

# Pet Insurance: State of the Risk



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Pet ownership in the United States has steadily grown in recent decades, climbing to [95 million](#) households with at least one pet in 2025, according to the American Pet Products Association (APPA). Alongside the rise in ownership, the APPA projects [\\$165 billion](#) being spent on pet care in 2026 alone, continuing a trend of rising pet industry expenditures since 2018.

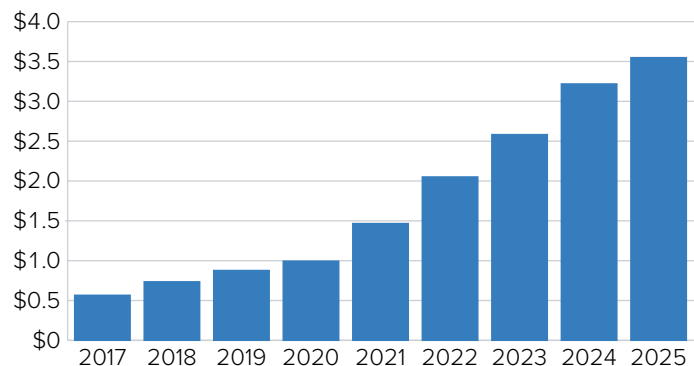
For many pet owners, these spending habits reflect the increasingly meaningful role pets play in their everyday lives. Roughly [97%](#) of owners surveyed by the Pew Research Center said they consider their pets a part of their families, and 51% said they view their pets as being as much a part of their family as human members.

But from unexpected veterinary costs to greater liability concerns, pet companionship introduces a range of new risks. Understanding and proactively mitigating these risks is essential to responsible pet care, which a growing market of property/casualty and specialty insurers are helping facilitate through various pet coverage solutions.

## Understanding pet insurance

As pet ownership surges, so too has demand for pet insurance. Reported and tracked as its own business line as of 2024, the pet insurance market has expanded by more than 10% every year since 2018, based on Triple-I analysis of S&P Global Market Intelligence data. Direct premiums written last year also hit a record high at \$5.47 billion, with most of the largest insurers experiencing double-digit premium growth in 2025.

**Pet Insurance - Net Premiums Written**  
(\$billions)



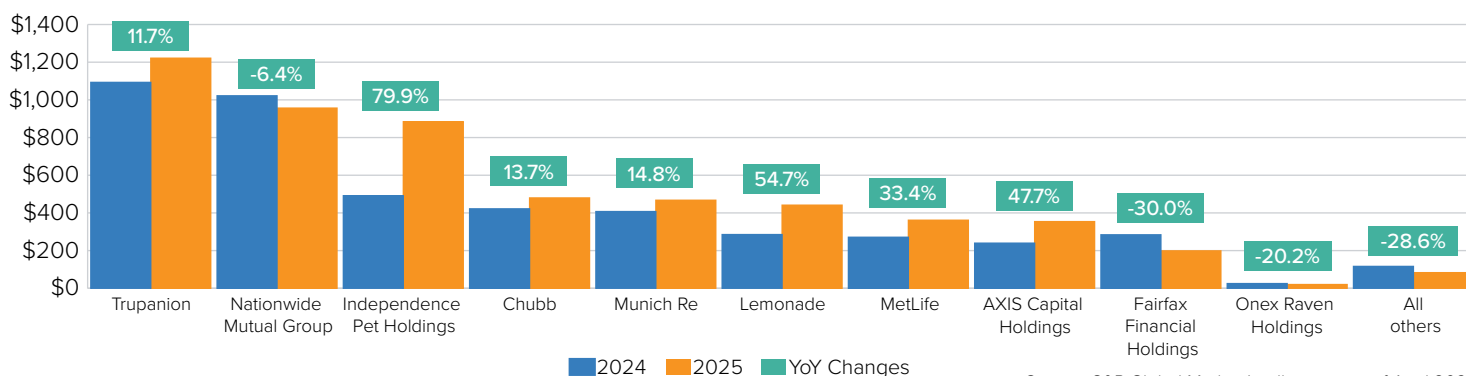
Source: Triple-I and S&P Global Market Intelligence as of April 2026

The trend, in part, reflects a third of U.S. employers now offering pet insurance, up from 23% in 2023, Gallagher Re [estimates](#).

