


## MEMBER-ONLY CONTENT

# Pet insurance review

If you count your furry friends as part of the family, it makes sense to have a health care plan for your pet. We take you through the options.

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## 01 .Introduction

Pet insurance is designed to help pay vet bills in the event of an accident or illness. A trip to the vet can be expensive, so it makes sense to have a plan to cover any unexpected costs.

Australia has one of the highest levels of pet ownership in the world, making pets an [important part of our lifestyle](#).

In this report, we show you the tricks and traps of pet insurance, and some of the best value pet insurance plans on offer. We also explain some of the basics so that you can understand the industry lingo, and we look at some other way to be financially responsible for your pet.

The following brands were included in our pet insurance comparison:

- 1300 Insurance Pet Protect
- AFS-PetMed
- Bow Wow Meow
- HCF Pet Insurance
- InsuranceLine
- Medibank Pet Insurance
- Petcover
- Petplan
- Petsecure
- Pet Insurance Australia
- PROSURE
- Real Pet Insurance
- RSPCA
- Woolworths Pet Insurance



## What to expect

We provide full comparison tables of both accident-only and accident and illness policies so you can compare policy features side by side. We've also looked at ongoing premiums, policy features co-payments and excess amounts in a range of high and low cost scenarios to highlight products we believe deliver the most value.

<b>COST OF CLAIMS</b>			
	<b>Average claim (\$)</b>	<b>Highest claim (\$)</b>	<b>Average claim cost increase since July 2009 (%)</b>
<b>Multiple fractures</b>	2564	11,376	85.7%
<b>Cancer</b>	1354	25,700	75.8%
<b>Gastroenteritis</b>	573	9071	100.5%
<b>Snake bite</b>	1619	11,035	106.5%
<b>Pneumonia</b>	1588	7275	68.9%
<b>Arthritis</b>	379	5090	146.2%
<b>Diabetes</b>	1626	16,865	508.9%
<b>Ear infection</b>	234	8780	47.5%
<b>Cataracts</b>	2178	12,172	146.4%
<b>Dermatitis</b>	230	4655	56.3%
<b>Urinary tract infection</b>	538	7551	110.0%

**Notes:** A sample of pet insurance claims from The Hollard Insurance Company during the period 1 July 2010 to 30 June 2011. Figures include the cost of medicines, vet fees and other associated expenses.

## 02. What to buy

Pet insurance is mostly focused around cats and dogs, which are the type of policies we have reviewed. Insurers will cover other pets, but you'll need to look around.

- Accident and illness cover (or accident only) is fairly self-explanatory. See our tables for side-by-side policy comparisons.
- Routine care is typically an additional option. It provides a small benefit for things like check-ups and vaccinations, but don't expect to receive much more than \$150 back. We'd suggest saving your money for actual routine costs until insurers are willing to add more value.
- Premiums for most products are risk rated, which means the age of your pet or the breed can affect your premium. You can lower premiums by increasing the excess (ranges from \$100-\$500), but it is payable per condition per policy year. It means you might have to pay an excess more than once in a year. Most policies require a co-payment in the event of a claim, so factor this in too.
- Common terms and exclusions are explained further in the report, but in general, you should always spend some time looking over the policy document before your purchase. If there are any questions, contact the insurer for clarification.

## CHOICE Recommends

We've looked at premium prices using the lowest possible excess and excluding discounts for a range of cats and dogs, including different ages and breeds. We then calculate the overall cost of insurance including ongoing premiums, co-payments and excess amounts in a range of high and low cost scenarios. We also consider policy features, cover and exclusions to come up with recommendations on products we believe deliver the most value.

Pay attention to the percentage co-payment amount, as this has a big effect on the value if you need to make a claim. For example, Petplan's percentage share amount and additional policy features earned it several recommendations. But, after your pet turns 10 (or 7 for select breeds) and the percentage share drops to 65% or 50%, the overall value goes down when you need to claim.

