

PERSONAL INSURANCE

Tips for Short-Term Rental Property Insurance



Short-term rentals, such as the listings on VRBO, Airbnb and similar platforms, have become popular for homeowners to generate additional income. However, insuring these properties requires special considerations that differ from traditional home insurance. Understanding these nuances is crucial to protecting your investment and effectively managing risks.

The definition of a short-term rental can vary by insurance carrier. It is essential to clarify this with the insurer to determine adequate coverage. Some carriers view it as any rental period less than a year. Insurance carriers often view longer minimum rental terms more favorably. For example, a three-night minimum stay is typically better than a one-night stay. Renting to traveling professionals is also looked upon favorably by carriers. It is important to note that improperly rated policies could result in a denied claim.

Important Policy Considerations

- **Animal liability exclusion:** Determine if the policy excludes liability for incidents involving animals.
- **Off-premises coverage:** If amenities like bicycles or kayaks are available to be used off-premises, verify that the insurance covers these activities. Many landlord policies only cover on-premises incidents.
- **Specialized coverages:** Some newer policies for short-term rentals offer coverage for unique risks, such as bed bug infestations, invasion of privacy claims and squatters.
- **Host damage protection:** Airbnb's Aircover Damage Protection is more like a warranty program. It often requires the owner to contact the guest for proof of damage. Airbnb can decide whether to fulfill the claim if the guest denies responsibility.
- **Rental arbitrage:** Involves renting a property long-term and subletting it as a short-term rental.
- **Limitations:** The number of rental units owned can impact insurance options. Some carriers may refuse to insure landlords with four or more rental units.
- **Umbrella policy:** Remember to list the short-term rental property on your umbrella insurance policy. This can provide additional liability coverage beyond the limits of the primary insurance.

Insuring short-term rentals require careful consideration of various factors to help ensure comprehensive coverage. The Personal Insurance team at Brown & Brown helps identify the proper coverage and offers various comprehensive solutions to help rental owners have peace-of-mind knowing their property is protected.



How Brown & Brown Can Help

Connect with our Brown & Brown team to learn about our knowledge in your industry, how we build our risk mitigation strategies and how we can aid your business in building a cost-saving program.



Find Your Solution at [BBrown.com](https://www.BBrown.com)

Brown & Brown, Inc. and all its affiliates, do not provide legal, regulatory or tax guidance, or advice. If legal advice counsel or representation is needed, the services of a legal professional should be sought. The information in this document is intended to provide a general overview of the topics and services contained herein. Brown & Brown, Inc. and all its affiliates, make no representation or warranty as to the accuracy or completeness of the document and undertakes no obligation to update or revise the document based upon new information or future changes.

©2024 Brown & Brown. All rights reserved.