



# Pet Insurance - Is it a Necessity?

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**Abstract:** Animals hold a special place in our hearts; losing or watching one suffer may be emotionally traumatic. Even though it can be difficult to replace a beloved pet, one can take steps to prevent financial hardship for pets and pet owners. Regarding the amount of pet insurance policies purchased, India lags considerably behind Western nations. However, after the Epidemic, there has been a significant surge in pet owners who have taken pet insurance. By analyzing the primary data gathered, this report analyses the potential, risks, and strengths of the Indian pet insurance market.

**Index Terms – Pet Insurance, Covid-19.**

## 1. INTRODUCTION

Animals have held a special place in Indians' hearts for a very long time. Animals have traditionally been seen as people's friends and partners, shown in artwork and sculptures as gods' companions, and used as a symbol of authority. Dogs are the most common pet in India, where 34% of pet owners have a dog (Shan, 2019). With 20% of the share, cats are in second place. With 14% of pet owners having a bird, birds are India's third most popular pet. With 10% of the market, goldfish is in fourth place.

Covid-19 has impacted more lives than one can count. The rise in pet adoption is among the most heartwarming effects of the pandemic. The demand for pet insurance increased along with the awareness of stray adoption and pet upkeep, and this trend is anticipated to continue. In India, the market for pet insurance is currently expanding. The insurance industry is expected to benefit significantly from this sector in the upcoming years, according to insurers (Fahamsyah et al., 2020). According to pet insurers, there are over 19 million insured pets, and the Indian pet market is currently worth more than Rs. 400 crores. Insiders in the Indian insurance sector anticipate a rise in the pet insurance market to go hand in hand with rising insurance knowledge.

Pet owners now treat their animals with unparalleled affection, like family members, rather than just possessions (Springer et al., 2022). The value of pets to their families is equal to that of children. Like when a family member is ill, pet parents experience financial and emotional pain when their pet becomes ill. Pet insurance aids in the financial coverage of unexpectedly high medical expenditures for various animals, much like health insurance does for treating illness. Pet insurance is regarded as an unorganized industry, yet it is slowly but surely catching up as the number of animal lovers in India rises. Pet insurance plans often cover veterinary expenses if an animal is sick or injured (Williams et al., 2018). Other programs provide benefits if the insured animal is lost or dies. The life expectancy of pets has grown due to recent advancements in veterinary science, which has increased the expense of medical care. The market for pet insurance has expanded as a result. Claes Virgin penned the world's first pet insurance policy in 1980.

Insurance for pets is still in its infancy in India. The super-rich segments of society make up the majority of the customers that get pet insurance. However, the insurers believe that this industry has enormous unrealized potential. India's Pet Care Market size is estimated at INR 7,400 Crore in 2021 and is expected to reach INR 21,000 Crore by 2032, growing at a CAGR of 19.2% during the forecast period of 2022 to 2032 (Springer et al., 2022).

Increasing urbanization, a shift towards nuclear families, double-income households, lifestyle changes, and the humanization of pets in recent years have contributed significantly to the increase in pet ownership worldwide (Stowe, 2019). With 32 million pets and an impressive growth rate of more than 12 percent yearly, India is a significant player in this league. The rise in pet ownership provides the ecosystem of pet care, which includes retail chains, pet nutrition, and services in addition to pet care services, with the needed push.

One of the main concerns for a pet parent includes choosing a boarding facility. Selecting a safe and welcoming boarding facility for your dog involves careful research. When looking for a location to board your dog, finding a setting that works for you and your pet is essential.

Before boarding, the checklist comprises arranging a visit, Understanding the immunization needs, keeping an eye out for clean, safe, and hygienic surroundings, and, most importantly, getting to know the personnel and how they would handle your dog in case of a medical emergency.

