

STATE OF THE INDUSTRY REPORT

2022 HIGHLIGHTS

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The 2022 NAPHIA State of the Industry Report

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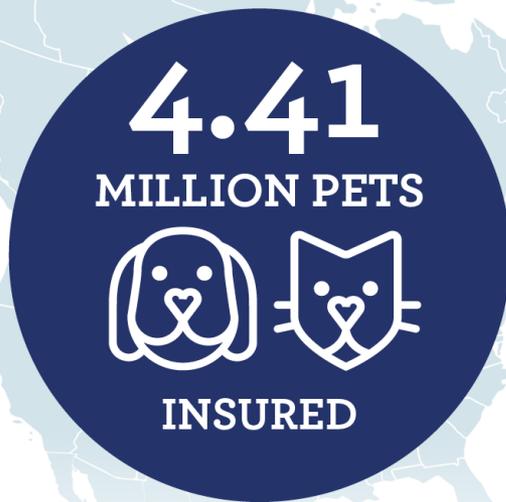
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About NAPHIA



* 27.7% increased in In-Force Insured Pets



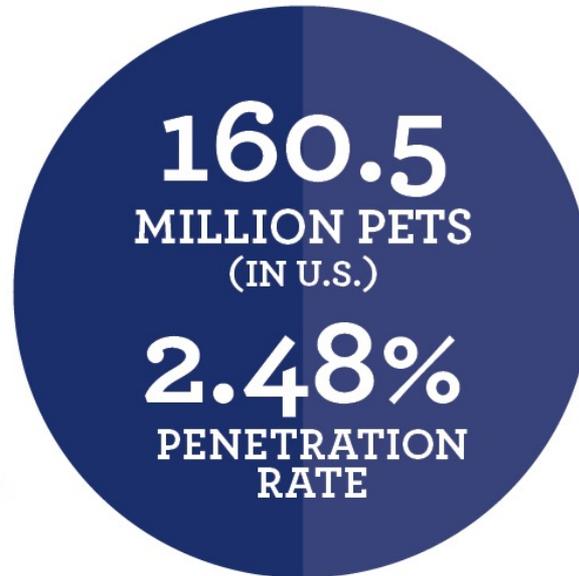
Pet Insurance Market (U.S.)



DOGS

3.89%

PENETRATION RATE



CATS

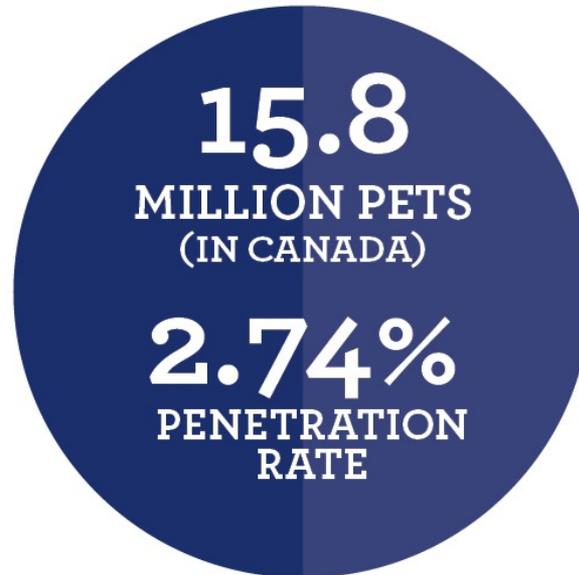
0.95%

PENETRATION RATE

There were approximately 83.7 million dogs
and 76.8 million cats owned in the U.S.

(Source, American Veterinary Medical Association (AMVA) Pet Owner Survey 2020)

Pet Insurance Market (Canada)



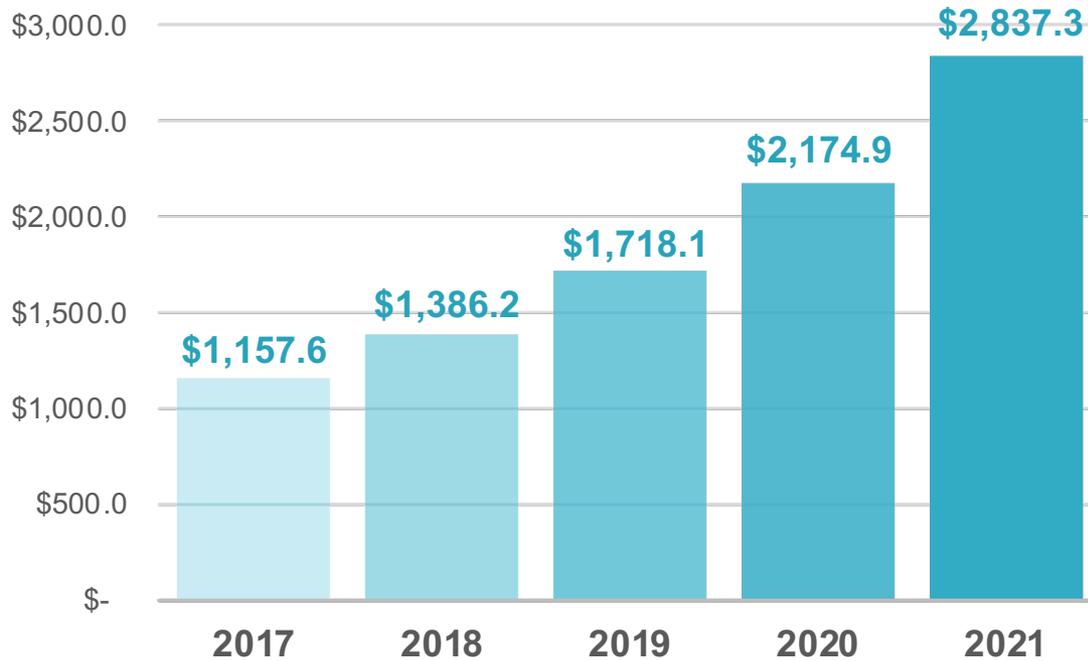
There were approximately 7.7 million dogs
and 8.1 million cats owned in Canada

