other top contenders
- Other notes: received a discount for rescuing pet vs. purchasing



I like cost-controlling things, so I don't mind paying an extra \$20 a month on my car payment to get the extended warranty, because...that, to me, is worth it, that I never get a surprise \$5,000 bill. (Pet Ins. Owner)

Like many other pet insurance owners, Jeff reports high satisfaction and sees clear value from his plan...

“ [My dog has] a bunch of health issues, so insurance has been a godsend for me. I honestly didn't agree to adopt him until I knew I had a way to get insurance that would cover everything, realizing that I might be facing that. The insurance thing is really important. I tell everyone about that...All of the stuff it covers. I will always say, 'I wish my health insurance was this good.' (Pet Ins. Owner) ”



Profiling a Passive...Meet Sarah

Key Stats:

- Moderately satisfied pet insurance owner
- Owner of one dog, ~2 years old and in good health
- Welcomed during pandemic, purchased from a local breeder
- Will not recommend or discourage pet insurance ownership
- Purchased for catastrophic coverage—a previous dog had a bad illness they couldn't afford to treat, so had to euthanize

Insurance Info:

- **Insurance Company:** Healthy Paws – chose on price (“basic” coverage)
- **Cost:** \$28 monthly premium
- **Services Included:** catastrophic coverage only (unaware of fine details)
- **Exclusions:** preventative healthcare, dental, etc.
- **Research Sources:** Limited – social media/WOM (friends who are owners)
- **Shopping:** no other companies considered
- **Other notes:** would find more value if regular expenses were covered (e.g., flea-and-tick, heartworm meds, etc.)



I do have pet insurance, but I've never actually used it...For the regular visits and the heartworm and stuff, it doesn't really cover that. (Pet Ins. Owner)

Like Sarah, a few owners question the value of their plan and are unclear on ROI potential...



“It gives me security that I have it, but when I look at the bank statement, I’m like, ‘That’s a waste of money.’ ...I really think it’s an individual decision. I’m not a huge advocate for it, one of those people that says, ‘You have to have it.’ I also wouldn’t discourage anybody from getting it, because I think it’s just a matter of your financial situation, your peace of mind. For some people it could be too much of a monthly expense to afford to add that on to already the expense of owning a dog. For others, it’s a good safety net. (Pet Ins. Owner)”

Pet Insurance – Purchase Channel



When asked how they purchased their pet insurance policy, nearly three in four did so online.



No one specific company owns the pet insurance market, and many are comparing options online before purchasing.



Top Current Pet Insurance Carriers



Nearly two-thirds of pet insurance owners (61%) compared 2-3 companies before selecting their current pet insurance company—most did so via online research.

I just did a quick comparison of what the rates were and what was covered, and I just thought, they were all pretty much the same, I don't know. What the overall satisfaction ratings were on Google and that one looked pretty good. (Pet Ins. Owner)

I just Googled pet insurance and started from there. I like to research, so I just would go on and on...I don't remember the name of the other company, but it was between Healthy Paws and the company that covers everything. (Pet Ins. Owner)



Pet insurance owners who use/have used their policies are highly satisfied promoters. However, those who have not done so do not understand their plan benefits fully and cannot articulate ROI.

Pet Insurance Barriers



Snapshot: Non-Owners, Those Without Pet Insurance



40%

Four in ten pet owners who do not currently have pet insurance have considered purchasing a policy at some point.



This number is even higher among those who welcomed a pet into their home during the pandemic (52% vs. 36% who have not).

However, these pet owners chose not to purchase a policy because...

Key Barriers Among Non-Owners of Pet Insurance



*Non-owners cite key barriers including perceptions of **cost**, **their pet doesn't need it/is healthy**, and a **lack of benefits/value**.*



Cost of insurance/too expensive **50%**

Pet(s) generally healthy **36%**

Not familiar enough with Pet Insurance options **25%**

Have not thought about it **21%**

Can afford vet expenses **16%**

Doesn't cover enough/too much OOP cost **14%**

When we did the research on trying to get them insured, all of a sudden now the quote came in [higher] because of their slightly advanced age. We did the numbers and went through it and said, 'Even buying a catastrophic policy, we'd probably be better off just banking that money and taking care of the expenses later on.' (Non-Owner)

I would not think it'd be very necessary. I've always heard in the past it can be kind of scammy. I've had dogs in the past where it would have not been worth it to me to pay a monthly premium for something I'm hardly ever going to use. (Non-Owner)

Non-owners do not adequately understand the value prop of pet insurance.



