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Pet Insurance – Frequently Asked Questions



NEW YORK STATE BAR ASSOCIATION

Introduction

This pamphlet has been prepared by the NYS Bar Association's Committee on Animals and the Law to answer some of your questions about pet insurance. Whether you have just adopted your first shelter puppy, kitten, or older pet, are purchasing from a breeder, or you are an experienced pet parent considering the purchase of pet insurance for the first time, this pamphlet may provide you with answers to the questions you should ask.

Who should get pet insurance?

- Anyone who owns a cat or dog.
- Anyone looking for peace of mind regarding their pet's future medical expenses.

What is pet insurance?

- Pet insurance is a type of insurance where pet owners purchase a policy and pay a monthly premium; the insurance provides reimbursement of their pet's medical expenses and assistance with managing the health, wellness, and medical costs for their pets.
- Pet insurance policies usually cover routine veterinary needs, such as annual wellness visits and preventive care, including vaccinations for rabies.
- Some pet insurance policies will also provide you with financial reimbursement for your pet's unexpected veterinary needs, arising from accidents or illness, which could require diagnostics, surgery, emergency care, medications, and follow-up care.
- You should consider buying pet insurance to be sure you can afford to protect your pet family with appropriate veterinary medical care, just as you have

medical insurance to cover medical expenses for yourself and your family.

- You will want to consider what amount you can afford to pay for pet insurance and find a plan you can afford with financial benefits that are valuable to you and your pets.

When should you start thinking about pet insurance?

- When you start thinking about getting a pet, you should also think about pet insurance. Costs for pet care and veterinary visits, even just annual wellness checkups, can add up quickly. Young pets, like puppies and kittens, need routine care, while older pets are more likely to develop medical conditions that require regular, and more expensive, veterinary treatment and medications.
- The best time to get insurance for a pet is when your pet is under one year of age, because policy premiums for pets of that age are lower than premiums for an older pet. Many policies exclude costs related to pre-existing conditions, so if you wait until your pet is diagnosed with a serious illness (for example, cancer), then all future treatments for that known medical problem can be excluded from insurance reimbursement.
- Pet insurance can also provide you with financial reimbursement for veterinary bills suddenly incurred by a younger pet in the event of an accident or unexpected illness.

What are the different kinds of pet insurance?

- There are pet insurance policies that cover routine annual care (i.e., wellness

visits that include an annual physical exam) and any annual vaccinations or preventive medications needed by your pet. While these plans may provide reimbursement for preventive care and vaccinations, they may not cover catastrophic events such as serious illnesses and accidents.

- There are also “catastrophic” policies that protect against unexpected events, such as serious illnesses, injuries, and accidents. These policies may have a deductible and/or co-pay, just like human medical insurance, but may not cover routine, annual care, or vaccinations.
- You should determine what kind of coverage you want and how much you are willing to pay each month in monthly premiums. Be sure to choose a policy you can afford; non-payment of premium will cause the company to cancel your policy, and reinstatement may be more expensive than your original policy.

Why should you consider getting pet insurance?

Pet insurance is intended to help pet owners pay for the veterinary medical care needed by their pets to ensure that they live long, healthy lives. If you are concerned about the cost of regular veterinary care, or the potential cost of care for an illness, injury, or accident that your pet may suffer, the financial reimbursement provided by pet insurance should provide you with assurance that you will be able to afford necessary veterinary medical procedures and medications, because much of the cost will be reimbursed to you by the pet insurance company.

- **Reimbursed Costs:** Veterinary care can be expensive; the cost of care varies greatly by area and will be more expensive in an urban area than in a rural area.

- A typical wellness visit to a veterinarian, which includes a physical exam, runs from \$50–\$100; annual vaccinations are an additional cost.
- If your pet is sick, diagnostic tests such as blood tests, X-rays, or ultrasounds will likely be hundreds of dollars.
- If your pet needs surgery or hospitalization, your veterinary bill can easily add up to thousands of dollars.

How does pet insurance work?

- Generally, a pet owner will pay a monthly premium to an insurance company, based upon the insurance plan you select. You would then pay your veterinarian directly for each visit, and submit your bill to the insurance company, which will reimburse you based on the reimbursement schedule you have chosen.
- In some instances, your veterinarian may have a contract with your insurance company; then the insurance company will pay the veterinarian directly. If this is important to you, you can research participating veterinarians on the insurance company's website.

What are things you should look for/ask the insurance company when looking at insurance for your pet?

- What kinds of policies are available, and what are the differences?
- Comprehensive coverage, or “nose to tail” coverage. This kind of policy will cover just about everything: medical bills for accidents and injuries, serious or chronic illness, hereditary

conditions, diagnostic tests, surgeries, treatments, and wellness, such as routine veterinary checkups and vaccinations.

- Accident and illness: accidents (like a broken bone) and illnesses, including common illnesses, hereditary conditions, and serious illness (like cancer).
- Accident-only coverage provides coverage when your pet is injured in an accident, but you will not be covered for illness-related medical bills.
- Pet wellness coverage provides coverage for routine veterinary checkups, flea and heartworm prevention, and vaccinations. You can often add wellness benefits to an accident and illness plan.
- Physical therapy/other therapy treatments: treatments that originated in human medicine, such as physical therapy and other rehabilitation therapies, are now being offered to animals; they may or may not be covered by a pet insurance policy. Ask whether the insurance plan covers therapy at an animal rehabilitation therapy center after an orthopedic procedure or any other type of trauma, or any other therapy, such as laser therapy, that may be offered to a pet.
- What is the highest annual amount the company will pay? (What are the caps?)
- Is there an annual deductible that must be met before the insurance will provide reimbursements for medical costs? Is there a co-pay for each visit?

