

STATE OF THE INDUSTRY REPORT

2023 HIGHLIGHTS



The 2023 NAPHIA State of the Industry Report

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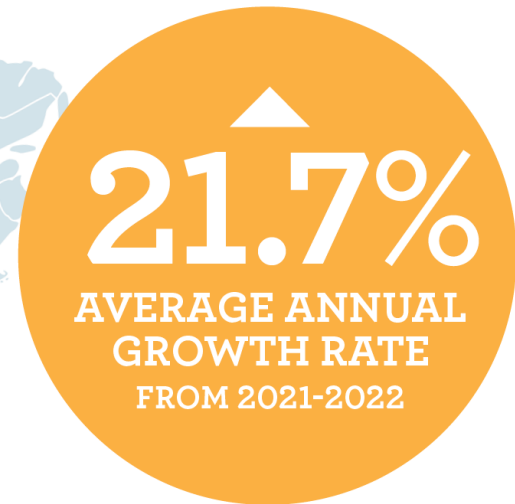
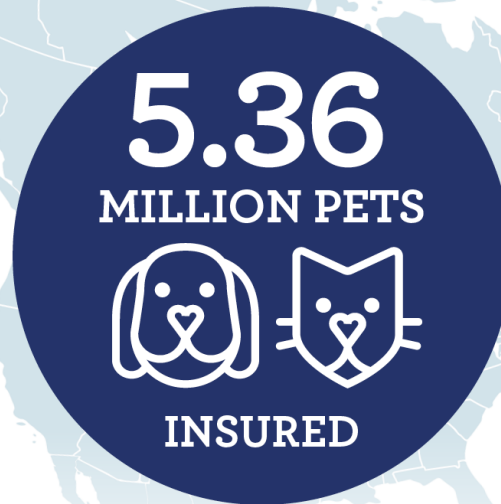
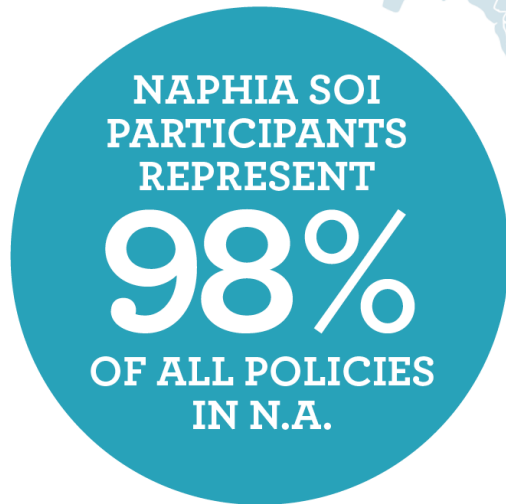
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HIGHLIGHTS

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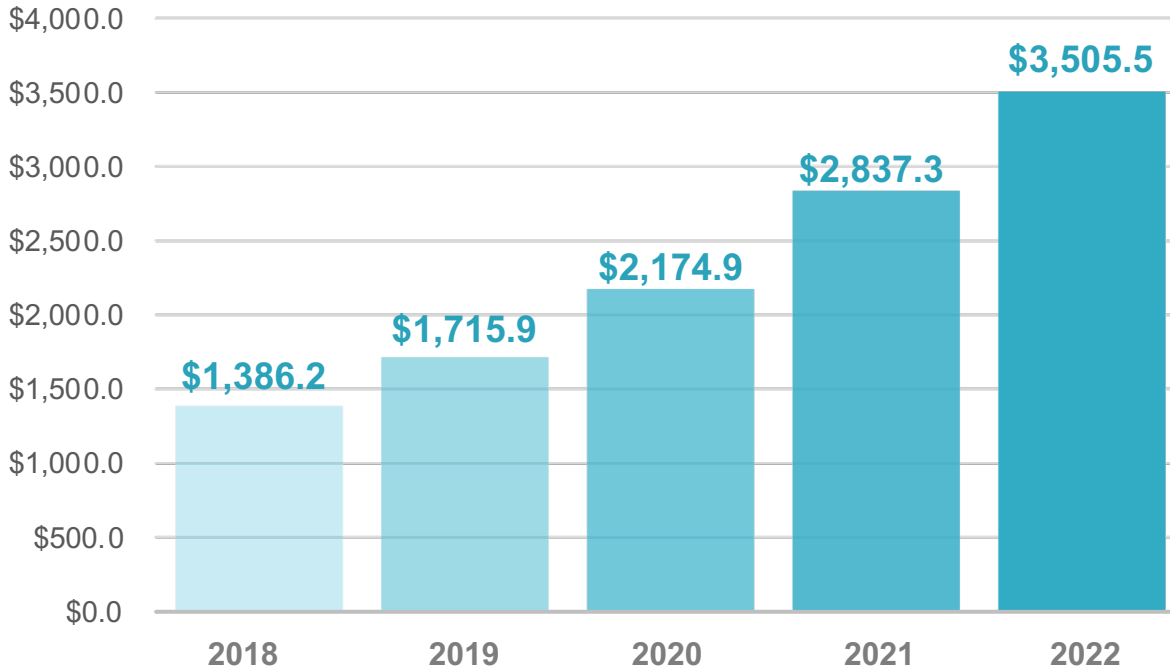


* 21.7% increased in In-Force Insured Pets



In-Force GWP (North America)

(USD in millions)



YEAR-OVER-YEAR VARIANCE

- 23.5% increase from 2021 to 2022
- 30.5% increase from 2020 to 2021
- 26.8% increase from 2019 to 2020
- 23.8% 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. This full version of the report is confidential and only available to authorized NAPHIA members. For guidance on use of the report and public vs. private data, please refer to your NAPHIA membership agreement and NAPHIA's Public vs. Private Summary which is provided along with this report. Please remember, only the official spokesperson for NAPHIA can issue the public information to the media. A portion of NAPHIA's public data is also published on <https://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).