(Source, Canadian Animal Health Institute (CAHI) Pet Population Survey, 2020)



In-Force GWP (North America)

(USD in millions)



YEAR-OVER-YEAR VARIANCE

- 30.5%** increase from 2020 to 2021
- 26.6%** increase from 2019 to 2020
- 23.9%** increase from 2018 to 2019
- 19.8%** increase from 2017 to 2018

SECTION #1

Introduction and Methodology



Introduction and Methodology

- ▶ The North American Pet Health Insurance Association (NAPHIA) is pleased to present the 2022 NAPHIA State of the Industry Report (SOI Report). The objective of the report is to provide a thorough understanding of the size of the North American Pet Health Insurance industry and monitor its performance and growth in key areas. The Report also aims to provide participants with a comprehensive and credible benchmarking tool.
- ▶ The data has been compiled by Willis Towers Watson, an independent third party organization that manages the collection and compilation of the survey data. The data was reviewed in detail and reasonableness tests were conducted to ensure that the data was reported accurately. Follow-ups with several participants were also necessary in order to validate certain findings. Willis Towers Watson assumes no liability of any kind regarding the information contained in the Report, or the accuracy of the information received during the scope of the research. The information in this Report does not constitute legal, accounting or tax advice.
- ▶ NAPHIA's State of the Industry Report includes both private and public data. These Highlights are available to the public, however the full version of the report is confidential and only available to authorized NAPHIA members and participants. These Highlights are also published on naphia.org/industry-data/
- ▶ The following products are monitored in the NAPHIA Industry Report :
 - **Accident Only:** Foreign body ingestion, lacerations, motor vehicle accident, ligament tears, poisoning, etc.
 - **Accident & 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.

In an effort to maintain confidentiality of the data collected, some of the above products have been grouped together in several sections of the report (for example, Accident & Illness and Insurance with Embedded Wellness were combined).

Introduction and Methodology

- ▶ All statistics and figures presented in the State of the Industry Report (SOI Report) are based on data submitted by NAPHIA members and SOI participants. The data was collected by means of a survey questionnaire / data call, completed by the following companies (and for their related entities/brands):

- ▶ **Crum & Forster (US & Canada)**
- ▶ **Embrace Pet Insurance (US)**
- ▶ **Fetch by The Dodo (US & Canada)**
- ▶ **FIGO Pet Insurance (US)**
- ▶ **Healthy Paws Pet Insurance & Foundation (US)**
- ▶ **Independence Pet Group (US)**
- ▶ **Lemonade (US)**
- ▶ **Liberty Mutual Pet Insurance (US)**
- ▶ **ManyPets Pet Insurance (US)**
- ▶ **MetLife Pet Insurance (US)**
- ▶ **Nationwide Pet Insurance (US)**
- ▶ **Petcoach / Petco (US)**
- ▶ **Petline Insurance (Canada)**
- ▶ **Pets Best (US)**
- ▶ **Prudent Pet (US)**
- ▶ **Pumpkin Pet Insurance (US)**
- ▶ **Spot Pet Insurance (US)**
- ▶ **Trupanion (US & Canada)**

Aggregate Results Compiled

- ▶ “In-Force data” is based on End-of-Year (EOY) results as at December 31, as submitted in the survey questionnaire/data call. In-Force GWP and Total Insured Pets data are as at December 31.

All dollar amounts in this report are expressed in the country's currency from 2017 to 2021



= USD



= CAD

SECTION #2

Gross Written Premium



Gross Written Premium



In-Force GWP (U.S.)