We do not take into account future premium price fluctuations or costs of high-risk breeds. Always consider your individual situation, and obtain quotes from multiple providers. Prices and policies are subject to change.

ACCIDENT ONLY	RECOMMENDATIONS
Cat	Petplan Budget* (100% co-payment), Petsecure (85% co-payment), Prosure
Dog	Bow Wow Meow, Pet Insurance Australia, Petsecure (85% co-payment)
ACCIDENT & ILLNESS	RECOMMENDATIONS
Cat	Petplan (all policy levels**, 100% co-payment), Prosure Gold, Woolworths Standard
Dog	Medibank Silver, Petplan (all policy levels**, 100% co-payment), Petsecure (85% co-payment), Prosure Gold and Platinum

We don't factor in future premium price fluctuations or costs of high-risk breeds. \* Accident and Illness policy, but still represents best value. \*\* Standard policies proved best value in our cost modelling, followed by Supreme and Budget.

## 03. Accident only policy comparison

Pet insurance accident policies cover your pet for accidents only, and not illnesses. View the side-by-side comparison tables, and don't forget to check out the [common restrictions and exclusions](#).

### Tips for choosing a policy:

- Pay attention to the co-share percentage. In our cost modelling, this had the biggest effect - assuming you need to make a claim.
- If you have multiple pets, make sure to choose a provider offering a good discount on premiums.
- All policies except Petplan limit chronic condition claims to a lifetime benefit limit. That means the maximum amount you can claim for a chronic condition like diabetes is the maximum annual limit in that policy year.
- Beware of any waiting periods, and consider getting your pet a full check-up around the time you plan to sign up for insurance. This can save hassles in the future, and may have some waiting periods waived altogether.
- You may be able to lower your premiums using an excess, but it is payable per claim, so factor that in to your budget.

Provider and plan		Maximum annual benefit (\$)	Amount of bill covered (%)	Motor vehicle incidents, burns, electrocution, falls	Snake bites, allergic reactions, fractures, ligament and tendon injuries, wounds	Swallowing foreign objects*	Dental	Paralysis tick bites	Annual benefit limit for tick paralysis (\$)	Emergency boarding costs if you are hospitalised (\$)**	Discount for each additional pet insured (%)	Special offers
ACCIDENT ONLY	1300 Insurance Pet Protect Accident Protect	6000 or 10,000	75	✓	✓	✗	✗	✗	N/A	500	5 (A)	
	AFS-PetMed Plan A	7,500	70 or 80	✓	✓	✗	✗	✗	N/A	500	10	
	Bow Wow Meow Accident Plan	8,000	80	✓	✓	✗	✗	✗	N/A	500	10	\$500 travel rewards
	HCF Pet Insurance Pet Essentials	8,000	80	✓	✓	✗	✗	✗	N/A	500	10	10% discount for HCF members
	Insuranceline Accident Only	7,500	80	✓	✓	✓	✗	✗	N/A	240	10	
	Medibank Pet Insurance Bronze Paw Cover	8,000	80	✓	✓	✗	✗	✗	N/A	500	5	10% discount for Medibank Private members
	Petsecure Accident Cover	8,000	75 or 85	✓	✓	✗	✗	✗	N/A	1000	10	10% discount for assistance dogs/pensioners
	Pet Insurance Australia Accident Cover	8,000	80	✓	✓	✗	✗	✗	N/A	500	5 (A)	
	PROSURE Silver Cover	7,000	80	✓	✓	✗	✗	✗	N/A	500	10	Member privileges program
	Real Pet Insurance Accident Cover	8,000	80	✓	✓	✓	✗	✗	N/A	500	0	10% cash back (B)
	RSPCA RSPCA PetCare	7,000	70 or 80	✓	✓	✗	✗	✗	N/A	500	10	1 month free with RSPCA adoptions
	Woolworths Pet Insurance Basic cover	6,000	80	✓	✓	✗	✗	✗	N/A	500	0	Everyday rewards points


**Feature table notes:** Benefits are paid as a reimbursement less any excess or co-payment payable. \* Cover applies to endoscopic removals and is available once per insurance period, except Petplan which is unlimited. \*\* Conditions apply, see policies for details. (A) 5% discount for first, 10% for second, 15% for third and capped thereafter at 15%. (B) After the first 12 months.

