Pet Metrics: Consumer Approaches to Pet Insurance in Selected Global Markets

Series Prospectus

August 2014
## Prospectus contents

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What is the research?

Finaccord’s Pet Metrics series of reports offers detailed and unique insights into the behaviour of pet owners in the context of pet insurance in Australia, Canada, France, Germany, Italy, Spain, the UK and the US. Based on a primary survey of over 9,000 consumers across these countries carried out in the second quarter of 2014 breaking down between just under 2,000 in the US and just over 1,000 in each of the other seven, the research provides valuable data describing the extent to which owners of cats, dogs and other animals take out pet insurance.

In addition to calculating the percentage of pet owners that buys pet insurance in each country, the investigation also analyses the types of policy that they buy (i.e. stand-alone policies or cover packaged within household insurance or personal liability insurance), whether they hold cover for liabilities associated with pet ownership only or also for other risks, including veterinary expenses, which distribution channel and interface they use to take out stand-alone pet insurance and whether they buy cover within a week or a month of acquiring their pet or at a later stage.

Finally, the reports measure the degree to which insured pet owners have used their cover to file a claim in the 12 months leading up to the survey and, if so, the reason for making the claim and whether the claim was accepted or not.
Which titles are available?

The *Pet Metrics* series is composed of nine separate publications, namely

- an overview study providing comparisons for the metrics gathered across all eight countries as well as the results for each country;

- and eight country-specific titles providing the results for the investigation into pet insurance for a single country.

The titles in question are as follows:

- Pet Metrics: Consumer Approaches to Pet Insurance in Selected Global Markets
- Pet Metrics: Consumer Approaches to Pet Insurance in Australia
- Pet Metrics: Consumer Approaches to Pet Insurance in Canada
- Pet Metrics: Consumer Approaches to Pet Insurance in France
- Pet Metrics: Consumer Approaches to Pet Insurance in Germany
- Pet Metrics: Consumer Approaches to Pet Insurance in Italy
- Pet Metrics: Consumer Approaches to Pet Insurance in Spain
- Pet Metrics: Consumer Approaches to Pet Insurance in the UK
- Pet Metrics: Consumer Approaches to Pet Insurance in the USA
What is the rationale?

As a part of its program for publishing international consumer research reports covering niche lines of insurance (including extended warranties for white, brown and grey goods, mobile phone insurance and travel insurance / assistance in 2014 alone), Finaccord has elected to update and expand its portfolio of reports investigating consumer approaches to pet insurance in eight important countries, namely Australia, Canada, France, Germany, Italy, Spain, the UK and the US.

In keeping with the original rationale for the other reports focused on niche lines of insurance, there is little published information providing detailed insights into consumer approaches to pet insurance at an international level. Moreover, the results contained in this series underline the extent to which the models used for selling pet insurance vary radically between the eight countries, most particularly in the marketing aspects of product design and distribution.

A further, equally important, motivation for publishing this series is that pet insurance, like many other forms of non-life insurance, continues to experience significant changes to the way in which it is sold as a consequence both of evolving pet ownership trends among consumers and the increasing availability of pet cover, in one form or another, through a range of distribution channels, especially online. Hence, the Pet Metrics studies offer a timely update of the subject.
What methodology has been used?

The research for this study, which covers over 9,000 consumers across eight countries, was carried out in the second quarter of 2014 using the online consumer research panel of mo’web research (www.mowebresearch.com). Just over 1,000 respondents were surveyed in each of Australia, Canada, France, Germany, Italy, Spain and the UK and just under 2,000 in the US. In all cases, quotas were set in order to ensure representative survey samples by gender, age, annual household income and geographical location of respondents. The specific composition of each country sample can be obtained from Finaccord if required.
What is the report structure (for the overview report)?

0. Executive Summary: providing a concise evaluation of the principal findings of the report.

1. Introduction: offering rationale, a detailed description of methodology and a full transcript of the questionnaire used for the research.

2. Consumer Overview: this chapter provides a comparison across all eight countries of the proportion of consumers who own one or more cats, dogs and / or other animals, the percentage of these that have acquired any kind of insurance for their pet and how both of these metrics break down by age group and annual household income. In addition, it compares: the type of pet cover acquired (i.e. stand-alone policies as opposed to cover bundled in household or personal liability insurance); the risks covered (e.g. basic pet liability only or also veterinary expenses in the event of accident and / or illness); the distribution channels and interfaces used to acquire stand-alone insurance; the type of device used for online purchase of pet insurance (i.e. laptop / desktop computers, tablets or mobile phones); the point in time chosen to take out the insurance (e.g. within a week or a month of acquiring the pet or at a later point); pet insurance claims frequency and acceptance rates; and reasons for making claims. (e.g. veterinary expenses in the event of accident and / or illness plus other risks, such as boarding fees if the owner is hospitalised).