(in millions)



YEAR-OVER-YEAR VARIANCE

30.4% increase from 2020 to 2021

27.5% increase from 2019 to 2020

24.3% increase from 2018 to 2019

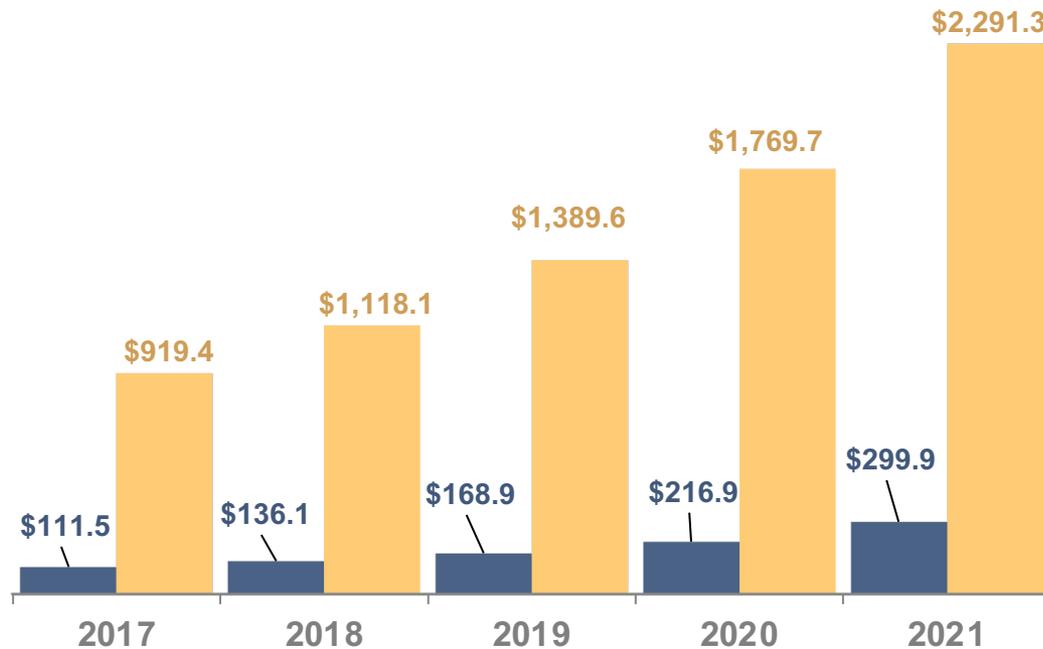
21.7% increase from 2017 to 2018

- ▶ The total premium volume in the U.S., as reported by NAPHIA members, amounted to close to \$2.6 billion at year-end 2021.
- ▶ The U.S. market continues to experience double-digit increases and all-time highs (average annual growth rate of 26% from 2017 to 2021).



In-Force GWP, Dogs and Cats (U.S.)

(in millions)



YEAR-OVER-YEAR VARIANCE

DOGS

29.5% increase from 2020 to 2021

27.4% increase from 2019 to 2020

24.3% increase from 2018 to 2019

21.6% increase from 2017 to 2018

CATS

38.3% increase from 2020 to 2021

28.4% increase from 2019 to 2020

24.1% increase from 2018 to 2019

22.1% increase from 2017 to 2018

- ▶ GWP for insured dogs represented 88.4% of the total U.S. volume in 2021 (compared to 89.1% in 2020)
- ▶ GWP for insured cats represented 11.6% of the total U.S. volume in 2021 (compared to 10.8% in 2020)

Gross Written Premium



In-Force GWP (Canada)

(in millions)