Aggregate Results Compiled

- ▶ 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
- ▶ “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 2018 to 2022



= USD



= CAD

SECTION #2

Gross Written Premium

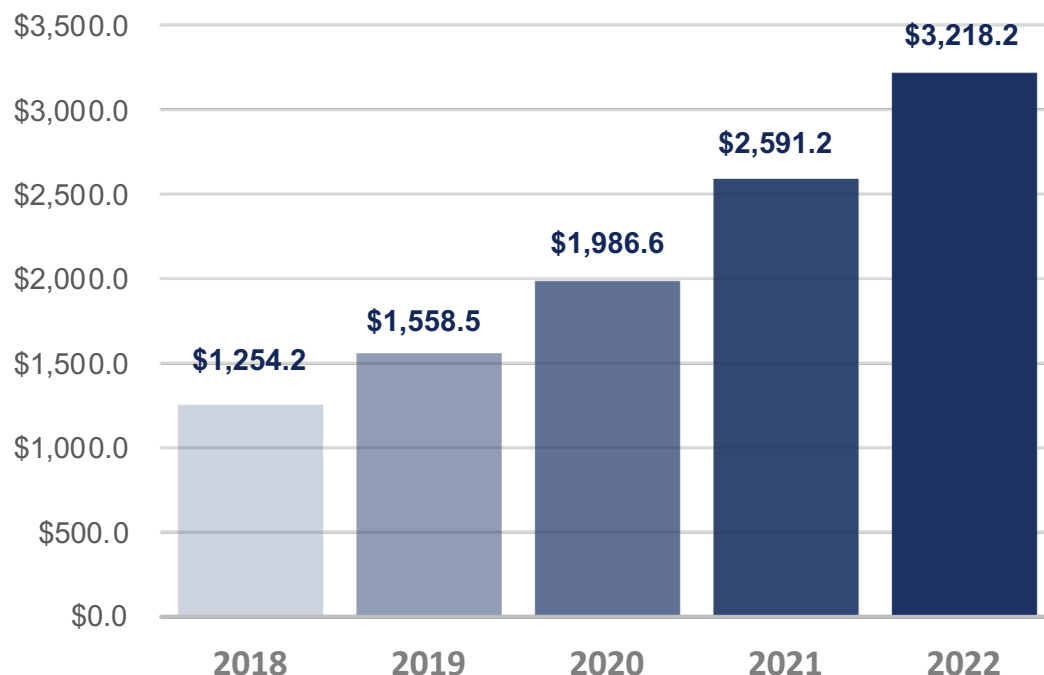


Gross Written Premium



In-Force GWP (U.S.)

(in millions)



YEAR-OVER-YEAR VARIANCE

24.2% increase from 2021 to 2022

30.4% increase from 2020 to 2021

27.5% increase from 2019 to 2020

24.3% increase from 2018 to 2019

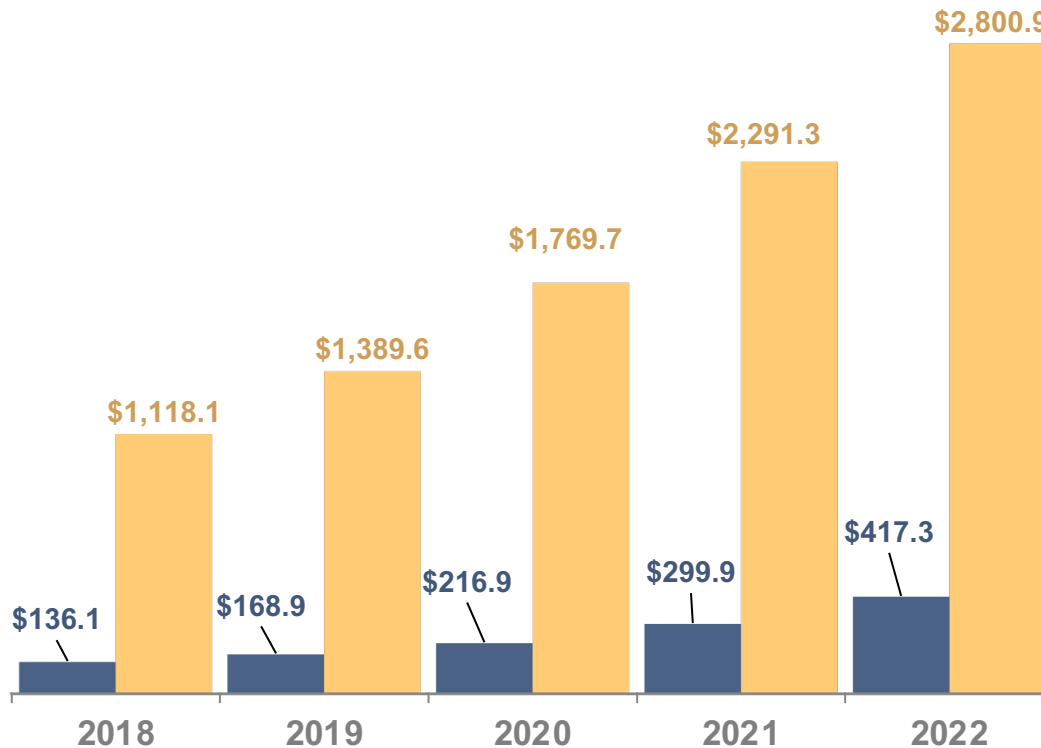
- ▶ The total premium volume in the U.S., as reported by NAPHIA members, amounted to about \$3.2 billion at year-end 2022.
- ▶ The U.S. market continues to experience double-digit increases, however the growth has slowed down a bit in 2022 with a YoY variance of 24.2% (lowest among the recent periods).