## 2. Review of Literature

### Pet Insurance in India

Pets provide companionship and enduring love. Thus, getting a pet insured safeguards against unexpected injuries or health issues and provides them with the greatest medical care. One of the most recent insurance programs implemented in India is the pet insurance coverage (Dixon, 2012). This program pays for the veterinarian costs of treating an ill or injured pet. Some pet insurance policies also cover the loss or death of the covered animal. This aids pet owners in reducing the likelihood that their animals will require expensive medical care and ensuring they receive the finest care possible.

Companies that provide Pet Insurance in India mainly include - New India Insurance, United India Insurance, Oriental Insurance, Bajaj Allianz, and many more. Each company covers and excludes depending on the premium paid and policy taken. Some common ones have mentioned below:

COVER	EXCLUSION
<ul style="list-style-type: none"> <li>Death due to Accident</li> </ul>	<ul style="list-style-type: none"> <li>Willful or malicious injury to the pet.</li> </ul>
<ul style="list-style-type: none"> <li>Illness contracted while the policy is in effect.</li> </ul>	<ul style="list-style-type: none"> <li>Injury or illness arising out of neglect or unskillful handling of the pet.</li> </ul>
<ul style="list-style-type: none"> <li>Treatment expenses</li> </ul>	<ul style="list-style-type: none"> <li>Loss or injury due to war, foreign hostility, revolution, rebellion, military upheaval, etc.</li> </ul>
<ul style="list-style-type: none"> <li>Accident while in transit (via rail, air, or road)</li> </ul>	<ul style="list-style-type: none"> <li>Death due to rabies, distemper, Viral Hepatitis, Viral Enteritis, Leptospirosis, etc.</li> </ul>
<ul style="list-style-type: none"> <li>Loss/ theft of the pet</li> </ul>	<ul style="list-style-type: none"> <li>Illness that has been contracted before taking the policy.</li> </ul>
<ul style="list-style-type: none"> <li>Incapacitation</li> </ul>	<ul style="list-style-type: none"> <li>Ambulance Cost</li> </ul>
<ul style="list-style-type: none"> <li>Accidental poisoning</li> </ul>	<ul style="list-style-type: none"> <li>Bilateral conditions</li> </ul>
<ul style="list-style-type: none"> <li>Third-Party liability.</li> </ul>	<ul style="list-style-type: none"> <li>Diseases with a known vaccine</li> </ul>

Source: Authors

### The Importance of Pets in Our Lives.

How much support an animal can provide you is just amazing. Regarding depression and grief, pets can be your life savers. When one feels particularly down or frightened, they give you a sense of direction and a reason to get out of bed ( Williams et al., 2020). Animals like cats and dogs may profoundly affect people and can often detect their owners' emotions. For example, they may cuddle up to you when you are unhappy or lick your hands if you are anxious. Stroking an animal has been shown to significantly lower stress levels in studies. Our bodies naturally release the "feel good" hormones oxytocin, prolactin, and serotonin after 15 minutes of caressing a cat or dog. Cortisol, the body's natural stress hormone, is also decreased by it ( Fahamsyah et al., 2020). This induces a feeling of relaxation and lowers blood pressure by 10%. If you have a dog, you must take it for walks at least once or twice daily. This will allow you to get the essential fresh air and exercise you need and the chance to connect with nature and form bonds with your canine companion (Srilertchaipanich et al., 2015).

### Are Millennials Opting for Pets, Not Parenthood?

Recently, many young couples have chosen to raise pets instead of having children. They don't just get pets; they also treat them like one would treat their children. The millennial generation eschews conventional lives in favor of what they genuinely want to do. Here are some of the main reasons millennials favor pet ownership over childbearing. (*MetLife Pet Insurance | Voted Best Pet Health Insurance*, n.d.-b)

- Finances - Many people choose pets because of the exponential cost of everything. Even though pets have costs, they are undoubtedly considerably lower than children (Bisco et al., 2020).
- Busy Lifestyle - The husband and wife are employed in most millennial households. For kids, this makes time management challenging. However, neither wants to put their jobs on hold to raise a child.
- Better Mental Health - Pets are proven to enhance mental well-being. We all tend to lose our mental health in the hustle and bustle of life—many young couples like getting dogs or cats as pets to enhance their physical and emotional well-being.
- Regular exercise for better shape - Having a pet, particularly a dog, obliges you to daily walks. It genuinely enhances your health over time. On the other side, having children prevents you from working exercise. It's one of the reasons why nowadays, more people prefer dogs to babies.