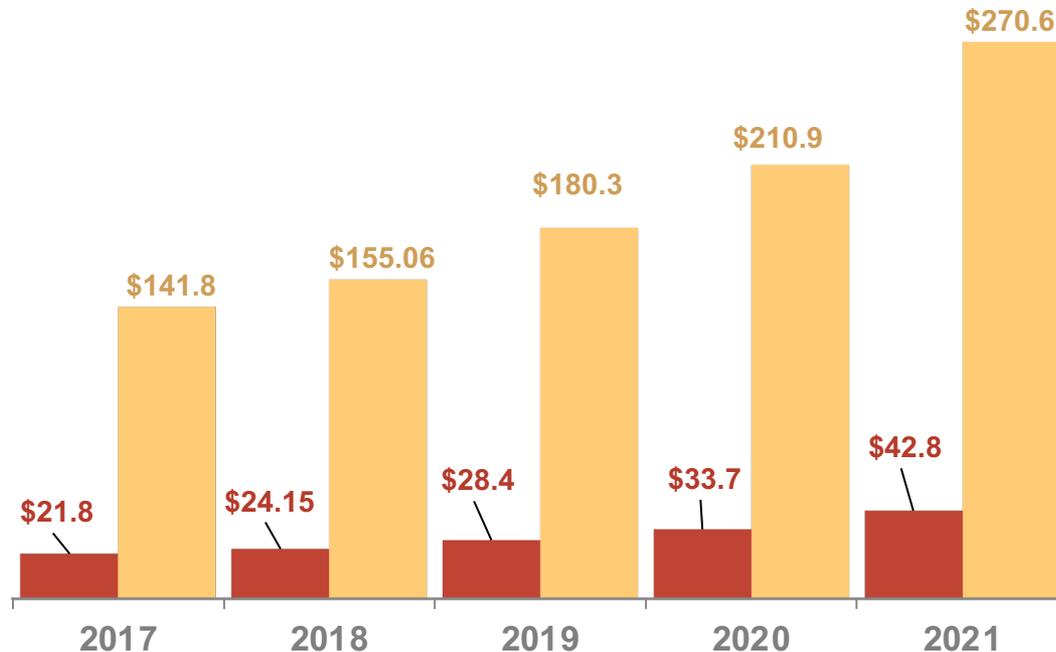


- ▶ The total premium volume in Canada, as reported by NAPHIA members, amounted to \$313.4 million at year-end 2021 (Canadian currency), an increase of 28.1% from previous year.
- ▶ The Canadian 5-year average annual growth rate was 17.8%, below the U.S. average annual growth rate of 25.4%.



In-Force GWP, Dogs and Cats (Canada)

(in millions)



YEAR-OVER-YEAR VARIANCE

DOGS

- 28.3% increase from 2020 to 2021
- 17.0% increase from 2019 to 2020
- 16.3% increase from 2018 to 2019
- 9.3% increase from 2017 to 2018

CATS

- 27.0% increase from 2020 to 2021
- 18.7% increase from 2019 to 2020
- 17.5% increase from 2018 to 2019
- 10.7% increase from 2017 to 2018

- ▶ Insured dogs represented approximately 86.4% of In-Force GWP in 2021, for a total of \$270.6 million (Canadian currency).
- ▶ GWP for insured cats continues to experience higher year over year growth than insured dogs, however not enough to make an impact on market share (13.6%, slightly below the previous year's share of 13.8%)



In-Force GWP, Per Product (Canada)

	2017	2018	2019	2020	2021
Accident & Illness / Insurance with Embedded Wellness	\$162.6 M	\$177.9 M	\$207.0 M	\$242.8 M	\$310.8 M
(%) variation	+ 17.6%	+ 9.4%	+ 16.4%	+ 17.3%	+ 28.0%
Accident Only and Endorsements	\$0.955 M	\$1.29 M	\$1.60 M	\$1.76 M	\$2.56 M
(%) variation	-8.8%	+35.0%	+ 23.7%	+ 10.2%	+ 45.4%
TOTAL	\$163.6 M	\$179.2 M	\$208.6 M	\$244.6 M	\$313.4 M
(%) variation	+ 17.5%	+ 9.6%	+ 16.4%	+ 17.2%	+ 28.1%

- ▶ Despite a significant increase, Accident Only and Endorsements sales are still marginal in Canada, representing less than 1% of GWP market share.

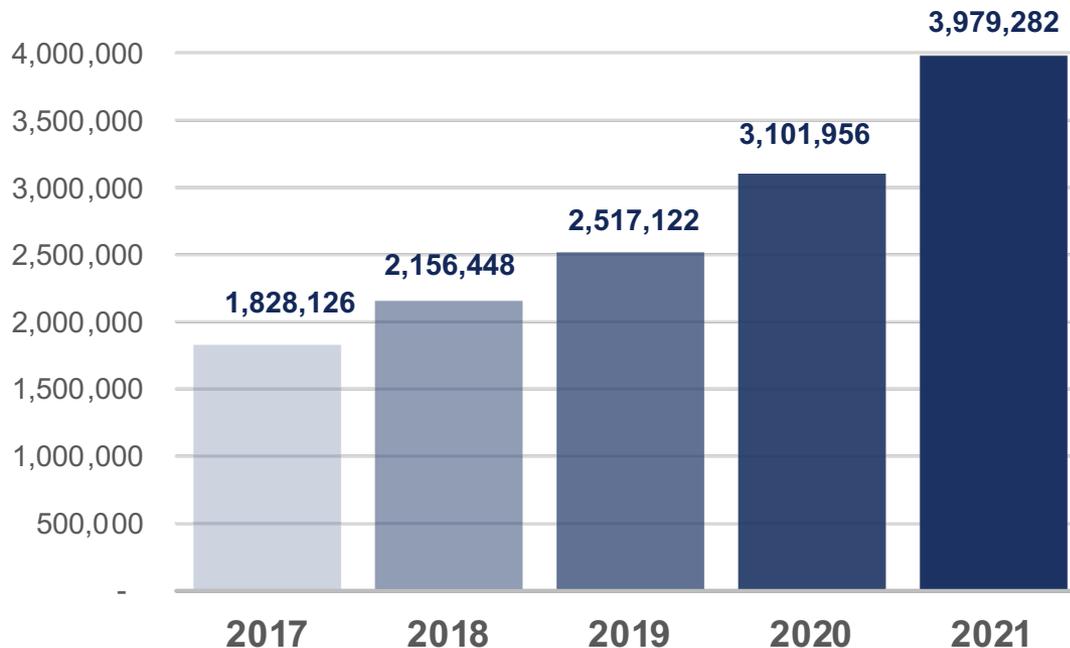
SECTION #3

Number of Pets





Total Insured Pets (U.S.)