Gross Written Premium



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

(in millions)



YEAR-OVER-YEAR VARIANCE

DOGS

- 22.2% increase from 2021 to 2022
- 29.5% increase from 2020 to 2021
- 27.4% increase from 2019 to 2020
- 24.3% increase from 2018 to 2019

CATS

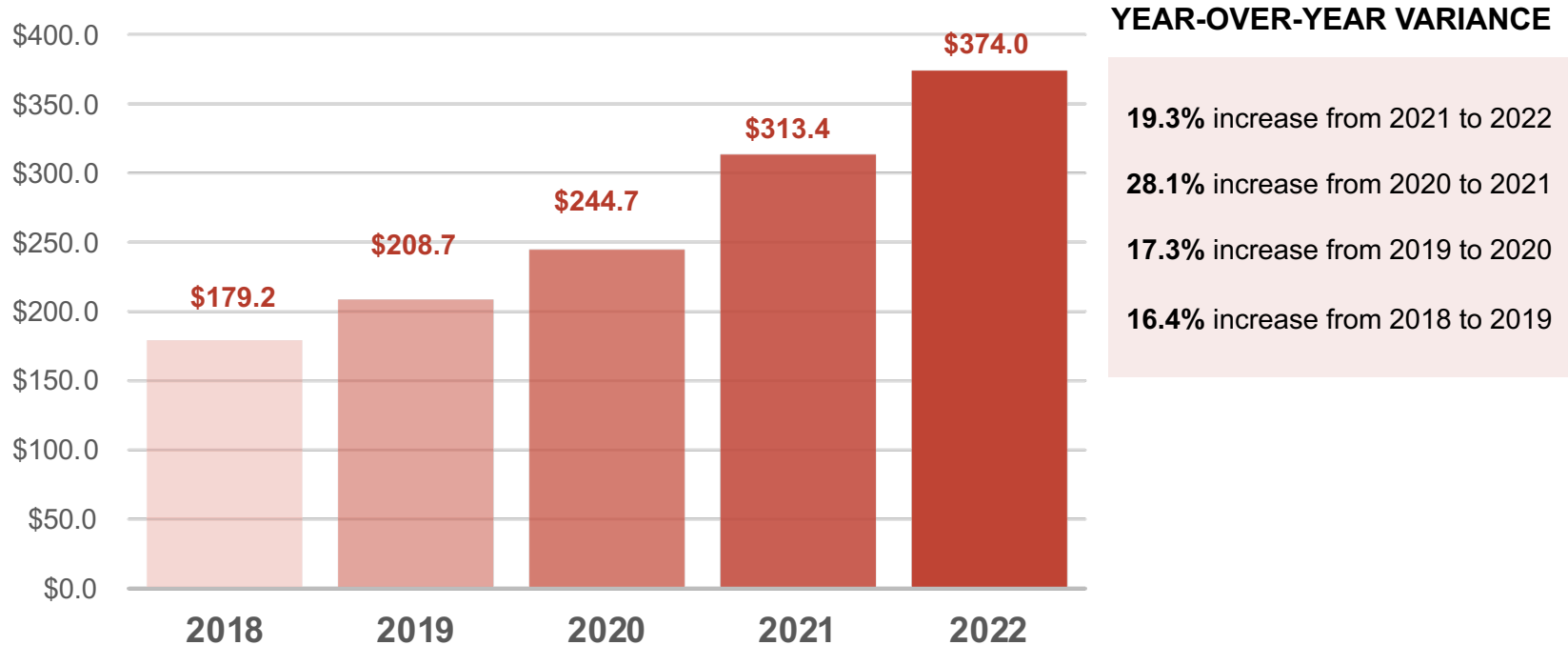
- 39.1% increase from 2021 to 2022
- 38.3% increase from 2020 to 2021
- 28.4% increase from 2019 to 2020
- 24.1% increase from 2018 to 2019

