

Pets Biting into Profits

By Mark A. Gannaway

Are dogs really “Man’s Best Friend?” For most pet owners it’s a resounding “Yes” but to cat lovers, real estate investors and most insurance companies, it’s a resounding “it depends.” After you read this, you may replace your trusty Fluffy with a goldfish.

According to a recent Washington Post article and our friends at Price Forbes with Lloyds of London, 57% of the United States (US) population owns a pet, 33% own a dog only, 14% own a dog and a cat, 11% own only a cat, and 4% represent some other type of pet. Of the 47% who own dogs, which makes up 89.7 million dogs, roughly 67% of owners own one dog with 24% owning two and 9% owning three or more dogs. This means on average, owners have just shy of 2 dogs (roughly 1.7).

In today’s world of renting, an investor or property manager must include pets in the work flow sign-up

process. Why? The chances of your property having an uninsured loss due to a dog bite, or a tenant discrimination complaint just went up tremendously.

In addition to the potential tenant having a background check, what process is in place for pets? Do you have an animal policy in your leasing documents? How do you confirm whether the tenant has a pet? Do you have the tenant sign a document saying he or she has read and agreed to the terms of your pet policy? What happens if your approved tenant six months into the lease buys a pit bull for “protection?” What happens when a guest of the tenant comes over with their dog and bites someone? These areas of concern must be addressed and documented.

First, the dog bite. Most insurers are excluding dog bites or limiting coverage for certain dog breeds when providing defense cost, medical payments or third-party awards from litigation.

Most insurance companies exclude

the dogs listed below for any type of property or liability coverage:

- Akitas
- Alaskan Malamutes
- Boxers
- Cane or Corsos
- Chow Chows
- English Bulldogs
- Doberman Pinschers
- German Shepherds
- Great Danes
- Mastiffs
- Presa Canarios
- Pit Bulls
- Rottweilers
- Siberian Huskies
- Staffordshire Terriers
- Wolf Hybrids

Of the 89.7 million dogs owned in the US, the above breeds and those breeds with severe bite history, represents only 2.5%. There are approximately 4.7 million dog bites per year in the U.S.

with most dog incidents having the following characteristics:

- Most dog attacks involve male dogs (roughly 92%). Non-neutered is a major contributor.
- The odds that a bite victim will be a child is 3.2 to 1
- Severe injuries occur almost exclusively in children less than 10 years of age.
- 61% of dog attacks happen at home or in a familiar place
- 77% of dogs that have bitten belonged to the victim’s family or friend

When a child less than 4 years old is involved, the family dog was the attacker half the time and 90% of the attacks happen in the family home.

Approximately, 34% of ALL annual dog bites or incidents are not covered by the terms and conditions of the homeowner or landlord policy.

The second big issue when it comes to renting to pet owners is defining the animal living with your tenant. Is it a pet or a medical tool? The US Housing and Urban Development (HUD) is very sensitive to that topic. If your employee is improperly trained, this could lead to an inappropriate question or response to the potential tenant, opening you up to a possible tenant discrimination complaint with HUD. An Emotional Support Animal (ESA) is defined as a medical tool and not a pet. Under Federal Fair Housing Laws, ESAs must have access to apartments or single-family homes for rent with a no-pet policy and are exempt from pet-related fees. ESAs help aid with an emotional or mental disability. ESA dogs can be any type of breed and are exempt from breed or weight discrimination. So, if your tenant has a 130-pound rottweiler as an ESA, according to this definition, you have no choice.

To mitigate some of these issues, there are resources available at your fingertips on the World Wide Web. One that many investors and property managers are starting to use is PetScreening.com. It’s a free web-based service to the property manager or investor and takes into consideration the breed, weight, age, vaccination record and pet owner’s care and adherence to pet policies. There is also a couple of insurance companies now offering a Dog Bite insurance policy with multiple optional coverage amounts and affordable pricing.

Of course, an article like this cannot cover all the possible uninsured losses you may have had or will experience in the future. Please read your own insurance policy or ask your insurance agent what insurance coverages you do have for these types of risk. And remember, always get your answers in writing.

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