

PETS, PROPERTIES, AND POLICIES

Understanding Insurance Barriers
to Pet-Inclusive Housing



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A Report by Michelson Found Animals'
Pet-Inclusive Housing Initiative

**Pet-Inclusive
Housing Initiative**

PRESENTED BY

Michelson Found Animals



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EXECUTIVE SUMMARY

As housing affordability challenges intensify and the significance of pet ownership increases nationwide, the need for pet-inclusive rental housing is more urgent than ever. Yet even when housing providers want to open their doors to pets, they frequently encounter an upstream barrier that shapes what is possible: insurance policies that restrict certain breeds, sizes, or numbers of pets allowed on a property.

To understand this barrier, Michelson Found Animals' (MFA) Pet-Inclusive Housing Initiative (PIHI) conducted a qualitative research study with 14 insurance carriers and 4 brokers who work directly with rental housing providers. The findings offer a rare, unfiltered look into how insurers perceive pet-related risks, what drives their underwriting decisions, and what conditions may motivate more flexible or inclusive practices in the future.

Across interviews, several clear themes emerged:

- **Pet restrictions**, particularly breed and size limitations, are widespread and grounded in concerns about catastrophic liability, not observed pet behavior.
- **Severity, not frequency, drives insurer caution.** Dog-related incidents¹ are uncommon but can produce large, long-tail claims, especially those involving children.
- **Liability fears are heightened by a highly litigious environment**, particularly in California, where jury awards and regulatory bottlenecks have created a risk-averse climate.
- **Flexibility exists but is uneven.** Large landlords often negotiate exceptions, while small providers face rigid rules.
- **Data gaps limit innovation.** Carriers lack standardized, validated tools to assess pet risk beyond breed or size.
- **Market and policy forces are shifting toward greater pet inclusivity**, and insurers acknowledge they will eventually need to adapt.

This report synthesizes these findings to illuminate how insurance practices shape the rental housing landscape. It concludes with tailored "Implications" sections for housing providers, insurance providers, and policymakers, all of whom play essential roles in advancing a more equitable and sustainable future for pet-owning renters.

¹ Among the research participants, "dog-related incident" generally serves as shorthand and almost always refers to a dog bite or attack. It rarely refers to other types of incidents.

INTRODUCTION & BACKGROUND

Pet-friendly housing is no longer a niche concern; it is a mainstream expectation. Roughly two-thirds of US households own at least one pet, and renters consistently rank pet-friendly policies among their top housing priorities. Yet supply has failed to keep pace with demand. Many landlords cite not personal preference but insurance restrictions, often thought to be non-negotiable, as a primary barrier to welcoming pets.

Recognizing the need to address this structural challenge, PIHI commissioned this research to deepen understanding of:

- How insurers approach pet-related risk
- Why certain underwriting restrictions persist
- What opportunities exist for flexibility or innovation
- How policy changes could support a more inclusive housing environment

This report addresses five core questions that shaped the research:

- 1 What pet-related restrictions do insurers impose?
- 2 What factors drive these restrictions?
- 3 How do claims and exposures shape underwriting decisions?
- 4 Where is flexibility possible, and what workarounds exist?
- 5 What broader trends are insurers noticing?

Through this analysis, we aim to articulate how cross-sector collaboration and targeted policy reform can reduce housing barriers without increasing risk for landlords or insurers.



METHODOLOGY

To gather nuanced insights grounded in practical experience, researchers at New Leaf Research conducted 18 one-on-one, 30-minute video interviews with insurance professionals who work closely with rental housing providers.

Participant Breakdown

- **14 representatives from insurance carriers** writing landlord and commercial liability coverage for rental housing properties
- **4 insurance brokers who work with carriers to secure insurance coverage for multifamily housing providers**

Roles represented included underwriting managers, vice presidents, directors of product, regional risk managers, senior commercial field managers, and brokers.

Most respondents conduct business in **California**, though many operate **nationally**.

Participant Expertise

All participants have direct visibility into:

- Underwriting criteria and decision-making
- Historical claims data and risk modeling
- Policy limitations and exclusions
- Pet-related loss patterns and liability scenarios
- Broker-carrier-landlord dynamics

Limitations of Qualitative Research

- Findings are qualitative and reflect perceptions rather than statistical claims.
- Practices vary across carriers; insights represent themes rather than strict industry standards.
- Future research should include quantitative analysis of claims data, risk predictors, and financial impacts of pet-inclusive housing.

Despite these limitations, this study uniquely captures how insurers think, revealing the motivations and constraints behind policies that shape housing access.



