

Pet Insurance & Stakeholder Decision-Making Processes: Awareness, Goals, and Perceived Value

[Contents](#)

- Abstract 3
- Introduction..... 5
- Brief History of the Origins of the Project..... 5
- Existing Knowledge..... 6
 - Practitioners..... 6
 - What Practitioners Know..... 6
 - What Practitioners Don't Know 7
 - Academics 7
 - Summary of Existing Knowledge About Pet Insurance..... 8
- Overall Research Questions and Underlying Theoretical Assumptions 8
 - Modeling the Customer Decision-Making Process Associated with Pet Insurance 9
 - Service Dominant Logic Versus Goods Dominant Logic 9
 - Understanding Value Creation/Delivery Versus Value Co-Creation..... 10
 - Summary of the Theoretical Underpinnings of Our Research Questions. 13
- Study 1 (Pet Owners) and Study 2 (Agents)..... 13
 - Specific Research Questions 13
 - Specific Methods..... 13
 - Goal-Mapping Exercises 14
 - Study 1 14
 - Study 2..... 15
 - Results..... 15
 - Summary of Results..... 20
- Discussion of Study Results..... 21
- Appendix A – Study 1 Moderator Guide 22
- Appendix B – Study 2 Moderator Guide 30
- Appendices C1-C3: Greater Detail from the Naphia Report 40
 - Appendix C1 – Market Conditions 40

Appendix C2 – Product Characteristics 43

 Who buys? - Dog and Cat owners 43

 What are the top providers in the United States and the United Kingdom?..... 43

 Channels - Providers..... 43

Appendix C3 – Typical Product Characteristics 44

Study Authors:

The ISU research team included:

- (1) Ms. Kayla Jenkins, ISU Junior Marketing Student, kmjenki@ilstu.edu;
- (2) Ms. Elyse Link, ISU Senior Marketing Student, enlink@ilstu.edu; and
- (3) Mr. Jarvis Sokolowich, Junior Marketing Student, jcsokol@ilstu.edu.

The research was conducted under the guidance of Steve Taylor, Professor of Marketing, staylor@ilstu.edu and Jim Jones, Director, Katie Insurance School, jrjone2@ilstu.edu.

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Abstract

The following report presents the results of a study sponsored by the Katie Insurance School at Illinois State University to help better understand stakeholder decision-making processes related to pet insurance. Figo, a pet insurance start-up out of Chicago, requested the research project through the Katie Insurance School. A literature review followed by two focus groups were conducted in the Fall 2015 and Spring 2016 semesters at Illinois State University. The literature review identified very little existing knowledge related to the United States, although some information was identified from Europe. This knowledge seems to suggest that the product category is seen both in terms of (1) an insurance product offered for a price, as well as (2) a vehicle to meet one's responsibilities to and/or strengthen one's relationship with their pet. The literature review also identified a new general logic of marketing reflecting a service dominant marketing logic that we eventually advocate for this area of marketing.

Our research addresses three basic marketing questions:

1. What is the level of stakeholder awareness of pet insurance as a product category, and as a solution to stakeholders' needs?
2. How is value perceived psychologically with pet insurance so that we can begin developing appropriate marketing strategies and tactics?
3. Which stakeholder goals should serve as the basis for the development of marketing strategy and tactics by insurers to (co)create perceived value with pet insurance?

We conducted two focus groups, one of pet owners and one of insurance agents as a potential distribution vehicle to help answers these questions. The results can be summarized as:

Awareness – There is very little stakeholder awareness.

- Consumers expressed little to no specific consumer knowledge of the product category of pet insurance. Some agents had very limited experience, but as a group they too expressed very limited knowledge of the product category or policy specifics of the products they offered.
- There was very little brand recall for the consumer group. For agents, essentially there was generally only limited brand recall to the specific brands available in their own insurance product mix offerings.

Development of Value Perceptions – There is more than one way.

- Both potential consumers of pet insurance and independent insurance agents as a distribution vehicles appear to rely on consequence-driven goals when perceiving value-in-exchange.
- Both stakeholder also appear to rely on value-based goals when perceiving value-in-use.
- This suggests that value appears to be perceived differently for different people. The implication for insurers is that multiple target market segments may exist requiring multiple insurance products.

Foundation for Marketing – Multiple stakeholder goals suggest multiple policy products.

- Stakeholder needs are reflected through their consumption goals. Consumer goals in this case are first driven by attribute/consequence level goals attributed to financial concerns (i.e., reducing financial risk). We interpret these financial concerns as largely attribute-level goals, strongly tied

to specific policy considerations as reflected in consumer costs. Interestingly, however, consumers also appear heavily concerned with pet-related consequences that reflect long-term well-being of the pets. We interpret these longer-term, well-being consequences to be more closely related to the consumers' values related to pet responsibility and relationship considerations.

- Agents' goals in this case are strongly driven by attribute/consequence level goals attributed to customer relationships, strengthening their insurance brand(s), and how these translate into future sales as a primary indicator of "success." We interpret these concerns as largely (professional) consequence-level goals, reflecting the strong sales orientation often emphasized in insurance practices. Thus, appeals to agents as a distribution vehicle should emphasize customer, brand, and agents' consequences.
- The existence of different (simultaneous?) goals again implies that for insurers consider possible multiple target market segments may exist requiring multiple insurance products. In addition, there are likely multiple market segments for agents as potential distribution vehicles.

Finally, there are a number of direct implications for pet insurers based upon the study reported herein.

- **Implication 1 – *Pet insurers should consider basing their marketing-based strategies, tactics, and decision-making processes on SDL.*** Pet insurers should consider embracing a service dominant logic perspective as described herein for this product category. Relevant sources for introduction to service dominant logic have been presented herein. This suggests that pet insurers will likely have to first undertake their own efforts to better understand evolving marketing perspectives through education and training. The Katie School can assist in such endeavors.
- **Implication 2 – *Pet insurers should consider marketing strategies recognizing multiple levels of consumption-related stakeholder goals, suggesting multiple potential market segments.*** The literature review and European experience suggests that a significant potential pet insurance market exists in the United States. However, multiple market segments implies multiple marketing-based strategies, including positioning strategies and marketing tactics to fully capture this potential. While traditional efforts by insurers have focused on value-in-exchange based insurance products (i.e., delivered policies at a price), we suggest that such strategies run the risk of not capturing the full potential of the North American pet insurance market.
- **Implication 3 – *The pet insurance industry should consider a coordinated, industry-wide integrated marketing communication effort to raise awareness of the product category.*** There is a clear opportunity for pet insurers to create greater awareness within consumer and agent stakeholder groups of the pet insurance product. In addition, low awareness suggests that absence of strongly-held consumer attitudes. This potentially creates an opportunity for insurers to establish strong brands within the pet insurance product category. For example, first mover brands may have a unique opportunity to establish themselves as product category leaders by positioning themselves as the "experts" and "sources of knowledge" within the pet insurance category. Illinois State University offers many marketing classes that can undertake this objective as a class research project.
- **Implication 4 – *The pet insurance industry should consider a coordinated, industry-wide marketing research agenda to help develop a better understanding of the product category.*** There is a clear need for a commensurable, industry-driven research agenda to guide future marketing practices for all parties' benefit. Immediate questions include the identification of existing marketing segments for pet insurance, and the identification of powerful marketing appeals. Insurance-related industry organizations such as the Katie Insurance School may

provide a vehicle for such collaboration by insurers interested in embracing this product category.

Introduction

The following study represents a marketing research effort sponsored by the Katie Insurance School at Illinois State University based upon a request by Figo, a Chicago-based company specializing in pet insurance. The overall purposes of the project include (1) helping insurers better understand the decision-making processes of potential consumers and insurance company potential partners, by (2) working with the Katie Insurance School to generally support insurance practices and organizations consistent with their mission, and (3) involving a select team of student researchers for pedagogical purposes. The research activities were under the direction of Jim Jones, Director of the Katie Insurance School, and Steve Taylor, Professor of Marketing.

Brief History of the Origins of the Project

Figo and the Katie Insurance School of Illinois State University (ISU) met to initiate a research collaboration during the early Spring 2015 semester with the following general objectives (not all inclusive):

- Develop a long-term relationship between Figo and Illinois State University's Katie Insurance School and College of Business.
- Afford ISU students opportunities to gain real-world experience through participation in research, internships, job shadowing, and/or job referrals, etc. with Figo.
- Enhance Figo's and the insurance industry's business knowledge and practices through research collaborations with ISU faculty and students specific to pet insurance.

Professor Steve Taylor of the Dept. of Marketing was invited to oversee an initial research project that would include a team of students under his direction. Jim Jones, Steve Taylor, and Figo (Randy and Justin) met during the week of Sept. 13th to discuss potential research questions, type of desired research (e.g., qualitative vs quantitative), and set a general timeline.

The following general decisions was made at that meeting:

1. The Katie Insurance School and Figo would initiate developing a long-term relationship.
2. An initial research project would be undertaken during the Fall 2015 semester and likely extending into the Spring 2016 semester. This project would include three students under Dr. Taylor's direction, and Figo representatives were invited to fully participate in the research project (e.g., Ms. Fran Johns). The project will involve qualitative study (i.e., focus groups) generally trying to better understand how two target groups form perceived value perceptions vis-à-vis pet insurance: end users (dog owners as a B2C stakeholder) and independent insurance agents (as a B2B stakeholder). The deliverable would be a written and oral research report presented physically by the students to Figo and insurance representatives via the Katie Insurance School. The report would be published as a white paper by the Katie Insurance School, and presented by the students at the 2016 ISU Undergraduate Student Symposium as a physical poster board. This report represents this deliverable.
3. The ISU research team included: (1) Professor Steve Taylor, staylor@ilstu.edu; (2) Ms. Kayla Jenkins, ISU Junior Marketing Student, kmjenki@ilstu.edu; (3) Ms. Elyse Link, ISU Senior

Marketing Student, enlink@ilstu.edu; and (4) Mr. Jarvis Sokolowich, Junior Marketing Student, jcsokol@ilstu.edu.

Existing Knowledge

We began the project by reviewing the practitioner and academic literature to gather what is currently known about the product category of pet insurance. The results of this information search suggest a relatively sparse extant body of knowledge. Thus, Figo as a recent startup venture, as well as other insurers, may have a unique opportunity to conduct research prior to establishing its brand identity. It is also opportunistic that a literature review suggests that there does not appear to be much in the way of publically available marketing knowledge for companies entering this competitive space, enhancing the value of reports such as presented herein. Two useful sources of knowledge were identified from the literature review: (1) The annual State of the Pet Insurance Industry report, a practitioner report produced annually by Naphia (www.naphia.org) which captures demographic industry data; and (2) Boya et al. (2012), a defensible academic inquiry using cluster analysis attempting to segment the pet insurance marketplace. The next two subsections present an overview of these two sources.

Practitioners

What Practitioners Know

The North American Pet Health Insurance Report (NAPHIA) provides a general look at the US market as a whole. Tables 1 & 2 summarize key insights from the Naphia report.

Table 1: Summary of Market Conditions, Product/Competitions, and Typical Product Characteristics

Market Conditions	Product/Competition	Typical Product Characteristics
<ul style="list-style-type: none"> - 1% of all pets in the US are insured. This is very low in comparison to the United Kingdom (25% market coverage) and Sweden (45% Market Coverage) - Our market is growing, it was at 660.5M in 2014, up from 504.1M in 2012. - America spent 58 billion dollars on their 387 million pets. This means people are willing to spend money on their pets. (up almost 25% from five years ago) 	<ul style="list-style-type: none"> - Main competitors: <ul style="list-style-type: none"> - Healthypaws - Petplan (most popular in the UK) - Trupanion - Petsbest - Petfirst - Channels <ul style="list-style-type: none"> - Insurance agents - Underwriters 	<ul style="list-style-type: none"> - Generally products do NOT cover: <ul style="list-style-type: none"> - Liability - Pre-existing conditions - Inhumane treatment - Chronic or ongoing conditions for some pets - Factors that affect price of insurance: <ul style="list-style-type: none"> - Type of pet - State - Age of pet - Type of coverage - Deductible rate - Reimbursement rate - Discounts - For most companies, rates do not go up after a claim is made.

		- Types of insurance coverages, refer to Table 2.
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For more information on Market Condition, Product/Competition, and Typical Product Characteristics, please report to the appendix C1, C2 and C3 respectively, for further explanation(s).

