

PET AND CATTLE INSURANCE: THE UNTAPPED MARKET IN INDIA

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ABSTRACT

Animals are very important to us they are good companion as well as they also bring a good source of income, losing a pet or seeing one suffer can bring emotional trauma, While it's hard to replace your favourite animal, a person can make sure that it does not bring financial drain to the pet and cattle owner .as compared to western countries India is lacking far behind in terms of numbers of policy taken by pet owners, this paper highlights the major challenges, opportunities, threat and strength that a pet and cattle insurance industry in India is having by doing a SWOT analysis.

Keyword: - Pet insurance, growth opportunities, challenges, SWOT Analysis

1. INTRODUCTION

Pet and cattle insurance is considered to be unorganized sector and the growth is very slowly but surely catching up as animal lovers in India are increasing. The pet and cattle insurance schemes generally pay for the veterinary costs in case animal falls sick or if it suffers an accident or injury. There are other plans which also make payments for loss or death of the insured animal. With the recent developments in the field of veterinary medicine, the life expectancy of pets has increased, which has resulted in increased cost of medical treatment. This has widened the market for pet insurance. world's first policy on pet insurance was written by Claes Virgin in 1980. Pet and cattle insurance in India is still at a budding stage. Most of the clients who buy pet insurance come from the super-rich sections of society. However, the insurers predict a huge untapped potential in this sector. The total value of the Indian pet and cattle industry is estimated over above Rs 400 crore. those who are into the pet and cattle in India expect pet and cattle insurance business to boom as people are now getting more aware of the various policies available in the market. Oriental Insurance is one of the premier Indian insurance company which provides insurance for dogs, horses and elephants and other animals. There are other key players in the market like United India Insurance Co, National Insurance Co, Bajaj Allianz General Insurance and New India Assurance Co. Which also provide various types of policies, As Compared with the western countries, which have a huge and growing pet insurance market, the concept is relatively unknown in India.

2. WHAT DOES A PET/CATTLE INSURANCE COVER

Pet and cattle medical insurance plans in India generally provide coverage for death from disease, disability, and sickness. Insurance coverage can also be extended towards public liability and also for the accidental death of pets. One can insure sheep, goats, ducks, honey bees, poultry, fish, Siamese cats, silkworms, elephants, and horses, against death due to accident or disease, however, poultry and fish can only be covered against accidents, The cover can also include theft.

"The insurance cover can be customized according to the need of insured which include death due to accidental poisoning or it may be an accident in transit by air, rail or road, and other various risks associated with animals like burglary and breeding. There are other insurance companies which also covers permanent total disablement (PTD). a pet or cattle may be considered as disabled if the animal is unable to work, which may be considered equivalent to death.

3. PREMIUM FOR INSURING PET/CATTLES

The premium for insuring animals totally depends upon the total number of animals being insured as well as their living and geographical conditions. "It basically ranges from 3 to 6 percent of the total sum insured however it is subjected to the change on factors such as health condition, breed etc, some companies have fixed the cover amount for certain animals while for others it is based on the market value.

4. SWOT ANALYSIS

<p>STRENGTH</p> <ul style="list-style-type: none"> • New products and variety of insurance products • Rise in per capita income of India • Increasing number of Pet and animal lovers • Several renowned organisations working for welfare of Animals 	<p>WEAKNESS</p> <ul style="list-style-type: none"> • Low investments • Dominance of public sector • Lack of awareness of insurance product among pet and cattle owners • Policies are not at par with the expectations of pet and cattle owners
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • India ranks 2nd in livestock wealth across the world • animal husbandry constitute 25% of total agricultural output • value of pet and cattle industry above 800 crore and expected to grow more • medical cost of owning animal has increased 	<p>THREAT</p> <ul style="list-style-type: none"> • Insurance frauds • Natural environment • Legal and political Environment • Increasing expenses and lower profit margins in pet and cattle insurance will effect small players

Figure 1.SWOT Analysis of pet insurance industry

4.1 STRENGTH :

4.1.1 New Products and Variety of insurance products: innovation and development play a very important role in any market so it does in pet and cattle insurance industry, there is a number of policies available in the market which may suit the requirement of pet and cattle owners.

