BUILDING A SUSTAINABLE PET INSURANCE MARKET



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Pet Insurance Growth Brings New Fraud Risks

Pet insurance is entering a new phase of growth. But as the market expands, so does its appeal to fraudsters. The industry has the opportunity to use data and collaboration to get ahead of the threat, before it becomes harder and more expensive to control.

Pet insurance has become an increasingly important part of the UK insurance landscape. In 2024, insurers paid a record £1.23 billion in claims, across an all-time high of 1.8 million claims. Some 4.6 million pets were insured, 3% more than in 2023 and 33% more than in 2019. The average claim reached £685, while veterinary and other pet-service inflation stood at 9.1%.

The growth opportunity remains significant. As more households insure their pets and veterinary treatment becomes increasingly sophisticated and expensive, the market has considerable potential for further expansion. That growth however creates opportunity for fraud.

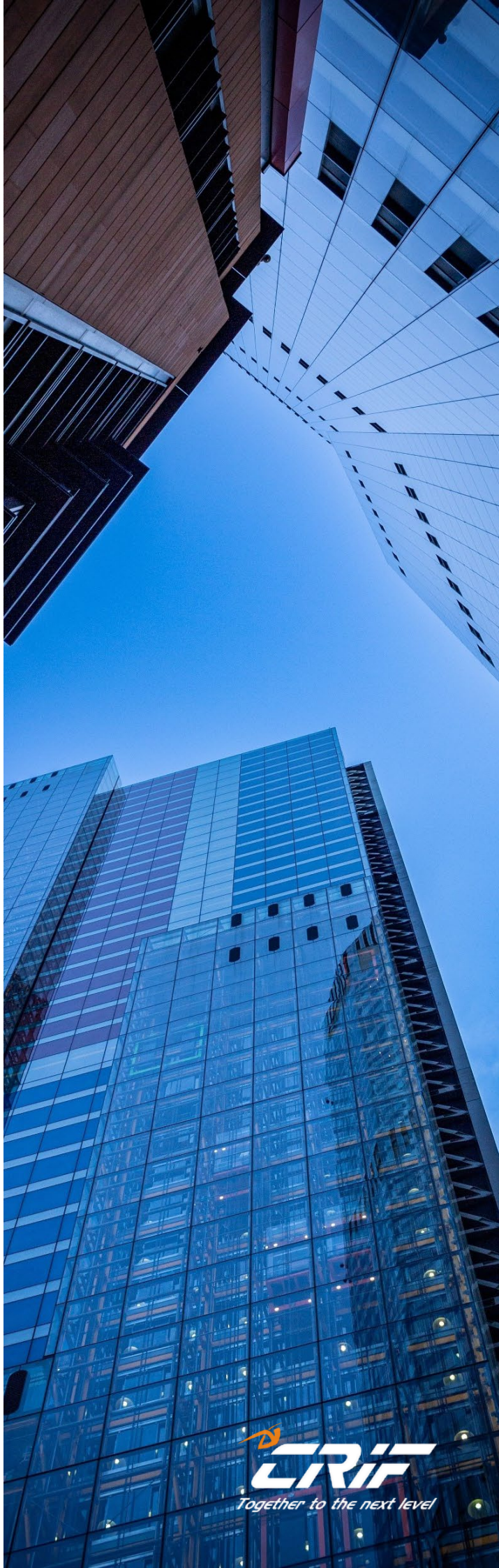
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Fraud at Scale

Recent industry analysis shows the scale of the challenge. In 2024, pet insurers detected 13,823 fraudulent claims worth around £13 million, 132% more than the previous year.
The increase will partly reflect improved detection and reporting, but the scale of the figures underlines why fraud is becoming a sustainability issue for the growing pet insurance market.

Fraudulent activity can include failing to disclose pre-existing conditions, purchasing cover after an injury or illness has occurred, fabricating accidents or deaths, switching or misrepresenting pets, submitting inflated veterinary bills and making claims for animals or events that do not exist.

The scale that sophisticated fraud can reach was demonstrated recently by an Insurance Fraud Enforcement Department (IFED) investigation.
A man was convicted after fraudulently obtaining more than £31,000 through 30 separate fake dog-death claims across multiple insurers. The claims were supported by fabricated veterinary records, altered medical histories, cremation paperwork and bank statements.



A Market Under Growing Pressure

The fraud threat needs to be viewed against the wider economics of pet insurance. The ABI's latest market figures show that claims incurred rose by 4% to £1.23 billion in 2024, reflecting the sharp increase in veterinary fees. The average claim reached £685, while the number of claims continued to rise.

This creates a difficult balancing act for insurers. Veterinary inflation, increasingly complex treatments and higher-value claims are putting pressure on the cost of providing cover, while customers remain sensitive to premium affordability. Fraud, meanwhile, adds another layer of avoidable cost. It can contribute to higher premiums, greater claims friction and increased operational costs, affecting both insurers and genuine customers. Fraud is far greater than a claims leakage issue; it is a threat to sustainable market growth.