Table 2: NAPHIA – Three Main Types of Policies

Accident Only	Accident & Illness	Insurance with Embedded Wellness
<ul style="list-style-type: none"> Most physical ailments covered such as Foreign body injection, Lacerations, Motor vehicle accidents, Ligament tears, Poisoning, etc. as defined per policy 	<ul style="list-style-type: none"> Accident Only benefits plus illnesses such as cancer, infections, digestive problems, etc. 	<ul style="list-style-type: none"> Comprehensive plan that may include vaccinations, early screening diagnostics, consultations for proper nutrition, dental care, etc.

Summary: Pet insurance appears to represent a significant potential market in North America. There currently exist a limited number of brands that do not appear to be firmly entrenched in the marketplace. In terms of typical product (i.e., policy) characteristics, existing products appear to reflect a limited number of policy types offered at a singular price point for general audiences (i.e., a small number of observed target markets). We will argue later in this study that this approach appears to largely reflect a traditional goods-dominant logic wherein insurers often develop a general policy to deliver to a general audience at a relatively general price.

What Practitioners Don't Know

Except for the NAPHIA report, we have found very little information about North American markets. There is a lot of information and research that has been done on the United Kingdom and other foreign markets, but little for the US. This has made it hard to articulate answers to specific questions such as:

- Retention Rates
- Pet mortality rates
- Research on pet demographics
- Exactly how pet insurance is sold and marketed
- More studies on specific illnesses and disease for dogs and cats
- To what extent do vets help sell pet insurance?
- Are vets interested in pet insurance?
- How is underwriting done for pet insurance?

This information can be found, but is generally for the United Kingdom or Sweden. It is uncertain how well European experiences and knowledge will translate to the United States. This area would be an excellent avenue for future marketing research inquiry.

Academics

The academic literature only offered one article, directed at target marketing. The following briefly articulates the key findings of the only academic article we could find, Boya et al. (2012):

- Pet insurance today is largely driven by the human-pet relationship, and has enjoyed success to date primarily related to dogs as pets.
- The dynamics of animal companionship resembles human relationships – the relationship with the pet is an end in itself.
- Dog-related shopping behaviors appears driven by psychographic considerations involving humanization of pets, leading to successful marketing positioning strategies built upon themes like lifetime pet care and increased intimacy between humans and pets. In other words, demographic segmentation does not appear a viable marketing method. Rather, segmentation and targeting should occur using dog-related consumer behavior variables.
- The needs and subsequent buying motives are based on a specific state of being – the desire for a close relationship with the pet.
- The growth in the market for dog-related products has occurred largely in the high-end segment (i.e., higher income), through trends like personalization, high tech, fashion, and human-grade.
- The cluster analyses identified three segments based upon shopping-related behavioral variables: Cluster 1 – Strongly attached owners, (2) Moderately attached owners, and (3) basic owners.
- The primary segmentation/targeting recommendation from the study was to begin focusing on the larger segment of moderately attached dog owners (Cluster 2).

Boya et al. (2012) therefore does inform the current research by identifying the psychographic nature of market segmentation in this case based on human-pet relationship variables. However, the nature of cluster analysis is arguably descriptive in nature and fails to well inform questions of how value (co)creation occurs in this marketing space.

Summary of Existing Knowledge About Pet Insurance

In short, the relative lack of evidence suggests that North American insurance providers and consumers appear “uninformed.” That said, the United States appears to have significant market potential. The United States currently has less than 1% market coverage (as of 2014), while the United Kingdom has market coverage in pet insurance of 25%. Furthermore, North American insurance rates are typically a fraction of those charged in the UK market.

This relative lack of knowledge appears reflected in relatively general strategies of product development, targeting, and pricing. It may be that insurance marketers interested in capitalizing on capturing the most market potential in this area will benefit from recognizing the possibility of more than one unique set of stakeholder needs in future policy development, targeting, pricing, and delivery.

Overall Research Questions and Underlying Theoretical Assumptions

If it is true that insurance marketers interested in capitalizing on capturing the most market potential in this area will benefit from recognizing the possibility of more than one unique set of stakeholder needs in future policy development, targeting, pricing, and delivery, then we can assume that there exists multiple stakeholder decision-making models underlying stakeholder choices related to pet insurance.

We therefore suggest that the logical place to initiate marketing research would include a qualitative inquiry to better understand the consumer value (co)creation process associated with pet insurance. The reason why this is the logical place to start is that marketing strategic and tactical efforts are generally

designed to affect stakeholder perceptions and subsequent decision-making processes. In short, we want to be able to manage the decision-making processes and behaviors of stakeholders to affect competitive advantage for Figo and other pet insurers in this competitive space. Emerging marketing theory supports this conclusion as the next section demonstrates.

Modeling the Customer Decision-Making Process Associated with Pet Insurance

The observation was made above that extant marketing practices related to pet insurance appear to reflect the traditional goods-dominant logic historically underlying marketing. We begin by reviewing an emerging marketing logic as a theoretical foundation for our study. The emerging marketing logic is known as service-dominant logic (SDL), which is rapidly replacing the traditional logic of marketing known as goods-dominant logic. We begin by (very briefly) reviewing emerging SDL.

Service Dominant Logic Versus Goods Dominant Logic

Figure 1 presents some of the key basic differences between goods-dominant logic and SDL, and articulates the arguments for embracing SDL as marketers (Vargo and Lusch 2004). The identified differences are meaningful for purposes of the current research because they imply that there are substantial potential differences in the ways in which perceived value influences a stakeholder's decision-making processes under SDL. ***Our first marketing-related recommendation is for pet insurers to base their marketing-based strategies, tactics, and decision-making processes on the SDL perspective of value co-creation.***

TABLE 2
Operand and Operant Resources Help Distinguish the Logic of the Goods- and Service-Centered Views

	Traditional Goods-Centered Dominant Logic	Emerging Service-Centered Dominant Logic
Primary unit of exchange	People exchange for goods. These goods serve primarily as <i>operand resources</i> .	People exchange to acquire the benefits of specialized competences (knowledge and skills), or services. Knowledge and skills are <i>operant resources</i> .
Role of goods	Goods are <i>operand resources</i> and end products. Marketers take matter and change its form, place, time, and possession.	Goods are transmitters of <i>operant resources</i> (embedded knowledge); they are intermediate "products" that are used by other operant resources (customers) as appliances in value-creation processes.
Role of customer	The customer is the recipient of goods. Marketers do things to customers; they segment them, penetrate them, distribute to them, and promote to them. The customer is an <i>operand resource</i> .	The customer is a coproducer of service. Marketing is a process of doing things in interaction with the customer. The customer is primarily an <i>operant resource</i> , only functioning occasionally as an operand resource.
Determination and meaning of value	Value is determined by the producer. It is embedded in the <i>operand resource (goods)</i> and is defined in terms of "exchange-value."	Value is perceived and determined by the consumer on the basis of "value in use." Value results from the beneficial application of <i>operant resources</i> sometimes transmitted through <i>operand resources</i> . Firms can only make value propositions.
Firm–customer interaction	The customer is an <i>operand resource</i> . Customers are acted on to create transactions with resources.	The customer is primarily an <i>operant resource</i> . Customers are active participants in relational exchanges and coproduction.
Source of economic growth	Wealth is obtained from surplus tangible resources and goods. Wealth consists of owning, controlling, and producing <i>operand resources</i> .	Wealth is obtained through the application and exchange of specialized knowledge and skills. It represents the right to the future use of <i>operant resources</i> .

Figure 1: Source is Vargo and Lusch (2004)

Understanding Value Creation/Delivery Versus Value Co-Creation

Perceived value and its role in human decision processes is viewed much differently under the SDL perspective. These differences can be summarized as essentially value creation (or delivery) versus value co-creation. As we previously stated, the existing perspective of pet insurers appears largely consistent with the goods-dominant logic. Alternatively, value co-creation is the perspective most consistent with SDL (Lusch and Vargo 2014¹). These arguments are theoretically challenging, but we attempt to provide an abbreviated summary below. Readers interested in learning more about this topic are encouraged to read Lusch and Vargo (2014) and Gronroos and Voima (2013²) for accessible introductions to these topics.

In short, marketers have traditionally considered value creation to involve a customer's perception of the cognitive ratio of "get/give up". In other words, they buy a product/service, and if they perceive that overall they got more than they paid, then they perceive value in the exchange with the marketer. This value-in-exchange perspective has predominated marketing thought until recently and represents a goods-dominant logic wherein *the marketer creates value* (i.e., creates a product or service) that is then

¹ Lusch, Robert F., and Stephen L. Vargo. *Service-dominant logic: Premises, perspectives, possibilities*. Cambridge University Press, 2014.

² Grönroos, Christian, and Päivi Voima. "Critical service logic: making sense of value creation and co-creation." *Journal of the Academy of Marketing Science* 41.2 (2013): 133-150.

priced for sale (i.e., hereafter termed the traditional view). Thus, in the traditional view customers have to predict the perceived value that will eventually emerge from their marketing exchanges and the value associated with the exchange is entirely dependent on the marketer. *This places an emphasis on value-in-exchange.*

Service logic, on the other hand, suggests the importance of value-in-use over value-in-exchange. Customers independently have a separate and unique perception of perceived value after they “use/consume” the product/service which is called value-in-use. Value-in-use can inform subsequent exchanges (or not). *Thus, SDL places an emphasis on value-in-use. Our second marketing-related recommendation is for pet insurers to base their marketing-based strategies, tactics, and decision-making processes on the concept of perceived value as value-in-use.* Figure 2 presents an overview of this.

Table 1 Value as customer's creation of value-in-use			
	Value creation	Value	Connection to previous contributions
Role	The customer is the value creator/ constructor	Customer's experience of value-in-use	Customer's role in value creation, customer dominance: Grönroos 2008; Grönroos and Ravald 2011; Voima et al. 2010, 2011a, b; Strandvik et al. 2012; Vargo and Lusch 2004, 2008 (value-in-use)
Scope	The user's accumulated experiences (individual and collective/social) with resources, processes (and/or their outcomes) and contexts	Value-in-use accumulating from past, current, and future experiences	Value as socially constructed/ accumulated in life, being temporally fluctuating (past, present, future): Thompson et al. 1989; Grönroos 2011; Heinonen et al. 2010; Voima et al. 2010, 2011a; Helkkula et al. 2012
Locus	Defines the locus of value creation as the customer's physical, mental, or possessive activities, practices, and experiences in multiple individual and collective social contexts	Possession, usage, mental/imagined states	Recognition of invisible, mental, imagined actions/experiences: Heinonen et al. 2010 Helkkula et al. 2012 Voima et al. 2010, 2011a, b Value creation/formation in customer networks and ecosystems: Vargo and Lusch 2008; Epp and Price 2010; Helkkula et al. 2012; Voima et al. 2011a
Nature	A structured but evolving process where firms and customers have specified roles and goals	The degree of becoming better/worse off experienced by the customer (temporally fluctuating)	Customer/provider roles: Grönroos and Ravald 2011; Grönroos 2008, 2011; Strandvik et al. 2012 Temporally fluctuating experiential process: Helkkula and Kelleher 2010; Helkkula et al. 2012; Voima et al. 2010, 2011a; Grönroos and Ravald 2011 Helkkula et al. 2012 Heinonen et al. 2010 Voima et al. 2010, 2011a, b
Implications	Theoretical and managerial implications are possible. The customer creates value and the firm as a service provider facilitates customers' value creation. Direct interactions enable firms to co-create value with their customers.	Theoretical and managerial implications are possible. The customer creates value through past, current, and/or imagined future experiences in a temporally fluctuating individually and socially accumulated process. The firm produces resources and processes that represent potential or expected value-in-use.	

Figure 2: Source is Gronroos and Voima (2013)

The short story is that value creation is seen within service logic in the following new ways:

- The marketer (e.g., Figo or another pet insurer) is seen in this view as the producer of value-in-exchange and ultimately can ONLY develop a value proposition to customers (i.e., the marketer cannot create value). A value proposition is an invitation to a consumer to enter into an exchange with the marketer.
- The customer is the only one who can create value, which is defined as (value-in-use = “better off”);
- Value co-creation occurs only when there is a direct interaction between the marketer and the customer (e.g., customer participation in new service development, or service recovery efforts).

