



A VETERINARIAN'S GUIDE TO PET HEALTH INSURANCE



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- + Why more clients don't use pet insurance
- + Facts about pet insurance
- + Making pet insurance work in your practice
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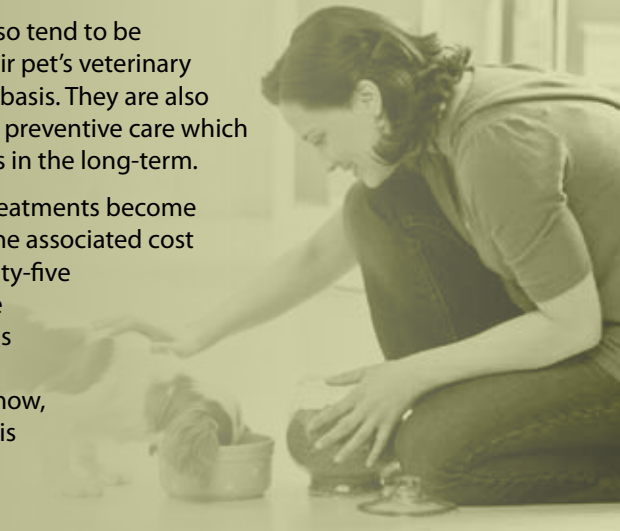
Why your clients should consider pet insurance

It can be heartbreaking when a pet's owner is unable to pay for veterinary treatment and they are forced to make a decision not to treat the animal. Veterinarians can certainly relate to instances in their own practice when a patient required urgent treatment that the pet's owner was unable to afford. Insurance is a well-established tool that consumers can use to manage their financial risk and the take-up of pet insurance is growing dramatically in Australia.

Pet insurance can mean the difference between whether a patient receives necessary treatment or not. Clients with pet health insurance are not only in a better position to deal with major medical

emergencies; they also tend to be more engaged in their pet's veterinary care on a day-to-day basis. They are also more likely to opt for preventive care which is better for their pets in the long-term.

As more advanced treatments become available to clients, the associated cost inevitably rises. Twenty-five years ago, there were fewer diagnostic tools and limited surgical technologies where now, referral to specialists is a growing trend.



Why more clients don't use pet insurance

Veterinarians have been reluctant to promote pet insurance. Although many veterinarians keep information about pet insurance in their clinics, few actively recommend insurance to their clients or take steps to educate them, yet vets could be a key driver in the uptake of pet insurance.

Compared to some overseas markets, particularly the United Kingdom, pet insurance uptake is low in Australia.

Pet insurance in Australia was almost an unknown product 10 years ago but the market has grown significantly over the past five years. According to

the underwriters, pet insurance is the fastest growing type of insurance in Australia.

According to the Animal Health Alliance Report 2013, currently one in 10 cat owners (12%) and nearly one in five dog owners (18%) have pet insurance. Of those who don't have pet insurance, almost half don't see the value or need for it, more than a third consider it to be too expensive, while a quarter haven't looked into it.



Useful facts

Insurance policies can appear complicated but you don't have to read every legal term to understand the underlying concepts. Claims that are disputed can be investigated and reported to the Financial Industry Ombudsman. The Ombudsman can make a recommendation on a disputed claim.

There are only two underwriters in Australia – Hollard (Petsure, Woolworths, RSPCA, Prosure, and all others apart from Petplan) and Allianz (Petplan) (as at 2014). There are also Pet Lover's packs, which can be added to some home and contents insurance, such as NRMA. These packs generally offer a lower level of cover, primarily against damage to property by the pet or accidental injury to the pet, but not treatment of disease.

There are a variety of products available to suit the needs of the client, including:

- + lifetime policies
- + maximum benefit policies
- + 12-month policies
- + accident-only policies.

Some may offer insurance with lower premiums, or higher premiums, or a wide range of premiums.

Things that tend not to be covered include pre-existing illness or injury, routine and preventative treatment, and pregnancy and giving birth.



Making pet insurance work in your practice

Through the AVA Pet Insurance Task Force, we consulted with several veterinary practices that are committed to pet insurance. Here's a summary of techniques and tools that are working in those practices.

1 Make one of your staff members the insurance coordinator for the practice

This might be someone with a particular interest in the topic but it's best to select an employee who deals with client billing such as a vet nurse or practice manager. It's still important to ensure all staff are familiar with pet insurance and the basics on how to discuss it with clients.

2 Learn how the system works

Educate yourself on the provider's systems. Meet with the insurance company's representatives – many will come to your clinic and provide training. Understand how the policies work, how claims are filed and how quickly claims are paid. Find out who a client should call for more information.

