

Is pet insurance worth it? Yes, says Steven Mendel, CEO Bought By Many

Pet insurance is the fastest growing insurance sector. Maddyness interviewed Steven from insurtech Bought By Many about the recent boom in pet purchasing, taking care of cats, dogs and their owners during the pandemic – and becoming the first UK insurer to cover pets' pre-existing conditions and offer full online claims.

Bought By Many claims to fix the things people hate about insurance; it launched its unique pet insurance programme in 2017 based on over 40,000 comments from cat and dog owners, and now covers hundreds of thousands of pets across the UK and Sweden.

Maddyness had some questions for CEO Steven Mendel about the company's trajectory pre and post COVID-19.

[Maddyness] Briefly tell me about your

background, the genesis of Bought By Many, and what it does in your own words.

[Steven] I am a qualified actuary, so I've been involved in the insurance industry for much of my career. I've worked at a number of financial institutions, including time with AON Consulting and McKinsey as well as Christie's and Barclays Wealth.

I co-founded Bought By Many with Guy Farley (CTO) in 2012. Our goal was to fix an industry that was failing to create insurance products and customer service that met the needs of real people.

In 2017, we launched into pet insurance after speaking to thousands of pet owners to identify the problems with existing pet insurance policies, and the building policies that fixed those issues. Because we started from scratch we could offer policies with much higher levels of cover and unique features that are more inclusive of the whole market.

For example, we were the first to offer cover for pets with pre-existing conditions, helping thousands of pets who were previously turned away from insurance.

We take care of everything, from providing 24/7 free video calls with vets to giving owners peace of mind that treatment will be covered if their pet becomes unwell.

Fast forward to 2020 and we've hit a number of milestones. We successfully launched into Sweden and now cover 300,000 pets in the UK and Sweden. We also closed a Series C funding round at the end of April 2020 and raised almost £80M from our investors to support further international expansion in 2021. We get amazing feedback from our customers so Feefo awarded us their Platinum Trusted Service Award and we are really proud to have won this year's Best Pet Insurance Provider of 2020 at the Insurance Choice Awards.

Pet insurance is the fastest growing insurance sector, so we see a huge opportunity to set new standards, take market share and be a guiding light for the industry.

A lot of people say pet insurance isn't worth it. What issues with the traditional pet insurance industry make this the case? And how is Bought By Many worth it?

We believe that pet insurance is a part of responsible pet ownership. Vet treatment can be expensive and owners might not have the thousands of pounds ready at the drop of a hat to give their pet the care it needs.

The most common claim for cats and dogs in 2020 was for gait abnormality, which can cost around £457, and just this year, the most expensive claim we received for a dog was for £8,377. Owners who had decided to save for vet treatment instead of buying insurance might not have had time to save for such a large bill or have enough to cover any follow-up treatment. Ultimately, pet insurance give owners peace of mind.

Whether it's because they're focused on driving shareholder value or restricted by legacy systems, we don't believe incumbents are effectively serving this market.

Traditional insurers often use a 'computer says no' approach to their products and claims, and fail to listen to the nuances and needs of pet owners and their pets. Their customers become frustrated by large price increases at renewal, policies that are confusing and terms & conditions that mean they can't claim for the things they think they should be covered for.

Looking at pre-existing conditions, in particular, helps illustrate this issue. Most

insurers will not cover a pet's pre-existing condition (or anything related to it) – even if the condition occurred years ago. This means thousands of owners can never claim for that condition if it occurred before they had a pet insurance policy or switched to another provider.

We were the first UK insurer to launch a pre-existing conditions policy to help cover owners with a pet that has had a recent condition, provided this has not had treatment in the three months before the policy starts.

And we don't think of it as a long-term label – if your pet gets an all clear and hasn't had treatment for that condition for 24 months we no longer class it as pre-existing and we'll cover it.

How have you integrated technology to make your business stand out?

As an insurtech, we built our systems from scratch, which allows us to stay agile, respond to customer needs in real time, as well as allow us to scale-up as we continue to grow.

We make sure customers have the same user experience that they would expect from the other digital services, outside insurance. Customers look at the ease with which they bank, shop and access media – and ask why other areas of their lives, such as insurance, remain so difficult.

We were the first UK pet insurer to offer full online claims – where traditionally, customers would have to print a form, take it to a vet and post it back to an insurer. With Bought By Many they just have to answer a couple of questions about a claim online and then we do all the work for them.

The majority of our systems are cloud-based and we use an API ecosystem so we can connect with partner services easily. This has allowed us to partner with other like-minded businesses within the pet-ecosystem and incorporate refreshing services like free video vet calls through FirstVet, an app that connects pet owners with registered vets so they can call a vet from the comfort of their own home., again something that we pioneered in the UK.

Did you have to pivot at any point pre-COVID?

No – we established Bought By Many with the aim of providing insurance cover that people actually love. This meant being online first, and delivering an

exceptional user experience. As a result, we have prioritised the development of a state-of-the art technology stack. We continue to invest heavily in this area, and it's one where we stand streets ahead of our competitors.

When the pandemic struck, this became even more of a differentiator for us.

Many of the more traditional providers were weighed down with legacy systems, which could not adapt to a remote working set-up or were busy focusing on their many other lines of insurance.

We have dozens of call handlers who moved to working from home overnight and we continued to provide the same quality service throughout.

How has COVID affected business for you? Have you been insuring lots of lockdown puppies; are we really seeing an increase in pet ownership?

The insurance industry tends to demonstrate resilience during financial downturns, as people want to protect themselves from unexpected financial shocks.

However, we decided very early on that we had a responsibility to protect pet parents' whose financial circumstances had been negatively affected. The last thing we wanted was for these people to end up uninsured and saddled with a large vet bill down the line.

We were able to develop and launch a new Essential product in just eight days. This provided existing customers the opportunity to take out core cover at a significantly reduced premium as well as provide access to services such as free access to FirstVet.

In fact, we saw the opposite occur. Many customers actually upgraded their cover.

We also updated policies so that owners would not invalidate their cover if they were unable to attend regular vet appointments due to lockdown restrictions – we did this almost immediately when it became clear that vet practices would have to close in lockdown.

During lockdown demand for new puppies and kittens outstripped supply in a way we have never seen before, which caused the average price of dogs to increase as owners committed to paying ever higher prices for their new companion.

We saw prices for dogs rise 45% over the year to an average of £1,059 and 24% for cats to an average of £143. In parallel we experienced a 194% increase between March and June in new policies taken out, driven by the boom in pet ownership. It's very encouraging to see owners are thinking about their new pet's long-term health and are taking out insurance cover.

And finally, a more personal question.
What's your daily routine at the moment – and what are the rules you're living by to get you through COVID-19?

Instead of my train commute, my day starts with a 20km cycle, which sets me up nicely for a day at my home desk.

Of course, my meetings are now all virtual and I do miss the buzz and vibe of our offices. However we try hard to keep our ever increasing crew engaged with each other, with the business and with our customers.

We have an all hands meeting three times a week, and we run many virtual events such as yoga and a book club. (To give you some sense of how our bigger events play out online, our summer party saw my wife and I teaching everyone how to make a British Bulldog cocktail, from our kitchen while dressed up in black tie (me) and a cocktail dress and hat (her).)

We have tried to surprise and delight our team throughout the lockdown period and are planning on doing the same at our virtual Christmas Party – our parties are legendary and we have worked hard to make this a worthy substitute.

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