



# TRUPANION vs Healthy Paws

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?

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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.

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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.

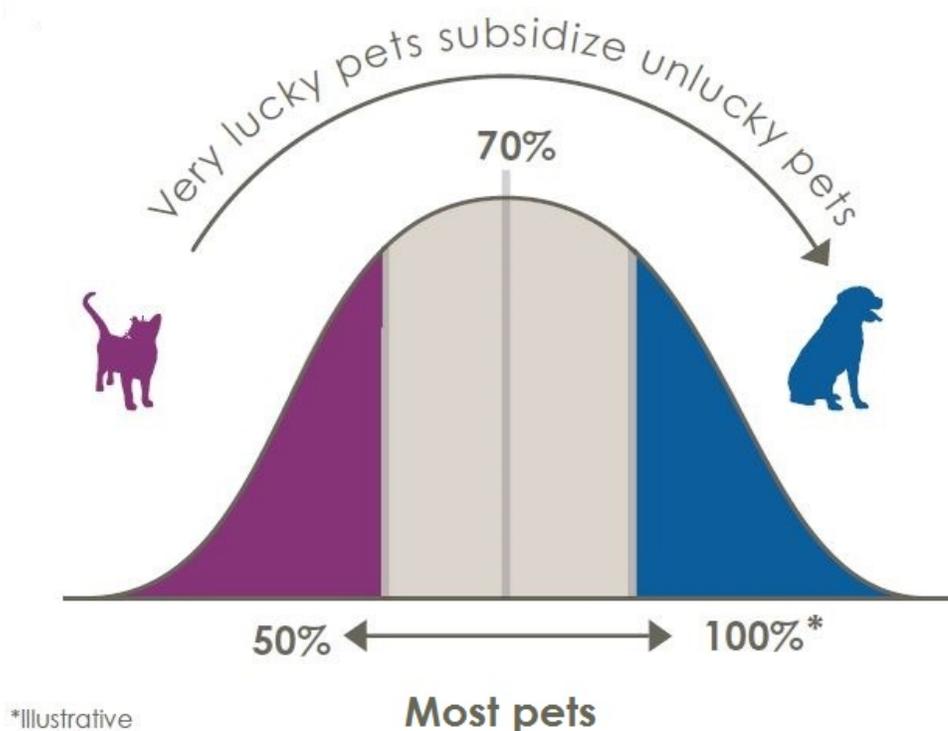
Where we as responsible pet owners struggle is when our pets become sick or injured. We know where to go for help—our trusted, local veterinarian. But we stress over budgeting and planning for the cost of that veterinary care. We don't know if our pet's future medical challenges are going to be like 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. Healthy Paws

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So, how does Healthy Paws “pet insurance” stack up to Trupanion's medical insurance?

### 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.

Healthy Paws is only available M-F, 6:00am – 6:00pm, and Saturday-Sunday 8:00am – 5:00pm PT, that means they're open less than 46% 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.

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## **WE DON'T RESTRICT COVERAGE WITH EXCESSIVELY LONG WAITING PERIODS:**

Like all companies, Healthy Paws has waiting periods for injuries and illnesses following enrollment, this is completely normal, and Trupanion has them too, 5 days for injuries and 30 days for illnesses. However, what most pet owners may not know is that Healthy Paws has a 12 month waiting period for any treatment associated with hip dysplasia, an inherited condition that can affect many dog breeds.

A year can be a long time to wait, especially since hip dysplasia is most often diagnosed at a young age, and can be extremely costly to treat once diagnosed. 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 and treated as soon as possible, it can lead to the need for total hip replacement, which, on average, can cost nearly \$5,000. And, according to veterinary orthopedic expert, Dr. William Henry, 1 in 5 dogs that get a total hip replacement before 1 year of age have complications and will more than likely require second and even third surgeries. At up to \$15,000 in treatment costs, this is when you need medical insurance the most.

In 2015, Trupanion paid \$850,000 toward treatments for hip dysplasia. Many of these payouts went to members still in their first year of enrollment, with young puppies just starting treatments.

And, not only is there a long 12 month waiting period, but if you enroll your pet after their 6<sup>th</sup> birthday, Healthy Paws does not offer any coverage for hip dysplasia at all. This is important, because while this condition is often diagnosed when the pet is younger, some pets may not show signs of hip dysplasia until well into adulthood.

Imagine your veterinarian orders X-rays done on your older pet and discovering, not only that they have been living with a painful, undiagnosed condition, but that your insurer won't even cover it.

Is it worth it to have coverage that restricts your pet's care in case the unexpected happens? Trupanion covers all hereditary and congenital conditions completely and without limit, as long as they are not pre-existing, including hip dysplasia — no matter your pet's age. We think that's simple and fair.

See this in Healthy Paw' own policy wording:



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## II. EXCLUSIONS & LIMITATIONS

### 1) GENERAL EXCLUSIONS

We do not cover:

- a. Veterinary examination fees.
- b. Injury from an accident that occurs within the first fifteen (15) days following the pet policy effective date.
- c. Illness that occurs or recurs within the first fifteen (15) days following the pet policy effective date.
- d. Illness related to hip dysplasia that occurs or recurs within the first twelve (12) months following the pet policy effective date.**

Healthy Paws, Pet Health Insurance Policy, page 2, Section II. Exclusions & Limitations, 1. General Exclusions. Screenshot taken 5/02/2016.

