



Pet Sitter Insurance 101

In 1994 NAPPS approached Business Insurers of the Carolinas hoping to create insurance policies that would thoroughly cover pet sitters. Many of the insurance needs pet sitters require are unique to their profession, and we worked to create policies that would best fit their needs and have continued to add and adjust as the industry has expanded and new insurance needs have come to light. Every pet sitter should do their research and search out the right insurance to fit their needs, regardless of the company they choose for their coverage. A great place to start is with a primer on the most common coverage and policies.

General Liability Insurance

General Liability Insurance protects the policy owner from acts of negligence and/or omissions resulting in bodily injury and/or property damage to a third party. It does not cover on-the-job injuries to business owners, employees or their independent contractors.

NAPPS offers liability protection policies through BIC at group rates. These Basic Liability Limits are:

- \$2,000,000 General Aggregate
- \$1,000,000 Products/Complete Operations
- \$1,000,000 Personal & Advertising Injury
- \$1,000,000 Each Occurrence
- \$100,000 Fire Legal Liability
- \$5,000 Medical Payments
- \$100 Deductible Per Claim

These policies include special features that are specific to common claims filed by pet sitters. There is coverage for lost keys whether they are in the possession of the business owner or employees, which provides up to \$2500 to replace keys and to re-key customer's locks. There is a \$100 deductible on lost key coverage which allows this coverage to apply when multiple keys are lost or stolen at one time. The policy also includes coverage for damage to property in your care, custody, and control, including the pet.

Care, Custody and Control Coverage

Care, Custody, and Control (CCC) Coverage is the key ingredient to fully insuring a pet sitter. This provides coverage for the client's pets and personal

property in your care, custody or control which includes pets while in transport in a vehicle, pet taxi and other means. It also provides coverage for the contents of your clients' homes such as furnishings that are typically excluded under a standard General Liability policy.

Veterinary medical expenses are written into the CCC Coverage, and the policy pays claims regardless of negligence/fault for accidental injuries to pets. The limits offered for this coverage begin at \$10,000, but can be written up to \$200,000 depending on the coverage you are most

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comfortable holding. Something to consider as you shop around is that the NAPPS policy offers the broadest coverage available, as other carriers will either limit you to a sublimit of \$1,000 or \$2,000, and/or will not cover you unless there is clear negligence on the part of the sitter. Whether or not an act is negligence is a huge gray area and that stipulation may mean you are not covered through another carrier.

Keep in mind as well that under the NAPPS policy, we cover all independent contractors, employees and volunteers. Most other insurance companies will only cover employees and

volunteers and do not provide coverage for true independent contractors. So if you are insured with another company and are utilizing independent contractors, please be sure to check with your insurance company/agent. We have had several members switch to the NAPPS policy after they incurred a claim with another carrier and found out their IC was not covered. So this is worth investigating if you are insured elsewhere.

A Look At the Most Common Claims

The most frequent types

of claims that occur to a pet sitting business fall under Care, Custody and Control, with accidental injuries to pets being the most common. There are many ways in which a pet can be injured even when under the care of the most conscientious pet sitter. For example one of the most frequent claims we see is when a client's dog gets away from the pet sitter and runs into the road and is hit by a car. Other examples include pets getting into fights, pets ingesting foreign objects such as toys, rocks, sticks, and pets given too much or too little medication. *Paid claims range from \$350-\$19,286*

Other than injuries to pets, another extremely common CCC Claim is damage to property. Even if damage is not an act of negligence, accidents happen. As an example a sitter flushed too much paper down the toilet, which overflowed after the sitter left the house. When the sitter returned, there was extensive water damage to floor, ceiling, and contents. Other claims included failure to secure a puppy gate and the puppy subsequently chewed up the furniture, or the pet sitter who knocked over a vase, lamp, clock, etc. *Paid range: \$5,044 - \$105,474*

Claims which involve pets in the care of a pet sitter injuring a third party are also very common and can be extremely costly. Dog bites are not unusual, but other injuries occur as well. One such incident involved a sitter who threw a ball to a dog in a dog park. The dog ran into a lady causing her to fall. The lady suffered severe injury to her knee which required surgery. *Paid range: \$3,500-\$230,058*





A pet sitter's worst nightmare is probably a Completed Operations Claim.