## 04. Accident and illness policy comparison

Pet insurance accident and illness policies cover your pet for the largest range of incidents. View the side-by-side comparison tables, and don't forget to check out the [common restrictions and exclusions](#).

### Tips for choosing a policy:

- Pay attention to the co-share percentage. In our cost modelling, this had the biggest effect - assuming you need to make a claim.
- If you have multiple pets, make sure to choose a provide offering a good discount on premiums.
- All policies except Petplan limit chronic condition claims to a lifetime benefit limit. That means the maximum amount you can claim for a chronic condition like diabetes is the maximum annual limit in that policy year.
- Beware of any waiting periods, and consider getting your pet a full check-up around the time you plan to sign up for insurance. This can save hassles in the future, and may have some waiting periods waived altogether.
- You may be able to lower your premiums using an excess, but it is payable per claim, so factor that into your budget.

ACCIDENT AND ILLNESS POLICIES		BENEFITS		COVER OPTIONS				BENEFIT SUB LIMITS			DISCOUNTS AND SPECIAL OFFERS		
		Maximum annual benefit (\$)	Amount of bill covered (%)	Motor vehicle incidents, burns, electrocution, falls	Snake bites, allergic reactions, fractures, ligament and tendon injuries, wounds	Swallowing foreign objects*	Dental	Paralysis tick bites	For tick paralysis (\$)	Emergency boarding costs if you are hospitalised (\$)**	Discount for each additional pet insured (%)	Special offers	
	<b>1300 Insurance Pet Protect</b>	Comprehensive Protect	10,000 or 15,000	75	✓	✓	✓	✗	✓	500	500	5 (J)	
	<b>AFS-PetMed</b>	Plan B	13,500 (C)	70 or 80	✓	✓	✓	✗	✓	No sub limit	500	10	
	<b>Bow Wow Meow</b>	Comprehensive Plan (A)	8000 or 12,000	80	✓	✓	✓	✗	✓	500	500	10	\$500 travel rewards
	<b>HCF Pet Insurance</b>	Pet Premium	12,000	80	✓	✓	✓	(E)	✓	1000	1000	10	10% discount for HCF members
	<b>InsuranceLine</b>	Accident + Illness	10,000	80	✓	✓	✓	✗	✓	No sub limit	240	10	
	<b>Medibank Pet Insurance</b>	Silver Paw Cover	12,000	80	✓	✓	✓	✗	✓	1000	1000	5	10% discount for Medibank Private members
	<b>Medibank Pet Insurance</b>	Gold Paw Cover (B)	15,165	80	✓	✓	✓	✗	✓	1200	1200	5	
	<b>Petcover</b>	Pet Insurance	7500	100	✓	✓	✓	✗	✓	4000	0	0	
	<b>Petplan</b>	Budget	9,000 (cat) 10,000 (dog)	50, 65, 75, 100 (D)	✓	✓	✓	✓	(F)	No sub limit	500	10 (3 or more)	4 weeks free sign-up bonus at most vet clinics
	<b>Petplan</b>	Standard	10,000 (cat) 15,000 (dog)	50, 65, 75, 100 (D)	✓	✓	✓	✓	(F)	No sub limit	500 (cat) 1000 (dog)	10 (3 or more)	4 weeks free sign-up bonus at most vet clinics
	<b>Petplan</b>	Supreme	15,000 (cat) 20,000 (dog)	50, 65, 75, 100 (D)	✓	✓	✓	✓	(F)	No sub limit	1000 (cat) 2000 (dog)	10 (3 or more)	4 weeks free sign-up bonus at most vet clinics
	<b>Petsecure</b>	Accident & Illness Cover	12,000	75 or 85	✓	✓	✓	✗	✓	500	1000	10	10% discount for assistance dogs/pensioners
	<b>Pet Insurance Australia</b>	Comprehensive Cover	15,000	80	✓	✓	✓	✗	✓	1000	500	5 (J)	
	<b>Prosure</b>	Gold Cover	12,000	80	✓	✓	✓	✓	(G)	1000	800	10	Member privileges program
	<b>Prosure</b>	Platinum Cover†	14,150	80	✓	✓	✓	✓	(H)	2000	1000	10	\$50 cash back if no claims in 12 months
	<b>Real Pet Insurance</b>	Standard Accident & Illness Cover	12,000	75	✓	✓	✓	✗	✓	1000	1000	0	10% cash back (K)
	<b>Real Pet Insurance</b>	Premium Accident & Illness Cover	12,000	80	✓	✓	✓	✗	✓	1200	1200	0	
	<b>RSPCA</b>	RSPCA PetCare Plus	7500	70 or 80	✓	✓	✓	✗	✓	500	500	10	1 month free with RSPCA adoptions
	<b>RSPCA</b>	RSPCA PetCare Premium (B)	7550	70 or 80	✓	✓	✓	✗	✓	1000	500	10	
	<b>Woolworths Pet Insurance</b>	Standard Cover	10,000	80	✓	✓	✓	✗	✓	1000	1000	0	Everyday rewards points
	<b>Woolworths Pet Insurance</b>	Comprehensive Cover	12,000	80	✓	✓	✓	✗	✓	1500	1200	0	