YEAR-OVER-YEAR VARIANCE

Total Insured Pets % increase

28.3% increase from 2020 to 2021
 23.2% increase from 2019 to 2020
 16.7% increase from 2018 to 2019
 18.0% increase from 2017 to 2018

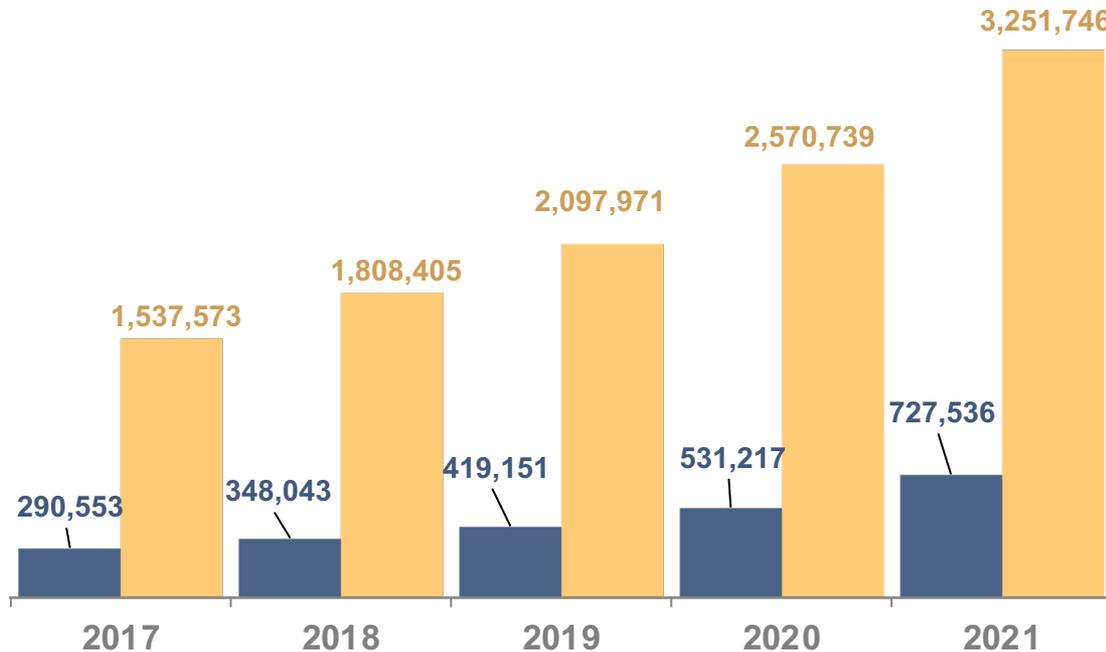
In-Force GWP % increase

30.4% increase from 2020 to 2021
 27.5% increase from 2019 to 2020
 24.3% increase from 2018 to 2019
 21.7% increase from 2017 to 2018

- ▶ Results for 2021 show a 28.3% increase in Total Insured Pets in the U.S., representing another significant increase. The average annual growth rate of Insured Pets in the U.S since 2017 is 21.6%.
- ▶ The U.S. market represented 90.2% of North America's Total Insured Pets in 2021 and continues to outpace the Canadian market (U.S. share of insured pets in North America was 88.2% in 2017, 88.8% in 2018, 89.3% in 2019 and 89.8% in 2020).
- ▶ In-Force GWP growth continues to outpace the Total Insured Pets growth, however the gap between both metrics has narrowed since the previous year.



Total Insured Dogs and Cats (U.S.)



YEAR-OVER-YEAR VARIANCE

DOGS

- 26.5% increase from 2020 to 2021
- 22.5% increase from 2019 to 2020
- 16.0% increase from 2018 to 2019
- 17.6% increase from 2017 to 2018

