

## Pet Insurance - UK - August 2016

Report Price: £1750.00 | \$2834.04 | €2223.04

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



“The pet insurance market is currently experiencing strong growth, as more owners choose to take out cover. While Mintel expects this to prevail over the next few years, providers must continue to seek efficiencies, in order to contain costs and remain competitive.”  
 – Sarah Hitchcock, Senior Analyst – Financial Services

### This report looks at the following areas:

- Target parents with family-friendly policies and attractive packaged solutions
- Quality is as important as price

The pet insurance market is growing strongly and there remains good potential for further expansion. However, it is also a heavily concentrated market, in which the three largest underwriters are responsible for around three quarters of total premium income. Rising veterinary inflation and tight margins mean it is difficult for smaller players to make significant inroads and, thus, a decent profit. Hence, some insurers have chosen to exit the market and others to join forces via merger and acquisition.

Despite the challenges, pet insurers are not short of distribution partners. There are numerous companies selling policies in the UK, most of which are from the general insurance, veterinary and retail sectors. They compete for business in a fairly crowded marketplace, but also benefit from having a large target audience.

Mintel's consumer research also reveals what proportion of pet owners have insurance and what type of policy they have taken out. It identifies the main concerns shared by pet owners, and assesses policyholder attitudes and buying behaviour. Lastly, it explores the level of interest in certain policy features and benefits, including preferred referral networks, and assesses future buying and switching intentions.

BUY THIS  
REPORT NOW

VISIT:  
[store.mintel.com](http://store.mintel.com)

CALL:  
EMEA  
+44 (0) 20 7606 4533

Brazil  
0800 095 9094

Americas  
+1 (312) 943 5250

China  
+86 (21) 6032 7300

APAC  
+61 (0) 2 8284 8100

EMAIL:  
[reports@mintel.com](mailto:reports@mintel.com)

### DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

# Pet Insurance - UK - August 2016

Report Price: £1750.00 | \$2834.04 | €2223.04

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

## Table of Contents

### Overview

What you need to know  
 Products covered in this Report

### Executive Summary

#### The market

The market continues to experience strong growth  
 Figure 1: Forecast of pet insurance premiums – Fan chart, 2011-21

#### Sub-sector performance

Veterinary inflation remains a major threat...  
 ...being largely responsible for rising claims costs

#### Companies and brands

A heavily concentrated market...  
 Figure 2: Market share of the top three underwrites, by gross written premium, 2015

...but one populated with numerous distributors

New partnerships formed over the past year

RSA makes waves with the launch of its new referral network

#### The consumer

It's very common to own a pet in family households  
 Figure 3: Ownership of pets, by number of each type, June 2016

More pet owners are taking out insurance...  
 Figure 4: Proportion of pet owners with insurance, 2014-16

...most of which opt for mid-level cover  
 Figure 5: Type of pet policy held, 2014 and 2016

Fear of being faced with a large vet bill is the main purchase driver  
 Figure 6: Level of concern relating to common pet problems – Dog and cat owners only, June 2016

Pet owners favour providers that can demonstrate their expertise  
 Figure 7: Agreement with statements about arranging pet insurance, June 2016

Significant consumer interest in referral networks  
 Figure 8: Provision of and interest in extra benefits/services, June 2016

Nearly half of all policyholders might be prepared to switch at renewal  
 Figure 9: Future consideration of switching, amending or upgrading policy, June 2016

#### What we think

### Issues and Insights

Target parents with family-friendly policies and attractive packaged solutions  
 The facts  
 The implications

BUY THIS  
 REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)  
 CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300  
 APAC +61 (0) 2 8284 8100 |  
 EMAIL: [reports@mintel.com](mailto:reports@mintel.com)

# Pet Insurance - UK - August 2016

Report Price: £1750.00 | \$2834.04 | €2223.04

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Quality is as important as price

The facts

The implications

## The Market – What You Need to Know

A growing market with good expansion potential

Dog insurance is by far the largest sub-sector

Veterinary inflation continues to pose a challenge

The cost of claims incurred

## Market Size and Forecast

Increase in subscribers boosts premium income

Figure 10: Size of the pet insurance market, by exposure years, number of subscribers and gross written premiums, 2011-15

Good potential for future market expansion

Strong growth forecast

Figure 11: Forecast of pet insurance premiums – Fan chart, 2011-21

Figure 12: Forecast of pet insurance gross written premiums, at current and constant prices, 2016-21

Forecast methodology

## Market Segmentation

Number of dog policy subscribers was up 11% in 2015

Figure 13: Number of pet insurance policy subscribers, by type of pet, 2011-15

Rise in popularity of multi-cat policies

Figure 14: Exposure to subscriber ratio, by type of pet (cat and dog only), 2011-15

Dog policies account for the largest proportion of pet premiums

Figure 15: Pet insurance gross written premiums, by type of pet, 2011-15

Fall in the average premium for other pet policies

Figure 16: Average pet insurance premium (based on exposure), by type of pet, 2011-15

## Market Drivers

The UK has nearly as many pets as people

Figure 17: Size of UK pet population, 2015/16

The need to make an unexpected visit to the vets is fairly common

Figure 18: Number of unexpected visits to vets within past two years, June 2014

Veterinary costs account for nearly a third of total household spending on pets

Figure 19: Average weekly household spending on pets – UK, by category, 2008-14

The cost of claims incurred continues to rise

Figure 20: Value and incidence of pet insurance claims incurred, claims ratio and average claim value, 2011-15

Other factors driving up premiums

## Companies and Brands – What You Need to Know

The supply side is heavily concentrated...