- Companion - Couples who decide against having children could feel lonely after a while. To prevent this, they frequently obtain pets to lessen their loneliness.

It should be no surprise that millennials are adopting more dogs than Baby Boomers (35% as opposed to 32%, according to research firm GfK) (Mills, 2019). Millennials are known for deferring typical life milestones like marriage, home ownership, and having children. Compared to 51% of all American families, 57% of millennial households possess a dog. And there are good reasons why we raise our dogs as adoptive children.

### **Are companies going Pet friendly?**

It's getting more and more popular to bring dogs to work. Major corporations that permit Pets are Google, Ticketmaster, and challenger bank Monzo, just a few examples. Even in modern offices, dogs are being touted as the newest "must-have accessory." According to data, just 64% of organizations have procedures in place that allow for the entry of dogs (Bisco et al., 2020). According to human resources professionals, being dog-friendly could play a significant role in the employer brand that a company uses to stand out to potential hires.

## **3. Research Methodology**

The research utilized a pilot study as we primarily targeted pet owners and those planning to become pet owners. The snowball sampling technique was employed as a recommendation from one pet owner to the following owner and was thought to be more effective in obtaining the outcome.

### **Features and Benefits of Pet Insurance**

Without a pet, a house is not a house. They provide us with companionship and enduring love. So, getting pet insurance to safeguard these magnificent animals when they are ill or injured is crucial to providing them with the greatest medical care. One of the most recent insurance programs implemented in India is pet insurance coverage. This program pays for the veterinarian costs of treating an ill or injured pet (Pandey, 2018). Some pet insurance policies also cover the loss or death of the covered animal. This aids pet owners in reducing the likelihood that their animals will require expensive medical care and ensuring they receive the finest care possible.

One can customize their pet insurance packages/ plan depending on the coverage they wish to avail (Dixon, 2012). IRDA has approved pet insurance policies (Insurance Regulatory and Development Authority). This plan covers a variety of pet insurance programs, including those for cattle, dogs, horses, cats, and other domestic animals. For pet insurance products like dog insurance, the sum assured typically varies from Rs. 15,000 to Rs. 30,000. The breed and other relevant criteria will determine this. Certain insurance companies (e.g., Future Generali) offer supplemental coverage for the base policy, such as for the loss of show admission fees. When a dog cannot attend a dog show due to an illness or injury, this coverage is provided to cover the entry fee forfeit. Some pet insurance plans also include third-party liability coverage if your pet attacks, bites, or damages someone else's property (Petersen, 2019).

Pet insurance coverage has three forms: Lifetime, Time-limited, and Money-limit. The pet is covered against any serious or protracted disease. Lifetime covers conditions including eczema, arthritis, etc. A set sum will be given to the policyholder who chooses a lifelong pet insurance policy each year for the pet's care. When a pet becomes ill or is injured, a time-limited pet insurance policy only provides financial protection for a short while. Money-limit insurance rewards pet owners so they can pay for their animals' medical costs. This policy has no expiration date and can be utilized indefinitely until the set financial limit is achieved.

### **Impact of Epidemic on Pet Insurance.**

The post-COVID era has led to a steep growth in "Furendships" in India as more people become pet parents daily (Williams et al., 2016). Understandably, there is a strong bond and love for our furry pets, given that 60% of Indian families have at least one pet (Srilertchaipanich et al., 2015). The phrase "pets are people, too" and references to pets as "fur babies" are standard. We are discovering that pets and people are more alike than we might have believed in the pandemic's impact on mental health.

