

Lemonade doubles down on pet insurance following strong premium growth

Article

The news: US-based insurtech **Lemonade** built out its pet insurance coverage with an offering tailored for puppies and kittens, per Business Wire. The package is for preventative

care—rather than reactionary to accidents or illnesses—and covers procedures like microchipping and vaccinations.

Why pet insurance? Lemonade added pet insurance to its roster in June 2020 amid growing pet ownership in the US and is extending the offering following customer and premium gains.

- Pet ownership jumped in the US during the pandemic: **70% of US households owned a pet** in the 2020–2021 period compared with 67% in the year prior, according to the American Pet Products Association.
- Lemonade responded with its new product and is likely doubling down on the offering given its success: **Forty percent of pet policies sold by Lemonade have been to new users**. Given that less than 3% of US pets are insured, per Reuters, there is still a sizable premium growth opportunity for insurtechs like Lemonade and Wagamo.

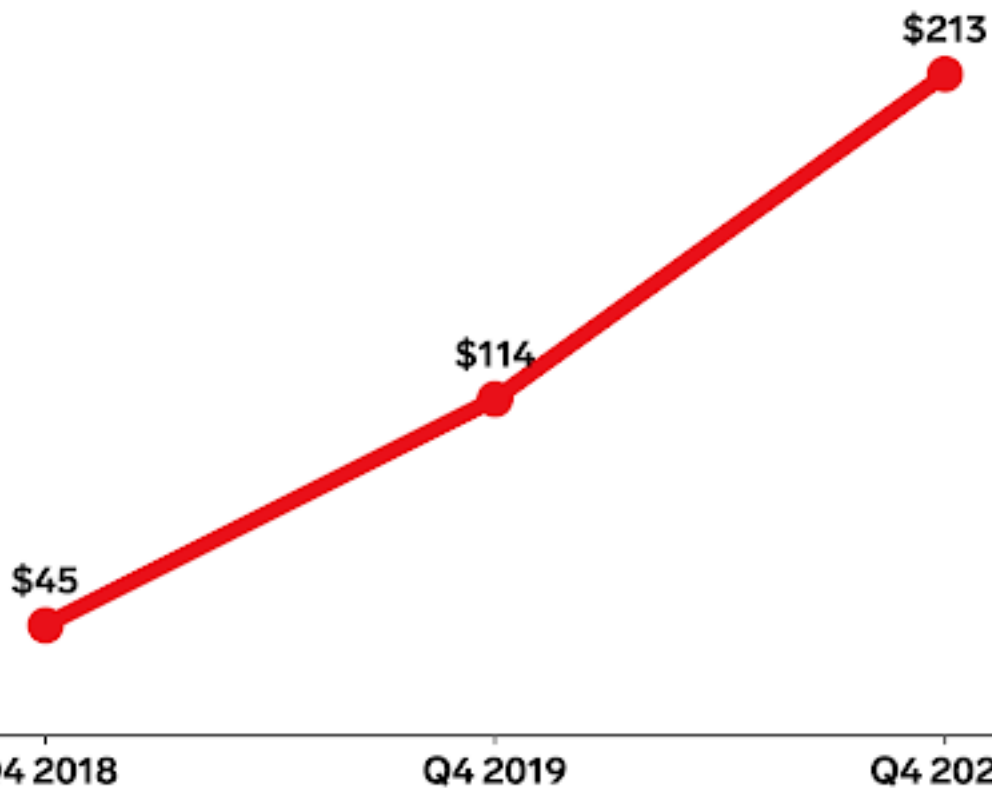
What next for Lemonade? Going forward, the insurtech will prioritize adding new lines of insurance to provide a one-stop-shop package and fuel premium growth.

It added life insurance through a partnership with fellow insurtech Bestow and will launch auto insurance later this year. Providing a more comprehensive offering lets Lemonade maximize premium earnings through customers—it **quadrupled its premiums per customer** for policyholders who added pet insurance.

Lemonade can also broaden its appeal to a wider audience through product diversification. Thus, we expect that Lemonade’s strategy will largely focus on expanding its lines of insurance rather than building out existing products.

Lemonade Average Premium Per Customer

millions



Note: Lemonade, "Shareholder Letter Q4 2020," March 1, 2021

Source: Data is from Lemonade's Q4 2020 earnings letter to shareholders.

Methodology: this is an optional methodology

1037534700781

[InsiderIntelligence.com](https://www.insiderintelligence.com)