...while there are numerous distributors

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: [reports@mintel.com](mailto:reports@mintel.com)

## Pet Insurance - UK - August 2016

Report Price: £1750.00 | \$2834.04 | €2223.04

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

### Movers and shakers

RSA introduces a new way of dealing with non-urgent claims

### Market Share

Top three underwriters control around three quarters of the market

Figure 21: Leading pet insurance underwriters – UK, by gross written premium, 2013-15

Unable to compete with leading incumbents, some smaller players have exited the market

Aviva moves up the rankings

Markerstudy acquires Ultimate Insurance Company

Pinnacle also achieves strong premium growth

The market continues to attract new distributors

Figure 22: Selected providers of pet insurance and their underwriting partners, June 2016

### Competitive Strategies

Affinity partnerships and distribution developments

New alliances

Markerstudy launches new affinity division

NCI's ambitious plans to grow its pet business

Brightside partners with Markerstudy

Industry innovation and new product launches

RSA introduces preferred referral networks for non-emergency treatment

SunLife launches 'straightforward' pet insurance

Bought By Many buys Brooks Braithwaite (Sussex) and aims to become the 'next-generation insurance intermediary'

### Advertising and Marketing Activity

Providers cut back heavily on above-the-line advertising

Petplan and Animal Friends account for three quarters of the industry's adspend...

Figure 23: Top 10 pet insurance advertisers using above-the line, online display and direct mail channels, 2013/14-2015/16

...both of which invest in TV advertising for mass coverage

Figure 24: Proportional distribution of pet insurance adspend, by media type, 2013/14-2015/16

Pet insurers' growing use of digital media

SunLife's April Fool promotion

Nielsen Ad Intel coverage

### The Consumer – What You Need to Know

It's very common to own a pet in family households

More pet owners are taking out insurance...

...most of which opt for mid-level cover

Fear of being faced with a large vet bill is the main purchase driver

Pet owners favour providers that can demonstrate their expertise

Significant consumer interest in referral networks

Nearly half of all policyholders might be prepared to switch at renewal

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: [reports@mintel.com](mailto:reports@mintel.com)

# Pet Insurance - UK - August 2016

Report Price: £1750.00 | \$2834.04 | €2223.04

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

## Pet Ownership

Around half the adult online population own a cat or dog

Figure 25: Ownership of pets, by number of each type, June 2016

Households with children are most likely to have cover

## Penetration of Pet Insurance

Rise in take-up of pet insurance

Figure 26: Proportion of pet owners with insurance, 2014-16

62% of dog owners have insurance cover

Figure 27: Penetration of pet insurance, by type of pet, June 2016

Owners with multiple pets are less likely to have cover

Figure 28: Penetration of pet insurance, by number of cats or dogs owned, June 2016

## Type of Cover Held

Most policyholders have mid-level cover

Figure 29: Type of pet policy held, June 2016

Fall in proportion of policyholders with comprehensive lifetime cover...

...may be linked to aggregator influence

Figure 30: Type of pet policy held, 2014 and 2016

## Common Concerns Facing Cat and Dog Owners

68% of dog and cat owners are worried about having to pay for expensive treatment...

...and 64% are concerned about their pet developing a recurring or lifelong illness

50% are worried about losing their pet, including 20% who are 'very concerned'

Figure 31: Level of concern relating to common pet problems – Dog and cat owners only, June 2016

## Attitudes towards Pet Insurance and Buying Behaviour

Around one in eight policyholders fail to check excess levels and exclusions prior to purchase...

...while 54% find the different levels of cover confusing

Demonstrate expertise and good claims handling to win over customers

Figure 32: Agreement with statements about arranging pet insurance, June 2016

## Awareness of and Interest in Policy Features and Extra Benefits

Only 46% of policyholders say their provider offers a multi-pet discount

High level of interest in referral networks

Bereavement and legal advice lines also have strong appeal

Potential cross-sell opportunity

Figure 33: Provision of and interest in extra benefits/services, June 2016

## Future Buying and Switching Intentions

47% of pet policyholders would consider switching

29% are open to the possibility of paying more for lifetime cover

42% of lifetime policyholders would consider buying their pet insurance as part of a wider package of products

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: [reports@mintel.com](mailto:reports@mintel.com)

## Pet Insurance - UK - August 2016

Report Price: £1750.00 | \$2834.04 | €2223.04

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 34: Future consideration of switching, amending or upgrading policy, by type of policy currently held, June 2016

### Appendix – Data Sources, Abbreviations and Supporting Information

#### Abbreviations

Consumer research methodology

### Appendix – Market Size and Forecast

#### Total market forecast – Best- and worst-case scenarios

Figure 35: Forecast of new pet insurance premiums – Best- and worst-case scenarios, at current prices, 2016-21

Forecast methodology

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: [reports@mintel.com](mailto:reports@mintel.com)