- ▶ GWP for insured dogs represented 87.0% of the total U.S. volume in 2022 (compared to 88.4% in 2021)
- ▶ GWP for insured cats represented 13.0% of the total U.S. volume in 2022 (compared to 11.6% in 2021)



In-Force GWP (Canada)

(in millions)

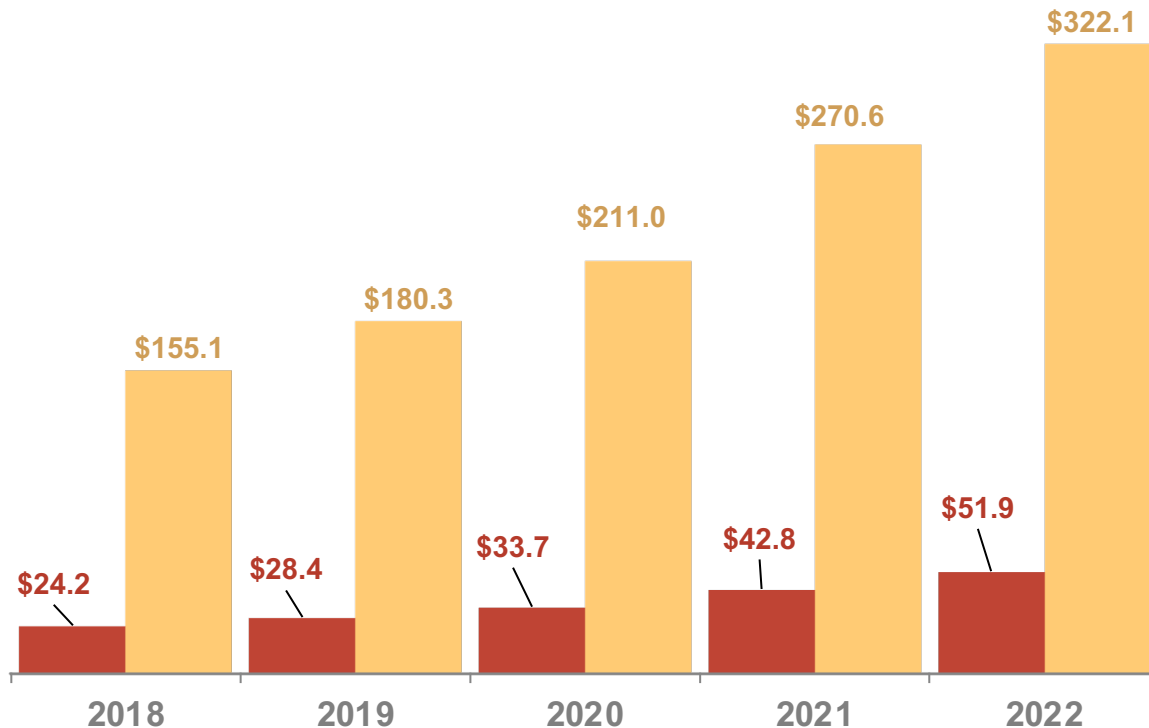


- ▶ The total premium volume in Canada, as reported by NAPHIA members, amounted to \$374.0 million at year-end 2022 (Canadian currency), an increase of 19.3% from previous year.
- ▶ The Canadian 5-year average annual growth rate was 20.3%, below the U.S. average annual growth rate of 25.6%.



In-Force GWP, Dogs and Cats (Canada)

(in millions)



YEAR-OVER-YEAR VARIANCE

DOGS

- 19.0% increase from 2021 to 2022
- 28.3% increase from 2020 to 2021
- 17.0% increase from 2019 to 2020
- 16.3% increase from 2018 to 2019

CATS

- 21.3% increase from 2021 to 2022
- 26.9% increase from 2020 to 2021
- 18.8% increase from 2019 to 2020
- 17.5% increase from 2018 to 2019

- ▶ Insured dogs represented approximately 86.1% of In-Force GWP in 2022, for a total of \$322.11 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 (13.9%, slightly above the previous year's share of 13.6%)