Non-owners have **little awareness regarding the specific costs/coverage of pet insurance**, and fence-sitters indicate they would need to see a **clear and transparent ROI/value** demonstration to help convince them of the benefits of paying for a pet insurance policy.



Something that would show the average cost of various things with pet-related medical care, and how much the coverage would be...Let's just say each physical therapy visit is \$100, but if you had pet insurance, it would cover 80% of this or something, it would be something that would catch my eye...I've always thought that because I didn't get it when they were a puppy, that they would chalk everything up to preexisting and that nothing much would be covered. (Non-Owner)

Additionally, some non-owners feel **pet insurance policy details are unnecessarily esoteric and complicated**—this adds to the “scammy” feeling and further builds mistrust...

Non-owners do not understand the value prop of Pet Insurance...

“ [Pet insurance] is something I would consider if it was a compelling value proposition. My number-one thing is just being really clear on coverage and exclusions and all of that stuff...I feel like pet stuff, the costs are fairly contained to the point where you really could simplify policies a lot more...This is something that people want in order to simplify their lives, not to complicate it more, and it felt to me like it would have complicated my life more. (Non-Owner) ”



Pet Insurance – Channel Preference (Among Non-owners)



When asked if they were to purchase pet insurance today, half of dog or cat owners say they would be willing to do so through their veterinarian.*

I think that would be a heavy influencer for me, if it was offered through the vet...I have trust in the vet...I would have trust in that if they suggested it. (Non-Owner)

48%

Through their veterinarian



31%

From my auto/home insurance company

29%

Through an association
(e.g., AARP, professional association, etc.)



29%

From another insurance company I have a relationship with

Also mentioned:

