Subject: Damage Done By Animals, Insects, and Assorted Critters

A. I’m dealing with a weird claim, and would like your thoughts on whether or not there might be coverage. Last weekend, my insured and his family went to spend the day with relatives at their lake home. Somehow, his daughter’s German shepherd “Bandit” got closed up in the daughter’s bedroom. During the day, he must have freaked out, because when they got home, he had severely scratched the door, as well as wood flooring inside the daughter’s room. And that’s not the worst of it. He also clawed holes in the drywall, exposing a water pipe, which he damaged. There is extensive water damage to the wood floors and drywall. The initial response from the adjuster is that none of the damage is covered, due to the exclusion for damage done by one’s own animals. I read the exclusion, and it seems pretty straightforward, but somewhere in the back of my mind I seem to remember a seminar discussion of situations like this, where there is still some coverage. Any ideas would be appreciated.

B. After being in insurance for enough years, I guess we see some of everything, don’t we! I think part of the loss is excluded, but part is covered. Here’s how I see coverage under the Homeowners Policy, followed by some comments about coverage issues under Commercial Property, and auto policies (PAP/BAP).

Homeowners.
First, assume ISO coverage forms. Proprietary forms may be different. Second, assume your insured had an HO-3 (or HO-5), which provide special coverage (“all risk”) for Coverage A, which would include the flooring, door, and drywall.

Excerpts from ISO HO 00 03, with examples from various edition dates:
Section I – Perils Insured Against
Coverage A – Dwelling and Coverage B – Other Structures
1. We insure against direct physical loss to property described in Coverages A and B.
2. We do not insure, however, for loss:
   c. Caused by:
      (6) Any of the following:

HO 00 03 05 11:
(g) Birds, rodents or insects;
(h) Nesting or infestation, or discharge or release of waste products or secretions, by any animals; or
(i) Animals owned or kept by an "insured". Under 2.b. and c. above, any ensuing loss to property described in Coverages A and B not precluded by any other provision in this policy is covered.

HO 00 03 10 00 and HO 03 04 91:

(g) Birds, vermin, rodents, or insects; or
(h) Animals owned or kept by an "insured". Under 2.b. and c. above, any ensuing loss to property described in Coverages A and B not precluded by any other provision in this policy is covered.

Comment #1: All three editions are very similar, with two exceptions. In the 05 11 edition, the word “vermin” was dropped, and in addition, an exclusion was added for “(h) Nesting or infestation, or discharge or release of waste products or secretions, by any animals.” This tracks changes made to the ISO Commercial Property Causes of Loss - Special Form (CP 10 30 06 07).

Comment #2: Under all of these Homeowners forms, I think the damage to the wood floors, door, and drywall by Bandit’s clawing and biting is excluded. However, all three forms provide coverage for ensuing losses which are not otherwise excluded. So in order to determine the extent of coverage in a loss such as this, it is necessary to distinguish the direct damage done by Bandit, and any ensuing loss. While the direct damage is excluded, the ensuing loss was a standard plumbing leak, which is not excluded. In fact, the water damage would be covered by a named peril policy, such as HO-2, under “Accidental Discharge or Overflow of Water or Steam.” Where a loss is clearly covered by a named peril policy, most industry experts, insurers, and regulators maintain that such loss should also be covered by a special form (“all risk”) policy, principally on the basis that the latter costs more, and is presented to insureds as being broader than a named peril policy.

Comment #3: In my experience, damage done to homes by animals – both pets as well as wild animals – is not all that unusual. Here are some real-world examples I’ve come across over the years. See “Additional Reading” at the end of this article for more information.

Case #1 - Pyromaniac iguana. A pet iguana caused the house to catch fire. Full-grown iguanas can be quite large – sometimes over 5 ft. in length, and weigh 15-20 lbs. Being reptiles, they have a fondness for heat sources. This particular iguana got too close to a lamp and knocked it over onto the floor. Somehow, this set the living room drapes on fire, which quickly spread, cause substantial damage. (The iguana managed to scurry away to another part of the house, and neither he nor any family members
were injured. The iguana later denied any involvement in the fire, but was put on restriction for 30 days by his family.) Under the Homeowners Policy, damage to the lamp is excluded, but the ensuing fire damage is covered.

**Case #2: Electrical ants.** This happened to me personally, several years ago. During the winter, our heating system went out. When the repair guy took the cover off the compressor unit – which was located in a flower bed outside the back of the house – there was a giant mound of sand inside. He jabbed the mound with a screwdriver, and thousands of ants seemed to come out of nowhere. He said the ant mound, and ant secretions, had shorted-out the circuitry. I knew immediately that this was not covered by my Homeowners Policy, but that I at least had a good example for future seminars! However, as with the iguana case above, had the damage done by the ants to the compressor unit’s electrical system caused a fire – which could easily have happened due to the heavy layer of pine straw in the flower bed – the fire would have been covered.

**Case #3: Bumbling bees.** A couple of years ago, I was visiting my Aunt Patsy. While we sitting in the living room talking, she happened to look up near the ceiling, and saw an amber-colored goo running down her walls. Apparently a colony of bees mistook her attic for a hollow tree, and built a huge bee condo. Damage done by the honey is excluded, but any ensuing loss not otherwise excluded – such as an electrical fire due to honey coming in contact with wires – would be covered.

