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 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, challenges, and opportunities.

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

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Visit: naphia.org/industry/research-and-reports/terms-conditions-use-state-industry-report-2017
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The North American Pet Health Insurance Association (NAPHIA) is pleased to present the 2017 North American Pet Health Insurance Industry 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 following products are monitored in this 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 for the U.S.).

The data has been compiled by Willis Canada Inc., a Willis Towers Watson company (“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. Nothing in this report constitutes legal, accounting or tax advice.

**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 (U.S. and Canadian) currency from 2013 to 2016. This is due to the fluctuation in currency between the two countries.
ABOUT WILLIS TOWERS WATSON

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, brokering and solutions company that helps clients around the world. With over 39,000 employees in more than 120 different countries, they provide solutions to individuals and institutions that manage risk, optimize benefits, cultivate talent and expand the power of capital.

Recognized as experts in travel insurance, credit card insurance, creditor/debtor insurance and other niche insurance markets, Willis Towers Watson provides these industries with unique market intelligence (through market surveys and varied consulting services). Willis Towers Watson 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 data submitted by the participating NAPHIA members (aggregate results). The information summarized in this report was collected by means of a survey questionnaire/data call spreadsheets, completed by the following NAPHIA members (and for their related entities/brands):

Crum & Forster Pet Insurance Group
- Hartville Pet Insurance
- ASPCA Pet Health Insurance
- PetPremium Pet Health Insurance

Embrace Pet Insurance
- American Modern Pet Insurance
- Ameriprise
- Armed Forces Insurance
- BBVA Compass
- Embrace Pet Insurance
- First Citizens Insurance Services
- USAA
- Allstate
- Geico
- Nuzzle
- Bank of the West
- SWBC Insurance Company
- Sonoma Federal Credit Union
- BOLT Insurance Agency
- American Family Insurance
- Nationstar Mortgage

Healthy Paws Pet Insurance & Foundation

Nationwide

PetFirst Pet Insurance

PetHealth Inc.
- PetPoint
- 24PetWatch
- Ontario SPCA Pet Insurance Programs
- Petango
- Pet Protect
- VioVet
- Vestafy

Petline Insurance
- Petsecure Pet Health Insurance
- Desjardins
- PC Insurance
- HBC
- CAA
- The Personal

PetPartners
- AKC Pet Insurance and CFA Pet Insurance

Petplan Pet Insurance

Pets Best Insurance
- Pets Best Insurance
- Farmers Insurance
- Progressive Insurance
- BB&T Insurance Services

Pets Plus Us
- Pets Plus Us
- PetFirst Pet Insurance Canada

Trupanion

Note: Two NAPHIA Industry members, American Modern Insurance Group and Independence American Insurance Company are carriers and as such, do not participate in the data call or report. Recent market entry FIGO does not yet participate in the survey or report.
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 continues to outpace most other traditional property and casualty insurance lines, as well as other insurance categories.

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 continues to outpace most other traditional property and casualty insurance lines, as well as other insurance categories.
Close to **1.8 million** pets were insured at year-end 2016 in North America. This represents an average annual growth rate of **11.5%** from 2015.

Approximately **1.6 million** pets were insured in the United States. Approximately **220,000** pets were insured in Canada.
Accident & Illness plans continue to be the main driver in the PHI market. In the U.S., 98% of insured pets were covered either through an Accident & Illness plan or an Insurance with Embedded Wellness plan. The remaining 2% of insured pets were covered through an Accident Only plan.

**AVERAGE PREMIUMS IN 2016**

- **Accident & Illness plans** generated an average annual premium of approximately $496 USD per pet in the U.S. and $576 CAD in Canada.
- **Accident Only plans** generated an average annual premium of approximately $163 USD per insured pet in the U.S. and $208 CAD in Canada.
- The average claim amount paid for Accident & Illness plans was $263 USD in the U.S. and $298 CAD in Canada.
# Average Premium Per Dog and Per Cat, by Product

## USA (USD)

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<tbody>
<tr>
<td><strong>Accident Only</strong></td>
<td>$156.60</td>
<td>$159.26</td>
<td>$164.16</td>
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<td><strong>Accident &amp; Illness</strong></td>
<td>$120.47</td>
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<td><strong>Accident Only</strong></td>
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<td><strong>Accident &amp; Illness</strong></td>
<td>$268.82</td>
<td>$292.06</td>
<td>$316.30</td>
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## Canada (CAD)

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<tbody>
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<td><strong>Accident Only</strong></td>
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<td><strong>Accident Only</strong></td>
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<td><strong>Accident &amp; Illness</strong></td>
<td>$335.33</td>
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Gross Written Premium

All dollar amounts in this report are expressed in the country’s currency (U.S. and Canada) from 2013 to 2016.

Accident & Illness/Insurance with Embedded Wellness represented 91% of total Gross Written Premium in 2016 in North America.

In total, across North America, dogs represented approximately 89% of In-Force Gross Written Premium in 2016, for a total of $837.8 million USD.
The combined total premium volume for all NAPHIA members in North America was approximately $940 million USD in 2016.
The total premium volume as reported by NAPHIA members in the United States amounted to $836.6 million USD in 2016.

The total premium volume as reported by NAPHIA members in Canada amounted to $139.3 million CAD in 2016.
NUMBER OF PETS

Over **1.8 Million** Insured Pets were reported in North America in 2015.

In North America, the average age of insured pets in 2016 was **4.86 years**, down from **4.88 years** in 2015.

Total insured pets in the U.S. represented about **87.6%** of North America’s total insured pets in 2016.
*Remember, these are just the 2017 report highlights.*

To purchase the full version of the 2017 NAPHIA State of the Industry Report, visit naphia.org/industry/research-and-reports or call 1-877-962-7442 for more information.

2017 State of the Industry Report – **Full Version Includes:**

**GROSS WRITTEN PREMIUM**
- Total In-Force GWP – Dogs vs. Cats
- GWP In-Force Per Company 2016
- In-Force GWP, Per Product
- Trending of In-Force GWP, Per Product
- New Business Added GWP
- New Business Added GWP, Per Product
- Ratio of New Business Added to In-Force, GWP

**NUMBER OF PETS**
- Total Insured Pets
- Ratio of Insured Dogs to Cats
- Total Insured Pets, Per Product
- Trending of Insured Pets, Per Product
- Total New Insured Pets Added Each Year
- New Insured Dogs and Cats
- Percentage of Pets and GWP by Location
- Average Age of Pets

**AVERAGE PREMIUMS**
- Average Premium Per Insured Pet
- Average Premium Per Dog and Per Cat, by Product