Since the Covid-19 outbreak, there has been a significant increase in the adoption of pets, especially dogs, and expenditures associated with their upkeep, grooming, and medical treatment are driving insurance firms to create coverage for them (Fahamsyah et al., 2020). For instance, Future Generali India Insurance Company Ltd. sold about 25,000 pet insurance contracts in the previous three months.

"Post-Covid, there has been a surge in pet adoption, and this could be a sustainable trend moving forward," ( Anup Rau, MD & CEO, Future Generali India, told Business Line). According to TA Ramalingam, Chief Technology Officer, Bajaj Allianz General Insurance, which introduced its pet dog insurance product in 2020, had the "most successful" in some of India's largest cities, metro, and Tier I.

In India, insurance providers have long provided coverage for livestock and animals. Dogs typically comprise most of India's estimated 28–29 million pet owners. Any medical emergency could cost a pet parent a sizable quantity of money, given the rising annual regular costs for animals. For instance, the annual expense of immunization, tick control, and grooming might range from 10,000 to 54,000 (Mills, 2019). So, having pet insurance is helpful if you ever require medical or legal support. Most comprehensive policies typically offer protection against unforeseen illnesses, domestic pet dog accidents, and related coverages for surgery, hospitalization, mortality, terminal illnesses, OPD admissions, third-party liability claims, theft, lost or straying, and third-party liability claims. The initial premium can be as little as 300 and is typically based on the dog's age, breed, and gender.

### **Pet insurance's development and level of acceptance after the pandemic.**

Dr. Narendra Pardeshi, a veterinarian who advises pet guardians to cover their canines, questions why pets cannot have health insurance if humans can have Medclaim and other types of insurance. The market for pet insurance was valued at USD 7.92 billion (about Rs. 792 crores) in 2021 and is anticipated to grow to USD 19.56 billion (roughly Rs. 1956 crores) by 2028. The pet insurance industry is expected to dominate the Asia Pacific region. In India, the market for pet insurance is currently expanding. The insurance

industry is expected to benefit significantly from this sector in the upcoming years, according to insurers (Stowe, 2019). According to pet insurers, there are over 19 million insured pets, and the Indian pet market is currently worth more than Rs. 400 crores. Insiders in the Indian insurance sector anticipate a rise in the pet insurance market to go hand in hand with rising insurance knowledge.

#### Purchasing Behavior of Pet Insurance in India.

For some pet owners, it might be challenging to afford veterinarian care. One instrument that can assist in reducing this burden is the availability of pet health insurance (Williams et al., 2020).

Pet Insurance was introduced in India a few years back, and the industry has begun catching up. A pet insurance policy will pay the veterinarian for treating the animal in an accident or illness. A few pet insurance policies include pet loss or death coverage (Mills, 2019). The coverage enables pet owners to give their animals the finest care possible. It reduces the possibility of unexpectedly high costs because veterinary medical care and other costs are so expensive. Also, the Insurance Regulatory and Development Authority of India (IRDAI), the supreme body in charge of overseeing the Indian insurance industry, has given its approval to pet insurance plans.

#### 4. Research Gap

Pets are increasingly becoming seen as full-fledged family members in today's society. We make sure they are loved and cared for, fed well, exercised reasonably, and given special treatment when ill. We also include them in family photos and take them on vacations. Even more, we refer to them as our "fur babies" and ourselves as "pet parents." Every (human) family member, including you, your parents, your children, and even your grandparents, is likely protected by health insurance if we take a quick look around our home (Petersen, 2019). Pets can experience serious diseases like humans, and therapies for these severe conditions can be expensive. With pet insurance, you can provide your dog with the greatest care while saving money on pricey hospital stays and medical procedures. Due to inflation, pet medical and grooming costs are at an all-time high and might run a pet parent anywhere from Rs. 10000 to Rs. 54000 per year. Pet insurance becomes necessary when you factor in any legal conflicts a pet can cause over threats and damage. Like regular health insurance, pet insurance aims to pay for your pet's veterinary costs in case of mishaps or health problems (Pandey, 2018). Depending on the coverage you select, pet insurance offers you a greater range of treatment options for dental issues, parasite-borne illnesses, cataracts, fractures, pregnancy complications, etc. Pet insurance also comes in handy for older animals who could require more extensive medical care (Stowe, 2019). Some pet insurance policies also cover theft or loss of the pet, international travel, and third-party liabilities in case your pet injures someone else or damages their property, in addition to accidents and illnesses.