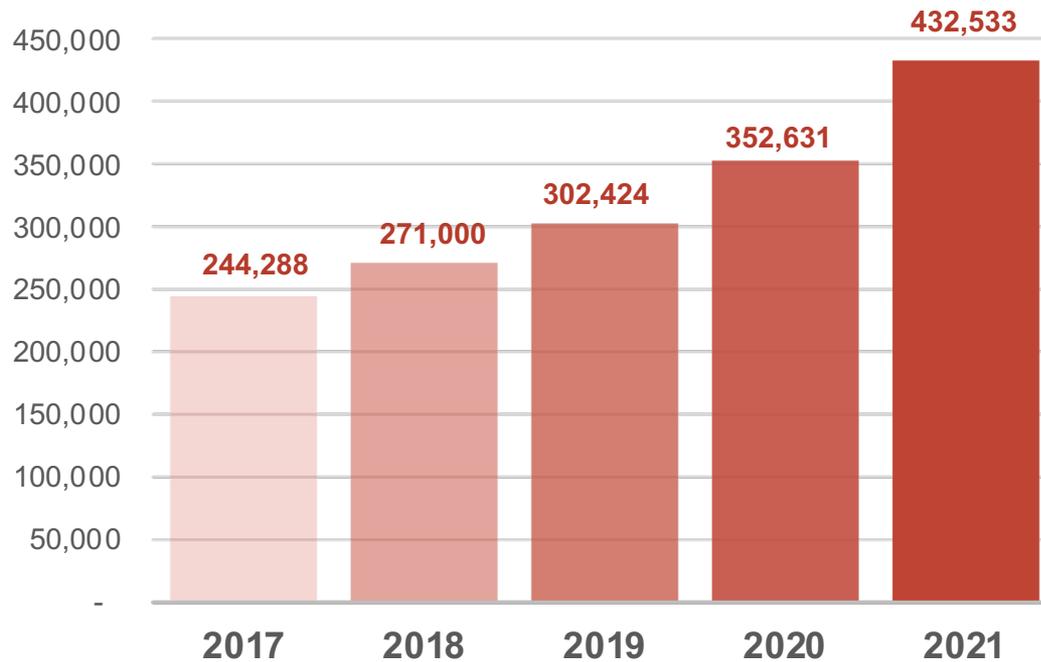
CATS

- 37.0% increase from 2020 to 2021
- 26.7% increase from 2019 to 2020
- 20.4% increase from 2018 to 2019
- 19.8% increase from 2017 to 2018

- ▶ Dogs make up the majority of insured pets in the United States, with 81.7% of insured dogs compared to 18.3% of insured cats, representing a slightly different split from the previous year (82.9% / 17.1%).
- ▶ Insured cats' market share has been increasing every year since 2017 (15.7% in 2016, 15.9% in 2017, 16.1% in 2018, 16.7% in 2019, 17.1% in 2020 and 18.3% in 2021)



Total Insured Pets (Canada)



YEAR-OVER-YEAR VARIANCE

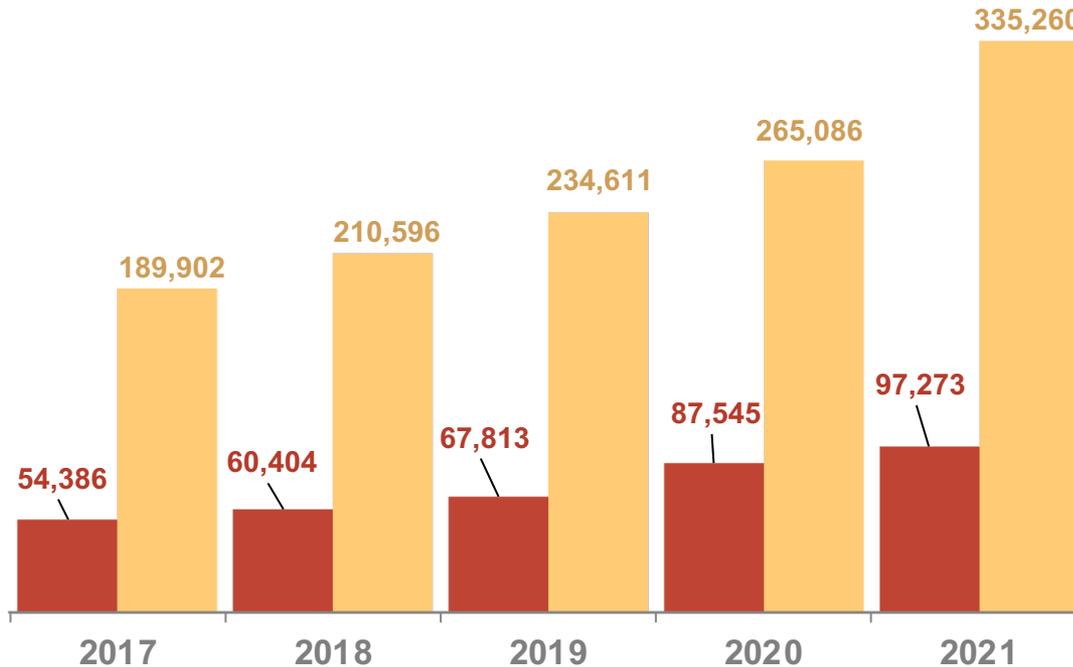
Total Insured Pets % increase
 22.7% increase from 2020 to 2021
 16.6% increase from 2019 to 2020
 11.6% increase from 2018 to 2019
 10.9% increase from 2017 to 2018

In-Force GWP % increase
 28.1% increase from 2020 to 2021
 17.2% increase from 2019 to 2020
 16.4% increase from 2018 to 2019
 9.6% increase from 2017 to 2018

- ▶ Results for 2021 show a growth of 22.7% in Total Insured Pets in Canada, a significant improvement over the previous year's result and the biggest increase in the last 5 years.
- ▶ The annual growth rate of Insured Pets in the Canada since 2017 is 15.5%, below the U.S. average annual growth rate of 21.6%.



