

July 6, 2021

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,

Based on recent discussions among working group members regarding the difference between wellness plans and pet health insurance, Mars Veterinary Health, a division of Mars, Inc. would like to reiterate our March 12, 2020 comments regarding the distinction between pet health insurance and pet wellness plans prior to the upcoming NAIC Model Pet Health Insurance Working Group meeting on July 8, 2021.

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 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 help pet owners access more dependable preventive care for their pets, improve client loyalty and 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 hospital-specific bundled packages of preventive veterinary care services **offered directly by the veterinary provider** and include services like vaccines and dental cleanings. These services are 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.

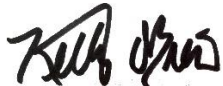
Wellness plans differ from insurance as they do not assume the risk of a loss event or guarantee payout for a loss. The services offered under the plan may always be used by the subscriber. Because no risk of loss is assumed, there is not a distribution of this risk among clients through varying premiums;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

Many pet owners feel that they can provide their pet with the best health care possible by investing in both a wellness plan and insurance coverage. By purchasing both products, routine veterinary care and emergency veterinary care are both made more affordable. Other pet owners choose to purchase either a wellness plan or a pet insurance policy for their pet based on its individual needs and their financial ability.

***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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