**Feature table notes:** Benefits are paid as a reimbursement less any excess or co-payment payable. \* Cover applies to endoscopic removals and is available once per insurance period, except Petplan which is unlimited. \*\* Conditions apply, see policies for details. (A) Major Medical plan also available, which is the same policy but with a 500 excess option. (B) Comes with routine care cover. (C) \$7500 accidental injury cover + \$6000 illness cover. (D) 50% and 60% are for pets age 10 and older; 75% and 100% are for nine and under. (E) Optional extra. (F) Except retained or misaligned deciduous teeth. (G) \$1000 sub-limit; two-year waiting period. (H) \$2000 sub-limit, two-year waiting period. (J) 5% discount for first, 10% for second, 15% for thirds and capped thereafter at 15%. (K) After the first 12 months.

## 05. What's covered

We know you want the tricks and traps to the fine print, so we've gone through all the product disclosure statements (PDS) and surveyed insurers to fill in the blanks.

Check out the common exclusions and restrictions to policies, as well as what is covered.

### Covered

- Hereditary or congenital conditions.
- No waiting period is applicable for accidents.
- Strays without a veterinary history (although you'll need to get them a check-up)
- Illness caused by endoparasites and ectoparasites, such as tapeworm (as long as there is no negligence or missing vaccinations).
- Essential euthanasia.
- Accident and illness policies will cover patella luxations and elbow dysplasia (accident-only policies do not cover these items).
- Accident and illness policies will cover illnesses like skin conditions, cancer and diabetes (subject to policy limits).
- Petplan's Standard and Supreme plans will pay a benefit for death from illness, straying, holiday cancellation costs if your pet gets sick, and advertising and rewards money for lost pets. Limits and exclusions apply, see policies for details.

