



Uncovering the Gaps in the Pet Insurance Claims Landscape



We have been discussing the Pet Insurance segment with insurers for several years.

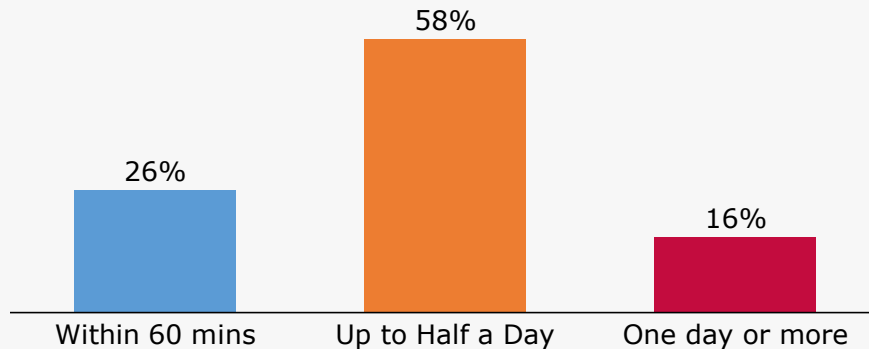
The same questions and issues seemed to be recurring, so Procurato decided to commission some independent research to get under the skin of the problem.

- Procurato has been working in the Pet Insurance segment since 2018, though our collective practical experience of managing pet claims issues in an insurer dates back more than 20 years
- Recently, when we have been talking to insurers about claims, a constant theme was a fundamental control issue related to indemnity and ease of service
- Our observation was that claims present more like human health than other personal likes classes such as motor or home, but the insurers approached them like property damage
- Specifically, our hypothesis was that there was little or no indemnity control during the claim and that most of the expense had happened before the insurer ever knew about it
- As such, there was a greater potential for significant leakage and inflation, and for a poor customer outcome when the treatment had been given but the claim wasn't fully covered: customers are facing unexpected bills in addition to their excess with no ability to decide if they wanted to incur the cost
- In addition, our observation was that insurers data and insight on pet claims was poor and their ability to track or model claims causes or costs was much weaker than for motor or home claims
- To establish some insight on underlying issues, Procurato commissioned anonymous independent research. Our research agency contacted and surveyed multiple claims handlers from 11 of the UK's top Pet Insurers and Claims managers
- Our questions focused on the quality of the data they received, how quick and how easy it was to assess claims, the percentage of claims they had to refer to experts, and the compatibility of the data received with their claims systems. We also asked about their views on their levels of training.



In 75% of claims it takes up to half a day or longer to confirm coverage

Breakdown of time taken to establish coverage



Initiatives outline

- Improved quality of communication between claims teams, vets and customers
- Establish data submission protocols and treatment and medicines coding
- Develop straight-through processing solutions for standard or common ailments and treatments

Respondent Insights

- Most claims require at a significant amount of assessment and processing time to establish cover
- Most handlers that participated in the pet survey stated that they need up to half a day to complete the validation procedure for each claim
- No respondents reported it was possible to validate cover in under 30 minutes
- Almost two in 10 claims are reported to take a day or more to simply establish cover

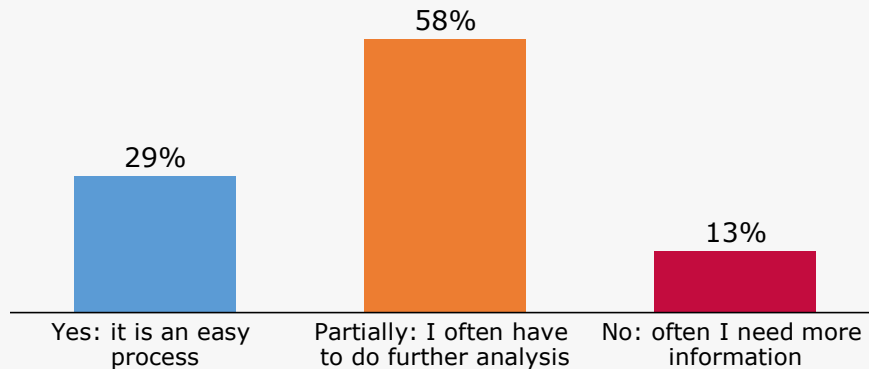
How it affects insurers and customers

- Customer dissatisfaction and anxiety
- Potential delay in treatment of animals
- Significant operational inefficiency
- Delayed payments, settlements and claim closure



Only 29% of respondents said the information from the vet and/or customer was adequate to validate coverage quickly

We asked whether the information claim handlers receive from the vet or customer enable them to quickly and easily validate that a claim is covered?



