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# Pet Insurance: United States

September 2018



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# About This Report

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## Scope

This report forecasts to 2022 US pet insurance market revenues in nominal US dollars. To illustrate historical trends, total revenues are provided in annual series from 2007 to 2017.

This report examines the market for pet health insurance in the US. Overall numbers (gross written premiums and policies in force) in this report reflect insurance plans for cats and dogs. While there is insurance for exotic pets, it is rarely purchased compared to dog and cat insurance in the US and is therefore excluded from the scope of this report.

Insurance for horses, which are much more likely than smaller companion animals to be regarded as important investments, is based on a completely different set of actuary information and is not part of the pet health insurance market as defined by leading industry participants in the US. Equine insurance is therefore excluded from this market analysis.

Although pet insurance is of course designed to provide medical coverage for companion animals, it is not, technically speaking, a health product. Rather, because pets are legally considered to be the property of their owners, pet insurance falls under the Property and Casualty insurance classification and functions as indemnity insurance (similar to car or homeowners insurance) designed to restore financial loss stemming from pet healthcare events, providing reimbursement to the pet owner or veterinarian once a claim is filed.

Pet insurance and pet health insurance are used interchangeably throughout this report.

Other various topics, including profiles of pertinent leading suppliers, are covered in this report. A full outline of report items by page is available in the Table of Contents.

Freedonia quantifies trends in various measures of growth and volatility. Growth (or decline) expressed as an average annual growth rate (AAGR) is the least squares growth rate, which takes into account all available datapoints over a period. The volatility of datapoints around a least squares growth trend over time is expressed via the coefficient of determination, or  $r^2$ . The most stable data series relative to the trend carries an  $r^2$  value of 1.0; the most volatile – 0.0. Growth calculated as a compound annual growth rate (CAGR) employs, by definition, only the first and last datapoints over a period. The CAGR is used to describe forecast growth, defined as the expected trend beginning in the base year and ending in the forecast year. Readers are encouraged to consider historical volatility when assessing particular annual values along the forecast trend, including in the forecast year.

## Sources

*Pet Insurance: United States* (FF95067) is based on *Pet Insurance in the U.S.*, a comprehensive industry study published by Packaged Facts. The information contained in that report was obtained from both primary and secondary research. Primary research entailed interviews with leading pet insurance providers in the US and with other pet industry experts; annual participation in pet industry events including the American Pet Products Association's Global Pet Expos (2005-2018), and *Petfood Industry/Watt Publishing's* Petfood Forums (2005-2018); and an on-site examination of pet insurance distribution venues such as veterinary offices and boarding kennels. Secondary research included extensive internet canvassing and research- and data-gathering from relevant consumer business and trade publications, annual reports and other financial releases from public companies, company profiles in trade and consumer publications, and other pet market reports by Packaged Facts.

Estimates of market size and individual company performance (premiums, revenues, number of policies in force) are based on figures reported by public companies in annual reports, 10-Ks, and other filings to the US Securities and Exchange Commission and available through EDGAR (Electronic Data Gathering, Analysis, and Retrieval system) in the US. Additional sources, including for private companies, include information provided to Packaged Facts by individual companies, filings made to state insurance departments, figures from other market research sources, and data appearing in the business and pet industry press.

Within this report, gross written premiums (GWPs) are the main measure used for purposes of calculating market size and company share. Also referred to in the industry as "earned premiums" or "annualized premiums", GWPs are the revenues expected to be received over the life of the contract when a non-life insurance company closes a contract to provide insurance against loss.

Our analysis of pet ownership and the pet insurance consumer draws on several sources. The discussion of pet ownership draws on data compiled by Simmons (New York, New York) in its Winter 2017/18 consumer survey, based on 24,138 adult respondents. We also looked at historical Simmons Winter Surveys back to Winter 2007/08. Through an ongoing program of telephone and booklet questionnaire surveys of a large probability sample of consumers who represent a statistically accurate cross-section of the US adult population, Simmons is able to construct detailed demographic profiles across various consumer product and service markets, including the pet market.

For this report, Packaged Facts will consider Winter 2017/18 survey data as equivalent to 2017 data, Winter 2016/17 survey data as equivalent to 2016 data, and so on. As a result, table headers will be labeled under this premise. Survey sampling for the winter surveys occurs throughout the majority of the preceding year.

## About This Report

The discussion of the pet insurance consumer relies on a proprietary Packaged Facts online survey conducted at various times throughout the year, which is based on approximately 2,000 US adults who are census representative on the primary demographic measure of age, gender, geographic region, and race/ethnicity. The most recent occurred in Q3 2018 and the reports also cites historical data from other proprietary Packaged Facts online surveys of pet owners, ranging back until Q1 2011.

Specific sources and additional resources are listed in the Resources section of this publication for reference and to facilitate further research.

## Industry Codes

Table 9 | NAICS & SIC Codes Related to Pet Insurance

NAICS/SCIAN 2007		SIC	
North American Industry Classification System		Standard Industrial Classification	
524113	Direct Life Insurance Carriers	0742	Veterinary Services for Animal Specialties
524114	Direct Health and Medical Insurance Carriers	0752	Animal Specialty Services, Except Veterinary
524126	Direct Property and Casualty Insurance Carriers	6311	Life Insurance
524127	Direct Title Insurance Carriers	6321	Accident and Health Insurance
524128	Other Direct Insurance (except Life, Health, and Medical) Carriers	6324	Hospital and Medical Service Plans
524130	Reinsurance Carriers	6331	Fire, Marine, and Casualty Insurance
524210	Insurance Agencies and Brokerages	6351	Surety Insurance
524291	Claims Adjusting	6361	Title Insurance
524292	Third Party Administration of Insurance and Pension Funds	6371	Pension, Health, and Welfare Funds
524298	All Other Insurance Related Activities	6399	Insurance Carriers, NEC
541940	Veterinary Services	6411	Insurance Agents, Brokers, and Service
812910	Pet Care (except Veterinary) Services		

Source: US Census Bureau

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## Resources

### Packaged Facts

*Pet Insurance in the U.S.*, September 2018

### The Freedonia Group

#### Freedonia Industry Studies

*Global Housing*, September 2018

*Food Safety Products in the US*, April 2018

*Retail E-Commerce Packaging Market in the US*, November 2016

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*Durable Petcare Products: United States*

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*Natural, Organic & Eco-Friendly Pet Products: United States*

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*Pet Oral Care: United States*

*Pet Products & Services: United States*

*Pet Supplements: United States*

*Pet Treats & Chews: United States*

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### Trade Publications

*DVM Newsmagazine*

*Pet Age*

*Pet Business*

*Petfood Industry*

*Pet Product News International*

*Veterinary Practice News*

### Agencies & Associations

American Animal Hospital Association

American Kennel Club

American Pet Products Association

American Society for the Prevention of Cruelty to Animals

American Veterinary Medical Association

Humane Society of the United States

North American Pet Health Insurance Association

United States Census Bureau