3 Train your staff

Make sure everyone understands the practice's position on pet health insurance. Educate veterinarians and staff on the benefits to them, the patients, the clients and the practice when patients are insured.

Encourage your staff to talk about pet insurance with clients. Make pet insurance part of your staff's training and continuing professional development.

It's important that staff training includes ensuring an understanding of the mere referrer exemption and how to discuss pet insurance with clients (see legal guidelines).

4 Educate your clients about pet insurance

Some ways to do this include:

- + Inform all new clients of pet insurance, especially those with new puppies and kittens.
- + Place information about pet insurance in the reception area and examination rooms.
- + Ask clients who call for an appointment if they have pet insurance.
- + When a client arrives for an appointment, the receptionist, practice manager or veterinarian should ask if they have pet insurance.
- + Place information about pet insurance in your client newsletters and social media platforms such as Facebook.
- + Consider placing information about pet insurance on your telephone system's hold message.
- + Provide information about pet insurance on your website along with links to the insurance companies whose information you distribute in the practice.
- + Position pet insurance as part and parcel of responsible pet ownership.

A non-confrontational way of raising pet insurance is for vets to ask at the end of a consultation "do you need any insurance paperwork signed?"

5 Manage expectations

Clients need to understand that insurance is insurance: it's for serious illness or emergencies resulting in significant expense. While some insurance policies offer wellness packages, especially for young animals, pet owners should not expect to make a financial return on their insurance every year.

6 Consider making pet insurance an employee benefit

Providing pet insurance to staff can also provide first-hand experience with the recommended insurance providers and add more weight to the clinic's recommendations about taking up pet insurance. You could make this part of an employee benefits package. However, you may need to get advice about this from your accountant.

7 Flag the medical record

Patients covered by pet health insurance should be flagged in the client's record. This signals to the veterinarian and other staff that certain medical procedures or products may well be covered by insurance. Knowing that a patient is covered by pet insurance does not mean that good communication about a patient's care is any less necessary. As a professional, it is paramount that your clients are well-informed and included in the patient care process.

Don't forget to check with owners that they have maintained their pet insurance though, as some drop out.



8 Keep claim forms in the medical record or at reception

In most cases, claim submissions are the responsibility of the client, however most clients are unfamiliar with medical terminology. The best time to capture information on the diagnosis and treatment is when the client's record is being prepared for billing.

9 Send the claim form directly to the insurance company

This is optional but it can pay big dividends. It's an opportunity for you to add value and it can actually save time by reducing any potential questions during the claiming process. It also helps ensure the client gets paid quickly.

AVA and insurers are working towards e-submissions across all insurance products which should improve processing time and reduce document loss.

10 Familiarise yourself with the Financial Industry Ombudsman (FIO)

The FIO is a powerful consumer organisation that can investigate and overturn declined or disputed insurance claims. It publishes annual reports detailing numbers of insurance disputes and settlement outcomes. Pet insurance is detailed under Home and Contents but is now noted as a separate category at the request of AVA and insurers.

If you are considering advising a client to use the FIO, try and ensure the client has submitted a complete claim to their insurer with all required documentation and given the insurer adequate time to process the claim. Get a claim number for reference purposes.

It is far easier to submit a FIO dispute online than via phone.

Try and act as a sympathetic but honest broker, and recognise that not every claim will be paid.

11 Encourage the client to contact you if the claim is declined

There may be some additional information you can include in the paperwork that can make a difference to the claim being accepted.