So, in order to embrace the two marketing-related recommendations we have offered so far, our real interest in the research we will conduct herein lies in better understanding whether value-in-exchange or value-in-use underlies perceived value perceptions by potential consumers and insurance agents as potential partners in the delivery of pet insurance. This will inform pet insurance marketers of a baseline by which to assess future success of marketing strategies and tactics.

The last theoretical consideration we want to discuss prior to developing the focus group moderator guide will be how perceived value information informs the customer/stakeholder decision-making process by linking stakeholder consumption goals to behavioral motivations. The basic attitude-driven model of decision-making can be summarized by Figure 3 as described by Perugini and Bagozzi (2001).

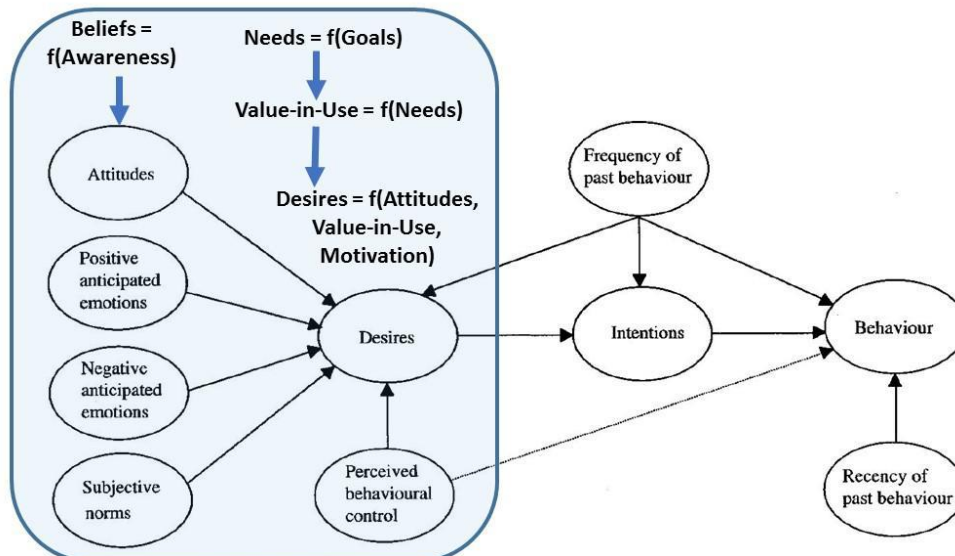


Figure 1. The model of goal-directed behaviour.

Figure 3: Source is Perugini and Bagozzi (2001) – modified herein for the current research

The model in Figure 3 can be summarized as equation [1]:

$$\text{Beliefs} \rightarrow \text{attitudes} \rightarrow \text{desire (motivation)} \rightarrow \text{intentions} \rightarrow \text{behaviors} \quad [1]$$

Figure 3 makes clear that perceived value has a direct effect on the motivation (desires) component of attitude-based models of judgment and decision-making. We suggest that the first research project we

undertake involve exploratory research into better understanding how perceived value perceptions of both consumers and insurance agents are related to stakeholder goals – and subsequent motivations – in stakeholder group’s marketing-related decision-making processes. *Thus, we developed a study with a primary focus on better understanding customer (1) awareness and associated beliefs about the pet insurance product, (2) the associated value (co)creation processes underlying their consumer decision processes, and (3) the identification of goals underlying pet insurance decision-making processes.*

Summary of the Theoretical Underpinnings of Our Research Questions.

Our discussion to this point supports the following basic argument:

1. This research inquiry involves the service product category, therefore, we should consider emerging service-based logic and emerging service theory;
2. A key consideration from the emerging service logic theory is whether value-in-exchange or value-in-use underlies stakeholder perceived value judgments;
3. Perceived value judgments inform the customer decision-making process; and
4. We should therefore conduct our exploratory research to inform three key marketing questions for Figo: (a) Psychographically, which customers should Figo target (a question of segmentation and targeting)?; (b) What criteria should drive Figo’s positioning strategy (a question of how value (co)creation informs the customer decision-making process)?; and (c) How can we leverage Figo’s knowledge into continuous value (co)creation through goal congruence.

Study 1 (Pet Owners) and Study 2 (Agents)

We next present the specific research questions and methods used in two separate focus groups to help answer the identified research questions above. The results of the inquiries are also presented. In this first study we focus on two specific stakeholder groups for Figo: (1) potential consumers of the pet insurance product offerings; and (2) independent insurance agents as potential channel partners with Figo in future distribution of the pet insurance product.

Specific Research Questions

Our three research questions were similar across each of the two focus groups:

1. What is the level of stakeholder awareness of pet insurance as a product category, and as a solution to stakeholders’ needs?
2. How is value perceived psychologically with pet insurance so that we can begin developing appropriate marketing strategies and tactics?
3. Which stakeholder goals should serve as the basis for the development of marketing strategy and tactics by insurers to (co)create perceived value with pet insurance?

Specific Methods

The methods we used to generate our results involved conducting two focus groups – one using a group of pet owners as consumers and the other with independent insurance agents as potential avenues of

distribution. During these focus groups, each participant first answered a set of questions to gauge awareness of pet insurance before discussion took place. Discussion was then based around the value created by pet insurance. The focus groups ended with a goal-mapping exercise. The moderator guides for the two focus groups can be found in Appendices A & B.

Student participants first undertook (required) Institutional Review Board (IRB) Training per university requirements. The IRB training numbers for each of the three student researchers included: (1) Kayla Jenkins – 17479721, (2) Jarvis Sokolowich – 17478000, and (3) Elyse Link -- 17481226. Dr. Taylor’s IRB training number is 11633627. The project approval IRB number is IRB number **2015-0377**.

Goal-Mapping Exercises

Figure 4 presents a description of our goal-mapping exercises that helps explain the specific goals in operation in the model of stakeholder decision-making described in Figure 3 above. The point is that different levels of goals, as well as different goals within levels, can serve as a basis for perceived value with pet insurance. Our hope was to better understand the underlying goal structures associated with pet insurance. Readers interested in more details related to the specifics of laddering techniques of means-end chains as used herein are directed to Reynolds and Olson (2001) and Taylor et al. (2006).

Means-End Chains & Goal Mapping

Type of Goal in Hierarchy	Nature of Goal	Means-End Chain Characteristics	Definition of Means-End Chain Characteristic
Superordinate Goals	“Why do I want to achieve that for which I strive?”	Values	<i>The Desired End</i> – State of Mind that the stakeholder is trying to achieve (e.g., meeting perceived responsibility or demonstrating love to loved pet).
Focal Goals	What is it for which I strive?	Consequences	<i>A Means to an End</i> – Tangible and Intangible benefits from experience with the product (e.g., risk reduction). Related to the nature of the stakeholder.
Subordinate Goals	How can I achieve that for which I strive?	Attributes	<i>A Means to an End</i> – Tangible product features (e.g., policy characteristics). Related to nature of policy as a product.

Figure 4: Source is Taylor et al. (2006³) and Reynolds and Olson (2001⁴)

Study 1

Study 1 involved the first focus group of consumers. An initial challenge associated with Study 1 was finding a list of potential focus group participants to invite for participation. We made several attempts to garner assistance from veterinarians, pet retailers, and special interest groups like the Humane

³ Taylor SD, Bagozzi RP, Gaither CA, Jamerson KA. The bases of goal setting in the self-regulation of hypertension. *Journal of Health Psychology*. 2006 Jan 1;11(1):141-62.

⁴ Reynolds, Thomas J., and Jerry C. Olson, eds. *Understanding consumer decision making: The means-end approach to marketing and advertising strategy*. Psychology Press, 2001.

Society. We also posted flyers in high-traffic areas of pet owners and visited dog-walking parks. Unfortunately, none of these efforts were successful. We eventually used a snowball method of sampling wherein all participants personally identified potential respondents from their own social circles to invite. The criterion for inclusion in the sampling frame for invitation included that participants had to be able to *confidently* answer ‘yes’ to **two of the three** following questions:

1. *Do you have a strong emotional connection with your pet?*
2. *Do you take your pet to the vet on a regular basis (i.e., at least once a year)?*
3. *If your pet got sick or injured, would you be willing to pay \$1,000 dollars or more to make your pet well again?*

The consumer focus group was held on Saturday, December 5th, from 12-2 PM. Participants earned \$50 dollars and a free lunch for their participation. Seven participants ended up showing up and participating in the focus group for Study 1.

Study 2

Study 2 involved a focus group of independent insurance agents. Jim Jones was able to garner assistance from Ms. Kirstin Davis, Communications Assistant, Independent Insurance Agents of Illinois. Ms. Davis was able to identify and make available 12 independent insurance agents to participate in Study 2. The agent focus group was held on Tuesday, January 26th, from 12-2 PM. Participants earned \$50 dollars and a free lunch for their participation.

Results

The results of the two studies are presented and discussed simultaneously since the three major underlying questions across the two focus groups were the same.

Tables 3 & 4 provide the data we collected concerning the research question, “What is the level of stakeholder awareness of pet insurance as a product category, and as a solution to stakeholders’ needs?”

Table 3: Respondents’ Awareness of the Pet Insurance Product Category

Personal Experience With Pet Insurance?	Consumer	Independent Agent
Yes	2	4
No	9	3
Conclusion	Consumers expressed little to no specific consumer knowledge of the product category of pet insurance. Some agents had very limited experience, but as a group they too expressed very limited knowledge pf the product category or policy specifics of the products they offered.	

Table 4: Respondents’ Brand Awareness Recall Within the Pet Insurance Product Category

Respondent Brand Awareness for Pet Insurance Offerings			
Consumers		Agents	
<i>Brands Recalled</i>	<i>Number of Respondents</i>	<i>Brands Recalled</i>	<i>Number of Respondents</i>
ASPCA	2	Pet First	1
PetMed	1	Pet Plan	1
No Known Brand	8	Pekin	2
		Nation Wide	1
		No Known Brand	2
Conclusion	There was very little brand recall for the consumer group. For agents, essentially there was generally only limited brand recall to the specific brands available in their own insurance product mix offerings. These results appear consistent with the conclusion derived above.		

In summary, the data presented in Tables 3 & 4 support the conclusion that neither potential consumers of pet insurance, nor independent insurance agents as a distribution vehicle appear to currently possess any real product category, or brand specific, product knowledge. This can be interpreted as good news as this lack of knowledge is likely associated with none or weakly held attitudes toward the product category or specific brands. If true, then Figo and other insurers have the potential to benefit from essentially a “blank slate” upon which to build their brand image in support of their eventual positioning strategies for both identified stakeholder groups.

Tables 5 & 6 provide the data we collected concerning the research question, “How is value perceived psychologically with pet insurance so that we can begin developing appropriate marketing strategies and tactics?” We previously discussed how the traditional goods-dominant logic tends to focus on value-in-exchange, which stakeholders often calculate. Alternatively, the emerging SDL perspective tends to focus on value-in-use as a basis for perceived value. In this exercise producing data for Table 5, we had the participants first identify and list important things that they “get” and “give up” vis-à-vis pet insurance as a means of better understanding value-in-exchange. In this exercise producing data for Table 6, we had the participants identify and list important things that lead to them being “better off” vis-à-vis pet insurance as a means of better understanding value-in-use.

