

Pet Insurance - UK - November 2012

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“Although price comparison websites have made it easier for consumers to compare the costs of policies and find the cheapest policies on the market, a higher number of pet insurance holders still choose policies based on the level of cover rather than just on the cost. Rather than competing on price, providers should emphasise the quality of their product, as short-term savings on cheaper premiums could actually be a false economy for customers, as they could face higher costs in the long term.”

– **Stevan Obradovic, Financial Services Analyst**

In this report we answer the key questions:

- **Is the squeeze on household incomes leading to a reduction in pet insurance sales and product cancellations?**
- **Has the proliferation of price comparison sites made consumers look only at the cheapest policies?**
- **Has the fraudulent claims culture spread to the pet insurance market?**
- **Do pet insurance holders trust insurers to pay out on claims?**

Despite economic challenges, the pet insurance market has performed relatively well and gross written premium increased during 2011. Although pet insurance ownership has slowed slightly in 2012, there has not been a drastic drop as consumers remain concerned about spiralling veterinary costs and the need to look after their pets. Additionally, there is significant scope to increase pet insurance ownership as a large number of pet owners do not have any cover for their animals.

However, there are several challenges facing the industry. Increasing vet costs have put significant pressure on certain insurers, which has led to a withdrawal of several providers from this market. New technological advancements and more sophisticated treatments are having an impact on claims, and there is a real need to curb veterinary fees while allowing insurance holders to access good treatment for their pets. In addition, the rise of fraudulent claims will be an issue for the industry unless certain steps are taken and industry-discussed measures are implemented.

This report examines the pet insurance market, analysing some of the main challenges currently facing the industry. Analysis covers pet ownership trends, wider economic issues, veterinary costs and recent innovations in this market. This report also provides a market size breakdown, with a forecast showing the expected market performance over the next five years. This report concludes with Mintel’s exclusively commissioned research exploring pet insurance ownership, factors influencing the take-up of policies and attitudes towards pet insurance.

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