Accidents can happen anytime, despite your best efforts to be safe around your animal friend (Stowe, 2019). Pet insurance assists with the cost of medical care in the event of an unanticipated accident, injury, or illness, sparing you the worry of arranging the finances or depleting your savings.

#### 5. Results and Analysis

The following questions were investigated using a questionnaire:

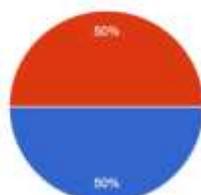
1. To raise awareness of the advantages of pet insurance among current and prospective pet owners.
2. Major worries pet parents have about the well-being of their pets.
3. To determine whether people are willing to insure their pets.
4. Important insurance providers in India, their contents, and exclusions for pet insurance.
5. Be aware of the costs involved in caring for a pet and their Veterinary costs.

#### 6. Findings and Discussion

- **Less Awareness of the benefits of pet insurance.**

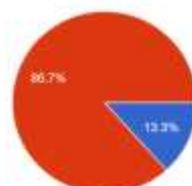
Are you aware of Pet insurance ?

30 responses



Do you have an existing insurance for your pets ?

30 responses

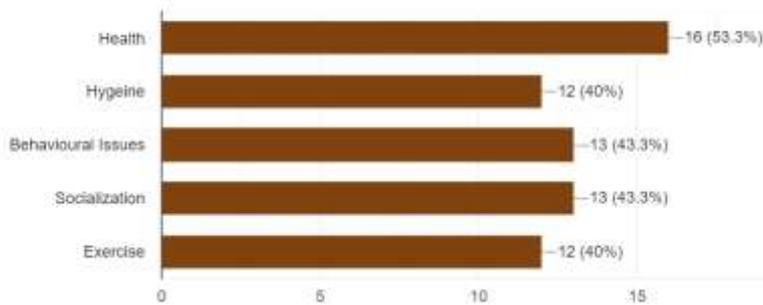


Only 13.3% of the thirty respondents had purchased pet insurance, despite half knowing about it. This highlights the need for more study to determine their continued reluctance.

- **Concerns of Pet Parents on the Well-being of Pets.**

When it comes to your pet's well-being, what are your concerns?

