

# **THE STATE OF THE UK PET INSURANCE MARKET IN 2025:**

## **Trends and What They Mean for Insurers**





# The Pet Insurance Pivot

Pet insurance has moved decisively from a niche product to a vital component of the UK insurance landscape. Currently with over 4.6 million live policies and annual premiums hitting record highs, the sector is expected to more than double by 2030, and unsurprisingly commands growing attention from personal lines insurers and the wider market alike.

However, beneath the surface of this expansion lies a complex mix of challenges, evolving consumer behaviours and shifting expectations that demand a strategic response from insurers.



# Rising Claims Cost

Recent data from the Association of British Insurers (ABI) shows that in 2024, insurers paid out a record-breaking £1.23 billion in pet insurance claims, a figure that has more than doubled over the last decade.

On average, insurers handle approximately 4,900 pet claims daily, with an average claim value of £685.

This surge reflects not only increasing veterinary treatment costs, which have risen by about 60% over the past eight years but also growing sophistication in veterinary care and a wider variety of insured conditions.



## The Consumer Experience: Trust and Transparency Under the Microscope

According to Fairer Finance's Trust in Insurance Index, overall public confidence in insurers has dropped to a four-year low. While pet insurance remains the most trusted sector within insurance at 55.7%, this figure highlights the need for continued improvement in transparency, communication, and claims handling.

Complaints to the Financial Ombudsman Service (FOS) about pet insurance have increased by over 25% in the past year, placing pet insurance as the fourth-most complained-about business line. More than half of these complaints are upheld in favour of customers, and indicate systemic issues related to poor communication, product complexity and delays in claims processing.

This erosion of trust can be particularly damaging given the emotional bond between pet owners and their animals. When customers feel that their insurance policies fall short, whether through unexpected exclusions, premium hikes at renewal, or perceived value, it risks not only damaging individual brands but the market's reputation as a whole.



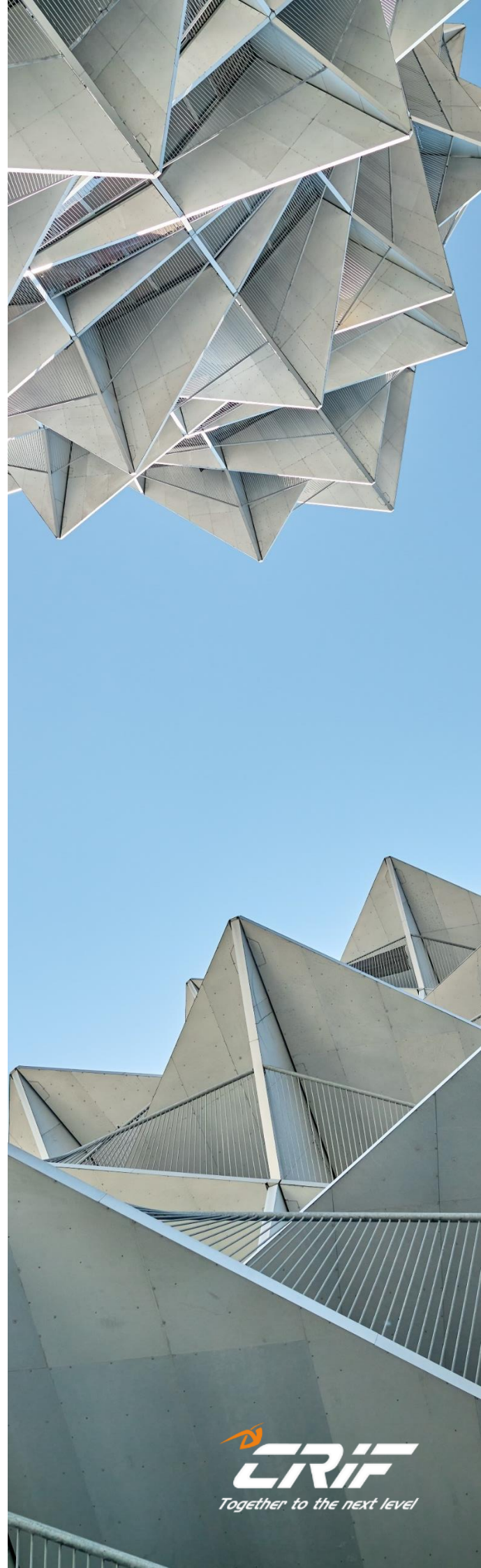
# Pet Owner's Evolving Behaviours and Expectations

Pet owners today are more proactive than ever in managing their pets' health and not always through traditional channels.

