

Pet Insurance: Inc Impact of COVID-19 - UK - August 2020

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“COVID-19 arrived at a difficult time for pet insurers, following the market’s first contraction in 2019. Although mass cancellations are not likely, consumers will be extremely value-driven, especially at renewal.”
– Irene Salazar, Senior Financial Services Analyst

This report looks at the following areas:

- The impact of COVID-19 on the pet insurance market.
- Purchase drivers of pet insurance, perceptions of different types of provider and how easy customers find the research and purchase journey.
- Consumers’ intentions regarding their pet insurance policies for the coming 12 months.
- Opportunities and threats arising from COVID-19.

COVID-19 has resulted in an unprecedented shock to the economy and major disruption to household incomes in the short and medium term. Despite the threat to personal finances, only 1% of existing pet insurance holders say they are considering cancelling their policy within the next 12 months.

However, pet insurance remains a discretionary product. People experiencing or fearing financial difficulty will inevitably question their monthly outgoings and this is likely to result in more shopping around, particularly at renewal.

The market experienced a difficult 2019 and was showing signs of reaching maturity and the start of a correction period. The double-digit levels of growth seen over the last decade are not likely to return. 2020 will put even more pressure on margins in an already very competitive industry, especially as a reduced cashflow is expected as insurers follow regulators’ requirement to help customers in financial difficulties.

Despite the challenges, there is an opportunity for providers to improve communication and their overall relationship with existing customers to avoid cancellations, support customers and help them find the best product for their needs. Likewise, there is potential to attract switchers looking to reduce their premiums, though this will require new product development and innovation to overcome barriers such as lack of cover for pre-existing conditions. There is also an opportunity for providers to promote and improve their digital channels, such as online claims handling, and video-chat consultations.

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DID YOU KNOW?

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

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