3. Australia: this chapter presents the same information as described above exclusively as it pertains to consumer approaches to pet insurance in Australia.

4 – 10: Canada, France, Germany, Italy, Spain, the UK and the US (all contents as for Australia).

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What are the key features of the research?

Key features of the reports in this series include:

• analyses showing the percentage of cat owners, dog owners and owners of different types of pet that acquire pet insurance in each country and the potential for this proportion to grow further;

• data describing the percentage of pet owners covered for expenses associated with veterinary treatment (in the event or accident or illness) and other broader pet-related risks in addition to pet liability;

• statistics illustrating the extent to which alternative distribution channels, such as aggregators, banks, cashback websites, charities, supermarkets / other retailers and vets are eroding the share of conventional insurance distributors, including direct sales by pet insurance underwriters;

• information depicting whether pet owners prefer to buy pet insurance online, by phone or by post, as opposed to in person on a face-to-face basis, and how these distribution interfaces cross-tabulate with the aforementioned distribution channels;

• insights into claims frequency and claims acceptance rates for pet insurance in each country.
How can the research be used?

You may be able to use the reports in this series in one or more of the following ways:

• understand the differing attitudes towards pet insurance of pet owners in Australia, Canada, France, Germany, Italy, Spain and the US: how far behind the UK are these markets in cultivating a substantial market for pet insurance?

• appreciate the potential for increasing the penetration of more comprehensive policies – what is your organisation’s experience?

• evaluate the opportunities for distributing pet insurance through channels other than direct sales, insurance agents and insurance brokers – to what extent will consumers buy through these means?

• assess the extent to which penetration of pet insurance could be improved by targeting pet owners more decisively as soon as they acquire a pet;

• gain access to pet insurance claims data – how likely are insured pet owners to file claims in any given year, what are their main reasons for making claims and what are typical claims acceptance rates?
Who can use the research?

1. *Insurance underwriters*: underwriters with an interest in pet insurance will be able to arrive at a detailed understanding of the dynamics of this developing market across eight countries which can be used when planning strategy or negotiating new distribution partnerships;

2. *Insurance brokers and administrators*: Finaccord’s research indicates that conventional insurance intermediaries account for a significant distribution share of stand-alone pet insurance policies in several of the countries investigated;

3. *Supermarkets and other affinity distributors*: supermarkets and other affinity distributors (e.g. animal-related charities, pet owners’ clubs, retailers of pets / pet products, vets) able to identify pet-owning customers can convert this knowledge into sales of pet insurance;

4. *Management consultancies*: are you helping an underwriter or distributor of pet insurance to improve its performance in this sector? If so, this research will provide you with unique insights into consumer behaviour in in Australia, Canada, France, Germany, Italy, Spain, the UK and / or the US.
What are some of the key findings?

1. While highest in Italy and lowest in the UK, overall levels of pet ownership do not vary greatly between the eight countries considered.

% of consumers owning any kind of pet

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>54.5%</td>
</tr>
<tr>
<td>Canada</td>
<td>52.0%</td>
</tr>
<tr>
<td>France</td>
<td>58.8%</td>
</tr>
<tr>
<td>Germany</td>
<td>52.1%</td>
</tr>
<tr>
<td>Italy</td>
<td>61.4%</td>
</tr>
<tr>
<td>Spain</td>
<td>58.8%</td>
</tr>
<tr>
<td>UK</td>
<td>48.6%</td>
</tr>
<tr>
<td>US</td>
<td>57.5%</td>
</tr>
<tr>
<td>Average</td>
<td>55.5%</td>
</tr>
</tbody>
</table>

Source: Finaccord Pet Metrics survey
What are some of the key findings? (cont.)

2. In country X, pet insurance remains oriented to basic pet liability cover although penetration of policies covering fees for veterinary treatment is rising

- Boarding fees (if owner is hospitalised) 28.0%
- Cost incurred for cancelling or interrupting holiday 12.8%
- Cost of advertising and rewards if pet is lost or stolen 4.8%
- Death of pet from injury or illness 18.4%
- Fees for veterinary treatment due to accident 48.0%
- Fees for veterinary treatment due to illness 44.0%
- Accidents, damage or injuries to third parties 72.8%
- Loss of pet through straying or theft 11.2%
- Any costs or fees incurred whilst travelling abroad 16.8%

Note – the identity of Country X is revealed in the overview and relevant country-specific report

Source: Finaccord Pet Metrics survey

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What are some of the key findings? (cont.)