A 2024 survey by the Post Office Pet Insurance reveals that many owners turn first to online searches for pet health advice, sometimes bypassing veterinary consultation altogether.

This trend poses both a challenge and an opportunity for insurers: educating and guiding customers effectively can improve policy satisfaction and reduce claims friction.

The rise of digital self-diagnosis also calls for clearer, more accessible communication from insurers, helping policyholders understand their coverage, avoid confusion, and set realistic expectations around what is claimable.





# Navigating the Challenge of Fair Value

Price is an obvious concern for many pet insurance customers, especially as premiums rise with age.

But Fair Value, a concept emphasised by regulators and consumer groups, goes beyond price alone.

It means ensuring that insurance products deliver meaningful outcomes aligned with customer needs.

A low-cost pet insurance policy that rarely pays out, or an expensive policy with limited coverage for ongoing conditions, fails the Fair Value test.

Progressive insurers will monitor and model their product design and claims experience to ensure they genuinely protect customers when it matters most.



# How Can Insurers Position Themselves For Success?

## **Enhance Communication and Transparency:**

Clear explanations of policy terms, especially exclusions, are critical to manage expectations from the outset, including what types of claims will be supported and the potential for premium increases at renewal.

## **Leverage Data-Driven Insights for Better Underwriting:**

Access to reliable, timely data can help insurers price risk more accurately and tailor products to evolving pet health trends. CRIF's data analytics and risk assessment tools can provide valuable support by enhancing decision-making processes, reducing underwriting uncertainty and improving claims outcomes.

## **Customer-Centric Claims Processes:**

Streamlining claims workflows and reducing processing delays can significantly improve customer satisfaction and retention. Automated decisioning platforms can expedite claim approvals while maintaining compliance and fairness.

## **Develop Flexible, Needs-Aligned Products:**

Offering modular or tiered policies that accommodate a range of budgets and pet health profiles can address affordability concerns and improve perceived value.

## **Educate and Engage Pet Owners:**

Insurers can play a role in educating policyholders about pet health, encouraging timely veterinary visits while helping to build customer relationships and reduce claim volumes and complexities.

