



TRUPANION vs Embrace

An In Depth Comparison

truppanion®

This document is designed to explain the value of Trupanion, medical insurance for pets, in a fact-based comparison format. All comparisons are based on public-facing information as of July 11, 2016. Please read the discussed company's policies for full details on their coverage.

Why did we start Trupanion?

Many years ago, there were few options for pet insurance, and no options for medical insurance for pets. The largest pet insurance provider in the US was VPI, now going by the name Nationwide. They offered a confusing product with multiple plans that paid off of restrictive benefit schedules, not the actual veterinary invoice. It was a poor value and a poor product. Many pet owners didn't like it and many veterinarians didn't like it, but it was the only option available if you wanted help with veterinary costs.

Sixteen years ago, we vowed to be the change so needed in a flagging, stigmatized industry. We vowed to be a real option for pet owners, to give them the value and coverage that they deserve, and most importantly, that their pets deserve. We created a mission and a set of core values from which we have never wavered:

- We'd do what we say
- Absolutely no limits on coverage
- No penalty for making claims
- No age-related pricing increases, instead we'd have fair, data-driven pricing
- We'd always have the highest claims payout ratio in the industry, so our customers get the best value—for the entire life of their pet

We've done all of that, and what's more, we've strived to leave the bloated, confusing shadow of "pet insurance" in the dust. Today, we're the industry leader, we changed the game with not only an exceptional, and unheard of at the time, policy of 90% coverage with no payout limits, but we continue to charge forward with innovations and technology to make our members' experience the best it can be. We're the first and only medical insurance company that can pay your veterinarian directly, through our own software program, so you're not out of pocket. We're consistently highly-rated by our members, and with good reason, everything we do is for them and for the pets that we so love. We're recommended by thousands of veterinarians every month. And we've been the impetus for the launch of several other "pet insurance" products that try to do what we do, try to compete head to head with us, but can't quite get it right.

Do we get everything right? No, but we certainly try to. Of course, we'd love to cover pre-existing conditions. And if wellness care was a good value for the customer, we'd cover that, too. We never want to deny a member, so we pay what we say we will. Always transparent. Always fair.

When we launched Trupanion 16 years ago, we saw the opportunity and vowed to do a better job. We remain steadfastly committed to this principle.

Terms and conditions apply. See the policy for complete details at Trupanion.com/pet-insurance. Trupanion is a registered trademark owned by Trupanion, Inc. Underwritten by Omega General Insurance Company (Canada) and American Pet Insurance Company (USA): 6100-4th Ave S, Seattle, WA 98108



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Why Medical Insurance?

You're a responsible, loving pet owner interested in getting "insurance" for your pet. You've talked to your veterinarian, or maybe a friend or family member mentioned it. You have car insurance, you've got health insurance for yourself and everyone in your family...so this must work just like that, right? Well, not quite.

Trupanion is medical insurance for cats and dogs—we're NOT pet insurance. The difference is huge, and this classification distinguishes us from other companies. Simply put, Trupanion was built by veterinarians for responsible, loving pet owners, just like you.

And, not only that, but Trupanion was built for your pet's entire life. Not for a year. Not just until your policy becomes a burden for us. But for your pet's entire life, through every tail wag, every kiss, every unexpected medical issue.

But why is medical insurance for cats and dogs important?

Well, now that our pets have access to many of the same advanced treatments available for human healthcare and with the rising costs associated with these treatments, "unexpected" veterinary care can be quite costly, often more than most pet owners can pay out of pocket. With medical insurance, financial barriers to care can be dissolved and you and your veterinarian can provide the best care for your pet based on the best medical decisions—not money.

Ok, well, why Trupanion?

Responsible, loving pet owners understand how to take care of their dogs and cats. We exercise them, play with them, feed them high-quality food, buy them unlimited amounts of toys, and make sure they receive preventive care like flea control, dental cleanings, and annual checkups. They sleep in our bed and on our couches, we scour our cities for dog-friendly bars, we create social media accounts for them, use them as our backgrounds and screen savers—and we spent more than \$350 million dressing them up for Halloween last year. But, most of all, we love them as they love us...unconditionally.

