

Understanding Home-Sharing in Wisconsin

OFFICE OF THE COMMISSIONER OF INSURANCE

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In Wisconsin, online services that let people rent a room or their home to others by using an app or a home-sharing Web site are increasing in popularity.

What are the risks?

What if your guest vandalizes your property, the hallway of your condo or even your neighbor's swing set or gets injured on your property?

Both guests and hosts could incur costs if things go astray. As a host, your homeowner's or renter's insurance policies are not designed to cover accidents arising from property rental and your insurance company may deny coverage for any resulting damages.

How can I protect myself as a homeowner/renter?

Most homeowner's policies provide coverage if a home visitor falls and is injured. However, that is likely not the case if a paying guest falls in your home, because the coverage may not apply to commercial use of the property. Without liability insurance protection from the company facilitating the host agreement, your homeowner's or renter's insurance policy might leave you with no coverage.

Homeowner's policies vary but usually exclude or provide very limited coverage for homeowners who are running a business in their home. Once you begin earning income from renting out your home or a room, you are probably considered a home-based business. If you lease out a room or your entire home for profit, your insurer could claim you are essentially running a hotel or bed and breakfast and deny coverage. However, if you seldom rent out your home, your insurer might provide coverage. A renter's insurance policy is subject to the same limitations as a homeowner's insurance policy.

To make sure you are protected, talk to your agent about your situation and participation in this activity. If you only occasionally rent a room or your house, your current homeowner's insurer might be willing to provide an endorsement to protect you. However, if you plan to rent your house for a long term or if you plan to frequently rent out a room or the whole house, then purchasing a landlord policy (also known as landlord property insurance or rental coverage

for landlords) might be your best option. A landlord insurance policy will cover your home, structures on the property, property contents that you own (such as appliances and furniture), lost rental income due to building damage, defense costs and liability protection.

How can I protect myself as a guest?

For guests, there have been suggestions made to the insurance industry that hosts only rent their property to guests who have homeowner's, renter's or personal liability insurance and are able to show proof they are insured. Then if your property is damaged, you could file a claim under the guest's policy.

Your own homeowner's, renter's or personal liability insurance policy will generally protect you even as a guest if you happen to cause damage to a host's property. However, a home-sharing company still may reserve the right to make a claim under your homeowner's or renter's policy for any damage or loss you cause to an accommodation.

Additional Information

Recently, a specific home-sharing company unveiled a host protection insurance coverage of up to \$1 million if a third party claims bodily injury or property damage against their host. The specific home-sharing company's liability insurance program is automatically applied to every listing in the U.S. Laws regarding home-sharing vary from state to state, even city to city, so it is important to speak with someone who is knowledgeable about your location. Since home-sharing companies are still a fairly new phenomenon, talk with your agent or insurance provider about your risks as a host to make sure you are properly covered before you list your property for rent.

Office of the Commissioner of Insurance
P.O. Box 7873
Madison, WI 53707-7873
oci.wi.gov