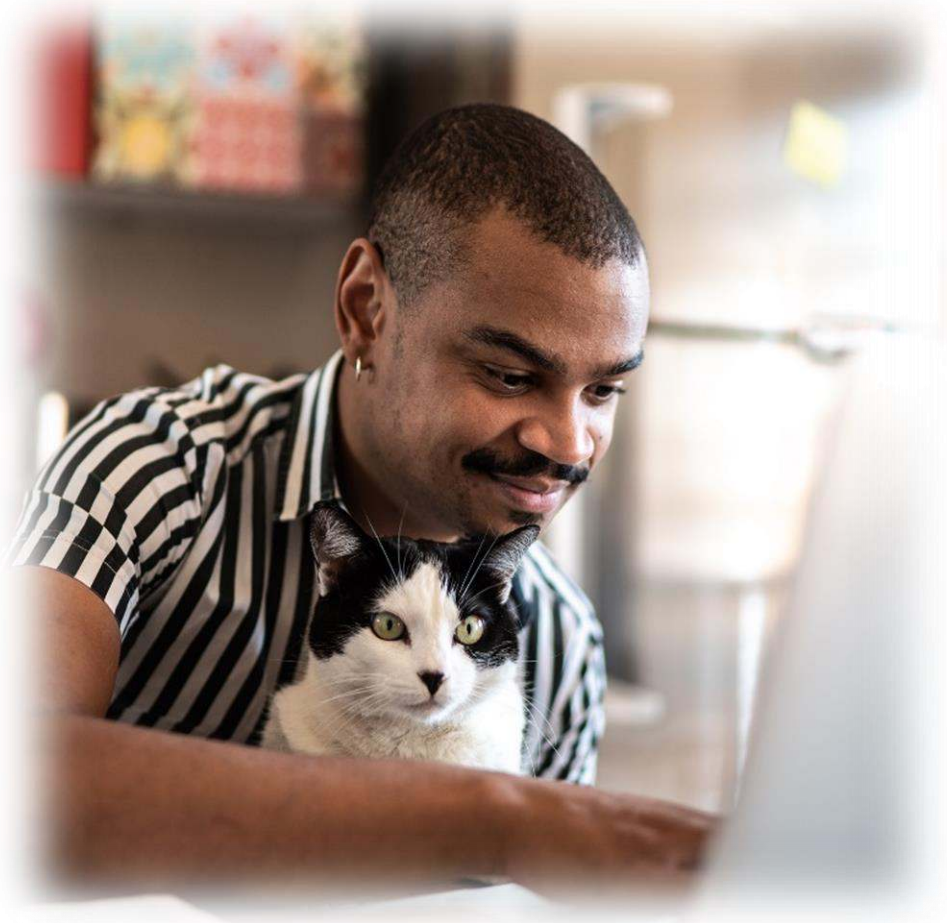
Through an employer **24%**

*Top 2 box scores on a 7-point likelihood scale



- *Four in ten non-owners have considered pet insurance; they recognize a need for having it.*
- *They have not purchased because they do not understand the value proposition, often because details are overly complicated/difficult to parse, which can lead to mistrust.*
- *Many strongly value veterinarians' recommendations.*