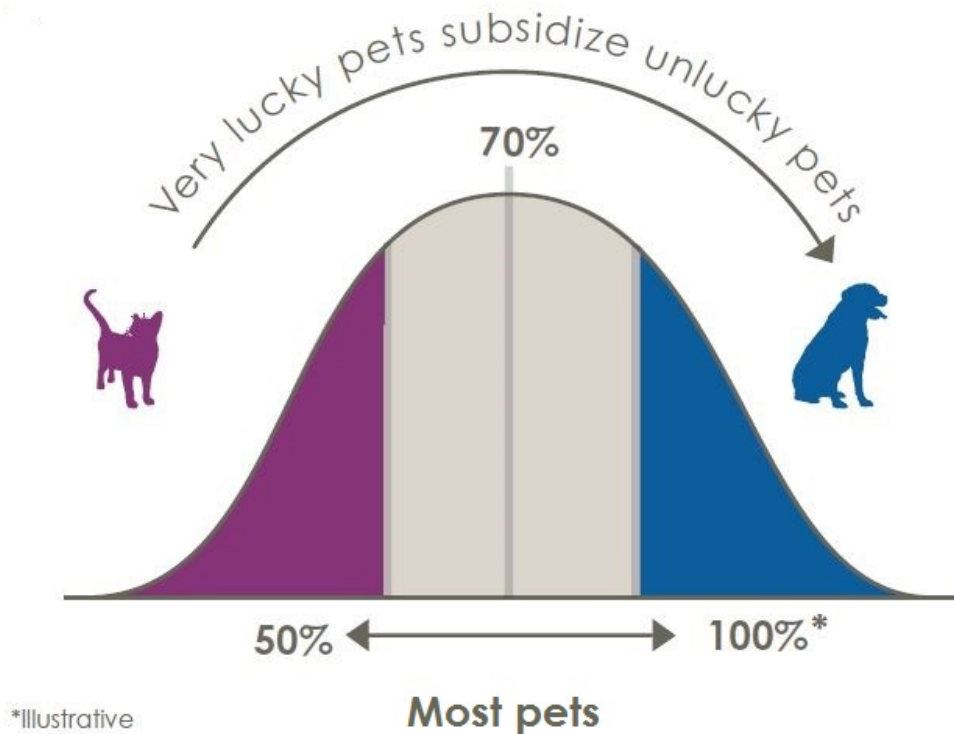
Where we as responsible pet owners struggle is when our pets become sick or injured. We know where to go for help—our trusted, local veterinarian. But we stress over budgeting and planning for the cost of that veterinary care. We don't know if our pet's future medical challenges are going to be like most, or if our pet will be one that is lucky or unlucky. And we don't know when these medical challenges will occur, which can make planning difficult.



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Trupanion's job is to take your stress and need for budgeting out of the picture. We work every day to understand and determine the average cost of unexpected illnesses and injuries for a category of pets (think your pet's breed or where you live or their age, say 2 year old Golden Retrievers in Cape Cod), and then add a reasonable margin so we can provide you, our member, with exceptional service, as well as earn a modest profit. We won't lie, we do want to make a reasonable amount of revenue, but our Mission, our goal, our very lifeblood revolves around helping our members be able to take care of their pets and provide best care without worry.

Trupanion's stated target is to spend 70 cents of every dollar we receive on paying our members' veterinary invoices. This means that whether your monthly cost is \$30 per month or \$300, if your pet's future medical needs are like most, then you should receive 70% of your money back over the entire life of your pet. Over time, as our business continues to benefit from increasing economies of scale and data advantages, we would like to return even more than 70% to our members.



On either side of the range where most pets fall, are those that are lucky and unlucky. Obviously, no one wants to have an "unlucky" pet, but if you do you'll receive far more than you ever pay to us. Some pet owners have paid us for only one month of

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coverage and we've done exactly what medical insurance should do, and paid what we said we would when they needed it. For example, a member had paid us less than \$100 in monthly payments and we paid out over \$40,000 to cover their veterinary bills (and may we add that their monthly cost never increased because their pet was unlucky).