Total Insured Dogs and Cats (Canada)



YEAR-OVER-YEAR VARIANCE

DOGS

- 26.5% increase from 2020 to 2021
- 13.0% increase from 2019 to 2020
- 11.4% increase from 2018 to 2019
- 10.9% increase from 2017 to 2018

CATS

- 11.1% increase from 2020 to 2021
- 29.1% increase from 2019 to 2020
- 12.3% increase from 2018 to 2019
- 11.1% increase from 2017 to 2018

- ▶ Based on the results of the study, dogs make up the majority of insured pets in Canada (77.5% insured dogs vs. 22.5% insured cats).
- ▶ Canada has historically insured a higher proportion of cats than the U.S., however its 2021 market share of 22.5% represents a drop from the previous year (compared to 24.8% in 2020)

SECTION #4

Average Annual Premiums



Average Annual Premiums



Average Annual Premium Per Cat, Per Dog (U.S.)

(Straight Average)

	2017	2018	2019	2020 (*)	2021 (*)
Accident & Illness					
Cats	\$342.37	\$349.34	\$350.64	\$341.81	\$342.84
(%) variation	+6.6%	+2.0%	+0.4%	-2.5%	+0.3%
Dogs	\$544.85	\$558.93	\$584.57	\$604.03	\$583.91
(%) variation	+5.3%	+2.6%	+4.6%	+3.3%	-3.3%
Accident Only					
Cats	\$152.66	\$140.87	\$125.41	\$133.05	\$130.24
(%) variation	+ 2.1%	-7.7%	-11.0%	+ 6.1%	-2.1%
Dogs	\$190.08	\$190.02	\$205.21	\$225.76	\$239.11
(%) variation	+ 12.9%	-0.03%	+ 8.0%	+ 10.0%	+ 5.9%

(*) 2020 and 2021 results are based on different sample of companies (1 additional company in 2020 and 3 additional companies in 2021)



Average Annual Premium Per Cat, Per Dog (Canada)

(Straight Average)

	2017	2018	2019	2020	2021
Accident & Illness					
Cats	\$377.53	\$365.10	\$386.08	\$369.14	\$426.93
(%) variation	+3.5%	-3.3%	+5.7%	-4.4%	+15.7%
Dogs	\$715.95	\$677.73	\$728.04	\$767.45	\$827.55
(%) variation	+10.3%	-5.3%	+7.4%	+5.4%	+7.8%

SECTION #5

Pets and GWP Distribution



Pets and GWP Distribution


U.S.

Pets and GWP Distribution by State (2021)

TOP 10 STATES	PETS	GWP
California	19.3%	21.6%
New York	8.4%	9.3%
Florida	6.1%	6.2%
Texas	5.5%	4.8%
New Jersey	5.4%	5.4%
Massachusetts	4.7%	4.8%
Pennsylvania	4.6%	4.4%
Washington	4.1%	4.0%
Illinois	3.2%	3.3%
Virginia	3.1%	3.2%

Full table with all U.S. states provided on the following page


Canada

Pets and GWP Distribution by Province (2021)

PROVINCES	PETS	GWP
Ontario	38.9%	38.0%
British Columbia	20.3%	23.6%
Alberta	18.9%	22.4%
Quebec	7.1%	5.8%
Nova Scotia	4.5%	3.1%
Newfoundland & Labrador	4.3%	3.0%
New Brunswick	1.9%	1.2%
Manitoba	1.8%	1.3%
Saskatchewan	1.4%	1.0%
Prince Edward Island	0.5%	0.4%
Northwest Territories	0.1%	0.1%
Yukon	0.1%	0.1%



U.S. Market (Full) Pets and GWP Distribution by State (2021)