Attitudes Towards Pet Insurance

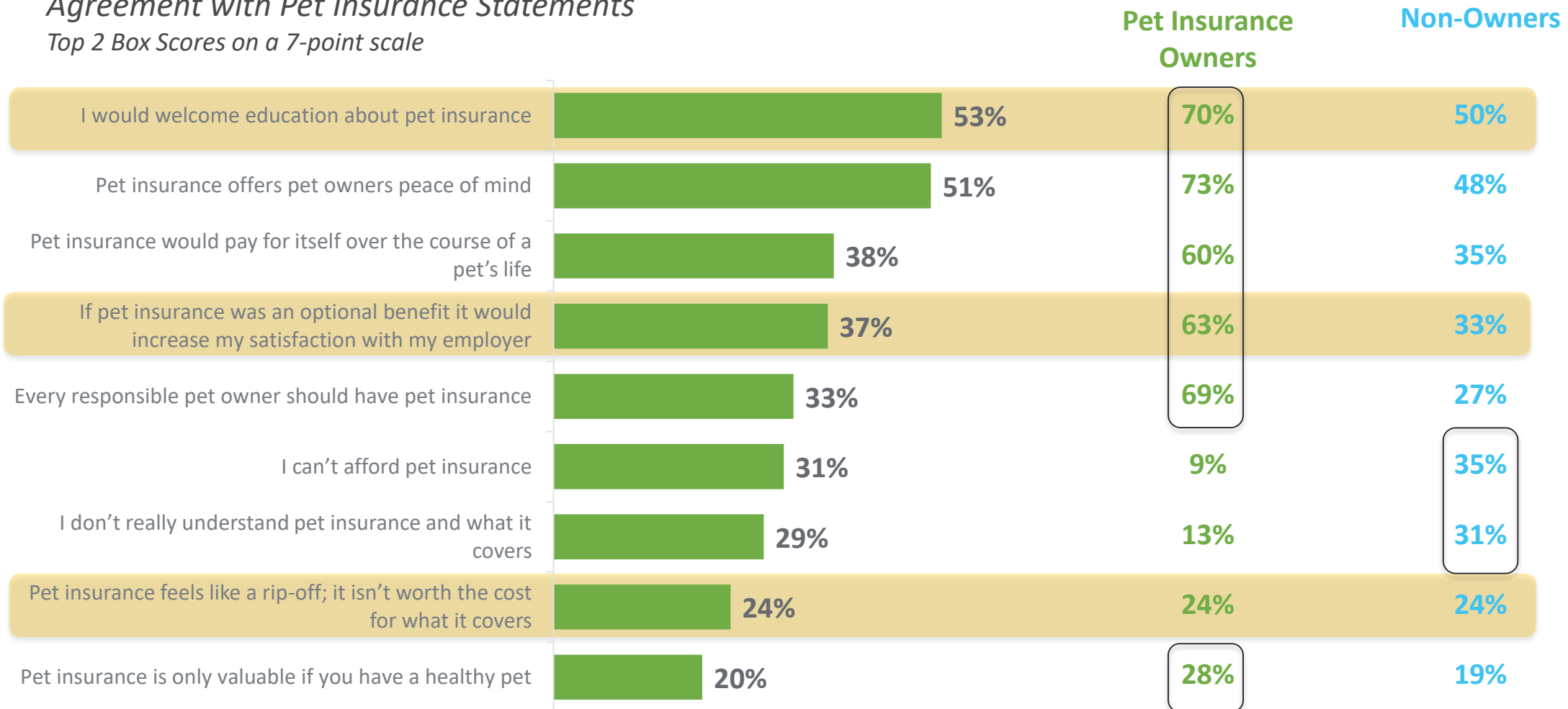


More than half of pet owners would welcome education on pet insurance—owners are even more likely to say this.



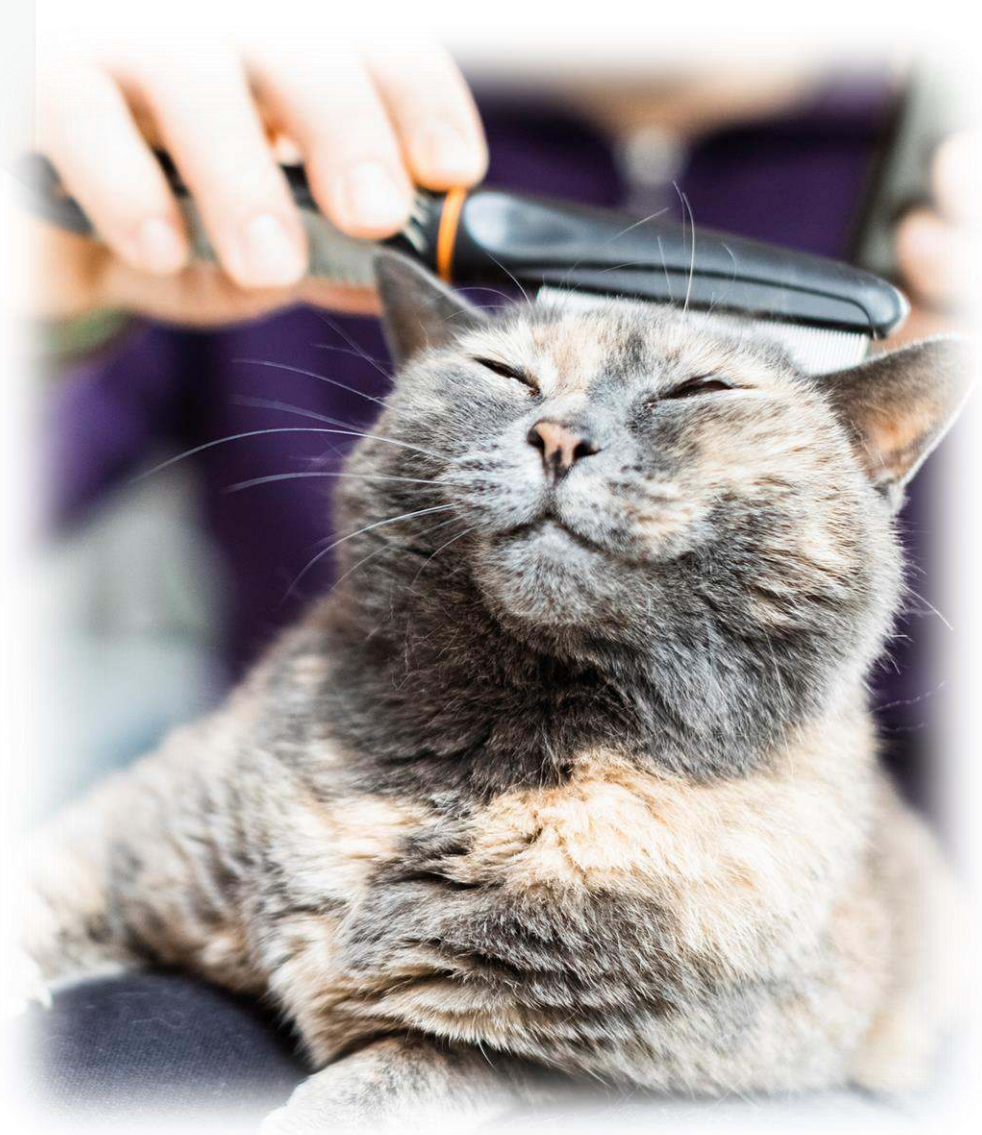
Agreement with Pet Insurance Statements

Top 2 Box Scores on a 7-point scale



○ Indicates significantly higher number for this subgroup at the 95% confidence interval

Opportunities for Carriers



First, let's review our Key Takeaways...