## Exclusions and restrictions

- Pre-existing conditions (Most will allow you to waive pre-existing conditions after 12-18 months without any signs or symptoms with vet approval. PetCover is one exception that will not allow this).
- All providers except Petplan restrict chronic and reoccurring conditions to the maximum annual benefit in the year the condition occurs (lifetime benefit limit). Petcover further restricts benefits to "12 months after the Injury and/or Illness occurred".
- All providers except Petplan do not provide third party liability for your pet. You may get limited cover from your home and contents provider, but you will need to check.
- 21-30 day waiting period for illness, all providers except Petplan place 6 month waiting periods for cruciate ligament injuries (unless waived by vet).
- Illegal breeds are excluded from cover, but all other breeds are able to be insured.
- Minimum age for cover is eight weeks, and the maximum age is nine years (no maximum on accident-only cover). You must insure with Petplan for three years to access its insurance for pets older than 10.
- Pandemics excluded.
- Stem cell therapies, alternative therapies and voluntary euthanasia excluded.
- All providers except Petplan exclude prosthetics and organ transplants (unless agreed to in writing).
- RSPCA places an additional sub-limit on cruciate ligament injuries of \$2000 for its accident only policy, and \$3000 or \$4000 for its PetCare Plus and PetCare Plus Premium policies.
- AFS PetMed and Insurance Line place a sub limit of \$1300 and \$1100, respectively, on each of the following items: medicines, hospitalisation, skin conditions and radiography.
- Conditions that can be prevented by a vaccination excluded.
- Breeding or obstetrics excluded.
- A bilateral condition (or a condition that effects more than one body part) is treated as one condition under the one benefit limit. For example, if your dog has cruciate ligament trouble in both knees, that will be treated as one condition.

## 06.Chronic and pre-existing conditions

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Most brands on the market restrict chronic illness to a lifetime benefit amount (often the maximum annual benefit limit in the year the condition is discovered). Once your claims reach the lifetime limit threshold, you won't receive any more money for that condition. A high annual limit will see you covered in most cost scenarios.

Petplan is the only provider that does not restrict claims to a lifetime limit for chronic conditions, which could be beneficial if your pet develops a condition that requires a lot of treatment. There is a catch, though. Petplan will only reimburse you for 65% of the bill (plus excess) after your pet turns 10 (or seven for selected breeds). Although you can claim a higher amount back, you will also have to cover more expenses.

In addition, insurers exclude pre-existing conditions. This is fair enough, except that any further treatment whatsoever to the affected body part may also be excluded. For example, a skin condition can see any future problems excluded from cover even if it's a different illness. You can have pre-existing conditions waived after 12-18 months if there are no further issues, but even so it's a very restrictive approach that can greatly reduce value. To avoid problems, have your vet give your pet a clean bill of health before signing up to an insurer.

## Industry issues

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- There are two underwriters in the industry, Allianz operates two brands - Petplan and Pet Cover. Hollard underwrites the remaining brands. It's not unusual to see a single underwriter operating several brands in Australia, but unlike other types of insurance (such as car insurance), there is not a great deal of difference between the products.
- Pet insurance is not very portable - it's hard to switch if you want to keep the best value. For example, once your pet reaches age nine, no new insurer will provide illness cover. Before age nine, any previous illness becomes excluded as a pre-existing condition unless you have it waived by a vet after a period of absence. In short, to maximise your cover, you need to pick an insurer and stick with them, right or wrong.
- There's little to encourage competition in the industry, apart from the need for insurers to keep premium prices affordable. Private human health insurers take on pre-existing conditions but instead utilise waiting periods and provider agreements, but pet insurers have so far managed to avoid making it easy to switch. While you can't directly compare the two industries, we still feel pet insurance has room for improvement.

## 07. Do you need it?

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Recently, our sister magazine in the US, Consumer Reports, completed a study on [pet insurance](#). Their findings showed that US pet insurance holders rarely claimed back the money they put in. However, despite this, pet insurance can be a worthwhile investment for some pet owners, and it can allow you to take a 'spare no expense' approach to your pet's health.

If you have a particularly active or accident prone pet, it can help you cover costs that would otherwise be unaffordable. Paying a yearly premium is also a good way to avoid facing a blow-out vet bill that you simply cannot afford, especially if you are not the type of person to put money aside for a rainy day.

