

Understanding Home-Sharing in Wisconsin

OFFICE OF THE COMMISSIONER OF INSURANCE

PI-235 (R 10/2018)

Online services, including apps and websites, are increasing the popularity in Wisconsin of renting rooms and homes to others. The Office of the Commissioner of Insurance (OCI) wants consumers to be aware of risks and insurance needs in these rental situations.

What are the risks?

What if your guest vandalizes your property, the hallway of your condo, 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 visitor falls and is injured. However, it 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 and your insurer can deny coverage under a standard home business exclusion. 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. 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 long term or if you plan to frequently rent out a room or the whole house, you might consider purchasing a **landlord policy** (also known as landlord property insurance or rental coverage for landlords). A landlord insurance policy will cover:

- your home
- structures on the property
- property contents 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—and can show proof of having—homeowner's, renter's, or personal liability insurance. 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

A specific home-sharing company offers 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 United States. 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.**

Home-sharing companies are still fairly new. Speak 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