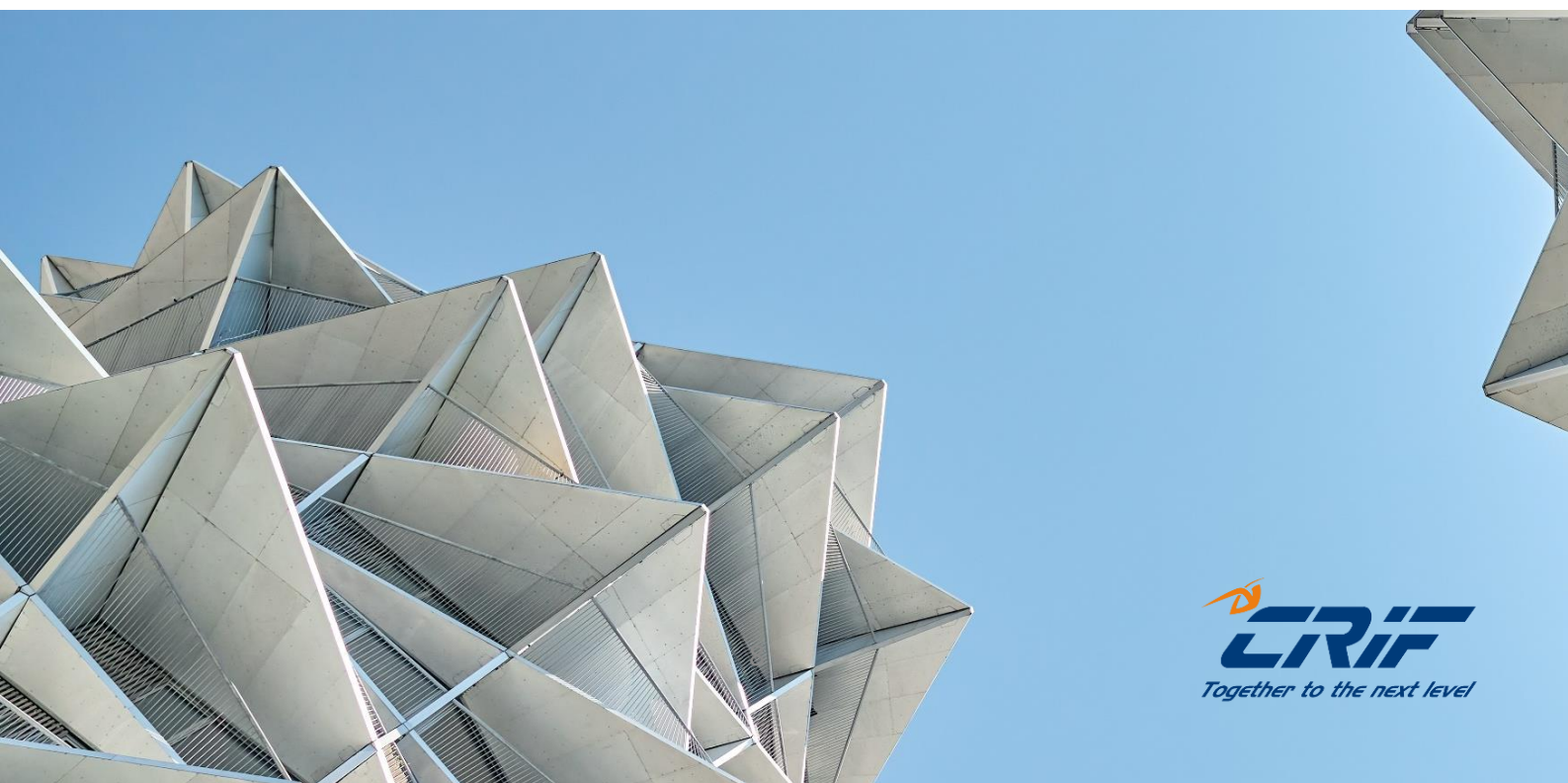
# Opportunities in a Complex Market

While the UK pet insurance market faces undeniable challenges, from rising claims costs and complaints, to evolving consumer behaviour, it also presents significant opportunity; as can be seen by the recent announcement from retailer Pets At Home, stating their intention to offer their own pet insurance and harness the benefits of customer data and AI to deliver great customer experiences.