References

National Commission on Veterinary Economic Issues
British Veterinary Association

PROMOTING PET INSURANCE – YOUR LEGAL OBLIGATIONS



Background

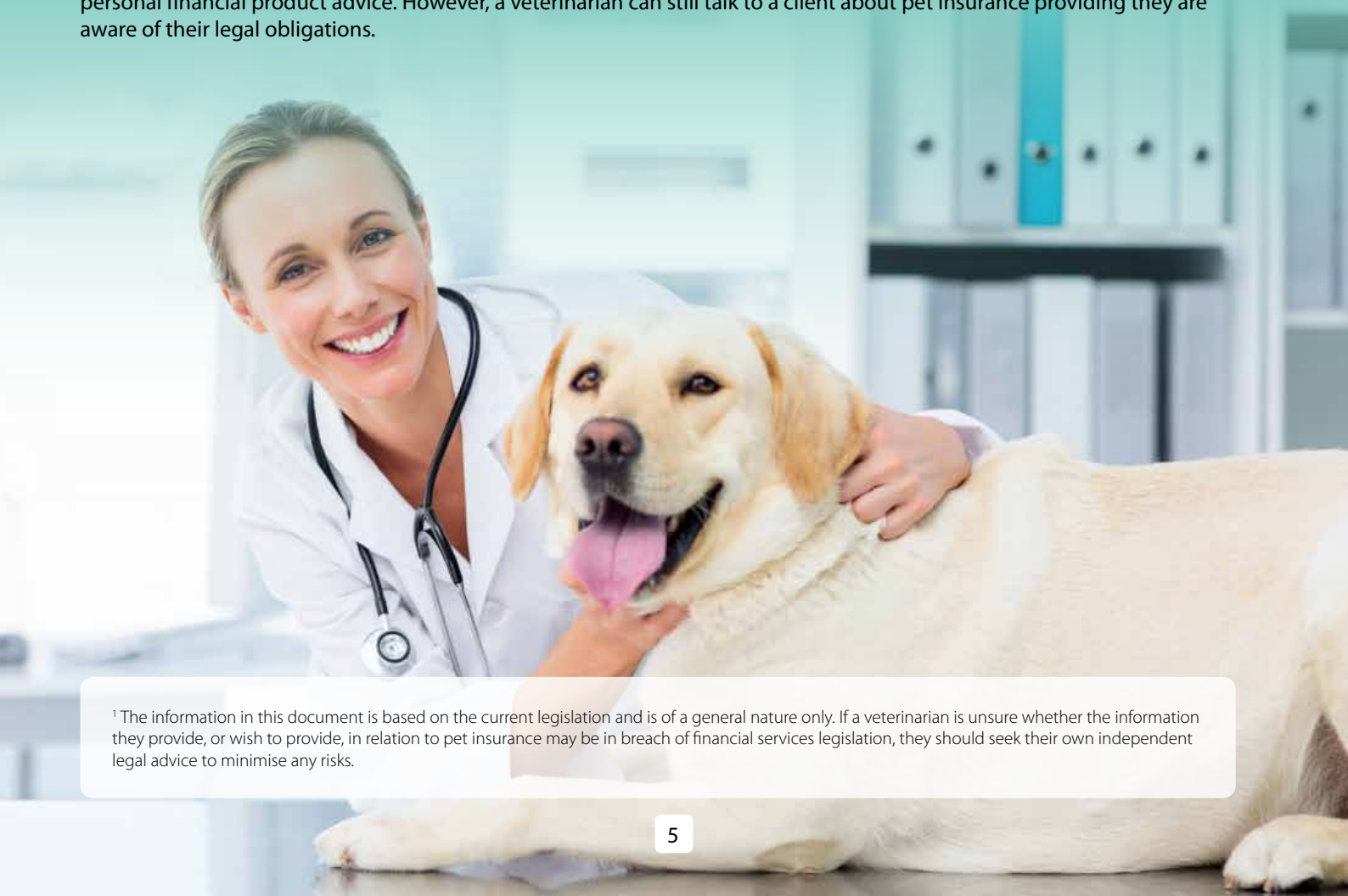
Pet insurance is considered a financial product under the Corporations Act 2001. Therefore, any advice provided in relation to pet insurance must be provided in accordance with the terms of the Act.

The Corporations Act sets out the licensing requirements and obligations associated with the provision of financial services in Australia. A person providing a financial service must hold an Australian Financial Services Licence (AFSL), be an authorised representative of an AFSL holder or be an appointed insurance distributor of an AFSL¹