Table 5: How Stakeholders Derived Perceived Value as Value-in-Exchange (Get/Give Up)

Get Consumers	Get Agents	Give Up Consumers	Give Up Agents
Peace of Mind V	“Rounded Out” A	Money C	Low Commission C
Leverage in DM C	Increased Retention C	Time in Admin C	Time C
Financial Predictability C	Cross-Selling A	Less Choice C	Time Training C
Clarified Options A	Increased Income C	Opportunity Cost C	Segmented Book of Business C
Knowledge C	Referral Opportunity C	Flexibility C	Awareness of Reputation C
Better Coverage C	Establish Loyalty C		Unhappy Customers Leave C
Cheaper C	Personal Satisfaction V		Unclear how long will it be around C
Less Out of Pocket C			
Better Quality of Life V			
Conclusion:	<p><i>Value-in-exchange appears strongly driven by perceived consequences by both stakeholder groups.</i></p> <p>Agents are concerned with getting more policies added to increase their income while also establishing customer loyalty to gain more referrals. To receive these things agents have to give up their time to train and learn about the products that they do not know how long it will be around.</p> <p>Consumers are concerned with getting peace of mind when caring for their pets, but they also want to know how much it would cost and the type of coverage they can qualify for. Consumers give up their money and have less choices concerning some of their policies.</p>		

Note: The letters A, C and V in the table above refer to level of Means-End Chain Characteristics (see Figure 4)

Table 6: How Stakeholders Derived Perceived Value as Value-in-Use (“Better Off”)

“Better Off” Consumers	“Better Off” Agents
Healthier Pet V	Personal Satisfaction V
Peace of Mind V	Happy Clients/More Clients C
Responsibility V	Passion for Product V
Happier/Enriched Life V	Forms Communities V
Better Quality of Life V	
Longevity V	
“I’m better” V	
Financial Management C	
Less Unpredictability C	
Less Conflict C	
Conclusion	<p><i>Value-in-use appears strongly driven by value-related goals by both stakeholder groups.</i></p> <p>When it comes to being better off consumers think their pets will be healthier and have a better quality of life, while as pet owners they will be better able to predict their finances and have less conflict within their families when deciding on whether to care for a sick animal.</p> <p>Agents are more concerned with the personal satisfaction of having happy clients. When they have all the same policy, those clients will form a community.</p>

Note: The letters A, C and V in the table above refer to level of Means-End Chain Characteristics (see Figure 4)

In summary, the data presented in Tables 5 & 6 support the conclusion that both potential consumers of pet insurance and independent insurance agents as a distribution vehicles appear to rely on all three levels of goals as a basis for perceived value. However, consequence-driven goals appear to dominate when perceiving value-in-exchange. Interestingly, both stakeholder groups alternatively appear to rely more on value-based goals when perceiving value-in-use. *These results support the conclusion that multiple goals can lead to multiple perceptions of value as the basis for behavioral motivations with pet insurance.* So, for example, short-term sales objectives might resonate with both stakeholder groups that rely primarily on value-in-exchange perceived value judgments. However, long-term brand relationship-building will likely better benefit from value-in-use marketing positioning foundations. Regardless, we suggest care with assuming that a singular policy sold to everyone at a singular price point may not capture the full potential of the North American pet insurance market. Future research can ascertain the best positioning candidates for such strategies.

The final exercise we conducted aimed at ascertaining the specific goals that underlie stakeholder decision-making processes based upon value perceptions as a means to validate the findings above. The method of goal-mapping we used is based on Taylor et al. (2006⁵). Figures 5 & 6 present the results of our goal-mapping exercises for the consumer and agent respondents respectively.

The results in Figure 5 suggest that consumer goals in this case are first driven by attribute/consequence level goals attributed to financial concerns (i.e., reducing financial risk). We interpret these financial concerns as largely attribute-level goals, strongly tied to specific policy considerations as reflected in

⁵ Taylor SD, Bagozzi RP, Gaither CA, Jamerson KA. The bases of goal setting in the self-regulation of hypertension. *Journal of Health Psychology.* 2006 Jan 1;11(1):141-62.

consumer costs. Interestingly, however, consumers also appear heavily concerned with pet-related consequences that reflect long-term well-being of the pets. We interpret these longer-term, well-being consequences to be more closely related to the consumers' values related to pet responsibility and relationship considerations.

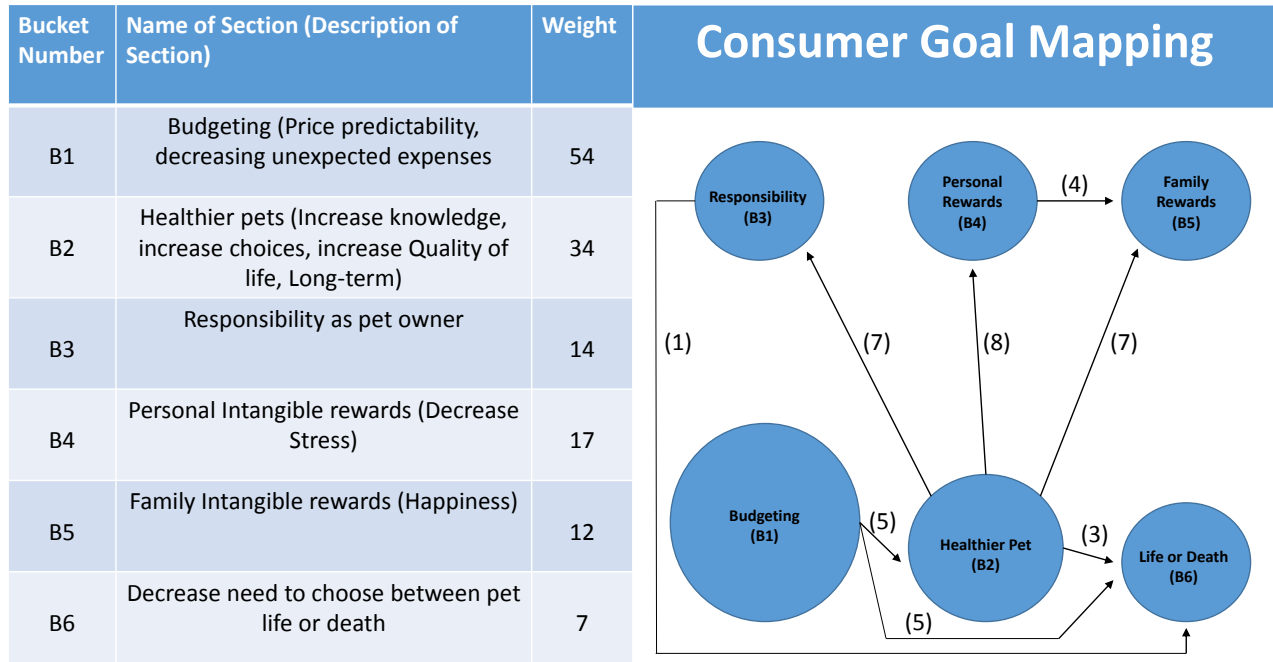


Figure 5: Consumer Goal Maps

The results in Figure 6 suggest that agents' goals in this case are strongly driven by attribute/consequence level goals attributed to customer relationships, strengthening their insurance brand(s), and how these translate into future sales as a primary indicator of "success." We interpret these concerns as largely (professional) consequence-level goals, reflecting the strong sales orientation often emphasized in insurance practices. Thus, appeals to agents as a distribution vehicle should emphasize customer, brand, and agents' consequences.

Taken together, we interpret the results associated with our third research questions as being congruent with our answer to the second research question. Stakeholders appear to possess multiple goals that appear to lead to reliance on both value-in-exchange and value-in-use forms of perceived value.

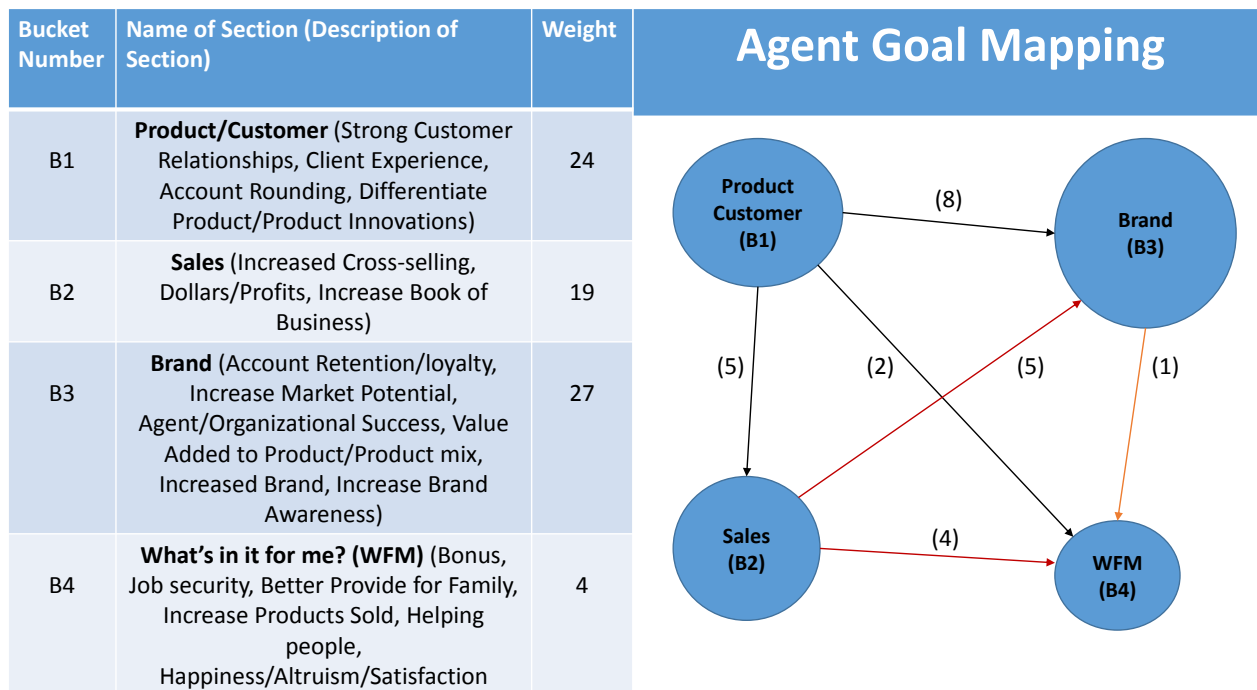


Figure 6: Agent Goal Maps

Summary of Results

Awareness – There is very little stakeholder awareness.

- Consumers expressed little to no specific consumer knowledge of the product category of pet insurance. Some agents had very limited experience, but as a group they too expressed very limited knowledge of the product category or policy specifics of the products they offered.
- There was very little brand recall for the consumer group. For agents, essentially there was generally only limited brand recall to the specific brands available in their own insurance product mix offerings.

Development of Value Perceptions – There is more than one way.

- Both potential consumers of pet insurance and independent insurance agents as a distribution vehicles appear to rely on consequence-driven goals when perceiving value-in-exchange.
- Both stakeholder also appear to rely on value-based goals when perceiving value-in-use.
- This suggests that value appears to be perceived differently for different people. The implication for insurers is that multiple target market segments may exist requiring multiple insurance products.

Foundation for Marketing – Multiple stakeholder goals suggest multiple policy products.

- Stakeholder needs are reflected through their consumption goals. Consumer goals in this case are first driven by attribute/consequence level goals attributed to financial concerns (i.e., reducing financial risk). We interpret these financial concerns as largely attribute-level goals, strongly tied to specific policy considerations as reflected in consumer costs. Interestingly, however, consumers also appear heavily concerned with pet-relate consequences that reflect long-term

well-being of the pets. We interpret these longer-term, well-being consequences to be more closely related to the consumers' values related to pet responsibility and relationship considerations.

- Agents' goals in this case are strongly driven by attribute/consequence level goals attributed to customer relationships, strengthening their insurance brand(s), and how these translate into future sales as a primary indicator of "success." We interpret these concerns as largely (professional) consequence-level goals, reflecting the strong sales orientation often emphasized in insurance practices. Thus, appeals to agents as a distribution vehicle should emphasize customer, brand, and agents' consequences.
- The existence of different (simultaneous?) goals again implies that for insurers consider possible multiple target market segments may existing requiring multiple insurance products. In addition, there are likely multiple market segments for agents as potential distribution vehicles.

Discussion of Study Results

There are a number of direct implications for pet insurers based upon the study reported herein.