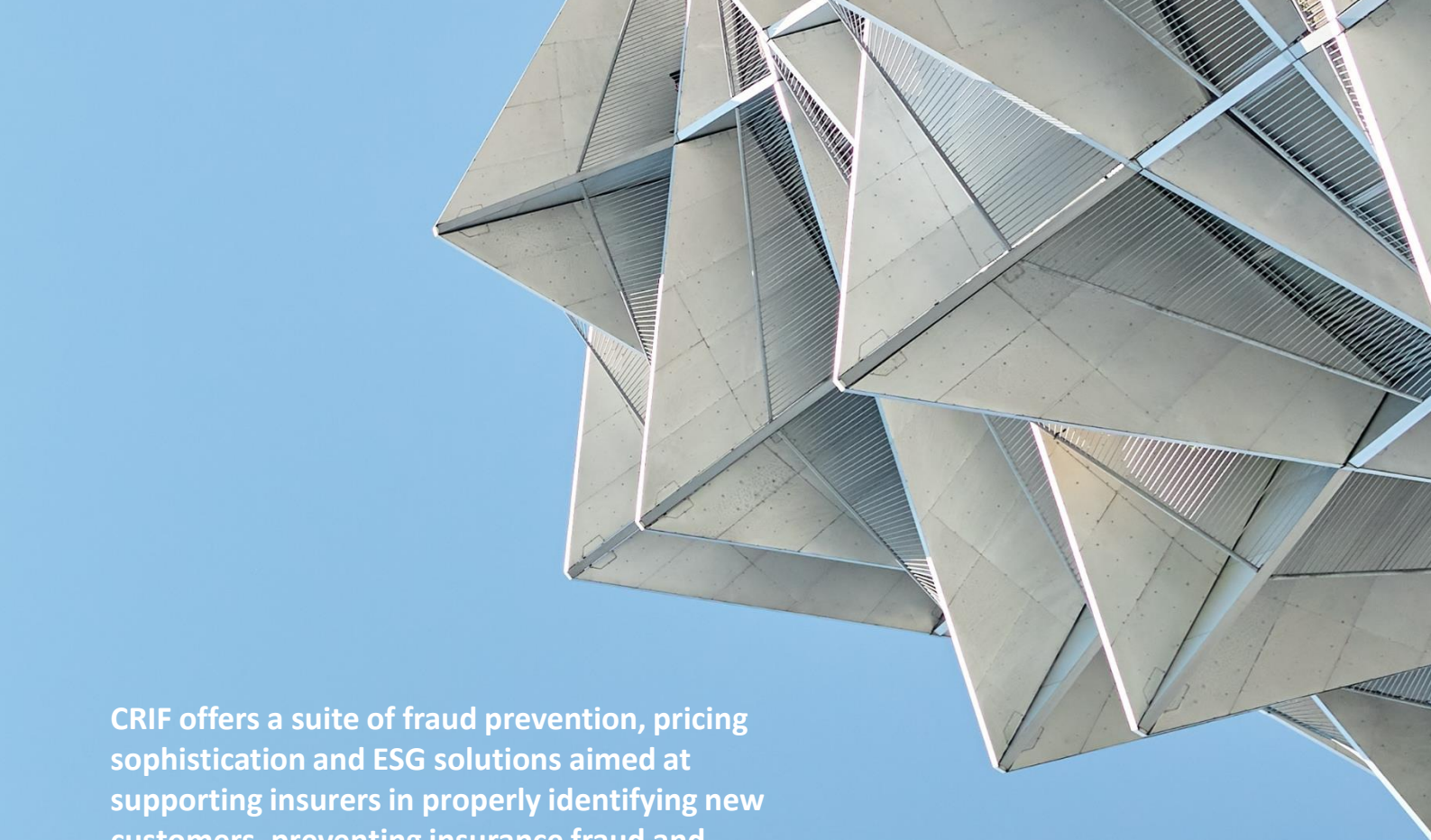
The increasing emotional investment owners place in their pets, combined with growing awareness of veterinary costs, means the demand for well-designed, transparent insurance products will only grow.

Insurers that can balance pricing, product fairness, and customer experience stand to build stronger, more trusted relationships with pet owners. At CRIF, we continue to support insurers navigating this dynamic landscape with data-driven tools and expertise designed to improve underwriting accuracy, claims efficiency and customer knowledge, helping the industry meet rising expectations with confidence.

The next few years will be pivotal for the pet insurance sector. Those insurers who respond proactively and empathetically to market pressures will not only safeguard their reputation and bottom line but also contribute to a more sustainable market.







**CRIF offers a suite of fraud prevention, pricing sophistication and ESG solutions aimed at supporting insurers in properly identifying new customers, preventing insurance fraud and developing sustainable growth.**

**CRIF is a global company specialising in the development and management of credit bureau services, business information systems and insurance solutions. CRIF has an international presence, operating across four continents (Europe, America, Africa and Asia) and supporting over 10,500 banks, 450 insurance companies and more than 90,000 business clients in 50 countries.**

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