

LexElite® Pet Insurance Enhancement

Lexington Insurance has developed an innovative new coverage enhancement to its LexElite suite of personal lines products designed to provide reimbursement for covered veterinary expenses for dogs and cats arising from a loss from named perils, including vehicular accidents.

Please join us as we listen to Jonathan Fajen, Assistant Underwriting Manager for Lexington's Personal Lines discuss the details of this new coverage enhancement.

Jon, what was the impetus for this new coverage enhancement?

In general we are always thinking about how to respond to our customer's needs with innovative product solutions. Specifically with regard to pet care, we have seen significant trends in U.S. pet ownership over the past decade. As an example, according to the 2011-2012 American Pet Products Association's (APPA) National Pet Owners Survey (APPA Survey), 62% of U.S. households (72.9 million homes) own a pet. In 1998 56% of U.S. households owned a pet. Pet spending for 2011 was estimated to be \$50.8 billion, a 5% increase over the previous year with 28% of that nearly \$51 billion spent on veterinary care. According to the APPA, the average dog owner spends \$1,542 annually, while the average cat owner spends \$1,183. Our interpretation of this data suggests that more of the population is choosing to own a pet, and that pet owners are spending more to keep their pets healthy.

With veterinary expenses composing more than a quarter of what pet owners are spending, we realized there was an opportunity to provide some form of pet coverage. Since most view their pets as members of the family we thought coverage as an option on our homeowners and condominium policies was a perfect fit.

Jon, what is it about the coverage that you think insured's will find valuable?

Our general approach is to make the product as easy as possible to administer, while at the same time providing a solution for pet owners who are spending more to keep their pets healthy.

The coverage provides a streamlined approach as it doesn't require a medical history of the pet or a medical examination. As with many of Lexington's personal lines products, LexElite Pet Insurance is easy to incorporate into an existing LexElite homeowner's policy, and easy to obtain and administer. We incorporated our underwriting questions into the standard homeowner's application and there is no waiting period for the coverage to apply. The pet is simply listed on the Designated Pet Critical Injury Coverage endorsement and is covered at inception.

The loss must occur as a result of a named peril listed on the Designated Pet Critical Injury Coverage endorsement. We expanded the traditional named peril found on the homeowners policy to include loss resulting from a vehicular accident. This new coverage enhancement is a solution for insureds who are interested in mitigating their exposure to unknown future pet care costs.

Jon, what specifics about the coverage would you like the listeners to know?

Well, first of all, this coverage is different than traditional pet insurance that is available in the market place. What I call "traditional pet insurance" is much more comprehensive in nature than our critical pet care coverage. Our interest is to help our insureds mitigate the exposure to unknown veterinary costs that could be incurred if the pet was in an accident, or is struck by a vehicle. In addition, we are only providing the coverage for dogs and cats at this time and we are willing to insure up to five pets per household. Coverage is available only as an endorsement to our homeowners and condo forms.

Jon, thank you for your time and for sharing your insights on this new coverage enhancement with our listeners.

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