1

Pet Owners Overall

- There are many new pet owners as a result of the pandemic.
- Pet owners recognize cost as a major challenge of ownership, but the actual annual costs of caring for their pets is 50% to 150% higher than they perceive.

2

Pet Insurance Owners

- Pet insurance owners who use/have used their policies are highly satisfied promoters; however, those who have not done so do not understand their plan benefits fully and cannot articulate ROI.

3

Pet Insurance Non-Owners

- Four in ten non-owners have considered pet insurance; they recognize a need for it.
- They have not purchased because they do not understand the value proposition, often because details are overly complicated/difficult to parse, leading to mistrust.
- Many strongly value veterinarians' recommendations.



Communicating the True Cost of Pet Ownership

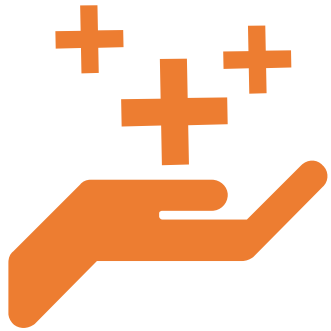
Help pet owners to understand the financial truth of caring for their animals. Position information to be as helpful as possible without being preachy or “salesy” to increase trust. Consider partnering with associations/organizations to bolster credibility (more on partnership later in this section.)



Build Trust Through Transparency

Providing clear, transparent explanations of how pet insurance works, including examples of what might be covered, how much would be covered, and exclusions, could help to allay concerns and reduce mistrust/“scam” sentiments.

Demonstrating Value



Offer Value-Added Services

To help provide a clear ROI to fence-sitting pet owners, offer discounts on products and services they are already using for their pets (e.g., pet food, grooming, boarding, etc.)

Also, consider highlighting existing insurance offerings that allow for well-visits, as a major point of frustration is not being able to access reimbursement for routine care.



Leverage Satisfied Promoters For Testimonials

Many who have used and benefited from their pet insurance are strong promoters of the product. Consider creating ad campaigns to increase awareness and leverage testimonials to give a face to the real value of pet insurance in use.

Explore Partnerships



Point of Sale

New owners are more likely to consider pet insurance, so partnering with adoption associations (e.g., Humane Society of US, local adoption agencies, etc.) could help to raise awareness for those who are most open to pet insurance.

Also, training puppies is a major pain point of new owners and offering discounted options through products at the point of sale could also have a positive impact.



Leverage Veterinarians' Influence

Pet owners trust their veterinarians; offering mutually beneficial partnerships through vets could help to increase awareness and drive sales.



Working With Major Retailers

Strategic partnerships with major, national retailers (e.g., PetSmart, Petco, etc.) to negotiate discounts on products and services could have a positive impact.

A Final Note On Direct Purchasing and Employer Channel



Openness to Direct and Employer Channels



Consumers Are Open, with Caveats



Although some say they are open to a direct purchase through a P&C carrier and through their employer, they would not like to be completely limited in choice—this is consistent with owners' behavior in comparing plans.

Pet insurance owners would be most willing to purchase through an employer specifically for a new pet; they would be concerned about switching for fear of increasing premiums and exclusions compared to their current pet's coverage.

The employer would only offer one option, I would imagine, just like they do with medical insurance. You can have this or you can have nothing. (Non-Owner)

Having it be in a benefit from an employer would be fine, I mean great. I think my fear of that is what happens when you leave your employment? Can you continue that policy? Do you have to go start with a new one where you might have to deal with pre-existing conditions? (Pet Ins. Owner)

Questions & Answers



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