



# THE SUNDAY TIMES

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## The cost of pet insurance runs wild

As premiums soar, more owners wonder if cover is worth the money, writes **Melanie Wright**

BRITAIN may be a nation of animal lovers, but are dog owners prepared for an increase of more than 50% in the cost of insurance over the next four years?

The jump is a result of the “relentless” growth in the cost of claims, partly because of the rising number of obese animals, according to the latest review of pet cover by market research company Key Note.

It predicts premiums will leap 50.4% by 2019. At present, the average annual premium is £325 but this could rise to £488.

The forecast comes just weeks after the government raised the standard rate of insurance premium tax from 6% to 9.5%. It will add an estimated £10 a year to the average pet insurance policy, according to the Association of British Insurers (ABI).

Michael Englefield, a senior analyst at Key Note, said: “Rising claims are largely down to the increasing cost of veterinary treatment. As advances in pet medicine increase apace with those in human medicine, treating pets is getting more costly.

“Other factors, such as the rise in overweight or obese pets and even antibiotic-resistant bacteria, which are both common problems in the human health service, are also pushing up the costs of veterinary treatment.”

As a result, the number of people taking out insurance to protect themselves from big bills is rising. The number of dogs covered jumped nearly 30% between 2009 and 2014. A total

of 3m pet policies are held, the ABI said.

Ian Hughes, chief executive at the market research company Consumer Intelligence, said: “There is no NHS for pets in the UK, so making sure you are covered in the case of emergency when the average vet’s bill is about £300 is really important.”

### ARE SOME BREEDS MORE EXPENSIVE TO INSURE?

The graphic below gives examples of the cheapest and most expensive lifetime policies for the five most popular breeds of pedigree dog, based on Kennel Club registrations last year.

The owners of patterdale terriers are least likely to make a claim, separate analysis by the insurer Direct Line shows. It said: “The ‘least claims prone’ dogs tend to be smaller breeds and non-pedigrees, such as cross-breeds and mongrels, which usually have fewer genetic disorders than pure breeds as breeders are less concerned with producing potential show dogs.”

By contrast, chow chow owners are the most likely to claim, according to DirectLine.

The Kennel Club figures reveal that the labrador is the most popular pedigree breed in Britain. It is also the “world’s favourite dog,” according to the title of a new book by TV presenter Ben Fogle.

If you want life time cover for a labrador puppy, the cheapest policy on the [gocompare.com](http://gocompare.com) website is from Animal Friends and costs £133 a year, or about £11

a month. The cheapest premium for a patterdale puppy is £114, also from Animal Friends. These calculations are based on a specific example (see footnote below).

However, premiums vary enormously depending on a number of factors, including the dog’s age and breed, where you live and which insurer you pick.

### OLD V YOUNG DOGS

As with their owners’ private medical insurance, premiums usually rise with a dog’s age. For example, the cheapest lifetime policy for a french bulldog puppy costs £136 a year with HelpuCover, but if you wanted to insure the same dog at the age of seven, the annual premium would be £265. The policy pays £500 per condition per year, with a £2,000 annual limit.

David Black, founder of the analyst DJB Research, said: “Premiums tend to increase as your pet gets older, or if it’s had past claims, and it may be difficult and expensive to find cover for an older pet that hasn’t been continuously insured. To reduce the price, you can ask the insurer to increase the excess. If you’ve got more than one pet, you may find a multi-pet policy is cheaper than buying individual ones for each of them.” Pre-existing medical conditions can create problems if you want to switch pet insurance provider.

### BUT INSURANCE IS A RIP-OFF. MUST I HAVE IT?

No—and many pet owners do not bother. Some choose to “self-insure”, whereby they pay a set amount into a savings account each month to cover any future costs. Of course, that could mean you may not have saved enough in time to cover any early emergency care.

Another solution is to consider a loan, rather than insurance,

to cover treatment costs. The specialist lender CarefreeCredit offers loans for medical treatment for uninsured pets starting at 0% interest. About 700 veterinary practices have so far signed up with the company.