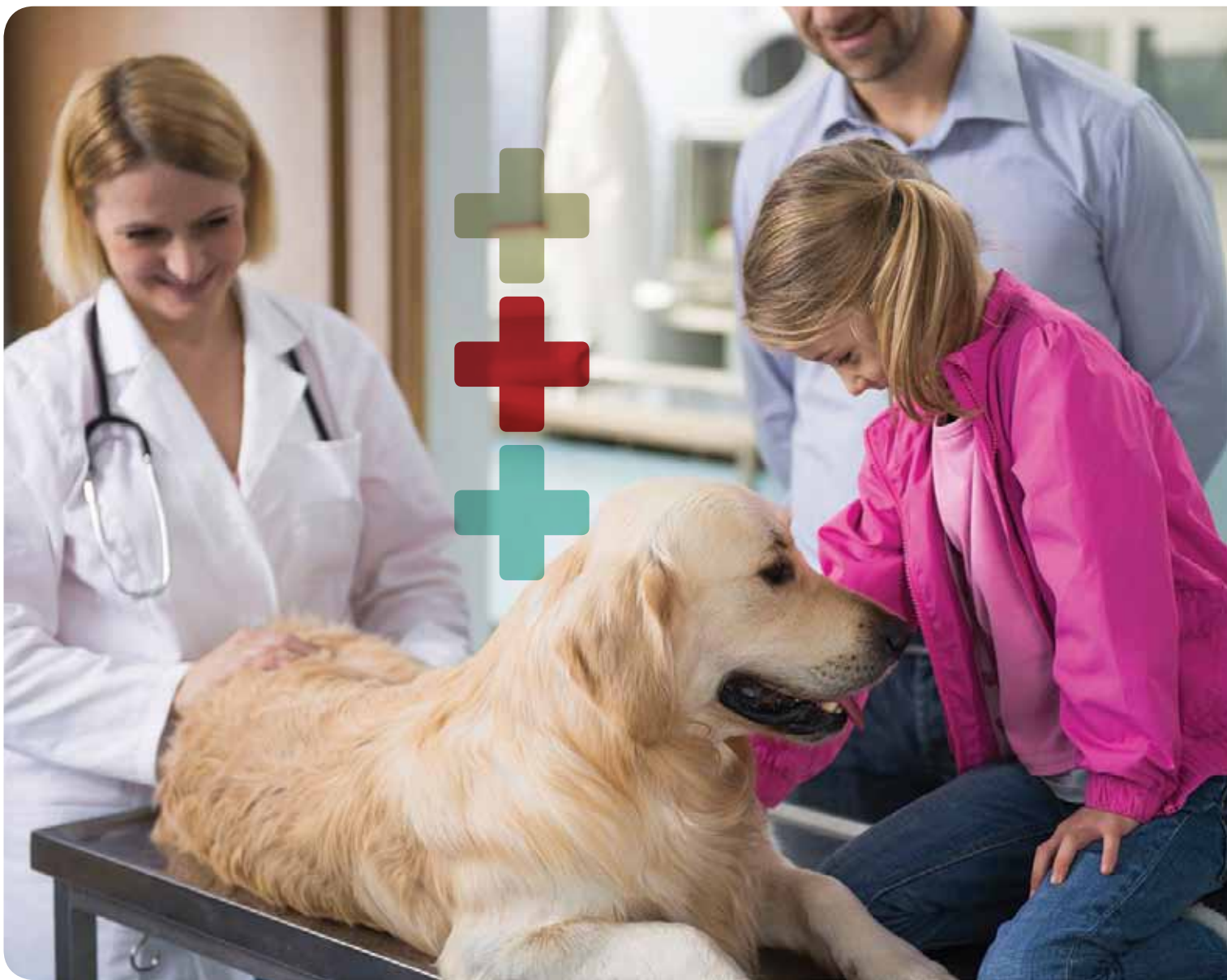
The purpose of the licensing requirements and obligations contained in the Corporations Act is to promote a fair and transparent market for financial products, promote fairness, honesty and professionalism from those who provide financial products and allow consumers to make confident and informed decisions.

Under the Corporations Act, a veterinarian may be viewed as providing ‘financial products advice’ in relation to pet insurance if they make a recommendation, or give a statement of opinion, that influences a person’s decision in relation to a particular pet insurance policy or could be considered to have influenced that decision.

A veterinarian is generally familiar with the circumstances of a client’s animal, will often have an existing relationship with a client, and will be aware of the likely financial cost of treatment to that animal. A client may assume that a veterinarian would take those matters into consideration when discussing pet insurance with them, and therefore providing them with personal financial product advice. However, a veterinarian can still talk to a client about pet insurance providing they are aware of their legal obligations.



¹ The information in this document is based on the current legislation and is of a general nature only. If a veterinarian is unsure whether the information they provide, or wish to provide, in relation to pet insurance may be in breach of financial services legislation, they should seek their own independent legal advice to minimise any risks.



Can a veterinarian provide information in relation to pet insurance without contravening the financial services legislation?

Yes. You can provide factual information in relation to pet insurance as an option that might be suitable for clients by discussing the general principles of pet insurance and the different types of pet insurance policies available. You should not, however, recommend a specific policy or product as being suitable for a particular client's needs.

Some veterinarians are concerned that by providing information in relation to pet insurance they may be acting in breach of financial services legislation. There are, however, exemptions under the Corporations Act that permit a veterinarian to provide information in relation to pet insurance without contravening the Act.