Despite growth, however, the North American Pet Health Insurance Association reported that [fewer than 4%](#) of pets are insured, suggesting many pet owners remain unaware of available coverage options or of the long-term value these protections can ensure.

While policies vary, pet insurance typically covers only accidents (encompassing injuries, such as broken bones) or both accidents and illnesses (such as infections and cancer). Many insurance plans include hereditary and congenital condition coverage for policies in force. Plans are priced based on risk factors like age, gender, and breed. Consumers can also select from a variety of deductible, reimbursement percentage and coverage limit options.

**U.S. Pet Insurer Growth, 2024-2025, Direct Premiums Written**  
(\$millions)



Source: S&P Global Market Intelligence, as of April 2026

Though most pet insurers exclude pre-existing health conditions from coverage, some will no longer assess a condition as pre-existing if the condition is curable and the pet is symptom-free for a period of time, typically ranging from 180 to 365 days. Separate pet wellness plans can also cover preventive health care, including vaccinations and annual exams.

Unlike property/casualty coverages, most pet insurance policies work on a reimbursement basis, meaning policyholders must pay up front for services and then submit a claim to their insurer. Only once claims are submitted can the insurer pay for some or all of the service by reimbursing the policyholder, rather than by paying costs directly.

Households with more than one pet usually must acquire separate policies for each. For households with pets other than cats or dogs, a few insurers provide exotic pet insurance, with similar policy limitations.

Beyond alleviating the immediate burden of veterinary prices – which can amount to [tens of thousands of dollars](#) over a pet's lifetime, according to the American Veterinary Medical Association – pet insurance can help owners keep their pets healthy before issues deteriorate, mitigating greater costs down the line.

## Meeting individual pet needs

As coverage options expand and veterinary costs rise, pet insurance has evolved into a more flexible and comprehensive product, making it important for pet owners to compare policies carefully and understand how coverage, reimbursement, and exclusions work. Reviewing these options with an insurance professional can help pet owners decide what works best for their unique pet.

It is important to distinguish pet insurance from homeowners and renters insurance, which typically includes personal liability coverage. This coverage can help protect policyholders if a pet injures another person or damages someone else's property, even if the incident occurs away from home. Understanding how these policies interact can help pet owners avoid protection gaps.

While insurance helps protect pets and their families from financial risk, responsibility for pet welfare and proper training ultimately rests with owners themselves. Weighing these commitments before adoption is integral to choosing a pet compatible with a family's lifestyle. Veterinarians and other pet care specialists can help those unsure of a pet's potential needs.

## Pet care business coverage gaps

Even gentle, well-trained pets may injure a person or another pet. Homeowners and renters insurance policies typically cover pet-related liability legal expenses up to the policy's liability limits (usually \$100,000 to \$300,000), with owners responsible for any damages above that amount. Insurers alone paid [\\$1.86 billion](#) for dog-related injury claims in 2025, with the average cost per claim at \$65,450, based on analysis from Triple-I.

For those in the pet care business, including pet sitters, dog walkers, and those offering at-home pet day care, such coverages may be insufficient when incidents happen.

**Standard homeowners and renters policies typically exclude losses from commercial activity, which includes the sale of pet care services. Professionals who fail to update their existing policies may face denied claims, higher legal fees, and other consequences.**

Another common misconception is that standard general liability insurance includes coverage for pets. Typical standard policies maintain a care, custody or control exclusion for personal property, which includes pets.

Before operating a pet care business, policyholders are advised to consult with their insurer, comply with policy terms, and obtain appropriate coverage. Various carriers offer specialized insurance policies for specific business needs or can add endorsements for pet services on a standard business owner's policy. An inland marine policy or endorsement might be necessary if pets are transported during business operations, such as to and from vet visits.

Inland marine coverage is not to be confused with pet injury coverage for a policyholder's own pets. Many auto insurers cover pet injuries sustained in vehicle accidents, often through collision or comprehensive coverage.

## Learn More:

- [Infographic: Dog Bite Claims](#)
- [Infographic: National Dog Bite Prevention Week](#)
- [Dog-Related Injury Claims on the Rise in 2025](#)
- [Spotlight on: Dog Bite Liability](#)
- [Facts + Statistics: Pet Ownership and Insurance](#)
- [Liability and Safety Tips for Dog Owners](#)
- [Tips to Prevent Dog Bites](#)