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An Industry Collaborating

The IFB Pet Insurance Fraud Working Group has brought insurers together to share intelligence and strengthen the industry's collective response. Recent industry reporting indicates that the group has supported complex investigations, including the case subsequently referred to IFED.

The development of the Pet Insurance Fraud Awareness Guide is another important step. It establishes a shared understanding of fraud typologies, warning signs and emerging risks, helping insurers and other industry participants recognise suspicious behaviour more consistently.

The Pet and Equine Association [PEIA] is advocating that education is required throughout the pet ecosystem. PEIA believes a shared understanding of good practice is needed across insurers, fraud bodies, vets, yard owners, equine professionals and animal service providers.

These initiatives recognise that individual insurers can only see part of the picture. Collaborative data sharing can reveal connections between policies, claims, customers, animals and events that would otherwise remain invisible. It can support more effective fraud detection while also helping insurers validate genuine claims more quickly.

The recent IFED case, covering 30 separate claims, provides a compelling demonstration. Activity that might have looked like a series of unrelated claims was identified as widespread fraud when information was connected across organisations.

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The Next Threat May Move Faster Than Traditional Controls

Artificial intelligence, and fraudsters increasingly enabled with digital tools, could make fraudulent documents, identities and supporting evidence faster and easier to create, and harder to distinguish from the genuine article. The resulting risk is twofold: more sophisticated fraud and fraud at scale.

Traditional rules and controls will remain important, but they cannot provide the complete answer. A sophisticated fraudulent claim may contain nothing obviously suspicious when assessed in isolation. The indicators may only emerge when it is connected to other claims, policies, individuals, animals or providers. Stronger data sharing and fraud analytics capabilities will become vital in the future fight against technology-enabled fraud.

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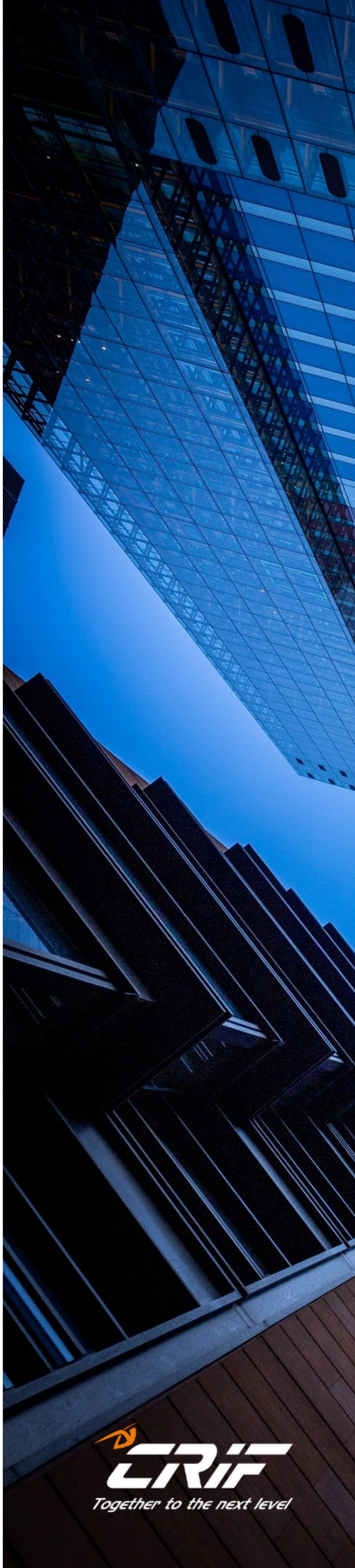
Support For Pet Insurance Providers

Fraud is becoming more sophisticated, it is increasingly crossing organisational boundaries, and the tools available to fraudsters are evolving rapidly. The industry cannot treat fraud primarily as an individual insurer's claims problem and remain sustainable. It is a shared market risk requiring shared intelligence.

CRIF, which is also a PEIA member, is helping pet insurers respond to this challenge through Cache Pet, a centralised cross industry database designed specifically to support pet insurance risk assessment and fraud detection.

By bringing relevant data and intelligence together, Cache Pet can help insurers make more informed decisions across the insurance lifecycle, from underwriting through to claims.
This includes support for identifying potential fraud earlier in the policy lifecycle, strengthening underwriting by reducing non-disclosure, connecting claims patterns across insurers, distinguishing genuine claims from spurious activity, accelerating legitimate claims and protecting honest customers from the cost of fraud.

Collaboration and shared intelligence paves the way forward for increased fraud prevention and detection, alongside improved customer experience. Working collectively will see the pet insurance market build sustainable, profitable growth.





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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