- **Implication 1 –*Pet insurers should consider basing their marketing-based strategies, tactics, and decision-making processes on SDL.*** Pet insurers should consider embracing a service dominant logic perspective as described herein for this product category. Relevant sources for introduction to service dominant logic have been presented herein. This suggests that pet insurers will likely have to first undertake their own efforts to better understand evolving marketing perspectives through education and training. The Katie School can assist in such endeavors.
- **Implication 2 –*Pet insurers should consider marketing strategies recognizing multiple levels of consumption-related stakeholder goals, suggesting multiple potential market segments.*** The literature review and European experience suggests that a significant potential pet insurance market exists in the United States. However, multiple market segments implies multiple marketing-based strategies, including positioning strategies and marketing tactics to fully capture this potential. While traditional efforts by insurers have focused on value-in-exchange based insurance products (i.e., delivered policies at a price), we suggest that such strategies run the risk of not capturing the full potential of the North American pet insurance market.
- **Implication 3 –*The pet insurance industry should consider a coordinated, industry-wide integrated marketing communication effort to raise awareness of the product category.*** There is a clear opportunity for pet insurers to create greater awareness within consumer and agent stakeholder groups of the pet insurance product. In addition, low awareness suggests that absence of strongly-held consumer attitudes. This potentially creates an opportunity for insurers to establish strong brands within the pet insurance product category. For example, first mover brands may have a unique opportunity to establish themselves as product category leaders by positioning themselves as the "experts" and "sources of knowledge" within the pet insurance category. Illinois State University offers many marketing classes that can undertake this objective as a class research project.
- **Implication 4 –*The pet insurance industry should consider a coordinated, industry-wide marketing research agenda to help develop a better understanding of the product category.*** There is a clear need for a commensurable, industry-driven research agenda to guide future marketing practices for all parties' benefit. Immediate questions include the identification of existing marketing segments for pet insurance, and the identification of powerful marketing appeals. Insurance-related industry organizations such as the Katie Insurance School may provide a vehicle for such collaboration by insurers interested in embracing this product category.

Appendix A – Study 1 Moderator Guide

When people arrive have them: (1) complete the consent and video release forms; (2) complete the awareness of pet insurance form; and (3) grab a lunch plate and drink.

Introduction (5 minutes) -- Hi, I am Steve Taylor, Professor of Marketing here at ISU. I have been a professor here for the last 23 years. Welcome to ISU and thank you for taking time out of your busy schedules to help us better understand your relationship with your pet and your perceptions of pet insurance. Please remember that there are no “right” or “wrong” answers here. We only seek your candid feedback to help us better understand this product category.

The overall topic we are interested in better understanding involves pet insurance. The truth is that, while popular in Europe, we haven’t had a lot of experience in the United States with this product category. *So, we are going to focus on your perceptions of how pet insurance creates value for pet owners such as yourselves.*

Administrative Items (5 minutes) -- We begin by noting the following administrative items:

- a. We realize the importance of your time. The focus group should take about 90 minutes to complete -- two hours tops!
- b. The restrooms are located at the end of the halls, next to the elevators.
- c. Your \$50 will be awarded at the end of the focus group; also your parking validation.
- d. **Please read and sign the informed consent and video release forms.** You are being videotaped today for the explicit reason of documentation. Your comments today will be confidential and the videos will not be released to third parties. *Only the research team will have access to these videos.* Don’t worry, you won’t show up in YouTube or Twitter!
- e. Any questions before we begin?
- f. If you haven’t grab a plate, please feel free to do so now, and then we can conduct the focus group while we eat as a “working lunch.”

Warm Up and Starter Questions (5 minutes)

- a. Any of you ever participated in a focus group before?
- b. Let’s quickly go around the room and introduce ourselves. Please state your name, the name of your pet and what kind of pet he or she is, and how long you have owned this pet.

Move up Ancillary questions with directions.

Ancillary insurance. (15 minutes) Ok, let’s talk about pet insurance as a potential ancillary insurance product. An ancillary benefit is sometimes offered by employers as a benefit that offsets some of the cost of the insurance. Examples include vision insurance or dental insurance.

- a. Would you want your employer or employers you know to offer this to employees? Why or why not?
- b. Rank order exercise.
- c. Turn in the rank order exercise forms.

Awareness of Pet Insurance (15 minutes)

- a. They have already individually completed the awareness of pet insurance form.
- b. Discuss our responses as a group.

c. Turn in the awareness of pet insurance forms.

Where does the perceived value of pet insurance come from? (45 minutes)

Now, let's try and figure out the value potentially created by purchasing pet insurance (I envision using whiteboards to gather this information from the group and taking about 30 minutes)

a. Exercise 1 -- Value = get/give up (value-in-exchange)

Probes: (i) What are the primary appeals of pet insurance (= numerator)? (ii) What are the primary costs of pet insurance (money, your own psychological well-being, pet health = denominator)?

b. Make a list of numerator and denominators.

Optional Have candidates rank order the identified attributes as important to them personally.

c. Exercise 2 -- Value = "better off" (value-in-use). What does it mean to you if a person is "better off" because they bought pet insurance?

Goal Mapping. (20 minutes) Ok, let's try something else. Goal mapping based on the laddering technique discussed in Taylor et al. (2006⁶)

Optional (If time permits). *How would you do it if you were starting a pet insurance company, how would you go about selling the product?*

a. Who would you target to buy it? (Age, gender, income, urban vs city vs apartment vs home)?

b. Who would you target to sell it? (As an ancillary insurance offering or independent insurance product?)

c. Would the ability to better manage and communicate about your relationship with your pet to others (e.g., friends, family, other pet owners) through the internet (e.g., a cloud platform) be attractive to you? Why or why not?

Final question. (5 minutes)

Now we would just like to ask you a couple of questions about prior pet experiences.

Have you ever spent more than \$1,000 on a veterinarian bill?

Have you ever lost a pet?

If you could rate on the following scale – how do you view your pet?

Possession 1 2 3 Both 5 6 7 Family Member

What did we not talk about that surprises you? Did we miss asking anything obvious? Anything else you want to share?

11. Pay respondents their incentive and validate their parking.

⁶ Taylor, Stephanie D., Richard P. Bagozzi, Caroline A. Gaither, and Kenneth A. Jamerson. "The bases of goal setting in the self-regulation of hypertension." *Journal of Health Psychology* 11, no. 1 (2006): 141-162.

Consent to Participate in a Research Study

“Pet Insurance” FOCUS GROUP

Steven Taylor, Ph.D., Professor of Marketing at Illinois State University, invites you be part of a research project being conducted to help support student research education. The purpose of the study is to gain a better understanding of how pet owners such as yourself perceive pet insurance as a potential employee benefit. The study is funded by ISU’s Katie Insurance School. We are asking you to participate because pet owners are those who will benefit most from the decision by an employer to offer pet insurance as a benefit or not.

Description of your involvement

If you agree to be part of the research study, you will be asked to participate in one focus group session at ISU’s College of Business. We will invite 8-10 people to meet together to discuss their experiences as a pet owner. The discussion topics include will include pet relationships and the value possible through pet insurance. We will also talk about your perceptions of insurance product as a potential benefit of employment. A member of the research team will help guide the discussion. To protect the privacy all information will be confidential. The focus group will last about two hours and we will videotape the discussion to make sure that it is recorded accurately. You must agree to be videotaped to participate in the focus group.

Benefits

While you may not receive a direct benefit from participating in this research, some people find sharing their stories to be a valuable experience. We hope that this study will contribute to business’ ability to provide the best array of employee benefits..

Risks and discomforts

Answering questions or talking with others about your relationship with your pet can be difficult. You may choose not to answer any discussion question and you can stop your participation in the focus group at any time.

While unlikely, there is a chance that another member of the focus group could reveal something about you or your family that they learned in the discussion. All focus group members are asked to respect the privacy of other group members. You may tell others that you were in a focus group and the general topic of the discussion, but actual names and stories of other participants should not be repeated.

Compensation

You will be paid \$50 for participating in the entire focus group session. If you leave before the focus group ends, you will receive a prorated amount depending on how long you stay and participate. You will need to pay for your own travel expenses. Parking will be free.

Confidentiality

We plan to release the results of this study in presentations, but will not include any information that would identify you personally. To keep your information safe, the videotape of the focus group will be placed in a locked file cabinet until a written word-for-word copy of the discussion has been created. The researchers will enter study data on a computer that is password-protected and uses special coding to protect the information. To protect confidentiality, your real name will not be used in the written copy of the discussion. The researchers intend to keep this study data, and the videotapes for future research about 1 year. There may be some reasons why people other than the researchers may need to see information you provided as part of the study. This includes organizations responsible for making sure the research is done safely and properly, including Illinois State University’s research offices or the study sponsor.

Voluntary nature of the study

Participating in this study is completely voluntary. Even if you decide to participate now, you may change your mind and stop at any time. You may choose not to answer a focus group question for any reason.

Contact information

If you have questions about this research, including questions about the scheduling of the focus group or your payment for participating, you can contact Dr. Steven Taylor, Professor of Marketing, at Illinois State University, Normal, IL 61790-5590. Phone: (309) 438-8772; email: staylor@ilstu.edu. If you have any questions about your rights as a research participant, please contact the University Institutional Review Board at (309) 438-2528. Thank you very much!”

Consent

By signing this document, you are agreeing to be in the study. You will be given a copy of this document for your records and one copy will be kept with the study records. Be sure that questions you have about the study have been answered and that you understand what you are being asked to do. You may contact the researcher if you think of a question later.

I agree to participate in the study. As part of my consent, I agree to be videotaped.

Signature Date

Video Release Form

As part of this project, I will be making videotape recordings of you (or your child) during your participation in the research. Please indicate what uses of these videotapes you are willing to permit, by putting your initials next to the uses you agree to, and signing the form at the end. This choice is completely up to you. I will only use the videotapes in ways that you agree to. In any use of the tapes, you (or your child) will not be identified by name.

- 1. _____ The videotapes can be studied by the research team for use in the research project.

- 2. _____ The videotapes can be used for scientific publications.

- 3. _____ The videotapes can NOT be shown at scientific conferences or meetings.

- 4. _____ The videotapes can NOT be shown in classrooms to students.

- 5. _____ The videotapes can NOT be shown in public presentations to non-scientific groups.

- 6. _____ The videotapes can NOT be used on television or the audio portion can be used on radio.

- 7. _____ The videotapes can NOT be posted to a web site.

I have read the above descriptions and give my consent for the use of the videotapes as indicated by my initials above.

Name _____

(Signature)

(Date)

Awareness of Pet Insurance?
Do any of you have any personal experience with pet insurance?
Please circle the appropriate response: Yes No

If yes, please tell us about your experience in one sentence:

How many other people do you know who have experience with pet insurance?

Please circle the appropriate response: 0 1-2 3-5 >5

Do you know any specific brand names of pet insurance? (please list)

Can you identify the major brands of pet insurance? (please list)

If you do, do any brands stand out as particularly good or bad? (please list)

In general, what would you expect pet insurance to cover?

What would generally be major reasons for people to purchase pet insurance?

What would generally be major reasons for people **not** to purchase pet insurance?

How much do you think it should cost? It should cost the same as” Relative to say renters or auto insurance?
More/less? Lots more/less?

Goal Mapping Exercise

Reasons	Why - 1	Why - 2
<i>Reason 1 for buying pet insurance</i>	<i>Why is reason 1 important to you?</i>	<i>Why is Why - 1 important to you?</i>
<i>Reason 2 for buying pet insurance</i>	<i>Why is reason 2 important to you?</i>	<i>Why is Why - 2 important to you?</i>
<i>Reason 3 for buying pet insurance</i>	<i>Why is reason 3 important to you?</i>	<i>Why is Why - 3 important to you?</i>
<i>Reason 4 for buying pet insurance</i>	<i>Why is reason 4 important to you?</i>	<i>Why is Why - 4 important to you?</i>
<i>Reason 5 for buying pet insurance</i>	<i>Why is reason 5 important to you?</i>	<i>Why is Why - 5 important to you?</i>

Potential Ancillary Insurance Products

This exercise involves identifying your views of potential ancillary insurance products that an employer can consider offering as a benefit to its employees. First, please answer whether you think each of the following is a reasonable candidate to be considered as a potential ancillary insurance product by employers. Second, please rank order each of the candidate insurance products you identify.

Please remember that there are no “correct” or “expected” answers to these questions. Please just be candid.

Candidate Insurance Product as an Ancillary Benefit	Desirability Scale (Please circle desirability rating for each candidate insurance product)				Rank Order (1 = the most desirable)
Vision Insurance	Not At All Desirable	Marginally Desirable	Desirable	Strongly Desirable	
Dental Insurance	Not At All Desirable	Marginally Desirable	Desirable	Strongly Desirable	
Pet Insurance	Not At All Desirable	Marginally Desirable	Desirable	Strongly Desirable	
Long-Term Care Insurance	Not At All Desirable	Marginally Desirable	Desirable	Strongly Desirable	
Legal Aid Insurance	Not At All Desirable	Marginally Desirable	Desirable	Strongly Desirable	
Wellness Insurance	Not At All Desirable	Marginally Desirable	Desirable	Strongly Desirable	
Other:	Not At All Desirable	Marginally Desirable	Desirable	Strongly Desirable	

Appendix B – Study 2 Moderator Guide

When people arrive have them: (1) complete the consent and video release forms; (2) complete the awareness of pet insurance form; and (3) grab a lunch plate and drink.