We found premiums for cats average around \$200 per year for accident policies and \$410 for accident and illness. For dogs, accident policies are around \$230 for common breeds, but more for 'high-risk' breeds like bulldogs. Accident and illness averaged around \$570 annually. We did not include discounts or premiums lowered with an excess when calculating average annual prices.

## Other options

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There are alternatives to pet insurance too - instead of paying an annual premium to an insurer, you can **self-insure by starting up a pet expenses fund**. This option may better suit you if you're on a tight budget, but it does require discipline and you'll need to start as early as possible. There's no right or wrong amount to put aside, but for a good level of cover you should aim to build up a fund of a few thousand dollars at least (look at the average claims (below to get an idea of costs).

As with any self-insurance option, it may be hard to build up enough money to cover a worst-case-scenario option, and if an accident happens while you're still building up funds (or there is a string of incidents), you may find yourself caught short. However, it's far better to have some money put aside than none at all.

A final option is to **have an emergency credit facility to help pay for any vet bills**. While going into debt is far from ideal, a low-rate credit card may allow you to cover any unexpected costs without jeopardising the health of your pet. You don't have to buy pet insurance to be a responsible or caring pet owner, but you should have a plan to cover any expenses, especially vet bills. Your healthy and happy pet will thank you for it.

## 08. What the Australian Vets Association says

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"Like most things veterinary costs have risen. Part of the reason is we're able to do so much more with the technology, drugs and techniques now than 10 or 20 years ago. This means more lives are saved, and more pets are living longer, but there is a cost," says Dr David Neck from the

Australian Veterinary Association (AVA). This matches data we received from Hollard showing [increased averages](#).

“The cost of veterinary services can be of concern for many clients, however pet insurance can be a way for pet owners to deal with health costs. Insurance against accident and illness can give pet owners more options in the event that something unexpected happens,” said Dr Neck.

In short, pet insurance can help you avoid having to make an emotional decision based on your finances at the time. As we’ve said, there are other options if pet insurance doesn’t suit your budget, but there’s no denying it can be of assistance in a potentially expensive emergency.

“Many of us regard pets as members of the family and we are often prepared to do anything possible they get ill. There are a lot more options now as well, with new treatments using more advanced technology, but these do come at a cost as there is no Medicare unlike with human healthcare. Pets can now have MRIs and CT scans and there are more options available for the treatment of cancers and other diseases - people are choosing to access these for their pets.”

“Providing your pet with regular veterinary check-ups and using these visits to seek advice for the best ways to care for the four legged members of the family are a basic requirement of responsible pet ownership. Owning a pet does cost money, time and energy, but the many great benefits for humans and communities are well documented,” says Dr Neck.

## Case studies

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### Case Study 1:

“My 12-year-old old English sheepdog Madeline died 6 days after the new policy period started. The claim for expenses was promptly paid by the insurance company, which was very much appreciated. However, you don’t get to cancel the policy as at the date of death. The company continues to deduct the premium for the whole year.” If your pet dies and you have made a claim, you will need to continue paying the policy in full for the remainder of the contract period. While this procedure is stated in the terms and conditions, it still leaves some feeling angry at a time of sadness.

### Case Study 2:

Mickey, a beagle, had always been accident-prone. If it wasn’t broken bones, it would be mysterious lumps popping up. His owner Polly, from Brisbane, took out pet insurance after paying about \$1500 for 15 vet visits in the first 12 months after acquiring him. Later, Mickey needed specialist cruciate ligament (knee) surgeries. Then late last year, he was found to have malignant tumours and had to be put down. Over the 10 years of his life, vet bills totalled about \$16,500, of which the insurance covered 80%.

### Case Study 3:

Shasta, a four-yearold Russian Blue mix, developed urinary tract infections - a typical illness experienced by desexed male cats. Two surgeries cost his owner, Tara from Queensland, a total of \$3500. A few months later, Shasta was bitten by a snake and needed to stay at the vet clinic for a day. Tara tried to take out pet cover with her home and contents insurer but found it wasn’t offered.