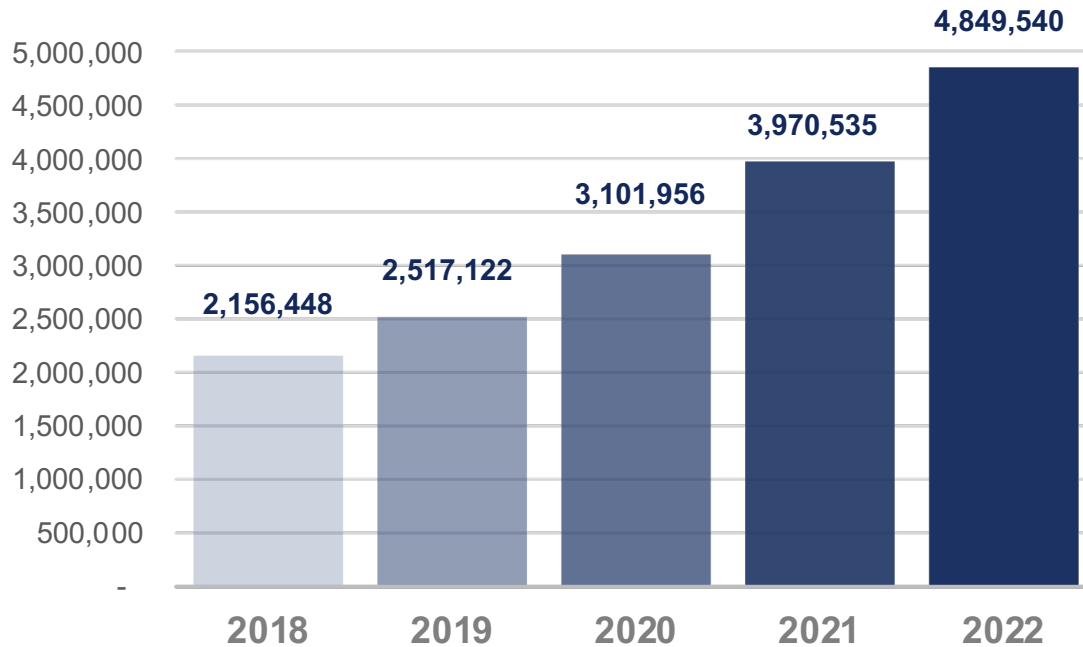
SECTION #3

Number of Pets





Total Insured Pets (U.S.)



YEAR-OVER-YEAR VARIANCE

Total Insured Pets % increase

- 22.1% increase from 2021 to 2022
- 28.0% increase from 2020 to 2021
- 23.2% increase from 2019 to 2020
- 16.7% increase from 2018 to 2019

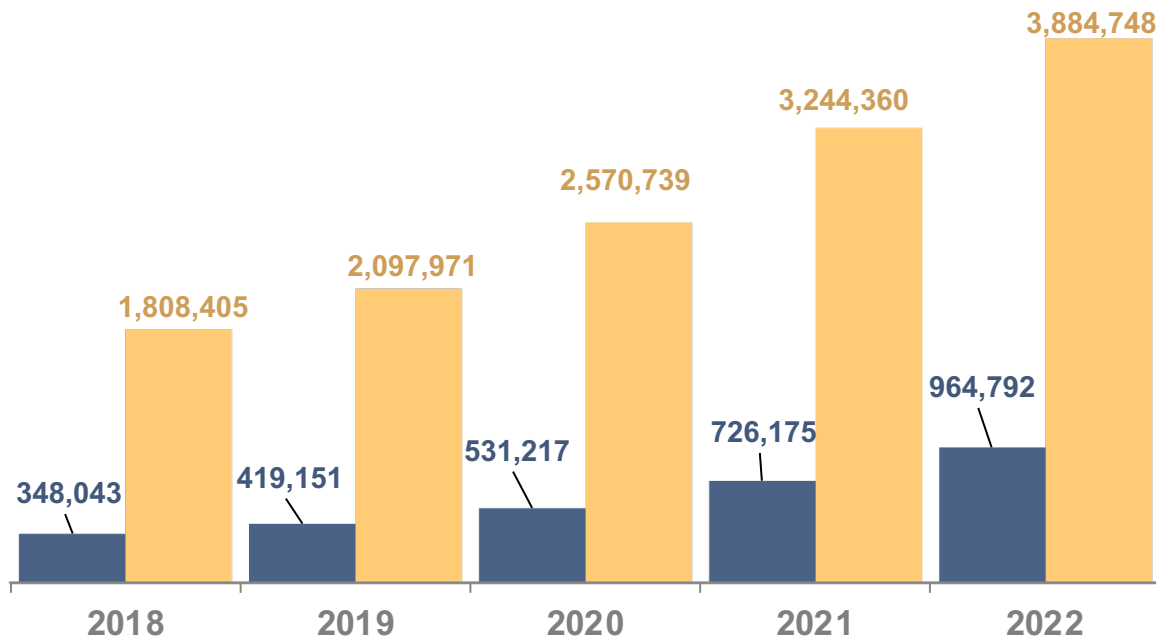
In-Force GWP % increase

- 24.2% increase from 2021 to 2022
- 30.4% increase from 2020 to 2021
- 27.5% increase from 2019 to 2020
- 24.3% increase from 2018 to 2019

- ▶ Results for 2022 show a 22.1% increase in Total Insured Pets in the U.S., below the average annual growth rate since 2018 (22.5%.)
- ▶ In-Force GWP growth continues to outpace the Total Insured Pets growth.



Total Insured Dogs and Cats (U.S.)