KEY FINDINGS

The Insurance Landscape Widespread but Varied Restrictions

Nearly all carriers impose pet-related restrictions. These typically include:

- Breed restrictions, especially for dogs perceived by insurers as higher risk for severe bite claims
- Size limits, often linked to assumptions about strength or controllability
- Limits on number of pets
- Exclusions of exotic animals
- Occasional review of bite or aggression history

While no carrier in the study banned all pets outright, many restrict certain breeds or sizes as a condition of coverage. Some rely on landlords to enforce these rules through lease language rather than underwriting questions.

Why Restrictions Exist Risk, Data, and Litigation

Claim severity, rather than frequency, is the primary factor shaping insurer decision-making.

Insurers describe dog-related incidents as infrequent, but costly when they occur—especially those involving children, who may require years of medical care and carry long-tail liability.

The litigation environment has a powerful chilling effect.

Participants describe California as particularly challenging due to:

- High jury awards
- Social inflation and distrust of insurers
- Aggressive litigation tactics targeting “deep pockets”
- Regulatory delays in rate approvals

This environment reinforces conservative underwriting norms.



Carriers see their decisions as data-based.

Even though the public debates the validity of breed-based risk, insurers say they rely on:

- Historical loss data
- Industry reports (ISO, Insurance Institute)
- Veterinary and medical records
- Internal claims experience

In the absence of other approaches they consider practical or reliable, carriers rely on breed and size restrictions as proxies for risk.

Claims, Exposure, and Liability

Insurers emphasized:

- Bodily injury is the primary risk, not property damage
- Claims occur in both private units and shared areas
- Delivery personnel and guests are frequent claimants
- Breed misrepresentation is widespread but rarely challenged due to lack of proof and cost of litigation

These dynamics reinforce the perception that predictable, categorical rules are the safest approach.



Flexibility and Workarounds

Flexibility is more common for:

- Large landlords
- Long-time clients
- Local or relationship-based carriers

Common risk mitigation tools include:

- Renters insurance requirements
- Umbrella liability policies
- Pet addenda specifying behavior expectations
- Higher premiums or surcharges

Carriers expressed interest in, but limited familiarity with:

- Behavioral certification
- Pet screening tools
- Data-driven risk assessments

However, familiarity with these tools is low, and insurers have limited confidence in their reliability.

Emerging Trends and Market Shifts

Insurers acknowledge increasing cultural acceptance of pets in housing and public spaces.

They identified several forces likely to drive future change:

- In some states, insurers cannot underwrite homeowners and renters policies based on dog breed (e.g., Arizona)
- Shifting tenant expectations

- Market cycles requiring landlords to adapt to renter demand
- Need for clearer liability frameworks
- Growing interest in validated data partnerships

Carriers consistently noted:

"We will do what the market or the law requires—our job is to price the risk accurately."

SYNTHESIS

THE BIGGER PICTURE

This research reveals a complex system in which housing providers, insurers, and policymakers each respond to risk, from different angles, under different constraints, and with different tools.

Key takeaways include:

- Insurer conservatism reflects the structure of liability exposure and legal uncertainty in the market.
- Landlords often want to allow pets, but insurance limitations make them cautious.
- Current underwriting tools are blunt. Breed and size restrictions persist due to the lack of widely adopted and trusted alternatives.
- Data partnerships and policy reform can unlock innovation, reducing reliance on categorical exclusions.
- Cross-sector collaboration is essential to create conditions under which pet-inclusive housing can expand safely and sustainably.



IMPLICATIONS FOR STAKEHOLDERS

For Housing Providers

- Insurance restrictions—not landlord preference—often drive pet policies.
- Clear lease language and renters insurance requirements can reduce risk and improve insurer trust.
- Small landlords face greater barriers; support mechanisms could help level the playing field.
- Participation in pilot programs on pet screening or behavior-based assessments could open doors to future flexibility.



For Insurance Providers

- Breed-based restrictions may become legally or socially untenable; preparing now is prudent.
- Behavior-based, data-driven models could improve risk accuracy and customer satisfaction.
- Partnerships with researchers and housing advocates could supply the missing data needed to modernize underwriting.
- Engaging policymakers early will help shape feasible liability reforms.

For Policymakers

- Insurance constraints must be addressed in any meaningful pet-inclusive housing strategy.
- Liability protections for compliant landlords could reduce insurer resistance.
- Prohibiting breed restrictions, paired with behavior-based models, is both equitable and risk-aligned.
- Statewide data frameworks are essential for evaluating risk and guiding future reforms.

