About NAPHIA

The North American Pet Health Insurance Association (NAPHIA) is comprised of reputable pet health insurance (PHI) organizations from across Canada and the United States. NAPHIA's membership makes up over 99 percent 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, resource sharing and the dissemination of information to collaboratively address challenges and opportunities.

Each year, the industry marks its performance and growth with the release of its State of the Industry Report at the NAPHIA Summit.

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Report Overview and Methodology


Our goal is to provide the marketplace with a thorough understanding of the size of the North American Pet Health Insurance (PHI) industry, while acknowledging its performance and growth by establishing and monitoring key benchmarks.

In addition, by participating in this initiative, NAPHIA members have a comprehensive tool with which to measure and benchmark their own performance alongside that of the PHI marketplace.

This report examines the following pet health insurance products:

- **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

* Data for Insurance with Embedded Wellness has been combined with Accident & Illness throughout most of this report. Fewer participants provide data for this product and some providers have unbundled the product (e.g. wellness sold as an endorsement to the base plans).

The findings in this report are based on data submitted by NAPHIA’s 12 provider members. For the first time since the study began in 2012, NAPHIA members now represent more than 99 percent of the entire PHI industry in North America.

As a voluntary association dedicated to increasing awareness and driving growth across the PHI industry, NAPHIA has always encouraged new pet insurance companies and carriers to become members. However, with the addition of Petplan and Pethealth to the fold in early 2015, and 100 percent member participation in submitting data for this benchmarking survey, this year’s version of the report is more comprehensive and reflective of trends across the industry than ever before.

With the inclusion of new member data, this year also marks the first time this study will include a geographical breakdown of the data to provide insight into the individual U.S. and Canadian PHI markets. In previous years and versions of this report, the data was only available for North America as a whole. (Note: U.S. members operate in all states, and Canadian members in most provinces and territories. Some members also sell pet health insurance across North America.)

In terms of aggregate results compiled, the In-Force Data is based on End-of-Year (EOY) results as at December 31 as submitted in the member survey questionnaire/data call. Both Gross Written Premiums and Insured Pets data are also as at December 31. The data was reviewed in detail and reasonableness tests were conducted to ensure that it was reported accurately.

Trial policies are not included in the aggregate figures throughout this report.

All dollar figures are in U.S. dollars, including data for Canada, unless otherwise specified. Specific exchange rates are provided on graphs, where required.

The data has been compiled by Avalon Actuarial, a Division of Willis Canada Inc., an independent third party organization that manages the collection and compilation of the survey data.
ABOUT AVALON ACTUARIAL

Avalon Actuarial, a Division of Willis Canada Inc. offers innovative actuarial and benefit consulting services to many Canadian and international clients.

Avalon works with a variety of clientele in industry sectors including, but not limited to banking and insurance, energy and resources, retailers, manufacturers, engineering firms, not-for-profits, professional associations and employer groups. Avalon’s mandates and expertise cross into both Life and Health, and Property and Casualty insurance, as well as non-insurance lines of business for which principles of risk quantification, assessment and management are key elements.

Recognized as experts in travel insurance, credit card insurance, creditor/debtor insurance and other niche insurance markets, Avalon provides these industries with unique market intelligence (through market surveys and varied consulting services). Avalon constantly monitors these markets, including various industry events, developments and innovations affecting insurance and brings this knowledge to bear across a variety of disciplines to provide best-in-class support for product development, underwriting and actuarial support, and assistance with third party provider relationships.

MEET THE MEMBERS

All statistics and figures presented in this report are based on the data submitted by the following NAPHIA members:

- **Embrace Pet Insurance**
  - American Modern Pet Insurance, Ameriprise, Armed Forced Insurance, BBVA Compass, Embrace Pet Insurance, First Citizens Insurance Services, USAA
- **Hartville Pet Insurance Group**
- **Healthy Paws Pet Insurance & Foundation**
- **PetFirst Pet Insurance**
- **Pethealth Inc.**
- **PetPartners**
  - AKC Pet Insurance and CFA Pet Insurance
- **Petplan**
- **Pets Best**
- **Pets Plus Us**
- **Trupanion**
- **VPI/Nationwide**
- **Western Financial Insurance Company**
  - Petsecure, PC Insurance, CAA, Pet Insurance, The Personal Insurance Company, HBC

Results for 2013 and 2014 include data from all of the above NAPHIA members. Results for 2012 are slightly underestimated as this data was unavailable from some providers. Our two newest NAPHIA members, PetPlan and PetHealth, have participated in this year’s edition and have reported data as of 2012.

Note: Two NAPHIA Industry members, American Modern Insurance Group and Independence American Insurance Company are carriers and as such, do not participate directly in the data call or report.
MARKET HIGHLIGHTS
Market Highlights

The survey, and the resulting NAPHIA State of the Industry Report, are comprehensive and wide-reaching. They illustrate the growing maturity and continued stability of an industry whose development is outpacing most other traditional property and casualty insurance lines, as well as other insurance categories.

Over 1.4 million pets were insured in North America at year-end 2014. This represents an average annual growth rate of 12.6% from 2012 to 2014.

The combined total premium volume for all NAPHIA members in North America was approximately $660.5 million in 2014, which represents an increase of 12.8% in GWP over the previous year. From 2012 to 2014 the average annual growth rate in GWP was approximately 14.5%.
Approximately 83% of all insured pets in North America were dogs.

Canada has a larger share of cats insured than the U.S.

Types of Coverage

- **97%** Accident & Illness / Insurance with Embedded Wellness
- **3%** Accident Only

A total of 97% of pets were covered either through an Accident & Illness plan or an Insurance with Embedded Wellness plan. The remaining 3% of pets were covered through an Accident Only plan. Endorsements are not included in the number of insured pets count as they are typically linked to a base policy (to avoid duplication of pets).

Average Premiums 2014

- **DOGS**
  - **$433** annually or **$36.08/month**
  - Average generated premiums for All Accident & Illness plans

- **CATS**
  - **$154** annually or **$12.85/month**
  - Average generated premiums for Accident Only plans
Average Premium Per Dog, Per Cat and by Product (straight average)

ACCIDENT & ILLNESS / INSURANCE WITH EMBEDDED WELLNESS

62%
$473.33

38%
$284.86

2014

54%
$157.66

46%
$132.01

GET THE FULL REPORT
Remember, these are just the Report Highlights.
To purchase the Full Version of the NAPHIA State of the Industry Report 2015, visit naphia.org/industry/research-and-reports or call 1-877-962-7442 for more information.

STATE OF THE INDUSTRY REPORT 2015 - FULL VERSION INCLUDES:

Gross Written Premium
- Total In-Force GWP
- In-Force GWP - Dogs vs. Cats
- Trending of In-Force GWP, Per Product
- New Business Added GWP, Per Country
- New Business Added GWP, Per Product - North America
- Ratio of New Business Added to In-Force GWP - North America
- Percentage of GWP by State & Province

Number of Pets
- Total Insured Pets - North America
- Insured Dogs & Cats - North America and by Country
- Total Insured Pets, Per Product - North America
- Trending of Insured Pets, Per Product
- Total New Insured Pets Added Each Year - North America
- New Insured Dogs & Cats - North America and by Country

Average Premiums
- Average Premium Per Insured Pet - North America (straight average)
- Average Premium Per Dog, Per Cat and by Product (straight average)