

March 12, 2020

Don Beatty
Chair, NAIC Pet Insurance (C) Working Group
Virginia Department of Insurance
1300 E. Main Street
Richmond, VA 23219

RE: Pet Health Insurance and Pet Wellness Plans

Dear Chair Beatty,

Mars Veterinary Health, a division of Mars, Inc., writes in response to questions posed by participants on the National Association of Insurance Commissioners' Pet Insurance Working Group on the December 19, 2019 and March 5, 2020 calls regarding the distinction between pet health insurance and pet wellness plans.

First, we believe increased access to pet health insurance will translate to better care options for pets and peace of mind for pet owners. To that end, we applaud the work of the NAIC and its working group members for addressing the topic of pet health insurance and wholeheartedly support efforts making the availability of pet health insurance transparent, efficient and streamlined across states.

A healthy percentage (around 14 percent¹) of veterinary practices in the U.S. offer pet wellness plans, including two Mars Veterinary Health Practices – Banfield Pet Hospital and VCA. In fact, the American Veterinary Medical Association's Partners for Healthy Pets initiative recommends that practices implement wellness plans to enhance the overall vitality of pets and veterinary practices. These plans can help pets get more dependable care and can help pet owners budget for preventive veterinary care services.

We would like to take this opportunity to share our position with the Working Group on this matter, because we believe there are very clear differences between pet health insurance and pet wellness plans and there is a need for clarity between the two offerings.

What are wellness plans?

Wellness plans are bundled packages of preventive veterinary care services, like vaccines or dental cleanings, offered at a set price and designed to be used over the course of a fixed period of time, typically one year. Many veterinary practices offer this package of services on a monthly subscription basis, allowing clients to pay a flat monthly fee for services their pet may use at any time over the course of the subscription period, typically a year. Because the

services under the plan may always be used, wellness plans offer proactive, as opposed to reactive veterinary care. Unlike insurance, the fees are the same for all pets in the species and there are no deductibles.

How are wellness plan different from insurance?

Insurance is a guarantee of compensation for a loss that may or may not occur. Pet owners can only use the benefits of insurance upon an eligible triggering event, like an injury or illness. Insurers assume the risk of payout and evenly distribute this risk among clients by charging premiums that vary based on age and breed. The insurer also will indemnify the client after a deductible is met.

Wellness plans differ from insurance as they do not assume the risk of a loss event or guarantee payout for a loss. The services offered under the plan may always be used by the subscriber. Because no risk of loss is assumed, there is not a distribution of this risk among clients through varying premiums; wellness plan fees are the same for all pets in the species (regardless of age or breed) and there are no deductibles.

While insurers may offer wellness as part of an insurance policy, wellness plans alone are not insurance products.

On behalf of our 60,000 Mars Veterinary Health Associates and the millions of pets our hospital teams care for each year, we thank you and the Working Group for taking on this important endeavor and your consideration of these comments. Please don't hesitate to reach out with any questions.

Yours sincerely,



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ⁱ Hauser, Wendy. "Wellness Plans Make Great Business Sense." *Today's Veterinary Business*, Dec. 2017, todaysveterinarybusiness.com/wellness-plans-make-great-business-sense.