30 responses

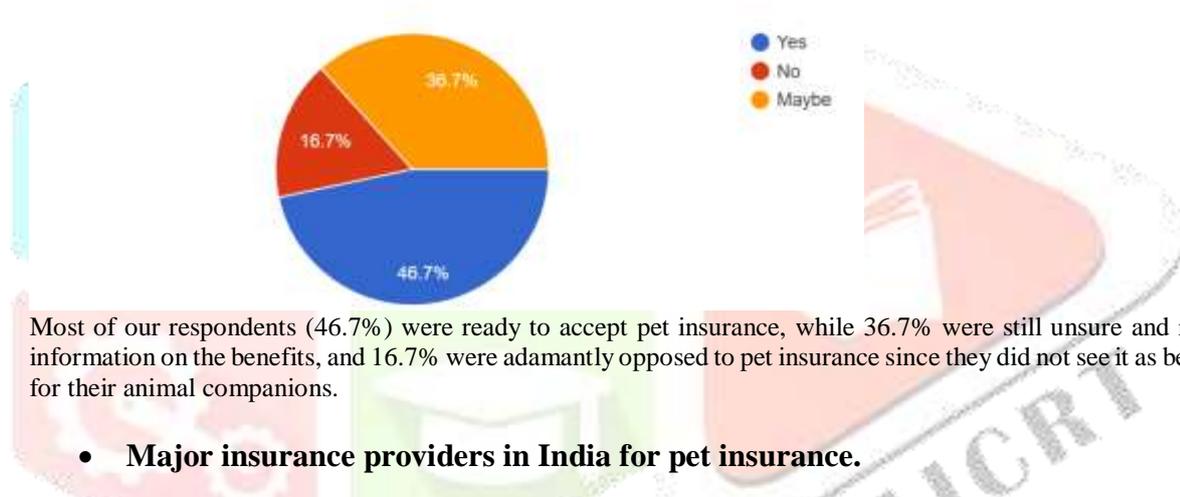


"Health" was selected by over half of respondents (53.3%) as their top worry for their dogs. Behavioral difficulties (43.3%), socialization (40%), and hygiene and exercise (40%), in that order.

- **Willingness to insure their pets.**

Are you willing to take a pet insurance ?

30 responses

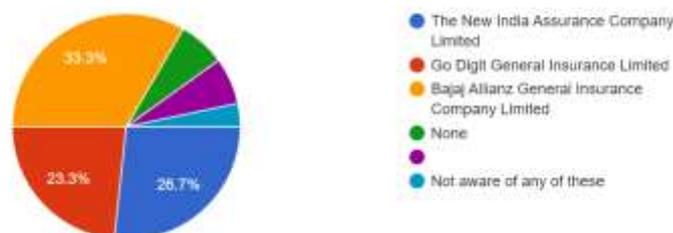


Most of our respondents (46.7%) were ready to accept pet insurance, while 36.7% were still unsure and required more information on the benefits, and 16.7% were adamantly opposed to pet insurance since they did not see it as being necessary for their animal companions.

- **Major insurance providers in India for pet insurance.**

Which Indian pet insurance are you aware of?

30 responses

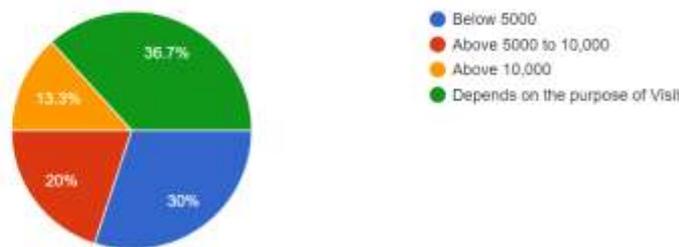


Bajaj Allianz was the most aware pet insurance provider ( 33.3% ) followed by The India Assurance Company ( 26.7% ) and Go Digit General Insurance (23.3%). Three respondents did not know about the above three Pet insurance providers.

- **Average expenses incurred for every visit.**

An average expense incurred in each visit?

30 responses



It was discovered that 36.7% of pet owners reported that costs varied depending on the reason for each visit and that they could not set a fixed price. While 13% spent more than 10,000 rupees, 30% claimed to spend less than 5000 rupees for various reasons, and 20% spent between 5000 and 10,000 rupees.

## 7. Implications of the study

The growth of the pet insurance industry in India will also create opportunities for insurers, veterinarians, and other stakeholders in the pet care ecosystem. Insurers can leverage technology to offer customized policies that cater to the specific needs of different pet breeds and ages. Veterinarians can also play a crucial role in promoting pet insurance and educating pet owners about the benefits of preventive healthcare.

## 8. Conclusion

Everyone loves these adorable tiny balls of fur, from Baby Boomers to Gen Z! India's pet care business has experienced rapid expansion due to the pandemic, spurred by a rising tendency of people to regard their pets as important members of their households. Despite the industry's substantial growth, issues still need to be resolved (Pandey, 2018). The absence of a strong and organized pet care community is one of the major issues the Indian pet care business is now facing. In India, many pet owners rely on neighborhood veterinarians, who might need more skills or resources to take good care of their dogs.

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