Other pet owners, the "lucky" ones, may not ever get back most of what they "put in" over the life of their pet. But insurance is not about getting a return on your investment. It's about having the security of knowing you can do what it takes, that you are protecting your pet and your wallet, if the unexpected ever happens. This peace of mind is priceless.

We hope you have a lucky pet, of course. We want all pets to be healthy and happy. But, we know not all pets will be lucky, that is why we exist. If you have a pet that experiences just a few minor incidents or if they do happen to be very unlucky, we will be here for you to help ensure that your pet receives the best veterinary care possible, and so you can say, "I have Trupanion, just do what you need to do, Dr." You'll never have to consider anything but the best course of action for your pet again if you have Trupanion.

Our pricing is simple.

When you enroll your dog or cat with Trupanion, we associate him or her with a sub-category of pets. This includes things like your pet's breed, age at enrollment, your location, your deductible (if you choose to have one), and several other factors that help us determine the most appropriate monthly payment for your pet. During your time as a Trupanion member, your monthly payment will go up or down based upon the average cost of care for all pets within your sub-category. In fact, last year we reduced the rates for several breed categories including Shih Tzus, Chihuahuas, Maltese, Yorkshire Terriers, and Labradoodles because we discovered that their cost of care was not as high as we had predicted. That's how we share the risk among everyone. A price increase ultimately means that we can continue to offer our members the same value as we always have. It's not about making more money, it's about providing our members what we said we would—the value proposition they were promised.

And so is our promise. And that's what makes us different.

We promise to never increase your monthly payments due to your pet aging or just because your pet has been unlucky and has faced some medical issues. That's our promise. Simple and fair.



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Plus, we can pay your veterinarian directly.

Traditional "pet insurance" is a reimbursement model, where you pay your bill and then wait for a check in the mail from your provider (fingers crossed that they cover what they say they will). We think this is ultimately a flawed model, long outdated, and providing a lackluster customer experience.

Imagine going to your dentist or your auto body shop and receiving a \$10,000 invoice. Now, imagine they ask you to pay out of your own pocket, then you have to spend your time filling out paperwork and running around to get a bunch of signatures.

Then, you have to wait beside your mailbox for several days to weeks, and maybe you'll talk to your insurer a bunch of times to check on the process, and the whole time you're hoping that you will receive a check reimbursing you for something close to the \$10,000.

We're changing the game. With Trupanion, your veterinarian can be paid directly, before you leave their hospital. We don't want you to have to pay out of pocket, and we think you probably don't either. We don't want to waste your time, and we don't want you to have to worry about what's going to get covered. Our automated direct pay option generally requires no paperwork and no phone calls from the pet owner.

Ask your hospital if they have the ability to accept direct payment from Trupanion. If they don't, ask them to contact us so we can work with them to help ensure you'll have the best experience possible.

Trupanion vs. Embrace

So, how does Embrace's "pet insurance" stack up to Trupanion's medical insurance?

WE DON'T RESTRICT COVERAGE FOR UNLUCKY PETS:

There's an interesting restriction that Embrace has in their coverage, and many pet owners might not realize it's an issue as it's not actually in the policy. Embrace states that, if at enrollment, your pet has been diagnosed with or shown symptoms of diabetes, Cushing's disease, Addison's disease, Feline Leukemia Virus, or Feline Immunodeficiency Virus then your pet is not eligible for their full coverage for any new illnesses and injuries, instead you are only entitled to Embrace's Accident Only plan, that just covers future injuries. That means no new illnesses your pet may need treatment for will be covered.



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The importance of this restriction is paramount. If your pet has diabetes, that doesn't mean that they may not be diagnosed with another unrelated illness, like allergies or arthritis. And unfortunately, you won't have any coverage for that. Why should your pet be penalized with restricted coverage just because they are unlucky?

Trupanion doesn't penalize you or your pet for any pre-existing signs or symptoms or conditions they may have had. We don't cover pre-existing conditions, no insurance company offers coverage for them, but we do not completely restrict coverage for ANY new illnesses because of a pre-existing condition. As long as your dog or cat is older than 8 weeks and under 14 years of age, you can enroll and be covered for all new illnesses and injuries. Simple and fair.

See this on Embrace's website:

Is my pet eligible to enroll?

Pets must be ages 14 and younger to sign up with a new accident & illness policy.