This is how it works — your vet pays a £10-a-month fee to CarefreeCredit plus a percentage of the amount of each loan taken out, typically 7%.

In return, most vets who have signed up allow you to take out an interest-free loan from the company over 12 months to cover the bill, or pay interest at 9.9% if you want to spread the repayments over 24 months. The minimum loan is £250 and the maximum is £25,000. Interest rates vary depending on which vet you use.

Stewart Halperin, managing director of CarefreeCredit, said: “As a vet, I all too often have had to witness a pet owner’s decision to put off much-needed treatment because they couldn’t afford the urgent medical help required.

“This is very difficult for vets, who want to treat and help every animal they see but also have staff and drugs expenses to pay.”

### WHAT ARE THE DIFFERENT TYPES OF PET INSURANCE

There are four main kinds of pet insurance policy — lifetime, maximum benefit, time limited and accident only.

Lifetime policies provide the greatest level of cover, as they promise a set amount of money that can be claimed each year.

The limit is in effect “reset” each year the policy is renewed, which means you will be covered if your pet is suffering a long-term illness as you will be able to claim up to the limit every year. Maximum-benefit policies, however, pay out only a set amount for each condition. Once the limit is reached, the treatment

for that condition will no longer be covered. So, for example, if your dog has an eye problem and the maximum benefit is £1,000, you will not be able to claim more even if the treatment does not solve the problem.

The third type of cover is time-limited, or 12-month, policies. They cover treatment for an illness for only up to 12 months, or once the limit set for treatment is reached, whichever happens first. From that point, the condition will not be covered again—ever.

Finally, there are accident only policies, which, as the name suggests, will pay out only if your pet has an accident that requires veterinary care. Ongoing medical conditions are not covered.

Ben Wilson of the comparison website [gocompare.com](http://gocompare.com) said: “Budget policies may provide only a basic level of cover, but even that can be better than having no cover at all.”



**‘COVER GIVES ME PEACE OF MIND’**

Caroline Clay, a teaching assistant, pays £22 a month for insurance for her roan cocker spaniel Max, and thinks the policy is well worth the expense.

She took out a Select Plus policy with Co-operative Insurance when he was a puppy. So far it has paid out about £1,200 in claims.

Clay, 53, from Codsall, Staffordshire, said: “Knowing the potential outlay when we bought Max, we did look at some of the hereditary conditions and he was tested clear by the breeder for any hip or kidney issues.

“However, he has dry eyes for which he needs ongoing treatment, and he has also been treated for an allergy to grass seed.”

The Select Plus policy allows her to claim up to £5,000 a year.

“When I first took out the cover, the cost was £245 a year, or about £20 a month, and it is now £263 a year, or just under £22 a month, so the cost hasn’t increased much over time.

“If I have a vet’s bill, I pay it and the Co-op reimburses me, with the £85 excess deducted. I’ve very happy with the cover as bills can run into the thousands and I have peace of mind that Max’s ongoing conditions will be covered.”



**‘IT JUST WAS NOT WORTH THE MONEY’**

Christine and Paul Gardner, aged 66 and

70 respectively, gave up the pet insurance for their labradoodle Dudley and jackapoo Freddie last year because they did not feel it was value for money.

Christine, a retired hairdresser, said: “We’ve always had pet insurance for all our dogs over the years but increasingly felt that because we had never claimed and premiums were creeping up, it just wasn’t worth the money.

“Whenever we took the dogs to the vet, it was for things such as flea treatment and booster shots, which aren’t covered by insurance.

“With our last policy, we were paying about £90 a year for the two dogs, but it gradually went up to £112 annually despite us not having claimed. I suspect we’ve paid thousands for insurance over the years, and have never claimed anything.”

The Gardners, from Newquay, Cornwall, always research the hereditary conditions associated with the breeds they choose. Many breeders offer certificates showing that puppies’ parents have been screened for certain conditions. Christine said: “You pay more for a dog that has a certificate, but you know they’re less likely to contract certain illnesses.”