### WE OFFER FINANCIAL FLEXIBILITY:

Healthy Paws has three deductible options available to you, \$100, \$250, and \$500. This makes it awful hard to ensure that you can fit coverage into your monthly budget.

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 while Trupanion allows you to increase or decrease your deductible at any time, Healthy Paws has a big restriction on this. You can increase your deductible by requesting it in writing at any time, however, if you have filed even just one claim you will never be able to decrease your deductible or decrease your co-insurance amount. Unfortunately, that means, you don't have much choice in what you are paying with Healthy Paws, and will likely be locked in to your deductible for the length you stay insured with them.

See this in Healthy Paws' own policy wording:

- 7) **You may apply to lower your pet's deductible level and/or decrease your pet's coinsurance amount provided that your pet has not previously filed a claim with us. This request must be in writing and**

Healthy Paws, Pet Health Insurance Policy, page 4, Section III. General Conditions, 7. Screenshot taken 5/03/2016.

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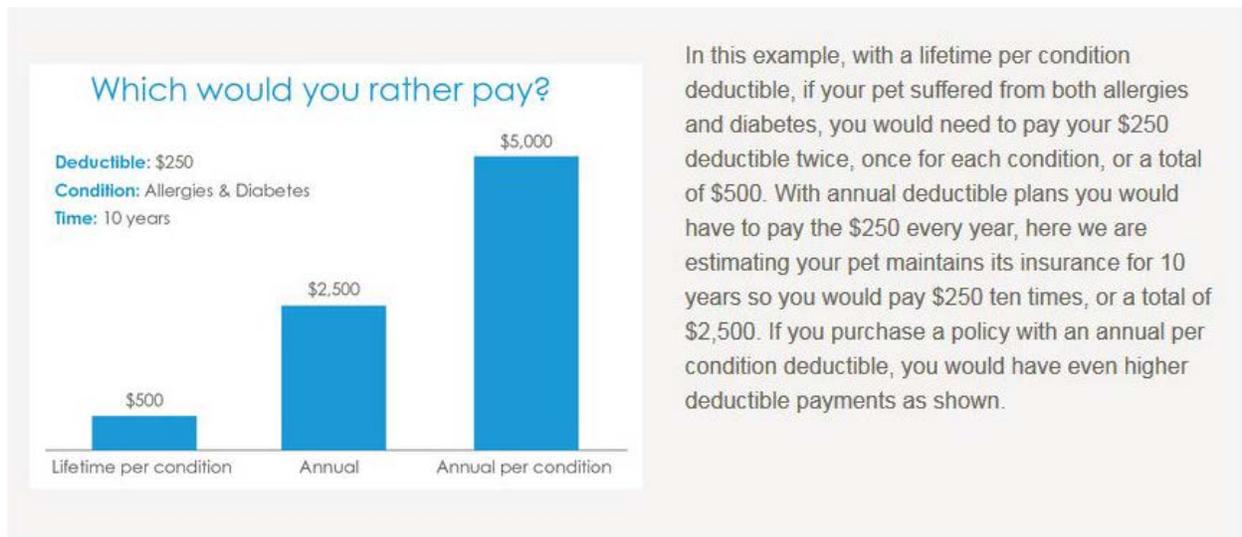


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And let's talk about deductible types for a minute. Trupanion has a lifetime per condition deductible — so there's no need to pay your deductible over and over again every year when you've already met it for that condition or a related condition.

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 one time, 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 Healthy Paws.



## WE DON'T RESTRICT YOUR COVERAGE TO "STANDARD" COSTS:

What you see with the Trupanion policy — 90% coverage of the actual bill with absolutely no limits on payouts — is what you get. We don't care if your bill is \$100 or \$100,000, we pay what we say we will. No restrictions, no talk of "usual or customary" prices, no fine print.

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However, Healthy Paws appears to have a very real limit on their "unlimited" coverage. They do pay a percentage of their policyholders' actual invoices, however, that's only to the extent that they deem the costs are "standard". But what is a "standard" cost? And why does your insurance provider get to tell you what your veterinarian should be charging?

Now, Healthy Paws may choose to never enforce this expectation of adhering to "standard" pricing, but then again, this is right there in their policy. Do you really want to gamble with your pet's coverage, especially as they get older and you need it the most?

See this in Healthy Paws' own policy wording:

- 1) **WE COVER:** Reimbursement of the cost incurred by you for medically necessary veterinary treatment recommended by your veterinarian for conditions covered by this policy. These costs will be covered when your pet:
- develops an illness, or
  - has an injury as a result of an accident;
- during the coverage term.

**This policy shall not cover amounts charged by the treating veterinary clinic that are greater than the treating veterinary clinic's standard or published charges.**

Healthy Paws, Pet Health Insurance Policy, page 1, Section I. Insuring Agreement, 1. We Cover. Screenshot taken 5/04/2016.

## WE CAN PAY YOUR VETERINARIAN DIRECTLY:

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 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.

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## OUR COMMITMENT

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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 Healthy Paws is offering and make the decision that is best for their pet, for their entire life—think about the unnecessarily long waiting periods, limits, and lack of time they make available for their customer's needs.

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.