**Case #4: Deer in love.** This is a common occurrence: During mating season, a male deer (or in other parts of the country, a moose), sees his reflection in the sliding glass door of a home, and charges headlong into the “intruder.” Many times, the deer manages to crash all the way into the interior of the house, and often does extensive damage to flooring, walls, and so forth, including blood stains on the carpet and furniture. Damage to property subject to special coverage (“all-risk”) would be covered, as the deer was not an animal “owned or kept by an insured.”

**Case #5: Vermin and assorted critters.** Note that the reference to “vermin” found in the 04 91 and 10 00 editions was dropped from the list of assorted critters in the exclusion in the 05 11 edition (see above). In addition, ISO added an exclusion for “(h) Nesting or infestation, or discharge or release of waste products or secretions, by any animals.” The terms “vermin” and “rodents” have proven perplexing to precisely interpret, and the confusion has sent more than a few practitioners to dictionaries, case law discussions, the *Veterinarian's Mammalian Reference Guide*, and local bars, in search of answers. See “Additional Reading” at the end of this article for more information.
**Commercial Property.**
Commercial buildings are certainly not immune from the same types of animal and insect damage that homes are exposed to. In the ISO Causes of Loss – Special Form (CP 10 30 06 07), here is how the exclusionary language is handled:

B. Exclusions
2.d. (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

**Case #6: Mr. Rodent holding on line 1:** A recent newspaper article had a story about rodents chewing through an underground fiber optic cable in New Mexico. Over 20,000 customers were without myriad communications services for an extended period of time. The damage was done not only to the fiber optic cable itself, but many of the customers were businesses who lost telephone and computer service during the outage. It would be interesting to learn whether or not the damage was considered within exclusion B.2.d.(5) above. Since this is a special form cause of loss provision, any damage not specifically within the exclusion would be covered. Therefore, one might argue that “chewing” does not fall within the exclusionary language of “Nesting or infestation, or discharge or release of waste products or secretions.” And both the direct damage loss, as well as the associated business income loss suffered by the affected businesses, would be covered only if caused by a covered cause of loss.

Last week, I was reading an insurance blog (which is what insurance nerds do after the Insurance Channel signs off at midnight), and saw comments about revised language in some proprietary coverage forms regarding the animal exclusion. One coverage form was said to have added the word “foraging” to the “nesting or infestation” language. That might have applied to the rodent damage caused by biting the fiber optic cable in Case #6 above. On the other hand, some rodents chew because their teeth constantly grow, and so they gnaw on things to keep them from getting too long. So chewing might be more an activity of maintaining good dental health, rather than eating or “foraging.” Interestingly, a blogger reported that there was one coverage form which added the word “forging” instead of “foraging.” This is either an innocent typo, or an attempt to exclude animals who are engaged in blacksmithing. In insurance these days, one never knows.

**Personal Auto.**
The ISO Personal Auto Policy (PP 00 01 01 05) does not have an animal exclusion, but does reference “contact with a bird or animal” as one type of loss that is considered “other than collision” (“comprehensive”). While this seems rather straight forward, it often raises conflicting views with the definition of “Collision,” which is defined as “the
upset of ‘your covered auto’ or a ‘non-owned auto’ or their impact with another vehicle or object.”

**Case #7: Deer in the headlights.** Therefore, when an auto hits a deer, is it collision or other than collision? Most authorities would say it is both, since impact with a deer is certainly the auto impacting with “another object.” So the squabble usually arises over which deductible applies, although in some cases, an insured has only “collision” coverage, and the insurer seeks to deny the claim. See “Additional Reading” at the end of this article for more information. By the way, the ISO Business Auto Policy has no reference to animals at all.

**Case #8: The skunk and the Corvette.** An agent recently told me about a bizarre claim he had just dealt with. His insured was a wildlife photographer who had driven her new Corvette to location near a lake, in order to get pictures of some nesting egrets. Since it was a sunny day and no one was around, she left her windows down. When she returned to the car, there was a skunk sleeping in the passenger seat. As she tried to shoo him out of the car, he began “spraying” all over the car’s interior. After repeated attempts to rid the car of the noxious odor that had permeated the leather seats, carpeting, and everything else in the interior of the car, neither she nor the dealer were able to remove the smell. The dealer said the only way to get rid of the odor was to replace everything inside the car that was sprayed by the skunk.

She then turned in a claim to her insurer, who initially declined it, under the view that the damage wasn’t actually done due to “contact” with the skunk, such as scratches or bite marks would be. After some back and forth, however, the insurer finally paid the claim, which was several thousand dollars. A common misunderstanding of the “other than collision” coverage is that it is limited to the ten categories of losses listed, which some mistakenly feel makes the coverage apply on a named perils basis only. Here is the lead-in wording to the ten specified losses: “Loss caused by the following is considered other than collision.” Note that the wording doesn’t stipulate that ONLY those specific losses are considered “other than collision.” See “Additional Reading” at the end of this article for more information.

**Additional Reading.**
The IIABA’s Virtual University has several articles on the subject of animals, vermin, rodents, and so forth. These all come from agent questions from across the country, and it’s clear from these questions that losses in this category are not all that unusual.

“What Is a Vermin?” [click](#)
“The Rodent Exclusion” [click](#)
“Skunk Claim Denials: Something or Somebody Stinks” click
“Is Animal Feces a Pollutant?”click
“Is Comprehensive Coverage All Risk or Named Perils?”click

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