If your pet is older or has been diagnosed with or shown symptoms of diabetes, Cushing's disease, Addison's disease, or FeLV/FIV before enrolling, we offer an accident-only plan along with the optional Wellness Rewards.

Embrace Website, <http://www.embracepetinsurance.com/coverage/pet-insurance-plan>. Screenshot taken 5/17/2016.

WE DON'T RESTRICT COVERAGE WITH LONG WAITING PERIODS:

Like all companies, Embrace has waiting periods for injuries and illnesses following enrollment, this is completely normal, and Trupanion has them too. However, what most pet owners may not know is that there is a 6 month waiting period for any treatment associated with any orthopedic issue, which can include hip dysplasia, cruciate ruptures, and luxating patellas.

Six months may not seem like a long time to wait, but we've found that cruciate ruptures and luxating patellas are two of Trupanion's most commonly claimed conditions and some of the most costly to treat. A Labrador Retriever that is between the ages of 2 and 7 years old, for instance, is 80% more likely than the average dog to experience a cruciate rupture, and treatment will likely cost the pet owner nearly \$4,000.

Hip dysplasia can be extremely costly to treat once diagnosed, and is most often diagnosed at a young age. A Golden Retriever, for instance, is 3.4x more likely than the average dog to be diagnosed with hip dysplasia before they are a year old, and treatment will likely cost the pet owner nearly \$2,000. If hip dysplasia is not diagnosed



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and treated as soon as possible, it can lead to the need for total hip replacement, which, on average, can cost nearly \$5,000.

See this in Embrace's own policy wording:

8. The standard **Orthopedic condition Waiting Period** for dogs is six (6) months from the **Pet Original Start Date**

Embrace, Pet Health Insurance Policy, Page 3, Part II – Conditions, 8. Screenshot taken 5/17/2016.

You can have the 6 month waiting period reduced, however, but in order to do so you must visit your veterinarian after enrollment and get a special examination (determined by Embrace) that documents that your pet doesn't have any pre-existing conditions related to orthopedic issues. This is just one more restriction that costs you time and money. And if you miss the opportunity to waive this restriction (which is not heavily advertised), unfortunately, you could find yourself in a tough spot.

Is it worth it to have coverage that restricts your pet's care for a condition that may be likely to happen to your pet?

See this in Embrace's own policy wording:

You may apply to reduce the **Orthopedic Waiting Period** by having a **Veterinarian** perform, at your own expense, an **Orthopedic** examination on your dog and submitting the results to us for review.

The **Orthopedic** examination must occur on or after the **Pet Original Start Date** for that dog and the **Veterinarian** must complete, sign and date the "Canine **Orthopedic Examination Report**" form based on that **Orthopedic** examination, which we shall supply upon request.

Embrace, Pet Health Insurance Policy, Page 3, Part II – Conditions, 8. Screenshot taken 5/17/2016.



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WE HAVE NO LIMITS:

You never want your cat or dog to get sick or injured, but sometimes unexpected things happen—that's where medical insurance can help. But if you're limited by the caps on your coverage, you may find yourself in a tough situation. With Trupanion, we have no payout limits, meaning no matter how high the bill or how many claims we have to pay for your pet, you never have to worry about running out of coverage.

Other companies often have annual limits, so if your pet is unlucky and has a few really big bills, you may find yourself paying out of pocket pretty quickly. If your pet is experiencing a health issue, the last thing you want to worry about is if your pet's medical insurance policy will actually be able to cover what you need it to cover.

At most, Embrace will cover 90% of the veterinary bill up to \$15,000 a year. That might seem like enough, but just in the past year, Trupanion paid out over 2.3 million in single claims of \$10,000 or more, including a payout for a single claim of over \$49,000. And what seems like a reasonable limit today may be very limiting in a few years' time—you're purchasing medical insurance for the life of your pet, you have to think about what your coverage may be like three, five, ten years from now, not just what it will cover this year.

You just never know what might happen, that's why you have medical insurance for your cat or dog. Coverage with caps does protect some unlucky pets, just not those that are very unlucky. What are those pet owners supposed to do when their coverage runs out?