YEAR-OVER-YEAR VARIANCE

DOGS

- 19.7% increase from 2021 to 2022
- 26.2% increase from 2020 to 2021
- 22.5% increase from 2019 to 2020
- 16.0% increase from 2018 to 2019

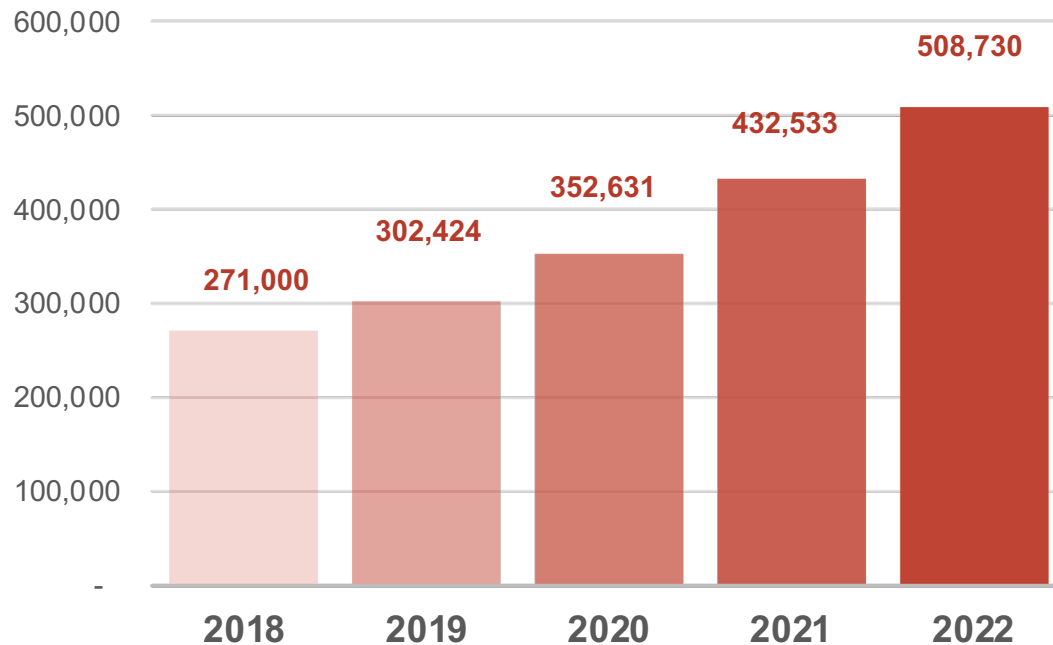
CATS

- 32.9% increase from 2021 to 2022
- 36.7% increase from 2020 to 2021
- 26.7% increase from 2019 to 2020
- 20.4% increase from 2018 to 2019

- ▶ Dogs make up the majority of insured pets in the United States, with 80.1% of insured dogs compared to 19.9% of insured cats, representing a slightly different split from the previous year (81.7 % / 18.3 %).
- ▶ 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, 18.3% in 2021 and 19.% in 2022.)



Total Insured Pets (Canada)



YEAR-OVER-YEAR VARIANCE

Total Insured Pets % increase

17.6% increase from 2021 to 2022

22.7% increase from 2020 to 2021

16.6% increase from 2019 to 2020

11.6% increase from 2018 to 2019

In-Force GWP % increase

19.3% increase from 2021 to 2022

28.1% increase from 2020 to 2021

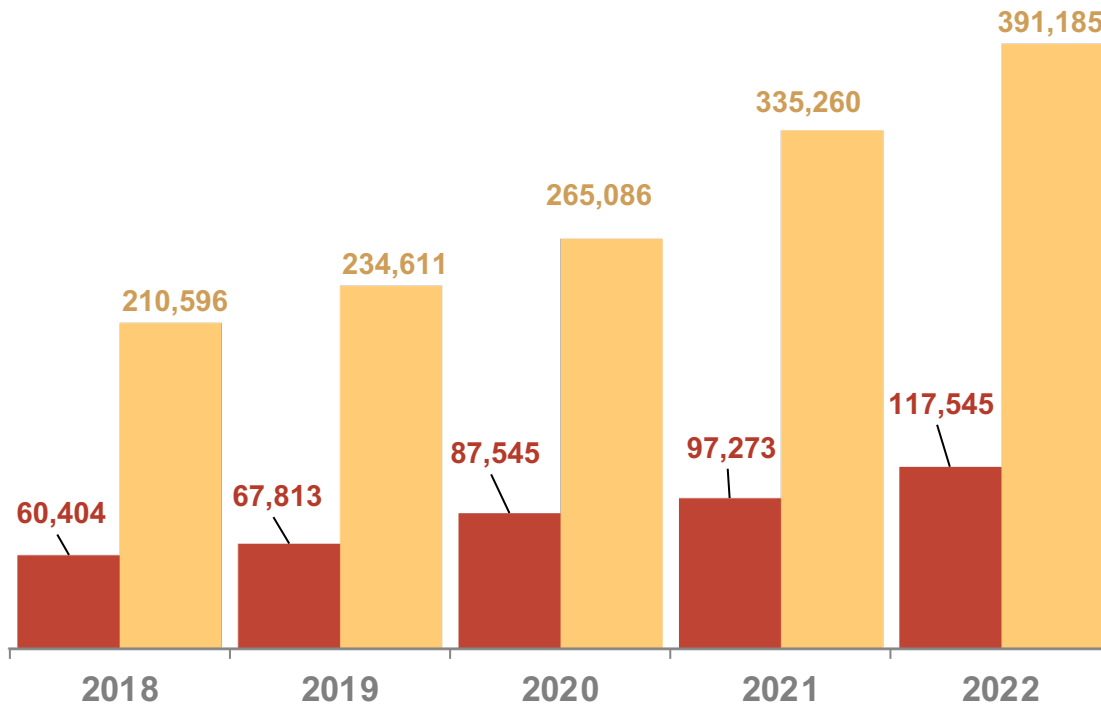
17.3% increase from 2019 to 2020

16.4% increase from 2018 to 2019

- ▶ Results for 2022 show a growth of 17.6% in Total Insured Pets in Canada, below the previous year's result.
- ▶ The annual growth rate of Insured Pets in the Canada since 2018 is 17.1%, below the U.S. average annual growth rate of 21.3%.