Introduction (5 minutes) -- Hi, I am Steve Taylor, Professor of Marketing here at ISU. I have been a professor here for the last 23 years. Welcome to ISU and thank you for taking time out of your busy schedules to help us better understand your perceptions of pet insurance. Please remember that there are no “right” or “wrong” answers here. We only seek your candid feedback to help us better understand this product category.

The overall topic we are interested in better understanding pet insurance through the eyes of insurance agents. The truth is that, while popular in Europe, we haven’t had a lot of experience in the United States with this product category. *So, we are going to focus on your perceptions of how pet insurance could (or could not) co-create value for insurance agents such as yourselves and your customers.* That is, we are interested in three general questions:

- a. What is the general level of awareness of pet insurance for a typical insurance agent?
- b. How can value be co-created *for insurance agents* by adding pet insurance into their portfolio of insurance product offerings?
- c. How do insurance agents believe that pet insurance can increase the perceived value of the portfolio of insurance products being offered *to customers*?

Administrative Items (5 minutes) -- We begin by noting the following administrative items:

- a. We realize the importance of your time. The focus group should take about 90 minutes to complete -- two hours tops!
- b. The restrooms are located at the end of the halls, next to the elevators.
- c. Your \$50 will be awarded at the end of the focus group; also your parking validation.
- d. **Please read and sign the informed consent and video release forms.** You are being videotaped today for the explicit reason of documentation. Your comments today will be confidential and the videos will not be released to third parties. *Only the research team will have access to these videos.* Don’t worry, you won’t show up in YouTube or Twitter!
- e. Any questions before we begin?
- f. If you haven’t grabbed a plate, please feel free to do so now, and then we can conduct the focus group while we eat as a “working lunch.”

Warm Up and Starter Questions (5 minutes)

- a. Any of you ever participated in a focus group before? By a show of hands, how many of you are pet owners (or have been before)?
- b. Let’s quickly go around the room and introduce ourselves. Please state your first name; the type of insurance products to typically focus on; the type of customer you typically sell to; and how long you have been an insurance agent.

Awareness of Pet Insurance (15 minutes)

- a. They have already individually completed the awareness of pet insurance form.
- b. Discuss our responses as a group.
- c. Turn in the awareness of pet insurance forms.

Where does the perceived value of pet insurance come from for insurance agents?

(30 minutes)

Now, let's try and figure out the value potentially *created for insurance agents* by including pet insurance in their portfolio of products (I envision using whiteboards to gather this information from the group and taking about 30 minutes)

a. Exercise 1 -- Value = get/give up (value-in-exchange)

Probes:

(i) What are the primary pros of offering pet insurance (= numerator)?

(ii) What are the primary cons of pet insurance (= denominator)?

b. Make a list of numerator and denominators.

Optional Have candidates rank order the identified as a group.

c. Exercise 2 -- Value = "better off" (value-in-use). What does it mean to you if an insurance agent is "better off" because they bought pet insurance?

Where does the perceived value of pet insurance come from for customers of insurance agents?

(30 minutes)

Now, let's try to predict the value potentially *created for customers of insurance agents* by including pet insurance in their portfolio of products (I envision using whiteboards to gather this information from the group and taking about 30 minutes)

a. Exercise 1 -- Value = get/give up (value-in-exchange)

Probes:

(i) What are the primary pros of having pet insurance in an insurance portfolio (= numerator)?

(ii) What are the primary cons of having pet insurance in an insurance portfolio (= denominator)?

b. Make a list of numerator and denominators.

Optional Have candidates rank order the identified as a group.

c. Exercise 2 -- Value = "better off" (value-in-use). What does it mean to you if one of your customers is "better off" because they bought pet insurance from you?

Goal Mapping. **(20 minutes)** Ok, let's try something else. Goal mapping based on the laddering technique discussed in Taylor et al. (2006⁷) Do for both the insurance agent and their customers (do twice).

Final question. **(5 minutes)** – Optional (If time permits)

What percentage of typical veterinarian bills are over \$1,000?

If you could rate on the following scale – how does your typical customer view their pet?

Possession 1 2 3 Both 5 6 7 Family Member

⁷ Taylor, Stephanie D., Richard P. Bagozzi, Caroline A. Gaither, and Kenneth A. Jamerson. "The bases of goal setting in the self-regulation of hypertension." *Journal of Health Psychology* 11, no. 1 (2006): 141-162.

What did we not talk about that surprises you? Did we miss asking anything obvious? Anything else you want to share?

11. Pay respondents their incentive and validate their parking.

Optional (If time permits). *How would you do it if you were starting a pet insurance company, how would you go about selling the product?*

- a. Who would you target to buy it? (Age, gender, income, urban vs city vs apartment vs home)?
- b. Who would you target to sell it? (As an ancillary insurance offering or independent insurance product?)
- c. Would the ability to better manage and communicate about your relationship with your pet to others (e.g., friends, family, other pet owners) through the internet (e.g., a cloud platform) be attractive to you? Why or why not?

Consent to Participate in a Research Study “Pet Insurance” FOCUS GROUP

Steven Taylor, Ph.D., Professor of Marketing at Illinois State University, invites you be part of a research project being conducted to help support student research education. The purpose of the study is to gain a better understanding of how pet owners such as yourself perceive pet insurance as a potential employee benefit. The study is funded by ISU’s Katie Insurance School. We are asking you to participate because pet owners are those who will benefit most from the decision by an employer to offer pet insurance as a benefit or not.

Description of your involvement

If you agree to be part of the research study, you will be asked to participate in one focus group session at ISU’s College of Business. We will invite 10-12 insurance agents to meet together to discuss their knowledge and views of pet insurance. The discussion topics will include how value is derived through pet insurance as part of an insurance portfolio. A member of the research team will help guide the discussion. To protect the privacy all information will be confidential. The focus group will last about two hours and we will videotape the discussion to make sure that it is recorded accurately. You must agree to be videotaped to participate in the focus group.

Benefits

While you may not receive a direct benefit from participating in this research, we hope that this study will contribute to business’ ability to provide the best array of employee benefits..

Risks and discomforts

You may choose not to answer any discussion question and you can stop your participation in the focus group at any time.

While unlikely, there is a chance that another member of the focus group could reveal something about you or insurance practice that they learned in the discussion. All focus group members are asked to respect the privacy of other group members. You may tell others that you were in a focus group and the general topic of the discussion, but actual names and stories of other participants should not be repeated.

Compensation

You will be paid \$50 for participating in the entire focus group session. If you leave before the focus group ends, you will receive a prorated amount depending on how long you stay and participate. You will need to pay for your own travel expenses. Parking will be free.

Confidentiality

We plan to release the results of this study in presentations, but will not include any information that would identify you personally. To keep your information safe, the videotape of the focus group will be placed in a locked file cabinet until a written word-for-word copy of the discussion has been created. The researchers will enter study data on a computer that is password-protected and uses special coding to protect the information. To protect confidentiality, your real name will not be used in the written copy of the discussion. The researchers intend to keep this study data, and the videotapes for future research about 1 year. There may be some reasons why people other than the researchers may need to see information you provided as part of the study. This includes organizations responsible for making sure the research is done safely and properly, including Illinois State University’s research offices or the study sponsor.

Voluntary nature of the study

Participating in this study is completely voluntary. Even if you decide to participate now, you may change your mind and stop at any time. You may choose not to answer a focus group question for any reason.

Contact information

If you have questions about this research, including questions about the scheduling of the focus group or your payment for participating, you can contact Dr. Steven Taylor, Professor of Marketing, at Illinois State University, Normal, IL 61790-5590. Phone: (309) 438-8772; email: staylor@ilstu.edu. If you have any questions about your rights as a research participant, please contact the University Institutional Review Board at (309) 438-2528. Thank you very much!”

Consent

By signing this document, you are agreeing to be in the study. You will be given a copy of this document for your records and one copy will be kept with the study records. Be sure that questions you have about the study have been answered and that you understand what you are being asked to do. You may contact the researcher if you think of a question later.

I agree to participate in the study. As part of my consent, I agree to be videotaped.

Signature Date

Video Release Form

As part of this project, I will be making videotape recordings of you (or your child) during your participation in the research. Please indicate what uses of these videotapes you are willing to permit, by putting your initials next to the uses you agree to, and signing the form at the end. This choice is completely up to you. I will only use the videotapes in ways that you agree to. In any use of the tapes, you (or your child) will not be identified by name.

- 1. _____ The videotapes can be studied by the research team for use in the research project.

- 2. _____ The videotapes can be used for scientific publications.

- 3. _____ The videotapes can NOT be shown at scientific conferences or meetings.

- 4. _____ The videotapes can NOT be shown in classrooms to students.

- 5. _____ The videotapes can NOT be shown in public presentations to non-scientific groups.

- 6. _____ The videotapes can NOT be used on television or the audio portion can be used on radio.

- 7. _____ The videotapes can NOT be posted to a web site.

I have read the above descriptions and give my consent for the use of the videotapes as indicated by my initials above.

Name _____

(Signature) (Date)

Insurance Agent Awareness of Pet Insurance?

Do any of you have any personal experience with pet insurance as either an agent or as a customer?

Please circle the appropriate response: Yes No

How many other insurance agents do you know who have any personal experience with pet insurance?
 Please circle the appropriate response: 0 1-2 3-5 >5

Do you know any specific brand names of pet insurance? (please list)

If you do, do any brands stand out as particularly good or bad? (please list)

In general, what would you expect pet insurance to be (please select a box for each row)?

Generally popular <i>with insurance agents</i> such as yourself?	Very Unpopular	Unpopular	Unsure	Popular	Very Popular
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Generally popular <i>with customers</i> such as yours?	Very Unpopular	Unpopular	Unsure	Popular	Very Popular
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Generally profitable?	Very Unpopular	Unpopular	Unsure	Popular	Very Popular
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Generally value enhancing <i>for insurance agents</i> ?	No added value	Not much added value	Unsure	Some added value	Lots of added value
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Generally value enhancing <i>for customers</i> such as yours?	No added value	Not much added value	Unsure	Some added value	Lots of added value
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

What would likely be biggest reasons for insurance agents to add pet insurance to their portfolio of insurance offerings?

What would likely be biggest reasons for insurance agents to NOT add pet insurance to their portfolio of insurance offerings?

How much do you think it should cost? It should cost the same as” Relative to say renters or auto insurance?
More/less? Lots more/lots less?

Goal-Mapping Exercise Form

Reasons	Why - 1	Why - 2
<i>Reason 1 for YOUR providing pet insurance</i>	<i>Why is reason 1 important to you?</i>	<i>Why is Why - 1 important to you?</i>
<i>Reason 2 for YOUR providing pet insurance</i>	<i>Why is reason 2 important to you?</i>	<i>Why is Why - 2 important to you?</i>
<i>Reason 3 for YOUR providing pet insurance</i>	<i>Why is reason 3 important to you?</i>	<i>Why is Why - 3 important to you?</i>
<i>Reason 4 for YOUR providing pet insurance</i>	<i>Why is reason 4 important to you?</i>	<i>Why is Why - 4 important to you?</i>
<i>Reason 5 for YOUR providing pet insurance</i>	<i>Why is reason 5 important to you?</i>	<i>Why is Why - 5 important to you?</i>

Reasons	Why - 1	Why - 2
<i>Reason 1 for YOUR customers purchasing pet insurance</i>	<i>Why is reason 1 important to you?</i>	<i>Why is Why - 1 important to you?</i>
<i>Reason 2 for YOUR customers purchasing pet insurance</i>	<i>Why is reason 2 important to you?</i>	<i>Why is Why - 2 important to you?</i>
<i>Reason 3 for YOUR customers purchasing pet insurance</i>	<i>Why is reason 3 important to you?</i>	<i>Why is Why - 3 important to you?</i>
<i>Reason 4 for YOUR customers purchasing pet insurance</i>	<i>Why is reason 4 important to you?</i>	<i>Why is Why - 4 important to you?</i>
<i>Reason 5 for YOUR customers purchasing pet insurance</i>	<i>Why is reason 5 important to you?</i>	<i>Why is Why - 5 important to you?</i>

Appendices C1-C3: Greater Detail from the Naphia Report

Appendix C1 – Market Conditions

Examining the North American Pet Health Insurance Association (NAPHIA)

The leading source of our research for the pet industry as a whole was the North American Pet Health Insurance Association (NAPHIA) - State of the Industry Report 2015. This contains pertinent information from nearly all of the existing North American pet insurance market providers. It has also laid out much of the information we have about prices, type of pets covered, and type of claims. The more important information is provided below.