STATE	PETS	GWP	STATE	PETS	GWP	STATE	PETS	GWP
California	19.3%	21.6%	Oregon	1.6%	1.5%	New Mexico	0.4%	0.4%
New York	8.4%	9.3%	Nevada	1.4%	1.3%	Kansas	0.4%	0.3%
Florida	6.1%	6.2%	Minnesota	1.2%	1.0%	Delaware	0.4%	0.3%
Texas	5.5%	4.8%	Wisconsin	1.1%	0.9%	Idaho	0.3%	0.3%
New Jersey	5.4%	5.4%	South Carolina	1.0%	0.9%	Oklahoma	0.3%	0.3%
Massachusetts	4.7%	4.8%	Tennessee	1.0%	0.9%	Alaska	0.3%	0.3%
Pennsylvania	4.6%	4.4%	Indiana	1.0%	0.8%	Vermont	0.3%	0.3%
Washington	4.1%	4.0%	New Hampshire	0.9%	0.9%	Nebraska	0.2%	0.2%
Illinois	3.2%	3.3%	Missouri	0.8%	0.6%	Arkansas	0.2%	0.2%
Virginia	3.1%	3.2%	Utah	0.6%	0.5%	Montana	0.2%	0.2%
Colorado	3.0%	3.0%	Louisiana	0.6%	0.5%	West Virginia	0.2%	0.2%
North Carolina	2.4%	2.1%	Rhode Island	0.6%	0.5%	Mississippi	0.2%	0.2%
Maryland	2.3%	2.4%	Hawaii	0.6%	0.5%	Wyoming	0.1%	0.1%
Connecticut	2.1%	2.2%	Maine	0.5%	0.5%	North Dakota	0.1%	0.2%
Ohio	2.1%	1.8%	Kentucky	0.5%	0.4%	South Dakota	0.1%	0.1%
Georgia	2.0%	1.7%	District of Columbia	0.5%	0.5%	Other / not tracked	0.1%	0.0%
Arizona	1.8%	1.7%	Alabama	0.5%	0.3%			
Michigan	1.7%	1.5%	Iowa	0.4%	0.3%			

SECTION #6

Claims





Most Common Medical Conditions Cats & Dogs (2021) – North America

Dogs	Cats
Otitis / Ear Infection	Urinary Tract Infection
Gastroenteritis	Diabetes
Diarrhea	Gastroenteritis
Skin Conditions (Infections, Allergies, Mass)	Otitis / Ear Infection
Urinary Tract Infection	Diarrhea
Vomiting / Emesis	Kidney Disease / Renal Failure
Allergies	Upper Respiratory Infection
Arthritis	Vomiting / Emesis
Dermatitis	Conjunctivitis / Eye Condition
Cruciate Ligament	Inflammatory Bowel Disease
Lameness	Hyperthyroidism



Top Claims Paid – Dogs (2021) North America

Breed	Sex	Age	Claim Paid Amount	Location	Condition
Terrier Mix	F	5	\$50,602.67	Brooklyn, NY	Hit by car
French Bulldog	F	2.2	\$49,939.96	Edmonton, Can	Gastrointestinal
German Shepherd	M	7	\$43,802.48	NJ	(GDV)
Pointer Mix	M	3	\$43,202.12	Leesburg, VA	Trauma
Labrador Retriever	M	11	\$38,503.83	Davis, CA	Kidney Disease
Mixed Breed (55 - 90 lbs)	M	6	\$37,685.88	Culver City, CA	Anemia - Immune Mediated
Staffordshire Bull Terrier	F	4	\$37,138.32	CA	Acute vomiting, bloody diarrhea, and liver enzymes off; Inappetence.
Poodle-Standard	M	5	\$34,647.27	AB	Dehiscence / septic abdomen,
French Bulldog	M	9	\$33,767.80	NJ	Poss FB
Victorian Bulldog	M	6	\$32,940.07	CA	Gentamicin Induce Acute Kidney Injury, MRSA Otitis Externa, KCS, Brachycephalic Airway Syndrome



Top Claims Paid – Cats (2021) North America

Breed	Sex	Age	Claim Paid Amount	Location	Condition
Domestic Medium Hair	M	5	\$21,941.14	Yonkers, NY	Foreign Body Ingestion
Domestic Shorthair	M	1	\$16,737.23	San Diego, CA	Dehiscence
Mixed Breed Cat	M	0	\$15,162.13	Phoenix, AZ	Lymphoma
Domestic Shorthair	F	10.8	\$14,382.38	New York, NY	Kidney Disease / Failure
Mixed Cat	F	6	\$14,377.15	West Covina, CA	Simba needed urgent care and specialist treatment.
Domestic Shorthair (mixed breed)	M	0	\$13,836.41	San Francisco, CA	Intoxication
Domestic Shorthair	M	11.8	\$13,366.82	Redwood City, CA	Nasal Problem(s)
Domestic Shorthair	F	2.6	\$9,973.66	Calgary	Cholangiohepatitis
Domestic Shorthair	F	5.6	\$9,328.92	Philadelphia, PA	Anorexia / Inappetence
Domestic Shorthair	M	17	\$7,879.36	CA	Anaemia (unspecified)

The North American Pet Health Insurance Association (NAPHIA) is comprised of reputable pet health insurance (PHI) organizations from across Canada and the United States whose membership is estimated to represent over 99 per cent of all pet health insurance coverage in effect in North America.

As a coalition, NAPHIA works to advance and grow the PHI industry through proactive research, data sharing, benchmarking initiatives, advocacy efforts, strategic partnerships, and collaboratively addressing challenges, and opportunities. Each year, the industry marks its performance and growth with the release of its State of the Industry Report.

Learn more at naphia.org