Total Insured Dogs and Cats (Canada)



YEAR-OVER-YEAR VARIANCE

DOGS

- 16.7% increase from 2021 to 2022
- 26.5% increase from 2020 to 2021
- 13.0% increase from 2019 to 2020
- 11.4% increase from 2018 to 2019

CATS

- 20.8% increase from 2021 to 2022
- 11.1% increase from 2020 to 2021
- 29.1% increase from 2019 to 2020
- 12.3% increase from 2018 to 2019

- ▶ Based on the results of the study, dogs make up the majority of insured pets in Canada (76.9% insured dogs vs. 23.1% insured cats).
- ▶ Canada has historically insured a higher proportion of cats than the U.S (US has 80.4% insured dogs vs. 19.6% insured cats)

SECTION #4

Average Annual Premiums



Average Annual Premiums



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

(Weighted Average)

	2018	2019	2020	2021*	2022*
Insurance with Embedded Wellness					
Cats	\$451.45	\$531.73	\$542.52	\$559.08	\$613.67
(%) variation	-0.2%	17.8%	2.0%	3.1%	9.8%
Dogs	\$811.89	\$969.65	\$991.57	\$1,051.30	\$1,134.29
(%) variation	3.9%	19.4%	2.3%	6.0%	7.9%
Accident & Illness					
Cats	\$359.56	\$365.89	\$366.69	\$369.57	\$387.01
(%) variation	3.2%	1.8%	0.2%	0.8%	4.7%
Dogs	\$560.06	\$594.64	\$612.65	\$625.15	\$640.04
(%) variation	3.9%	6.2%	3.0%	2.0%	2.4%
Accident Only					
Cats	\$115.88	\$117.21	\$121.38	\$121.03	\$122.19
(%) variation	0.0%	1.2%	3.6%	-0.3%	1.0%
Dogs	\$158.40	\$169.32	\$184.46	\$192.39	\$200.58
(%) variation	5.8%	6.9%	8.9%	4.3%	4.3%

* 2021 and 2022 results are based on different sample of companies (3 additional companies in 2021 and 1 additional company in 2022)



Average Annual Premium Per Cat, Per Dog (Canada)

(Weighted Average)

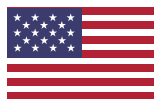
	2018	2019	2020	2021	2022
Insurance with Embedded Wellness					
Cats	\$801.39	\$871.06	\$947.72	\$957.16	\$1,036.05
(%) variation	6.8%	8.7%	8.8%	1.0%	8.2%
Dogs	\$1,414.13	\$1,556.33	\$1,689.39	\$1,725.15	\$1,865.66
(%) variation	7.5%	10.1%	8.5%	2.1%	8.1%
Accident & Illness					
Cats	\$380.43	\$399.95	\$367.59	\$425.27	\$427.44
(%) variation	-0.3%	5.1%	-8.1%	15.7%	0.5%
Dogs	\$717.44	\$751.14	\$782.08	\$796.66	\$813.98
(%) variation	-1.6%	4.7%	4.1%	1.9%	2.2%
Accident Only					
Cats	\$159.83	\$168.50	\$164.81	\$188.59	\$197.79
(%) variation	4.6%	5.4%	-2.2%	14.4%	4.9%
Dogs	\$199.63	\$212.19	\$200.85	\$242.23	\$247.69
(%) variation	7.5%	6.3%	-5.3%	20.6%	2.3%

SECTION #5

Pets and GWP Distribution



Pets and GWP Distribution



U.S.

Pets and GWP Distribution by State (2022)

TOP 10 STATES	PETS	GWP
California	18.6%	21.0%
New York	7.0%	8.4%
Florida	6.2%	6.3%
Texas	5.7%	4.9%
New Jersey	4.6%	4.9%
Pennsylvania	4.5%	4.3%
Massachusetts	4.1%	4.5%
Washington	4.0%	4.1%
Colorado	3.0%	3.0%
Illinois	2.9%	3.1%

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



Canada

Pets and GWP Distribution by Province (2022)

PROVINCES	PETS	GWP
Ontario	38.1%	37.2%
British Columbia	19.5%	23.7%
Alberta	17.6%	21.3%
Quebec	8.6%	6.9%
Newfoundland & Labrador	4.6%	3.4%
Nova Scotia	4.5%	2.9%
New Brunswick	2.4%	1.4%
Manitoba	1.8%	1.3%
Saskatchewan	1.5%	1.0%
Prince Edward Island	0.6%	0.4%
Nunavut	0.4%	0.3%
Yukon	0.1%	0.1%
Northwest Territories	0.1%	0.1%



U.S. Market (Full) Pets and GWP Distribution by State (2022)