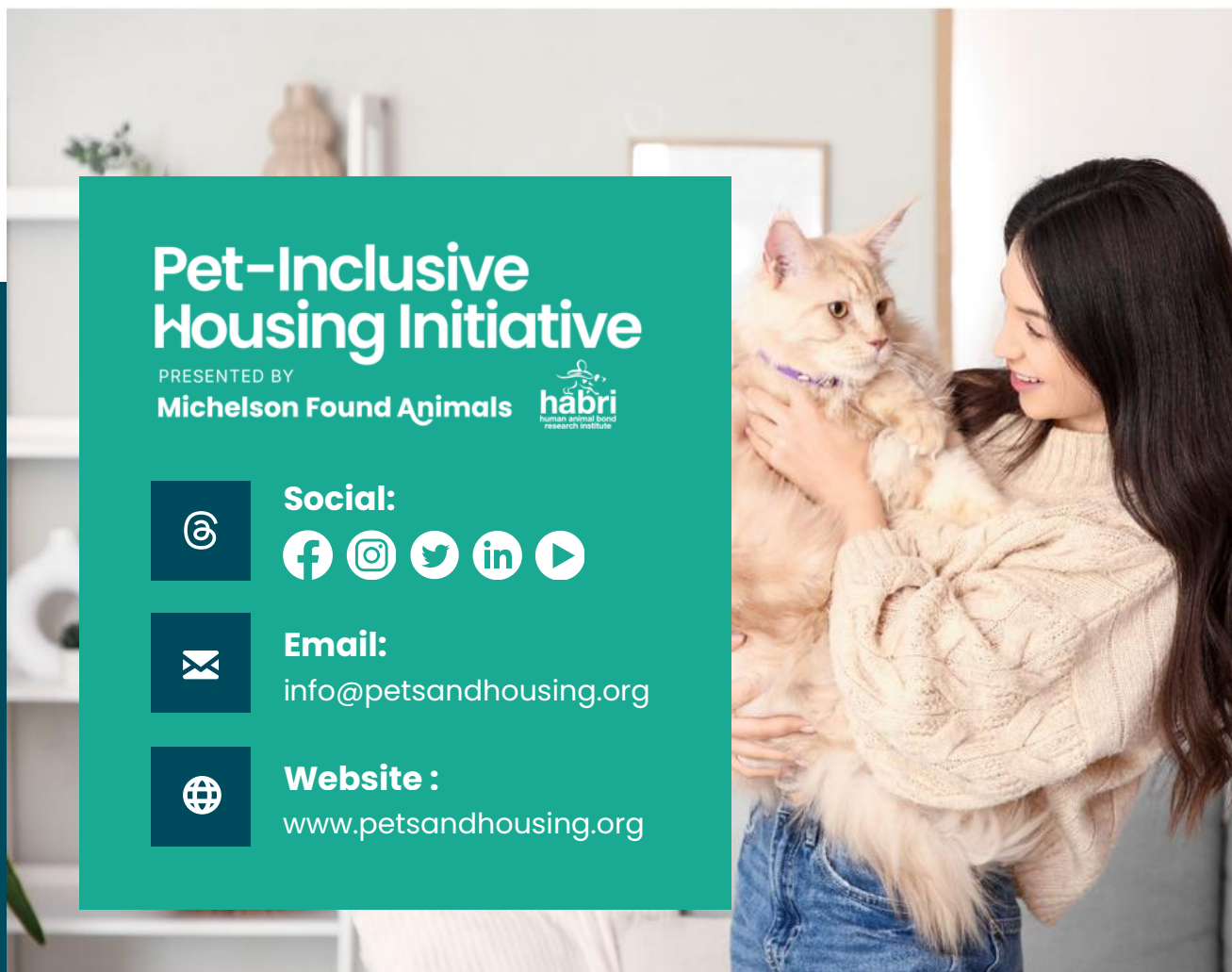
CONCLUSION


Pet-inclusive housing is a matter of housing equity, community stability, and animal welfare. Yet progress is constrained by an insurance landscape shaped by high liability exposure, data limitations, and entrenched underwriting norms. This research demonstrates that insurers are not unwilling to change; they simply need reliable data, clear legal structures, and aligned incentives.


Housing providers, insurers, and policymakers each have a unique role in driving this change:

- **Landlords** can implement risk-management practices that build insurer confidence.
- **Insurers** can explore innovative tools and pilot programs that move beyond breed-based restrictions.
- **Policymakers** can create frameworks that protect renters and landlords while enabling more nuanced, evidence-based underwriting.

To learn more, check out the Pet-Inclusive Housing Initiative for up-to-date data and resources.



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