

# CMA REFORMS: A Turning Point for Transparency, Trust and Growth in Pet Insurance



## Rising Costs, Tighter Rules

The UK pet insurance market is facing growing pressure from both consumers and regulators. Rising veterinary costs, increasing premiums and concerns about transparency have pushed the sector into the spotlight, with the Competition and Markets Authority (CMA) introducing major reforms aimed at improving fairness for pet owners.

The CMA's recent veterinary market reforms include mandatory price lists, prescription fee caps, ownership transparency for large veterinary groups and the creation of price comparison tools to help pet owners make more informed decisions. The regulator has been clear that pet owners have too often been *"left in the dark"* about costs and treatment options. Prices in the veterinary sector increased by 63% between 2016 and 2023, significantly outpacing inflation, creating knock-on challenges for insurers and customers alike.

While these reforms are directly targeted at veterinary practices rather than insurers, they have important implications for the wider pet insurance ecosystem.

The CMA's primary objective is not to control prices, but to address information asymmetry, strengthen trust and enable fair competition. In doing so, the reforms change the environment in which pet insurers assess risk, price policies and manage claims.

For pet insurers, these reforms do not create new regulatory obligations, but they do raise customer expectations and competitive standards. Insurers that respond by improving transparency, strengthening trust and embedding more data driven decision making will be better placed to deliver fairer outcomes and compete sustainably in a more open market.

As premiums continue to rise, many pet owners are increasingly questioning the value of cover and whether they are receiving fair pricing. Industry discussion across the market shows growing frustration from customers who feel trapped by steep renewal increases once a pet develops a condition, with some reporting annual premium rises of 50% or more. In a more transparent veterinary market, this scrutiny is only set to increase.

To address these concerns, insurers need to strengthen how they assess risk, manage claims and detect fraud. More effective and responsible use of data will be central to achieving this.





## Risk Assessment

One of the biggest challenges in pet insurance is ensuring the accuracy of policy information from the outset. Unlike human health records, there is no single, standardised source of pet medical history. This creates a risk that pre-existing conditions may be unintentionally omitted or deliberately concealed at the point of application, which can later lead to disputes, declined claims and poor customer outcomes.

Solutions such as Pet Check can help address this issue, supporting more accurate underwriting from the very start of the customer journey through real-time pet data validation. By instantly verifying pet details and highlighting pre-existing conditions, insurers can ensure that cover is accurate from day one. This not only supports fairer underwriting and better pricing but also strengthens consumer duty obligations by giving customers greater transparency about what is and is not covered.

In the context of the CMA reforms, this early accuracy is increasingly important. As pet owners gain greater visibility of treatment options and costs, disputes that arise from unclear or inaccurate underwriting decisions are more likely to damage trust and confidence in insurance products.

**Addressing inconsistencies upfront helps reduce friction later in the policy lifecycle.**

Improving risk assessment is equally important. As veterinary costs continue to rise, insurers need more sophisticated pricing models that reflect the true risk associated with individual pets and policyholders. Traditional rating factors alone may no longer be sufficient in a market where geographic variations in vet fees, economic conditions and claims inflation can significantly impact profitability.

Pet Score can support insurers by enhancing risk assessment with geographic data at a micro level, together with economic data, helping them to price more competitively while protecting loss ratios. More accurate pricing benefits both insurers and pet owners. It supports sustainable growth in the market while helping to keep premiums under control for lower-risk customers.



# Claims Management

Data-driven solutions can also be used to strengthen fairness and efficiency in claims management. Long claims journeys, limited access to historic information and duplicate claims can all create friction for customers and operational challenges for insurers. A poor claims experience undermines an insurer's reputation and impacts customer retention.

Alternatively, ensuring the customer receives a rapid, smooth and frictionless service, at a time when they are inevitably stressed by their pet's health challenge, is reputation boosting for insurers and engenders customer loyalty.

Alongside the use of data at point of sale, to ensure accurate risk assessment and the right cover is provided, a more connected approach to claims data can help reduce these issues. Cache Pet provides a centralised industry database of pet insurance claims, enabling insurers to access historic claims information for a policyholder and improve claims management processes.

In a more transparent veterinary market, where itemised bills and written treatment estimates become standard, access to historic claims insight becomes even more valuable. It allows insurers to validate claims more quickly, identify inconsistencies and fast track genuine claims, improving outcomes for customers while controlling operational costs.

By making it easier to validate claims history and identify duplicate or inconsistent information, insurers can make faster decisions and reduce unnecessary delays for genuine claimants.

# Fraud Prevention

Fraud prevention inevitably remains high on the agenda. As economic pressures increase, the insurance sector is seeing growing levels of opportunistic and organised fraud. The Insurance Fraud Bureau (IFB) has already announced new strategies and technology investments designed to strengthen fraud detection across the industry, including the launch of a unified fraud platform that will bring together transactional, suspected and confirmed fraud data in one place.

For pet insurance providers, fraud can take many forms: undeclared pre-existing conditions, exaggerated treatment costs, duplicate claims or false ownership details. Every fraudulent claim ultimately impacts honest policyholders through higher premiums.

By combining real-time validation tools such as Pet Check with historic claims insight from Cache Pet, insurers can strengthen fraud prevention without creating unnecessary friction for customers. This balanced approach aligns with the spirit of the CMA reforms, which seek to improve transparency and fairness without compromising access to care or legitimate claims. It helps honest pet owners receive a smoother claims experience and reduces the cost burden of fraud across the wider market.





## **Building Trust, Maintaining Profitability and Growing Market Share**

The CMA's reforms are ultimately about improving transparency, fairness and trust in the veterinary services market. For insurers, there is an opportunity to use data, technology and collaboration to create a more sustainable market, improve customer experience and differentiate their brand.

Smarter pricing, better claims management, stronger fraud controls and more accurate policy validation can help insurers grow sustainably while improving outcomes for pet owners. While the reforms are unlikely to reduce overall veterinary costs, they can create a clearer, more predictable environment in which insurers can make fairer, more defensible decisions.

With pet insurance customers increasingly sensitive to rising costs and demanding greater transparency, insurers that embrace data driven approaches will be best placed to build trust, maintain profitability, grow market share and support a fairer future for pet insurance.

**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.**

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