

VACATION RENTAL INSURANCE.....

What you need to know and why it's important



WHY DOESN'T MY CURRENT POLICY COVER ME FOR VACATION RENTING?

- The insurance industry sees vacation renting as a business. Think about it:
 - You advertise the property. Usually online.
 - You receive income for these activities.
 - You can write it off on your taxes as a business expense.

In most homeowners/landlord policies there is something called a “business activity exclusion.” What this means is the insurance company will not cover any claims related to business conducted at the property...like a vacation rental.



WHAT COVERAGE DO I NEED?

- Property coverage
 - Replacement cost for buildings and contents
 - Wind, Fire, Hurricane, Hail, Theft, Vandalism, etc.
 - Same perils as most homeowners and landlord policies

- Liability coverage
 - Most vacation rental policies come with \$1 million/\$2million in commercial liability.
 - What does \$1 million/\$2million mean?
 - What is covered under liability?
 - What happens if I get sued?

- Business Income Coverage
 - If the property becomes un-rentable because of a physical loss, you need to get paid!
 - Is this the same as loss of use coverage? - No



WHAT ARE THE DIFFERENT TYPES OF LIABILITY?

- Commercial liability – Correct
- Premise liability – Limitations but offer some coverage
- Personal liability – Incorrect most of the time



WHAT IF I USE A PROPERTY MANAGEMENT COMPANY?

- Is there any additional risk ?
- How are they protected from a liability standpoint?
- Are they protected financially if there is a loss and cannot rent my property?
- EVERY POLICY IS DIFFERENT !



DO YOU OFFER AMENITIES?

- Boats
 - Such as kayaks, canoes or paddleboards
 - Boats with motors are almost never covered
- Exercise equipment
 - Is it in good working order ?
- Pool
 - Do you have depth markers and rescue equipment ?
 - Does your pool have a diving board and/or slide ?
- Natural Body of Water – Lake, Pond, etc..
 - Do you have a Swim at your own risk sign ?
 - Do you have rescue equipment ?
 - Do you have a dock/pier ?

**** DO YOU HAVE WAIVERS FOR ALL OF THESE ACTIVITIES ****



WHAT IF I HOST EVENTS AT MY VACATION RENTAL, SUCH AS A WEDDING OR FAMILY REUNION?

- You will want to check with your carrier on this. Be upfront and honest about your situation. Some carriers will cover it and others will not.
- A specially tailored vacation rental policy will almost always cover this activity.



DO I NEED A POST-STAY INSPECTION?

YES !



DO I NEED A RENTAL AGREEMENT?

YES !



WHAT ABOUT ME?

- Can I use the vacation rental? Yes, most commercial vacation rental policies cover you, family, friends, guests, etc.
- If I reside at my vacation rental home, does my insurance policy cover me? Yes, most insurance policies cover you for personal liability.
 - What is personal liability?



CAN I RENT INDIVIDUAL ROOMS IN MY HOUSE IF I LIVE THERE?

- This coverage is hard to find and most carriers don't want to touch it.
- Liability coverage is available in some states.
- Why?
 - Liability...Liability...Liability...



WHAT IS RE-RENTING?

- Re-renting are situations where you rent a property from someone on a long-term lease and then turn around and short-term rent it as a vacation rental.
- Is there coverage for re-renting? The industry doesn't like them but there are some options available. Make sure to have the following:
 - A lease agreement stating that you are allowed to do this.
 - Make sure the lease agreement has language stating you are responsible for paying the insurance.
 - **SCREEN YOUR TENANTS!**



WHAT IS IMPORTANT WHEN CHOOSING AN INSURANCE CARRIER FOR MY VACATION RENTAL?

- How long have they been in business?
- What is their A.M. Best rating?
- Do they have extensive underwriting history?
- Are their rates stable?
- What happens if I file a claim?
- Is this an easy company to work with?
- Is their customer service responsive and attentive to your questions and concerns?



THE BOTTOM LINE

**GET A
COMMERCIAL
POLICY**



WANT TO KNOW MORE?

- We pride ourselves in education. Call us direct at 888-883-5696
- Feel free to email anytime: tmelillo@cbiz.com
- Get a quote on our website: <https://vacationrentalinsurance.cbiz.com/>

Thank you for your time.

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