The market has grown from 504.1 M to 660.5M between 2012-2014.

There are over 1.4 million pets insured in North America as of the end of 2014. This represents a growth rate of 12.6%

Coverages for dogs dominate the market, with 84% being dogs and the remaining 16%.

Two main types of coverages Accident & Illness / Insurance with Embedded Wellness (Embedded Wellness) insurance and Accident Only insurance. Embedded Wellness insurance makes up a 97% of all coverages while Accident Only is the remaining 3%.

Average age of Insured pets 4.52 years

Average age of newly added pets 2.65 years

Table 1: NAPHIA – Three Main Types of Policies

Accident Only	Accident & Illness	Insurance with Embedded Wellness
Most physical ailments covered such as Foreign body injection, Lacerations, Motor vehicle accidents, Ligament tears, Poisoning, etc. as defined per policy	Accident Only benefits plus illnesses such as cancer, infections, digestive problems, etc.	Comprehensive plan that may include vaccinations, early screening diagnostics, consultations for proper nutrition, dental care, etc.

Figure 1: NAPHIA – Average Premiums 2014



More Information on Market conditions - Price, how many brands exists?

There currently two main types of insurance in America, the first is Accident & illness with embedded wellness. On the opposite end, there is accident only, refer to Question “Types of claims” for more information about a more defined view of types of policies claims. The current price as of 2014 for Embedded Wellness was \$433 annually and for Accident Only was \$154 annually. The most comforting part about these numbers is one they have continued a 12.6% annual growth rate from 2012 to 2014 and that they are very low in comparison to the United Kingdom.

Due to a startlingly low amount of information about the US pet insurance market. Our team used and hope that we can mimic, in some ways, the United Kingdom’s growth and market coverage. Currently the United Kingdom has a 25% market coverage (pet insured over total pets in the UK), compared to our less than 1%. Our current estimated industry value for North America is \$660.5 M (representing the total premium volume of all NAPHIA member). Furthermore, our premiums are much lower than that of the UK, given there are many variables to this, the price for the average Accident Only insurance policy is 600 Euros or 648 USD (current 8% Euro to USD exchange rate). There are reports of rises in veterinary cost and the fact that there are more policies would suggest more money is paid out. (There is a total of 1.4m Euros paid out per day in claims.)

Why would agents want to write (or sell) this policy?

As examined above, with the right push and definition of product this market is wide open for growth. We see a possibility for a company to become the leader information. This is the point of this research venture as a whole, to attempt to questions like this. In our Focus Group #2 (Independent agents) we saw some hypothesized responses turn up. Questions about who will take care of these claims, what do they look like, and most of all fears of little compensation for such an unknown process. Health insurance, reported on participant, is a hard and painful process for filing and receiving claim funds, so how difficult will this be.

If our information and research holds up, people see their pets are people. Not just some dog or cat, but a living family member. Many marketers in the industry have begun to use this information to pull customers into the market. Thus, we feel marketers should know and use this as an advantage. If people,

see them as family then why wouldn't they want to protect their family? In our customer focus groups, people are willing to give up things in order to insure when the time comes they can protect their family member. Thoughts like "Why wouldn't you protect your whole family?" This emotional and family-like attachment seems to be the most effective way to invoke customers to break current barriers that stop them from investing in pet insurance.

With this in mind, we feel this can be a very effective cross-selling tool. Such as an agent trying to get someone to add a boat or another coverage policy. If pet insurance can be paired or added to the policy, then maybe the customer will be more willing to add that boat to the policy that the agent has been talking about for years. Insurance as it stands does not have many areas to grow, so it is our hope that by using this tool we can gain a more emotional and trusting relationship with customers in order to add more policies as the relationship grows.

An Example from the Marketplace

Figure 2: An Example of Figo Pricing Versus Others -- Dog – Black Lab Pet Insurance Quote



Characteristics considered for these quotes:

- 3 Year Old Black Lab (Birthday: 1/1/2012)
- Pure Bred
- Neutered Male
- No Microchip
- No Multi-pet Discount
- No Pre-Existing Conditions
- Residency in U.S. State of Virginia

Appendix C2 – Product Characteristics

Who buys? - Dog and Cat owners

Of the estimated 179 million pets in North America (NAPHIA.org), there is only 1.4 million cats and dogs insured in North America. This represents less than 1% of the total pets insured in America. There are other types of animal covered, such as horse and cattle, especially ones for commercial use. The vast majority of customers are cat and dog owners, little other information reported any other types of animals that came close to the number of cat and dog owners covered. There are policies and companies who do cover other types of pets. These policies are even harder to find and define than the cat and dog market. Focus is on dogs and cats, which appear to be the most covered and provide the best profit. Attempting to go further with other animals go prove risky given that the demand is so low for dogs and cats and these pets make up most of the pet insurance market.

What are the top providers in the United States and the United Kingdom?

United States	United Kingdom
Healthypaws	Petplan
Petplan	
Trupanion	
Embrace Pet Insurance	
Petsbest	
Petfirst	

Source: Consumeradvocate.org

Source: Compareuk.net

Channels - Providers

Currently due to awareness issues, there is no set or formal way that this product is marketed. This has issues because based on previous knowledge and supported data from our focus groups, which are further examined below, agents nor do consumers know what this product looks like. There are successful businesses in the pet insurance market that currently use “peace of mind” and other similar slogans that have been the most receptive in the market. Unfortunately, a defined way of how it is sold has not been formed which has led to current consumers not wanting to buy in, which would suggest fear of the unknown is a concerning factor and barrier for new consumer entry and agents desires to sell the product.

Appendix C3 – Typical Product Characteristics

Are there limit liabilities and if so what are they?

To begin, a limit liability is “The most that an insurer is obligated to pay to an insured party during a specified period.” Limit liabilities were not discussed as formally in the NAPHIA report, attempts were made to find a relevant North American source on the subject and none could be found. Searches led to many sources for the United Kingdom, the most relevant is from the “Telegraph,” Below is an outline of the four main types of coverages with discussion of limit liabilities per coverages. These coverages are more exact than the ones provided in table 1: NAPHIA – Types of Coverages. These example seem to mimic current US coverages and gives a ruff understanding of how limit liabilities work per policy.

Table 2: Four main type of coverages in the United Kingdom

Type of Coverage	Limit Liability Per Coverage	Type of Coverage Defined
“Accident only”: Very Basic Coverage	Yes, fixed sum of money per injury to pay for treatment (ex. \$1,000 per injury)	Some policies have a time limit for the treatment If pet needs veterinary treatment after an accident, but not the have an illness.
“Per condition with a time limit”: Basic Coverage	Yes, Often imposes a maximum payout, if treatment reaches the maximum amount, the customer pays the overage (ex. Coverage up to \$4,000 for up to a year)	One of the cheapest coverages It will pay for vet fees for accidents and illnesses, but only for a maximum of 12 months after the insured pet has been diagnosed
“Per condition, no time limit”: Mid-Level Coverage	Yes, maximum payout set per policy and per condition (ex. \$5,000 per condition for as long as the pet has the current condition)	Do not impose a time limit for how long the treatment lasts Coverage last as long as you renew every 12 months Re-occurring Illinois or injury will not be covered by this type of policy
“Lifetime”: High-Level Coverage	Yes, High limit liability set per year. (ex. Maximum payout of \$10,000 per year so long as the policy is renewed)	Most expensive You still have to renew the policy each year and some insurers can refuse to renew the coverage Most comprehensive policy, will sometimes cover extras like dental fees

These policies mimic current US coverages, although limit liabilities will be different for any dog and policy the information is considered relevant and mimics the popular policies outlined in table 1 form the NAPHIA report. There will be a difference, especially in prices. The current UK market policies are most larger (as much as 200% or higher) than US policies. With this, their market is much larger and stable, so we see policies in the US beginning to form into these categories. Underwriting, exchange rates, and breeds of dogs will cause differences.

Is there liability coverage?

No, this was a common question and there is no company that our team has come across that covers liability. Liability would mean, if a pet owner's pet bit another, would the insurance cover it? The answer is a resounding no; this does not seem like something that will ever change based the "nature of the beast"

Does the breed of dog effect your insurance, are all breeds covered?

Most breeds are generally covered. There are very specific instructions on hip dysplasia, hereditary, pre-existing, and such conditions per policy. Other than very specific conditions, and other set terms outlined per coverage per company, all breeds are normally insured but there might be an increase based on the breed of pets. Each breed is different and as a result have different probabilities of diseases that may occur. As a result, there are increases in prices based on breed. Take the following as an example. All pets in these examples were Neutered or spayed, had no microchip, no pre-existing conditions, and no multi-pet discount.

Type of Animal	Pure or Mixed Breed	Breed	Size of Animal	Average Quoted Price
Dog	Pure	Black Labrador	Large	41.42 USD
Dog	Mixed	Rottweiler	Medium - Large	39.11 USD
Dog	Pure	Chihuahua	Small	29.53 USD
Cat	Mixed	Tabby	Small	25.30 USD

As one can see from the table above, there are two significant considerations that are brought into consideration. One is that the size of the pet indicated a higher [price for the coverage. The size of the pet is closely related to the breed of the pet. For this reason, it might seem that it is merely the breed of the pet that causes the price of insurance to rise per breed. This is partly true but also reveals a trend that larger dogs have more injuries and issues than the smaller dogs. Such examples are that larger dogs tend to have a much larger chance of getting hip dysplasia versus smaller dogs.

The following is the information used to compile the table above, the source is listed below the following table.

- Dog – Black Lab Pet Insurance Quote
- Characteristics considered for these quotes:
 - 3 Year Old Black Lab (Birthday: 1/1/2012)
 - Pure Bred
 - Neutered Male
 - No Microchip
 - No Multi-pet Discount
 - No Pre-Existing Conditions
 - Residency in U.S. State of Virginia

Quote is from March 9, 2015


Company	Review	Visit Website	Deductible	Limit Amount	Limit Term	Customer Service Reputation	Monthly Price
 24PetWatch PET PROTECTION SERVICES	Read Review	Visit Website	\$250	\$3,000	Annual	Good	\$30.80
 ASPCA Pet Health Insurance	Read Review	Visit Website	\$250	\$5,000	Per Incident	Good	\$40.42
 EMBRACE PET INSURANCE	Read Review	Visit Website	\$200	\$10,000	Annual	Excellent	\$49.01
 healthypaws PET INSURANCE & FOUNDATION	Read Review	Visit Website	\$250	Unlimited	Lifetime	Excellent	\$46.50
 Nationwide	Read Review	Visit Website	\$250	\$14,000	Annual	Poor	\$29.99
 Petplan pet insurance	Read Review	Visit Website	\$200	\$10,000	Unlimited Lifetime	Excellent	\$40.07
 PetsBest PET HEALTH INSURANCE	Read Review	Visit Website	\$200	Unlimited	Lifetime	Good	\$34.61
 trupanion Medical Insurance for your pet.	Read Review	Visit Website	\$200	Unlimited	Lifetime	Good	\$59.97

Dog – Rottweiler Mixed Breed Pet Insurance Quote

Characteristics considered for these quotes:

- 5 Year Old Rottweiler (Birthday: 1/1/2010)
- Mixed Breed
- Spayed Female
- No Microchip
- No Multi-pet Discount
- No Pre-Existing Conditions
- Residency in U.S. State of Indiana

