

# Home sharing and your homeowners policy

## What is home sharing?

There are many types of innkeeper businesses that have been in operation since the beginning of time. Peer-to-peer network agencies, such as Airbnb and HomeAway, have taken the traditional bed-and-breakfast concept to a new level of opportunity by connecting online registered hosts with registered guests. Accommodations can range from the host simply offering a guest a bed for the night to renting the entire house for a week.

## How does this activity affect my homeowners insurance?

Because this activity represents a for-profit business, it deviates from the personal risks contemplated by the premium charged for a homeowners policy. Consequently, your policy will limit or exclude coverage for much of these lodging accommodations. Eventually, it is expected that many insurers will completely exclude home-sharing coverage in their standard policies and offer optional buy-back coverage.

## What are the current homeowners policy limitations and exclusions?

### Coverage A—Dwelling

When renting a room or apartment contained in your dwelling, there is no

business restriction applicable, provided the dwelling is where you reside.

### Coverage B—Other Structures

There is a business restriction for other structures such as an apartment over a detached garage. No coverage applies to structures rented to guests.

### Coverage C—Personal Property

There is no coverage for the property of roomers or boarders of your dwelling or other structures. If a guest rents an apartment located in your dwelling or other structure, as opposed to a room, there typically is only \$100 coverage available for your furnishings in the apartment, and this coverage does not include theft.

### Coverage D—Loss of Use

There is coverage for your rental income lost because of damage to the dwelling or other structure from covered cause of loss.

As you can see, property coverage is dependent on the type of property, location of that property, and the circumstances of the owner's occupancy.

### Coverage E—Personal Liability

### Coverage F—Medical Payments To Others

Liability and medical payments coverages also are dependent on the circumstances of rental. You can rent part of your home all year as long as there are no more than two

roomers or boarders. However, when renting the entire house or other structure, coverage is restricted to "occasional" rentals.

## Do home-sharing agencies provide my coverage for me?

Many do provide coverage. For example, Airbnb provides \$1 million property coverage and \$1 million liability coverage for the host. This protection is primary coverage. Of course, you will want to examine the exclusions and limitations applicable to this coverage.

## Is there any way to obtain my own coverage for home sharing?

Yes. Depending on the extent of your operations, you may only need an endorsement to your homeowners policy. On the other hand, you may need commercial insurance to cover all of your exposures to loss, including workers' compensation insurance for part-time or full-time employees. Our agency welcomes the opportunity to assist with all your home-sharing insurance needs. Please call us if you are hosting guests in your home.