WE'RE HERE FOR YOU 24/7:

Our call center is open 24 hours a day, 7 days a week, even on holidays. We know that pets can get sick or hurt at any time, and if you need us at 3am on a Sunday because you have a question about the policy or you're stressing about a treatment—we're just a phone call away.

Embrace is only available M-F, 8:30am – 8:00pm, and Saturday 9:00am – 1:00pm ET, that means they're open less than 37% of the week, as opposed to Trupanion being open 100% of the week. Try calling them at 3am on Sunday and all you'll get is an automated robot. Trupanion remains committed to our members whenever they need us.

WE OFFER FINANCIAL FLEXIBILITY:

Embrace does have several deductible options available to you, \$200, \$300, \$500, \$750, and \$1,000. But even with five options, choices are pretty limited to ensure that you can fit coverage into your monthly budget.

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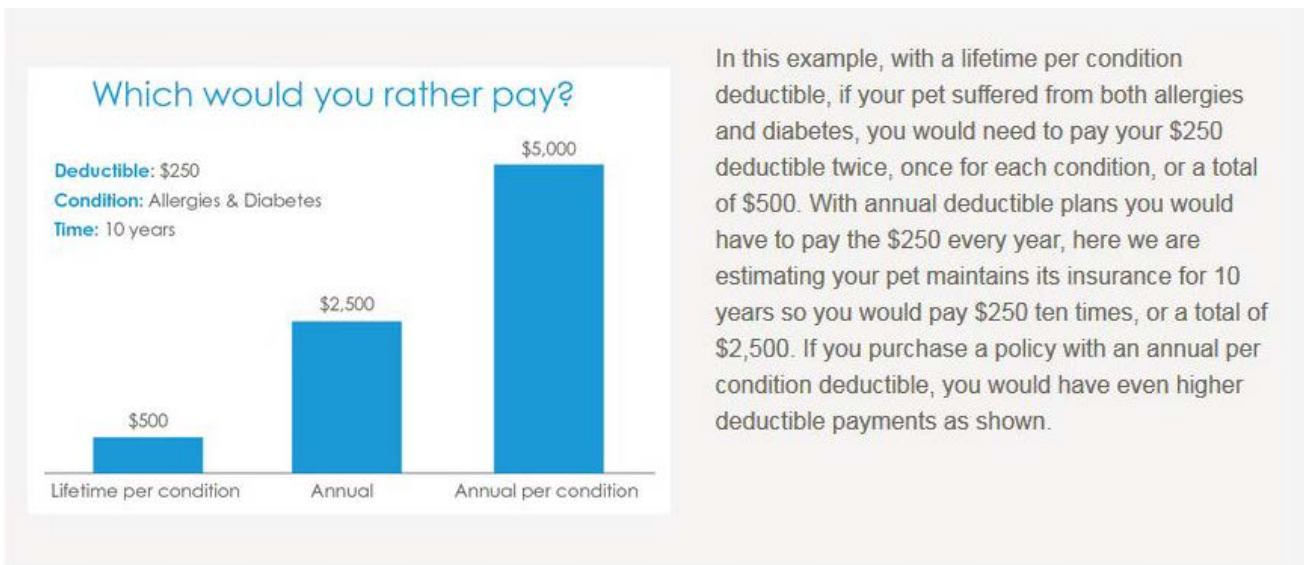
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With Trupanion you can pick what you pay, because you can choose your deductible, including no deductible at \$0, or anywhere from \$50 to \$1,000, in increments of \$5. And you can change your deductible at any time quickly and easily. Pretty neat, huh? Medical insurance doesn't have to be out of your budget!

And let's talk about types of deductibles for a minute. Trupanion has a lifetime per condition deductible—so there's no need to pay your deductible over and over again every year when you've already met it for that condition or a related condition.

A lifetime per condition deductible does not mean you must pay a deductible every time you file a claim, instead your chosen deductible only applies when your pet is diagnosed with a NEW condition. This is great when your pet suffers from allergies, or develops a chronic ailment. So, if your pet is diagnosed with diabetes, for instance, and you have a \$250 deductible, once you meet the \$250 deductible with Trupanion, you'll never have to pay a deductible for claims relating to your pet's diabetes or any conditions relating to the diabetes (cataracts or a kidney infection, for instance) that may occur ever again. For the entire life of your pet.