Quote is from March 9, 2015

Company	Review	Visit Website	Deductible	Limit Amount	Limit Term	Customer Service Reputation	Monthly Price
 24PetWatch PET PROTECTION SERVICES	Read Review	Visit Website	\$100	\$3,000 Per Incident	\$3,000 Per Accident Incident; \$36,000 Lifetime for Illness (\$3K per illness category)	Good	\$34.04
 ASPCA Pet Health Insurance	Read Review	Visit Website	\$100	\$3,000 Per Incident	\$3,000 Per Accident Incident; \$36,000 Lifetime for Illness (\$3K per illness category)	Good	\$38.68
 EMBRACE PET INSURANCE	Read Review	Visit Website	\$200	\$5,000	Annual	Excellent	\$42.51
 healthypaws [®] PET INSURANCE & FOUNDATION	Read Review	Visit Website	\$250	Unlimited	Lifetime	Excellent	\$38.20
 Nationwide [®]	Read Review	Visit Website	\$250	\$14,000	Annual	Poor	\$29.42
 Petplan [®] pet insurance	Read Review	Visit Website	\$200	\$10,000 Annually	Unlimited Lifetime	Excellent	\$38.82
 PetsBest [™] PET HEALTH INSURANCE	Read Review	Visit Website	\$250	\$5,000 Annually	\$100,000 Lifetime	Good	\$37.17
 tropanion [™] Medical Insurance for your pet.	Read Review	Visit Website	\$200	Unlimited	Lifetime	Good	\$54.01



Dog – Chihuahua Pet Insurance Quote

Characteristics considered for these quotes:

6 Month Old Chihuahua, Short Coat (Birthday: 10/1/2014)

- Pure Breed
- Neutered Male
- No Microchip
- No Multi-pet Discount
- No Pre-Existing Conditions
- Residency in U.S. State of California
- Quote is from March 9, 2015

Company	Review	Visit Website	Deductible	Limit Amount	Limit Term	Customer Service Reputation	Monthly Price
 24PetWatch PET PROTECTION SERVICES	Read Review	Visit Website	\$100	\$3,000 Per Incident	\$3,000 Per Accident Incident; \$36,000 Lifetime for Illness (\$3K per illness category)	Good	\$26.08
 ASPCA Pet Health Insurance	Read Review	Visit Website	\$100	\$3,000 Per Incident	\$3,000 Per Accident Incident; \$36,000 Lifetime for Illness (\$3K per illness category)	Good	\$31.76
 EMBRACE PET INSURANCE	Read Review	Visit Website	\$200	\$5,000	Annual	Excellent	\$34.48
 healthypaws PET INSURANCE & FOUNDATION	Read Review	Visit Website	\$250	Unlimited	Lifetime	Excellent	\$32.52
 Nationwide	Read Review	Visit Website	\$250	\$14,000	Annual	Poor	\$29.29
 Petplan pet insurance	Read Review	Visit Website	\$200	\$10,000 Annually	Unlimited Lifetime	Excellent	\$26.60



Company	Review	Visit Website	Deductible	Limit Amount	Limit Term	Customer Service Reputation	Monthly Price
 Pets Best PET HEALTH INSURANCE	Read Review	Visit Website	\$200	\$5,000 Annually	\$100,000 Lifetime	Good	\$21.69
 trupanion Medical Insurance for your pet.	Read Review	Visit Website	\$200	Unlimited	Lifetime	Good	\$33.81

Cat – Tabby Pet Insurance Quote

Characteristics considered for these quotes:

- 4 Year Old Tabby Cat (Birthday: 1/1/2011)
- Mixed Breed
- Spayed Female
- No Microchip
- No Multi-pet Discount
- No Pre-Existing Conditions
- Residency in U.S. State of Illinois

Quote is from March 9, 2015

Company	Review	Visit Website	Deductible	Limit Amount	Limit Term	Customer Service Reputation	Monthly Price
 24PetWatch PET PROTECTION SERVICES	Read Review	Visit Website	\$100	\$3,000 Per Incident	\$3,000 Per Accident Incident; \$36,000 Lifetime for Illness (\$3K per illness category)	Good	\$20.80
 ASPCA Pet Health Insurance	Read Review	Visit Website	\$100	\$3,000 Per Incident	\$3,000 Per Accident Incident; \$36,000 Lifetime for Illness (\$3K per illness category)	Good	\$26.90

Company	Review	Visit Website	Deductible	Limit Amount	Limit Term	Customer Service Reputation	Monthly Price
	Read Review	Visit Website	\$200	\$5,000	Annual	Excellent	\$25.01
	Read Review	Visit Website	\$250	Unlimited	Lifetime	Excellent	\$24.93
	Read Review	Visit Website	\$250	\$14,000	Annual	Poor	\$20.52
	Read Review	Visit Website	\$200	\$10,000 Annually	Unlimited Lifetime	Excellent	\$15.82
	Read Review	Visit Website	\$250	\$5,000 Annually	\$100,000 Lifetime	Good	\$14.26
	Read Review	Visit Website	\$200	Unlimited	Lifetime	Good	\$29.16



Source: <http://www.caninejournal.com/pet-insurance-quotes/>

What is usually covered under pet insurance?

As with the current market of pet insurance, each policy and company has various protection plans. Generally, there are issues with covering pets over a certain age along with certain types of illnesses. The following are generally covered by most insurance companies:

- Accident & Illnesses
- Genetic & Breed-specific conditions
- Wellness & Routine Care (optional coverage)
- Cancer treatments
- Chronic Conditions
- Alternative Therapies & Rehab
- Diagnostic testing and imaging (e.g. X-ray, ultra sound, MRI)
- ER & specialist care
- Medication (optional coverage)
- Dental Care (optional coverage)
- Vet Exam Fees (some companies do not cover this)

Source: <http://www.getpetinsurancetoday.com/what-pet-insurance-covers.aspx>

Do insurers have a preferred provider (preferred Veterinarian) that covered pets must use?

No, generally there are no limits to which vet one takes their pet to. Although, discounts might be provided as an incentive to taking your pet to a preferred vet professional.

How Much Does Pet Insurance Cost?

There are many factors that go into underwriting for any insurance that is used by an individual or company. Most common for pet insurance is:

Type of Pet - Dogs generally cost the most, and runs at an average of 153.24 USD annually (Accident only). While cats cost an average of 126.03 USD annually (Accident only).

Where one lives - “Pet Insurance cost is directly correlated to the cost of living index” – Petinsurancequotes.com. The cost of living index is a “the most reliable source for city-to-city comparisons of key consumer costs available anywhere.” – www.COLI.org. With this insurance companies compare these to the cost of covering claims in the event they happen, this helps the companies offer the most accurate price. High living cost tend to provide a higher price for covering your pet. To the span of the effect of cost the Cost of living Index, and other state-by-state factors have on the price, take this example below.

Table – Average Cost of Insuring Pet Based on State

Location	Dogs	Cats
Alabama	\$25/mo.	\$17/mo.
Alaska	\$33/mo.	\$25/mo.
Arizona	\$27/mo.	\$18/mo.
Arkansas	\$24/mo.	\$17/mo.
California	\$36/mo.	\$28/mo.
Colorado	\$31/mo.	\$26/mo.
Connecticut	\$32/mo.	\$24/mo.
D.C.	\$33/mo.	\$25/mo.
Delaware	\$32/mo.	\$25/mo.
Florida	\$28/mo.	\$26/mo.
Georgia	\$29/mo.	\$24/mo.
Hawaii	\$35/mo.	\$24/mo.
Idaho	\$27/mo.	\$17/mo.
Illinois	\$32/mo.	\$26/mo.

Indiana	\$25/mo.	\$18/mo.
Iowa	\$25/mo.	\$19/mo.
Kansas	\$23/mo.	\$16/mo.
Kentucky	\$26/mo.	\$17/mo.
Louisiana	\$27/mo.	\$19/mo.
Maine	\$30/mo.	\$24/mo.
Maryland	\$31/mo.	\$26/mo.
Massachusetts	\$34/mo.	\$28/mo.
Michigan	\$32/mo.	\$26/mo.
Minnesota	\$29/mo.	\$23/mo.
Mississippi	\$24/mo.	\$17/mo.
Missouri	\$28/mo.	\$22/mo.
Montana	\$25/mo.	\$18/mo.
Nebraska	\$24/mo.	\$17/mo.
Nevada	\$27/mo.	\$21/mo.
New Hampshire	\$30/mo.	\$22/mo.
New Jersey	\$32/mo.	\$22/mo.
New Mexico	\$24/mo.	\$18/mo.
New York	\$38/mo.	\$28/mo.
North Carolina	\$29/mo.	\$22/mo.
North Dakota	\$26/mo.	\$21/mo.
Ohio	\$29/mo.	\$22/mo.
Oklahoma	\$26/mo.	\$21/mo.
Oregon	\$29/mo.	\$22/mo.
Pennsylvania	\$32/mo.	\$24/mo.
Rhode Island	\$34/mo.	\$26/mo.
South Carolina	\$25/mo.	\$19/mo.

South Dakota	\$28/mo.	\$23/mo.
Tennessee	\$27/mo.	\$20/mo.
Texas	\$32/mo.	\$24/mo.
Utah	\$25/mo.	\$19/mo.
Vermont	\$30/mo.	\$23/mo.
Virginia	\$29/mo.	\$22/mo.
Washington	\$31/mo.	\$23/mo.
West Virginia	\$24/mo.	\$18/mo.
Wisconsin	\$28/mo.	\$22/mo.
Wyoming	\$26/mo.	\$18/mo.

Age - Generally, after a certain age, pets will not be covered but insurance companies. This number can begin as early as 8 to 9 years. But generally the limit is 12 to 14 years. Some companies offer lifetime insurance, as long as you are enrolled before a specific cutoff date and meet other requirements. Per policy, the insurance company may have a right to deny more illnesses that are more likely to happen at this age. This will be based on a per company basis. In conclusion, age does play a large part in cost, as pets approach 8 years of age.

Type of coverage – As listed in Table 1 – Three main Types of Insurance, the type of your insurance also decides the price. As you add benefits and increase coverage, naturally you will increase the price of the coverage.

Deductible and Reimbursement Rates – If you choose a higher deductible and you will pay less for insurance. Deductibles range from 1000 USD to 1000 USD.

Discounts – Every insurance company offers discounts that can be taken advantage of. One of the most popular is multi-pet discounts for pet owners with two or more pets. There are also discounts for preferred veterinary professionals, military personnel, and micro-chipped pets.

Source: <https://www.petinsurancequotes.com/petinsurance/cost.html>

What are the most typical surgeries paid out by insurers?

Top 10 Canine Conditions	Average Vet Cost	Top 10 Feline Conditions	Average Vet Cost
Benign Skin Mass	\$552	Tooth Extraction	\$529
Tooth Extraction	\$527	Skin abscess, inflammation, or pressure Ulcer	\$270
Skin Abscess, Inflammation, or Pressure Ulcer	\$226	Benign Skin Mass	\$526
Cruciate (ACL) Rupture	\$3118	Cancer of the Small Intestine	\$1653
Malignant Skin Mass	\$1915	Cancer of the Liver	\$1197

Cancer of the Spine	\$2404	Malignant Skin Mass	\$1656
Cancer of the Eyelid	\$531	Bladder Stone	\$1631
Bladder Stones	\$1589	Cancer of the Spleen	\$1750
Corneal Ulcer	\$802	Cancer of the Nasal Cavity	\$2862

Source: Petinsurance.com

Do rates change if claims are made?

No, for most pet insurance companies your rates do not go up based on the number of plans. But rates may increase due to other factors, like increases in veterinary cost, technology, and other medical costs will increase your rate naturally each year. This is generally set in the policy outline and should be expected to occur yearly. Other factors would be changes in the state you live in, because of the relationship of the cost of living index for states and the cost of pet insurance. Thus, changes in the individual states can also add an increase to the coverage costs.

Sources: <https://www.petinsurance.com/faq>

<http://www.healthypawspetinsurance.com/Frequent-Questions>

Other interesting questions:

- How is pet insurance sold in the U.K.? and Sweden? What is their distribution model?
- To what extent do vets help sell this product?
- Do any have Preferred Providers? (Meaning you have to take your pet to specific vets)
- Is there any “life insurance” products for pets? If so, how does that work and what about moral hazard?
- Why would agents want to write this policy?
- What is overall awareness of insurance product in the U.S.?
- Some more technical questions include:
- What is retention on pet insurance product? Do they renew?
- What are typical costs for surgeries (in other words what is severity of claims? This helps to establish the need.
- What is typical limit of liability for a policy? 10K? 15K?
- Are any breeds regularly excluded?
- Do rates change if claims are made (like an auto policy) or are they fairly static following health care inflation (like a health policy)