4.1.2 Rise in per capita income of India: India is the vast emerging economy with a population of more than 1.25 billion, therefore rise in a per capita income will lead to higher spending and we may expect a substantial amount of expenditure towards animals and related services.

4.1.3 Increasing numbers of pet and animal lovers : India has seen a vast increase in the numbers of pet and animal owners as they are proved to be good companion as well as they also prove to be a good source of income, for instance, some research place India in 5th rank in the country having highest number of dog owners.

4.1.4 Several renowned Organization working toward the welfare of animals: there are various government as well as a non-government organization working for the welfare of animals some of them are Animal welfare board of India, national institute of animal welfare, Animal aid unlimited etc.

4.2 WEAKNESS

4.2.1 Low investment: India is among the lowest spending nation in respect of purchasing owns life insurance, therefore, we cannot expect much spending towards the life of cattle and pet's life, pet and cattle insurance is also considered as unorganized sector.

4.2.2 Dominance of Public sector: Pet and cattle industry is mainly dominated by public enterprises as the private player are not interested in entering the market reason being it is considered as an unorganized sector, with the huge operational expense and low profits.

4.2.3 Lack of awareness of insurance products among pet owners: Generally In India, most of the pet owners are not aware of various types of insurance policies available in markets as they are not actively promoted by various insurance companies that are into pet and cattle insurance business

4.2.4 Policies are not at par with expectations of pet owners: typical policies are not at par with the expectations of pet owners, the reason behind this is that insurance provided does not pay much attention towards the new product development as there is very low insurance taker in pet and cattle industry.

4.3 OPPORTUNITIES

4.3.1 India ranked 2nd in livestock wealth across the world: India is ranked 2nd in livestock wealth across the world which gives the clear indication to move up towards 1st rank and thus it will attract more investments from the various public as well as private players

4.3.2 Animal husbandry constitute 25% of total agricultural output: According to report published by Department of Animal husbandry, dairying, and fisheries on 2016-2017, it states that animal husbandry constitute 25% of the total agricultural output

4.3.3 Value of pet and cattle industry is above 800 crores and expected to grow more: According to research done by India international pet trade fair Indian pet and cattle industry is around 800 crore and expected to register strong double-digit retail value growth

4.3.4 Medical cost of owning animals has increased: There have been enormous developments in the field of veterinary medicine which resulted in the increased life expectancy of pets and cattle's, and also the cost of medical treatment has increased.

4.4 THREATS

4.4.1 Insurance frauds : Fraud can be considered as a major concern in the insurance industry. Generally, an insurance contract is governed by the principle of utmost good faith and when this is breached it can be considered as insurance fraud.

4.4.2 Natural environment: Natural environment does have a negative impact on the profitability of insurance as the natural environment cannot be controlled by any organization and An increase in weather-related claims may put financial stress on various sectors of the insurance industry including pet and cattle insurance provider.

4.4.3 Legal and Political environment : In India the insurance industry is regulated and developed by IRDA (Insurance Regulatory and development authority) which is constituted under the insurance regulatory and development authority act 1999, so if IRDA makes change in the policy related to pet and cattle insurance will have significant impact across all the players engaged in pet insurance business.

4.4.4 Increasing Expenses and lower profit margin in pet and cattle insurance will affect small players : the main reason why private and small players do not want to enter into the pet and insurance industry reason being the pet and cattle insurance in India is considered to be in unorganized sector which means that it has lower profit margin as well as increasing expenses .

5.CONCLUSION:

From the above SWOT analysis it can be clearly said that there is huge opportunity in India for the growth of Pet and cattle industry, however any business has to cope up with numbers of factors which may affect the decision making , they can be broadly subdivided into internal and external environment , factors which are considered internal environment are those which are internal to the organization and can be controlled by the organization and the factors which can not be controlled by the organization are termed as external environment,the pet and insurance industry in India is basically considered to be unorganized sector,so government should take necessary steps to make it into a properly organized sector .

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