Unfortunately these do happen. For example, one sitter failed to record the correct visit dates on the calendar and subsequently missed a full week of visits to one of her regular clients. The client's dog missed 6 days of medication and had numerous accidents throughout the house but was found alive. *The paid range for this kind of claim is \$3,500 - \$15,000.*

Beyond general liability, pet sitters should consider bonding for the coverage of theft, carrying commercial auto insurance, and of course, having worker's compensation insurance, which is compulsory in most states.

Bonding

The Pet Sitter Dishonesty Bond protects you and your customers from loss as a result of theft committed by you or your employees. NAPPS offers members coverage via the Travelers Bond Crime PLUS+® policy through BIC. This policy offers the broadest definition of employee and includes all owners and officers, full- and part-time employees, independent contractors, and volunteers. This is not the case with other bond policies, so be sure to check your policy if you are covered elsewhere. You are covered up to the policy limit of liability for each loss occurrence. There is no aggregate limit of liability.

Most bonds will apply only after establishment of proof that the accused party has, in fact, committed a criminal act. As opposed to other bonds, the Travelers Bond does not require a conviction clause. After payment of the claim to the client up to the limit of the bond,

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the bonding company will seek restitution from the guilty party.

Commercial Auto Insurance

Auto liability is not covered under the NAPPS general liability policy. If you are driving your vehicle to and from your clients' homes and/or using your vehicle as a pet taxi, you should be carrying a Commercial Auto Policy. So if you are utilizing your personal vehicle in the business full time, you may want to consider changing to a Commercial Auto policy. If you were to drive your personal vehicle into client's garage door or home, your personal policy would cover you personally, but what if the business is also sued and/or the damage to the home is substantially more than the limit provided on a personal policy? Most personal policies limit you to no more than \$250,000 in bodily injury/\$100,000 in property damage and only cover you personally. Commercial auto policies offer higher limits and cover the business.

Commercial auto insurance provides several coverage features. The primary one is auto liability insurance to cover bodily injury or property damage to a third party (person or vehicles) caused by your owned or leased vehicle up to the limit you choose. A \$1,000,000 limit is recommended and does not cost much more than you would pay for a lower limit. There is also the option of physical damage coverage which is first party coverage for your vehicle. It includes comprehensive coverage for "Acts of God," such as wind or a hail storm, a rock hitting your windshield, or theft of the vehicle, and collision coverage for damage in which you are at fault and need repairs. For example, you run your car into client's garage: liability would cover the garage, and collision would cover the damage your vehicle sustained.

Other coverage options included hired & non-owned liability coverage. Hired liability would cover liability on a rented or "hired" vehicle. Non-owned liability protects your business should your employee(s) drive their own vehicle on behalf of the business. For example, if your employee hits a child on a bike while pulling out of your client's driveway, or an employee is involved in an accident going from one client to the next. The employee's personal auto policy would be primary and pay the claim, but

if they did not carry a high enough limit, the non-owned liability would pay remainder of the claim if the business is sued.

Worker's Compensation Insurance

While general liability covers third party claims, workers compensation insurance covers the employer for occupational injuries sustained by employees (and depending on state laws, independent contractors). These claims include on the job injuries that occur "in the course of employment" such as a dog bite, occupational diseases that result from employment (for example carpal tunnel or rabies), and employer's liability that is excluded from employment (for example spouse or family member of employee sues alleging employer negligence).

Workers Compensation is compulsory in all states, although laws differ depending on each individual state statute. In some states it is required no matter how many employees you have, and in others you may not need it unless you have a certain number of employees. State laws also vary on whether independent contractors must be covered—be sure to follow the laws in your state!

Understanding the insurance coverage available to you and your needs is an important component to running a successful business. There is no reason to have more coverage than you need, but you should feel confident that you are covered for any events and accidents that concern you. If you have specific concerns about your policy and what is covered, you should speak with your insurance agent and make certain that you understand and have what you need. If you have NAPPS insurance or are thinking about getting it, you can call us anytime. We are here to answer your questions! ■

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