STATE	PETS	GWP	STATE	PETS	GWP	STATE	PETS	GWP
California	18.6%	21.0%	Arizona	1.6%	1.6%	Rhode Island	0.6%	0.5%
New York	7.0%	8.4%	Indiana	1.3%	1.0%	Alabama	0.5%	0.4%
Florida	6.2%	6.3%	Minnesota	1.2%	1.0%	Kentucky	0.5%	0.4%
Texas	5.7%	4.9%	Nevada	1.2%	1.2%	Arkansas	0.5%	0.4%
New Jersey	4.6%	4.9%	South Carolina	1.1%	0.9%	West Virginia	0.4%	0.3%
Pennsylvania	4.5%	4.3%	North Dakota	1.1%	1.0%	District of Columbia	0.4%	0.4%
Massachusetts	4.1%	4.5%	Tennessee	1.1%	0.9%	Kansas	0.4%	0.3%
Washington	4.0%	4.1%	Maine	1.1%	1.0%	Oklahoma	0.4%	0.3%
Colorado	3.0%	3.0%	New Mexico	1.0%	0.9%	Idaho	0.4%	0.3%
Illinois	2.9%	3.1%	Wisconsin	0.9%	0.8%	Delaware	0.4%	0.3%
Virginia	2.7%	2.9%	Missouri	0.8%	0.6%	Alaska	0.3%	0.3%
North Carolina	2.4%	2.1%	New Hampshire	0.8%	0.8%	Mississippi	0.3%	0.2%
Maryland	2.2%	2.3%	Utah	0.7%	0.5%	Montana	0.2%	0.2%
Ohio	2.1%	1.9%	Nebraska	0.6%	0.5%	Wyoming	0.1%	0.1%
Georgia	2.1%	1.7%	Vermont	0.6%	0.6%	Other: Puerto Rico	0.1%	0.1%
Connecticut	2.0%	2.2%	Louisiana	0.6%	0.5%	South Dakota	0.1%	0.1%
Michigan	1.8%	1.5%	Hawaii	0.6%	0.6%			
Oregon	1.7%	1.6%	Iowa	0.6%	0.4%			

SECTION #6

Claims





Most Common Medical Conditions Cats & Dogs (2022) – North America

Dogs	Cats
Skin Conditions (Infections, Allergies, Mass)	Urinary Tract Infection (UTI)
Gastroenteritis	Gastrointestinal
Otitis / Ear Infection	Upper Respiratory Infection (URI)
Urinary Tract Infection	Diarrhea
Allergies	Diabetes
Diarrhea	Kidney Disease / Renal Failure
Anxiety / Behavioral condition / Neuro Issues	Skin Conditions (Infections, Allergies, Mass)
Vomiting / Emesis	Dental
Lameness / Limping	Vomiting / Emesis
Growth	Hyperthyroidism
Dermatitis	Conjunctivitis / Eye Condition



Top Claims Paid – Dogs (2022) North America

Breed	Sex	Age	Claim Paid Amount	Location	Condition
Flat-Coated Retriever	M	2	\$60,882	NH	Pneumonia
English Bulldog	F	3	\$60,215	Houston, TX	Pneumonia
Akita	M	10	\$52,659	Levittown, PA	Heart Issues
Mixed Breed	M	4	\$51,922	New Haven, CT	Wound
Mixed breed (Unknown size)	F	10	\$51,896	CA	Septic Abdomen, ruptured Gallbladder with Cholecystectomy, Polyuria with UTI
Golden Retriever	M	6	\$48,533	Gaithersburg, MD	Neurologic
American Pitbull Terrier	F	2	\$39,736	ME	Myositis, Discospondylitis
Miniature Australian Shepherd	M	5	\$39,006	BC	Abdominal tear from dog attack
Mixed Breed (55 - 90 lbs)	M	6	\$37,686	Culver City, CA	Anemia - Immune Mediated
Great Dane	M	5	\$37,393	DAVIS, CA	Glomerulonephritis



Top Claims Paid – Cats (2022) North America

Breed	Sex	Age	Claim Paid Amount	Location	Condition
Sphynx	M	2	\$40,057	NJ	Urethral obstruction/Cystotomy (Not listed); Renal abscess and PU surgery/pyothorax sepsis tail (tip) amputation, HCM pericarditis, anemia
Domestic Short Hair	M	6	\$29,503	MOUNTAIN VIEW, CA	Acquired Esophageal Dysfunction
Domestic Medium Hair	M	5	\$21,941	Yonkers, NY	Foreign Body Ingestion
Domestic Short Hair	F	12	\$20,154	Davis, CA	Renal failure
Tabby	F	13	\$18,326	LANGLEY	Urinary
Domestic Long Hair	M	9	\$17,935	WA	Endocrinology: Hormonal Disorders
Domestic Short Hair	M	8	\$17,221	VA	Tumors/Growths/Cancer
Abyssinian	M	3	\$16,364	New York, NY	Unspecified
Mixed Cat	F	10	\$15,431	Stamford, CT	Kidney Disease
Domestic Short Hair	F	4	\$14,851		Nephrolithiasis(+ Ureterolithiasis)

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 98 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