Now, for a very unlucky pet that experiences several different, unrelated conditions in a single year, say diabetes and a broken leg, the per condition deductible may prove to be a bit less effective. But we've found that most pets only suffer a few different, unrelated conditions in their whole lifetime. And pet owners that are concerned about paying a lifetime per condition deductible can choose to not have a deductible at all when they enroll with Trupanion, which is not an option with Embrace.



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WE DON'T COVER WELLNESS:

Some pet medical insurance companies offer wellness coverage, but Trupanion does not. Why? Because we believe that we should focus on providing the coverage that gives you, the pet owner, the most value—and that lies in covering those conditions that are unexpected and often the most costly to treat, injuries and illnesses.

We also believe that insurance companies should never manage or dictate the pet owner's relationship with their veterinarian. Your veterinarian is the expert on your pet's health, and they can and should choose which preventive care programs or what treatments are best for your pet. Trupanion believes that the best treatment plan for your pet is the one decided upon by you and your veterinarian, not an insurance company.

Plus, it just makes more sense for pet owners to pay their veterinarian directly for expected costs than to pay through an insurance company "middleman". What's more, the insurance company most likely has a one-size-fits-all "bundle" of preventive care services that may or may not include the best care options for a specific pet. Why pay year after year for spay and neuter services, when a pet will only need this one time?

Embrace offers what is essentially a flexible spending account for their wellness coverage. Where a pet owner has to put in a set amount of money every month (as part of their monthly premium), and will get that money "paid back" when the pet receives routine veterinary care. This is not insurance coverage.

Basically, a pet owner is using Embrace as a "savings account" in order to have this money ready to utilize for particular wellness treatments. In return, Embrace offers a very small discount for those that sign up.

At most, a pet owner will save about \$50 a year, but that's only if you choose the \$650 wellness plan and you spend all \$650 of it on wellness. This plan adds somewhere along the lines of an additional \$50 to your premium a month, so you are putting in about \$600 of your own money. Again, this is not insurance—this is your own money being paid back to you.

And if you don't use all \$650 of the wellness plan? You lose the money you put in. The money you've paid to Embrace does not roll over every year, and the likelihood of using all that money to the exact amount on wellness care is pretty slim.

When you adopt a pet from a shelter or breeder, you already know there will be some expenses—regular checkups, vaccines, pet food, a leash, and toys. Lots of toys. Medical insurance should not be purchased to cover these things, just as you don't use insurance to buy new furniture for your home or an oil change for your car. Medical insurance is here for you to help if you must face the unexpected with your pet. Let



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us do what we do best, providing coverage for the best veterinary care for your pet for their entire life.

WE CAN PAY YOUR VETERINARIAN DIRECTLY—USUALLY WITHIN 5 MINUTES:

We mentioned this before. But we think it's worth repeating.

Rather than the traditional insurance reimbursement model, Trupanion has changed the game and created a process that, once again, puts the needs of our members first. We can pay your veterinarian directly, before you even leave their hospital. No more filing paperwork, no more waiting for a check—just peace of mind that you are covered.

We don't want you to pay out of pocket and we think you probably don't either. We don't want to waste your time, and we don't want you to have to worry about what's going to get covered. In many cases, our direct pay option requires no paperwork and no phone calls from the pet owner.

Ask your hospital if they have the ability to accept direct payment from Trupanion. If they don't, ask them to contact us so we can work with them to help ensure you'll have the best experience possible.

OUR COMMITMENT

We are Trupanion. We're medical insurance for pets and we're committed to helping all pets be able to get the best medical care. We're committed to being the best value proposition for responsible, loving pet owners. And we're committed to doing what we say, to changing the industry for the better, and to focusing on what's best for pets, pet owners, and veterinarians.

We urge all pet owners to really look at the coverage Embrace is offering and make the decision that is best for their pet, for their entire life—think about the restrictions, unnecessarily long waiting periods, limits, and lack of time they make available for their customer's needs.

Trupanion is different. Our commitment to getting this right has remained as steadfast and strong as when we first entered this industry—and it will remain that way for as long as we're here.

