

The Rise of Pet Insurance

Key Drivers and Growth Trends



PET INSURANCE



- The US Pet Insurance market size was valued at **\$1.22 billion** in 2020 and is projected to grow at a CAGR of **11.1%** to reach **\$2.85 billion** by 2028.¹
- 4.41 million** pets were insured in North America at the end of 2021 (up **27.7%** from over **3.45 million** pets insured in 2020), which accounts for a penetration rate of **2.5%**.²
- Pet health insurance marketplace saw an annual growth rate of **27.7%** from 2020 to 2021.²
- Dog and cat parents across North America spent close to **\$2.837 billion** on pet health insurance in 2021 (up **30.5%** from **\$2.174 billion** in 2020).²

Types of Policies²



Accident Only

Foreign body ingestion, lacerations, motor vehicle accident, ligament tears, poisoning, etc.



Accident and Illness

Accident benefits plus illnesses such as cancer, infections, digestive problems, etc.



Insurance with Embedded Wellness

Comprehensive plans that may include vaccinations, early screening diagnostics, consultations for proper nutrition, dental care, etc.

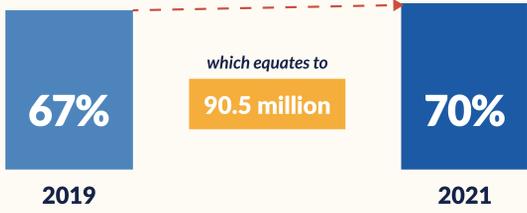


Endorsements

Riders such as wellness or cancer endorsements

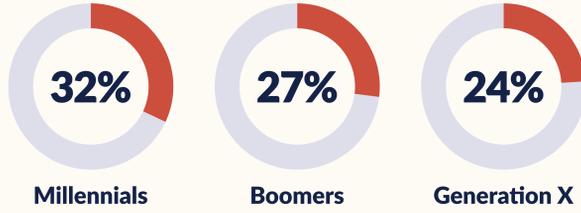
Drivers for Growth of Pet Insurance

Impact of Covid-19



Rise in pet ownership – **70%** of U.S. households had a pet in 2021, which equates to **90.5 million** homes (up from **67%** in 2019)³

Changing Customer Demographics



Millennials becoming the largest segment of pet parents at **32%**, followed closely by boomers and Generation X at **27%** and **24%**, respectively⁴

Rise of Pet Humanization



Pets have become part of the family, with increased awareness about their mental and physical well-being, followed by a high propensity to spend

Rising Cost of Medical Treatments

\$3,500 – the average cost of treating a case of ‘ingested foreign object’⁵

Average Annual Premiums for Accident and Illness Policies, 2021³



According to American Pet Products Association, a routine vet visit typically costs **\$178** for a cat and **\$242** for a dog.³

Average Medical Treatment Costs for Pets⁵

Average Cost of Treatment for Dogs



Average Cost of Treatment for Cats



Key Focus Areas for Insurers



Product Innovation

Data analytics can help insurers drive product innovation. By analyzing data on a pet’s breed, age, health history, and genetics, insurers can identify health issues and customize policies to suit individual pets and pet parents.



User Experience

Leveraging data analytics to improve customer segmentation to better understand their customers’ personas and their buying journeys



Pet Technology

Collecting data from wearables and embracing a more proactive approach to managing risks



Revamp Distribution

Leveraging strategic partnerships with pet care companies like food, grooming, fashion, toys, wearables, and accessories, as well as with veterinarians, breeders, and animal shelters as potential avenues



Claims Innovation

Improving customer satisfaction with the help of data analytics and detecting fraud by analyzing data on claims history, pet health, and other characteristics



Insurers should look towards using AI and machine learning to bring forth intelligent automation to support their underwriting and claim processing operations. LatentView Analytics enables you to leverage data analytics to innovate your offerings and reimagine the way you do business. Partner with us to stay ahead of the competition.