One such exemption is the "mere referral exemption". To obtain the benefit of this exemption, veterinarians must ensure that they do no more than:

- + inform a client of the name of an insurer that can provide pet insurance policies, for example by providing a copy of any brochure provided by the insurer;
- + provide the contact details of that insurer; and
- + if applicable, disclose any benefits they receive from that insurer as a result of the referral.

If a veterinarian does no more than provide a client with a copy of any brochure provided by insurers, the name and contact details of the insurer, then you should be entitled to rely on the mere referral exemption under the Corporations Act when providing information in relation to pet insurance.

Do I need to offer clients a range of brochures or other promotional material?

No. It is not necessary to provide literature from every insurer who provides pet insurance policies to avoid the appearance of bias. However, it would be good practice to provide brochures from more than one insurer and inform the client that there are several insurers in the market that also provide pet insurance.

When providing brochures be careful that you only:

- + inform the client of the insurer that can provide the policy;
- + provide the contact details of that insurer; and
- + if applicable, disclose any benefits received from that insurer.

What if I have a commercial arrangement with an insurer?

If you receive any benefit, such as commission, from an insurer, you may still be entitled to rely upon the mere referral exemption under the Corporations Act. But you must disclose, at the time you provide the information to the client, the nature of that commercial arrangement, including any benefit you receive from an insurer as a result of referring the client to that insurer.

If you wish to recommend a particular insurer or policy as being suitable for a particular client's needs, it may amount to dealing in a financial product and therefore you must be an authorised representative, or be appointed as an "insurance distributor", for that insurer. You should seek independent legal advice if that is something you wish to consider.

If you have a commercial arrangement with an insurer you should also check the relevant veterinary practice codes of conduct in your state or territory to ensure that you aren't in breach of conditions relating to inducements or conflicts of interest.

Should I train staff to promote pet insurance?

In many circumstances you may be liable for the actions of your employees. Therefore it's important that your staff are trained when providing information in relation to pet insurance to do no more than:

- + inform a client that a particular insurer provides pet insurance (for example by providing a copy of brochures);
- + provide the contact details of the insurer; and
- + disclose any benefits the practice receives as a result of the referral.

If your staff provide a recommendation about the suitability of a particular policy in relation to a certain treatment, and a claim was later rejected by the insurer, the client could also make a claim against the veterinarian. Therefore it's important that your staff limit the information they provide to the three points outlined above.



Definitions

The following definitions are general definitions that are provided in the context of these guidelines and are not intended to be expansive and comprehensive definitions.

Mere referrer

A mere referrer is a person who merely provides information to a client about who they can obtain pet insurance from.

Promote/promotion

A statement that is intended to influence a person to purchase a particular pet insurance policy.

Recommend

A statement that is made after considering a person's personal circumstances and is intended to influence a person's decision to purchase a particular pet insurance policy.

Brochure

A summary of factual information in relation to a pet insurance policy.

A product

In the context of insurance policies the terms "product" and "policy" are often used interchangeably. Technically an insurance policy is one type of financial product.

What are my professional obligations for fees and disclosure of information?

Pet insurance schemes rely on the integrity of the client in providing full disclosure of information in relation to a claim and the integrity of a veterinary surgeon in providing treatment to that animal.

Veterinary surgeons treating an animal covered by pet insurance should charge the normal practice fee, with any additional or administrative charges shown separately. In cases where claims are sent directly to the insurance company, a copy should be sent to the client.

Pet insurance can enable necessary treatments to be carried out when cost might otherwise be an issue for the owner. But a veterinary surgeon should consider that such work is relevant and necessary and promotes the animal's welfare. Pet insurance should not result in work being carried out that does not promote the animal's welfare.

Failing to observe these professional standards in relation to pet insurance may result in allegations of fraud against both veterinary surgeon and client. This may lead to police investigation, as well as disciplinary proceedings against the veterinary surgeon.



What are my obligations when providing information to insurers?

While the position in each state and territory varies slightly, the general rule is that the practice's records are owned by the veterinary practice and there is no obligation to provide the documents to another person or entity (unless it is required to facilitate the ongoing or future treatment of an animal).

Clients may ask for copies of clinical records, reports and diagnostic images to satisfy a request from an insurer in order to finalise a claim. In this case, it's appropriate to provide this directly to the insurer, once a client's permission is obtained. Practices may choose to adopt a policy that this is provided at the client's expense.

If a request is received directly from an insurer, the client's consent to releasing the information to the insurer should be obtained before the information is released.

We encourage veterinarians to ensure the confidentiality of client details and records. For this reason, where practical, we encourage the use of electronic transfer of such records directly to the insurance company.

When a record is sent directly to the insurer, an acknowledgment of this should be sent to the client.