- Does the insurance company have a proven customer service team and claims process, or 24-hour customer service representatives to answer questions in an emergency?
- Does the policy have an age limitation? Will the coverage end after a pet reaches a certain age?
- Will the premiums be based on a pet's breed or on your location?
- Are there discounts for insuring more than one pet?
- Exclusions (plain language: what costs, medical conditions or treatments are not covered, and will not be reimbursed by the insurance company?) All insurance companies licensed to sell policies must provide disclosures about items that are not covered by their insurance policies. However, there are currently no specific requirements or regulatory guidance concerning pet insurance disclosures, thus **the disclosure language in a pet insurance policy is not always very clear.**
- **Read the policy carefully – both the original policy and any renewal policies – and look for the following exclusions:**
 - Pre-existing conditions. Has your pet been injured or sick in the past? Will the insurance cover a recurrence of any pre-existing conditions?
 - Breed-specific concerns. Certain breeds are known for having certain ailments, such as spinal problems, hip dysplasia, skin conditions, ear infections, or other medical problems. Some breeds may have a pre-disposition to develop, for example, a heart condition later in life. You

should ask the insurance provider whether the policy will cover inherited conditions, and if there are any conditions excluded for your breed of pet. You should also ask if coverage of your breed is more expensive than the average policy, or if there is a different rate for that breed.

- Bilateral condition coverage. If your pet has a particular condition, such as hip dysplasia, or cataracts, which may occur a second time on the other side of the body, ask about bilateral condition coverage. Some policies exclude reimbursement for a second occurrence of the same condition, even if it is at a different location (other hip, other eye). Some policies may exclude a second occurrence as a pre-existing condition if the first problem occurred prior to the purchase of the insurance policy.
- Will the premium increase as your pet ages or if you change your geographic location?
- Will your coverage terminate when your pet reaches a certain age?
- Does pet insurance only cover dogs and cats, or will it also cover birds, reptiles, and other pets? (Most companies only insure dogs and cats.)

Additional considerations

- Your homeowner's or renter's insurance may also provide an optional pet insurance rider. Ask your insurance company if that coverage is available through your existing policy, and if the pet insurance is provided directly, or through a partnered insurance company. If it is a partner insurance provider,

compare that insurance with other plans, and choose the one that is right for you **and** your pet.

- If you are obtaining your pet from a breeder, another option for you is to inquire if the breeder participates in a pet insurance program that will insure your pet.
- Payment plans and credit companies.
 - Many veterinarians offer their own wellness program or payment plans; these programs are different from insurance.
 - These are agreements, or contracts, between you and your pet's veterinarian to either have a prepaid fund or pay off a bill in stages.
 - You may choose to start your own savings account to fund any large veterinary costs incurred by your pet, similar to an FSA or HSA account, but an account to pay veterinary costs is not deductible and does not have any of the financial advantages of an FSA or HSA account.
 - Many veterinary offices offer clients an opportunity to pay a large bill through *Care Credit*; this program is **not insurance** and is different from insurance.
 - *Care Credit is a credit card. It does not provide any reimbursement for medical expenses; it does help a pet owner pay for expensive medical care over a period of months instead of paying for the entire bill at the time the care is provided. Like credit cards, Care Credit and other similar programs may charge interest after an initial interest-free period, so you*

should compare the Care Credit offer with the cost, plus interest, of using your existing credit card. And, like all credit cards, nonpayment of a Care Credit bill could be reported to credit reporting agencies and may have a negative impact on your credit rating.

What are the legal provisions concerning pet insurance?

- All insurance companies selling policies in New York State must be licensed by the New York Department of Financial Services (DFS) and authorized to do business in New York; DFS provides a list of insurance companies that are licensed in New York.
- The list of authorized insurers is available at the DFS link below. Be sure to type in the corporate name of the insurance company, which may be different from the brand name they use to market a pet insurance policy:

<https://myportal.dfs.ny.gov/web/guest-applications/ins.-company-search?null=>

- Important: Do not purchase insurance from a company that does not appear on the list of licensed insurers authorized to do business in New York State. If your insurer is not authorized to do business in New York, you will not have the protection guaranteed by the DFS licensing system; you risk getting incomplete coverage and loss of the money you paid in monthly premiums.

How do I get started?

- If you already have a pet and a veterinarian, talk to your veterinarian, or visit the veterinary practice's website; they may have recommendations.

- Search online for pet insurance companies; some consumer services will compare different plans and rate the plans for you; use this fact sheet as your guide as you research your options. Be sure you are looking at insurance companies licensed in New York State.
- Compare pet insurance policies to assess what is covered, what is excluded, and what you can afford to **comfortably** pay, so you will not risk losing coverage due to nonpayment of premiums.

This pamphlet, which is based on New York law, is intended to inform, not to advise, and does not provide specific legal advice or guidance. No one should attempt to interpret or apply any law without the aid of an attorney. Produced by the New York State Bar Association in cooperation with the Committee on Animals and the Law.



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