



PIFC

PERSONAL INSURANCE FEDERATION
OF CALIFORNIA



April 5, 2021

The Honorable Sydney Kamlager
Member, California State Senate
State Capitol, Room 4062
Sacramento, CA 95814

RE: AB 553 (Kamlager) – Oppose

Dear Senator Kamlager:

We the undersigned write to respectfully oppose your Assembly Bill 553 which would mandate that all pet health insurance products offered in California include coverage for sterilization procedures and related costs.

While we support your commitment to helping reduce the number of animals in California’s animal shelters and to meet the Governor’s goal of becoming a “no-kill” state, AB 553 targets the wrong population of pet owners, as we are unaware of any evidence that suggests insured pets are a driver of the state’s pet overpopulation problem. Additionally, we are concerned that the bill will increase premiums for pet insurance, and unfairly shift the cost of sterilization to pet owners who do not want or need such coverage.

Although the market for insurance has experienced steady growth, the number of pets currently covered by pet insurance remains low. As of last year, only 3% of dogs and 1.4% of cats in the United States have pet health insurance. Given this low number, it is inconceivable that insured pets are significantly contributing to this problem. Additionally – while most pet insurance companies do not routinely collect data on the sterilization status of pets at the time of enrollment – the data that is available shows that 87% of pets who enroll at age 1 are already spay/neutered. That number jumps to 93.5% for pets who enroll in a plan at 2 years or older. This data further demonstrates that insured pets

are not a driver of the state's pet overpopulation program as the vast majority of pet owners who purchase pet insurance have already sterilized their pet.

More importantly, as part of insurers effort to provide pet owners with a wide variety of coverage options, at prices they can afford, our member companies already offer numerous plans that include wellness benefits such as sterilization coverage. In fact, it is estimated that more than 80% of plans and brands currently cover sterilization procedures. In short, consumers who wish to purchase such coverage already have the ability to do so.

One of the fundamental tenets of insurance is that insurance policies provide coverage against losses that cannot be anticipated, like a catastrophic surgery. By mandating coverage for what should be a routine and expected expense associated with pet ownership, AB 553 will likely create an 'adverse selection' scenario, whereby some pet owners enroll for coverage solely to cover the cost of a sterilization procedure and then cancel their coverage once the procedure has been completed. By mandating that all plans in California cover sterilization procedures and associated expenses - regardless of whether a pet owner wants or needs the coverage - AB 553 will drive up the cost of pet insurance for both new and existing policyholders, thereby making coverage less accessible to pet owners.

To summarize, while we are supportive of efforts to reduce the population of pets in California shelters, and of the Governor's goal of becoming a "no-kill" state, the solution proposed in AB 553 targets the wrong population of pet owners; reduces consumer choice; and will increase premiums for all policyholders, regardless of whether they want or need the coverage.

For these reasons, we must respectfully oppose Assembly Bill 553.

Sincerely,



Deanna LaTour-Jarquin
Personal Insurance Federation of California



Denneile Ritter
American Property and Casualty Insurance Association



Christian John Rataj, Esq.
National Association of Mutual Insurance Companies