3. In country Y, affinity distribution channels play a very significant role in the distribution of pet insurance

Note – the identity of Country Y is revealed in the overview and relevant country-specific report

Source: Finaccord Pet Metrics survey

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What are some of the key findings? (cont.)

Key findings from executive summaries in this series include:

• the only country which displays a consistent relationship between a respondent's age and their propensity to own one or more types of pet is Italy, where levels of pet ownership decrease as age increases;

• as an average across all eight countries, 28.1% of consumers owning one or more dogs reported having insurance for their dog or dogs, whereas the equivalent figure for cats was 15.8% (and for other types of animal it was even lower, at just 5.6%);

• in five of the eight countries researched, online sales of pet insurance are most prevalent while in the other three pet owners are most likely to acquire this type of cover in person, in a face-to-face environment; with sales by phone or post generally quite limited;

• according to the research, annual claims frequency varies very substantially across the eight countries with a low point of 5.3% (i.e. just over one in every 20 policies) in one country up to a high point of 36.0% (i.e. more than a third of policies in force) in another.
What is the cost and format?

All of the reports in the Pet Metrics series are available as standard PDF documents and Excel data annexes. Costs for the various titles in the series and for selected other international consumer research studies released in 2014 are as follows:

<table>
<thead>
<tr>
<th>REPORT</th>
<th>COST *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pet Metrics: Consumer Approaches to Pet Insurance in Selected Global Markets</td>
<td>GBP 2,995</td>
</tr>
<tr>
<td>Pet Metrics: Consumer Approaches to Pet Insurance in Australia</td>
<td>GBP 595</td>
</tr>
<tr>
<td>Pet Metrics: Consumer Approaches to Pet Insurance in Canada</td>
<td>GBP 595</td>
</tr>
<tr>
<td>Pet Metrics: Consumer Approaches to Pet Insurance in France</td>
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<tr>
<td>Pet Metrics: Consumer Approaches to Pet Insurance in Germany</td>
<td>GBP 595</td>
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<tr>
<td>Pet Metrics: Consumer Approaches to Pet Insurance in Italy</td>
<td>GBP 595</td>
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<tr>
<td>Pet Metrics: Consumer Approaches to Pet Insurance in Spain</td>
<td>GBP 595</td>
</tr>
<tr>
<td>Pet Metrics: Consumer Approaches to Pet Insurance in the UK</td>
<td>GBP 595</td>
</tr>
<tr>
<td>Pet Metrics: Consumer Approaches to Pet Insurance in the USA</td>
<td>GBP 595</td>
</tr>
<tr>
<td>Mobile Metrics: Consumer Approaches to Mobile Phone and Gadget Insurance in Selected Global Markets</td>
<td>GBP 3,995</td>
</tr>
<tr>
<td>Travel Metrics: Consumer Approaches to Travel Insurance and Assistance in Selected Global Markets</td>
<td>GBP 2,995</td>
</tr>
<tr>
<td>Warranty Metrics: Consumer Approaches to Extended Warranties for White, Brown and Grey Goods in Selected Global Markets</td>
<td>GBP 3,995</td>
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* VAT at the prevailing rate will be added to the basic price for UK-based buyers except for where the request is for hard copy only. Costs quoted are for a single office, single country licence only. For corporate user licence options, please see the next slide for further details. Invoices can be paid in EUR or USD, at the prevailing exchange rate, if preferred.

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How can the research be purchased?

Simple. Just go to the relevant area of the Finaccord web site available at [www.finaccord.com/order_pet_metrics.htm](http://www.finaccord.com/order_pet_metrics.htm) and fill in the online order form, clearly indicating:

- report required
- type of corporate user licence, if required *
- billing name
- address and e-mail address
- purchase order number, if applicable

Please allow up to one working day for the delivery of electronic copy by e-mail.

* For the **corporate user licence** please choose one of the following options:
  1. One office, one country: no supplement over and above basic cost of reports ordered
  2. Multiple offices, one country: additional 20% over and above basic cost of reports ordered
  3. Multiple offices, two to ten countries: additional 50% over and above basic cost of reports ordered
  4. Global (unlimited offices in unlimited countries): additional 100% over and above basic cost of reports ordered

  **VAT at the prevailing rate will be added to the price of any corporate user licence acquired by UK-based buyers.**