Initiatives outline

- Establish a standardised formatting / data protocols between insurers and vets
- Establish a process of gathering and structuring information required to validate coverage
- Clearer communication / information for policyholders and vets about how limits and restrictions operate to ensure insurers can comply with Consumer Duty

Respondent Insights

- The information from the vet or customer is hard to understand and poorly structured
- Invoices are not in a standard format, often make it very hard to understand the cost breakdown (e.g. vet systems use their own coding and not hourly rates)
- No standard process of gathering information with a list of common points that need to be checked or clarified
- The vet focused on their revenue. No focus on the cost of the claim or limitation on cost for the customer once policy limits are breached

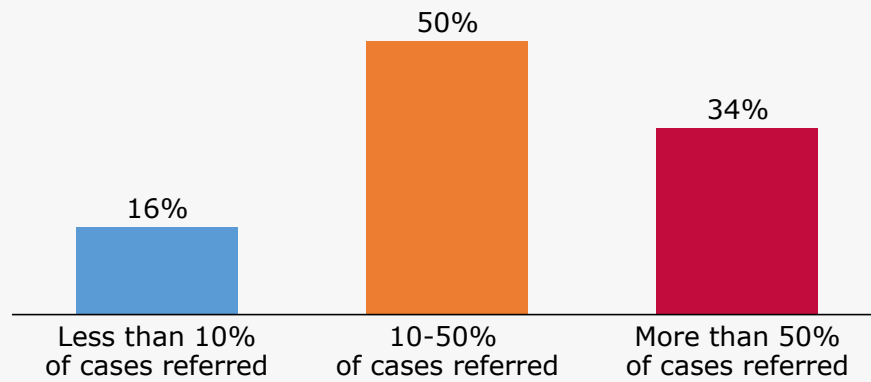
How it affects insurers and customers

- Excessive insurer resources to manage a simple invoicing task
- Policyholder dissatisfaction at claims delays
- Mis-alignment between vets and no incentive for vets to provide better management information.



A shocking finding was that 34% of respondents said they had to refer over 50% of cases to experts; only 16% said they referred fewer than 10%

Percentage of the claims that claim handlers stated they need to refer to an internal veterinary or technical expert



Initiatives outline

- Create a streamlined mechanism for policyholders to select preferred vets while providing standardised formatting and data processes between insurers and clinics.
- Create a discussion procedure between insurers and vets to ensure transparent and clear contractual terms.
- Implement effective communication channels to offer accurate information to policyholders and vets about coverage limits, restrictions, and insurers' Consumer Duty obligations.

Respondent Insights

- 34% said that, on average, they referred half of the cases they handled, whilst 50% said they referred between one- and five-in-ten cases
- The information provided by the vets is not sufficient to handle a claim. It comes from many sources and requires double checking
- Claim handlers need a second opinion to understand technical treatment detail
- Claim handlers mostly validate information and do not focus on indemnity cost

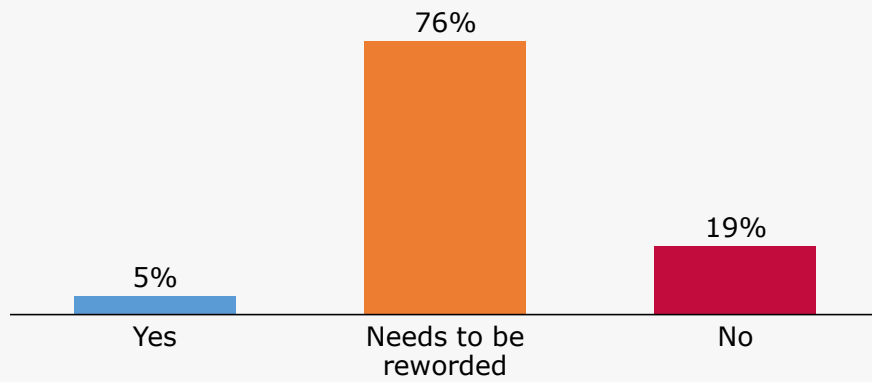
How it affects insurers and customers

- Significant amount of time spent on verification
- Multiple information requests to customers, many of whom are awaiting reimbursement for outlay
- Increase in cost of claims, in leakage and potential fraud



95% of respondents said the info from vets could not be input into the claims system without rewording / interpretation. Almost 20% said it did not go in at all

We asked whether the information from the vet's documentation easily map to the terms in a claims system used



Initiatives outline

- Standardise formatting and data procedures across insurers and vets to ensure easy integration into the claims system.
- Implement strong training programmes to rapidly obtain and organise information for validating coverage.
- Improve communication with policyholders and vets about coverage limits and restrictions to improve compliance with Consumer Duty.

Respondent Insights

- Only 5% of respondents stated that claims data can be easily entered into the claims system, predominantly because there is no standardised taxonomy or terminology
- 76% of respondents stated that the information from vets needs to be reworded or interpreted
- 19% stated that the information provided by vets is not at all compatible with the requirements of their claims system

How it affects insurers and customers

- Incomplete, poor data quality which hampers the ability to model claims, identify thematic issues and opportunities
- Potential for incomplete customer records when manual interpretation of technical data is prevalent
- Highly inefficient claims processing, leading to poor operational efficiency and, potentially, delays in settlement

Insights from a Pet Claims Survey on Training Satisfaction

- **Positive sentiment:** Most participants (82%) had positive perceptions of the training provided for vet claims.
- **Training effectiveness:** Participants thought the training to be valuable and relevant to their job in veterinary claims.
- **Confidence in training:** The poll reveals that participants have high confidence in their training knowledge and skills.
- **Participants state that positive training experience improved their skills of vet claims processing.**
- **Potential for improvement:** Although the training got favourable comments, some participants suggested minor adjustments.
- **Continuous improvement:** We are devoted to incorporating participant input and enhancing the training programme for more outstanding results.



If you have any questions, would like to discuss our findings further, or find out how we can help you, please contact - John Gaynor

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