



Limiting your Liability as a Short-Term Rental Host

Providing a residential property for short term rent and use to the general public exposes the property owner to a variety of legal claims and potential liabilities. In order to protect yourself, you will need liability insurance if you are providing a short term rental residence in Columbus, minimally in the amount of \$300,000. The amount required for your property may vary, so check with local regulations based off your short-term rental's location to determine the what you are minimally required to carry, in terms of insurance.

What could go wrong?

Think about: What if my property is damaged? What if a guest's property is damaged? What if a guest damages someone else's property? What if a guest is physically injured?

Most stays go to plan, but it doesn't take a wild imagination to dream of a scenario where insurance coverage is needed. For example, there was an instance where a short-term rental guest suffered a life ending injury when he tried out a rope swing on the property he was staying at and was struck in the head by a tree branch. For the host, it was at least fortunate that the homeowner's policy did not deny coverage for the commercial activity taking place on the property, but, as stated before, it depends on your individual policy and what is covered under its terms.

Won't the hosting site protect me?

Many hosting sites offer their own versions of similar policies. You should review the terms of any hosting site's policy and determine how it applies to you.

Note that Airbnb does offer Host Protection Insurance up to \$1,000,000, which covers third-party bodily injury claims.

In some instances, the host will act as the primary insurer, which is great, but if you want to have your own policy, that is fine too. However, specifically with Airbnb, there is a list of situations that are excluded from coverage. You should consider the exclusions from the coverage and determine if it makes sense for you and your individual situation.

For example, Airbnb's policies exclude certain watercraft and related incidents from coverage. While this isn't likely to matter for a host in Columbus, there are a lot of waterfront properties listed on the site that this would pertain to. We have seen them listed: beautiful lakefront properties, with your own dock and a boat. If this



describes your property, this is certainly something that is going to require additional consideration on your end to make sure adequately covered. Note that this is just one example of exclusions under Airbnb's policies. You should review their full policy.

Having the right coverage doesn't matter if you cannot use it, so you should also have procedures in place that allow you to successfully make claims. When it comes to damage to your property from guests, Airbnb's coverage, for example, is strict regarding timing and identifying the party who

caused the damage. If you are renting your property to successive guests with short periods of vacancy, you should develop a system for documenting the condition of your property and its contents between guests. Otherwise, you risk not being covered in the event you find damage and cannot attribute it to a certain guest. Not to mention keeping regular tabs on the condition of your short-term rental's contents will allow you to better defend yourself in the event a guest is injured because of a defect in your personal property.

Additional Ways to Limit Your Liability

In addition to what is covered by your insurance policy and the amount you are insured for, you also should consider how you own the property and how you may be personally liable in the event there is damage to property or if a guest is injured in your short-term rental. You should evaluate the amount of time that you plan to use the unit as a short-term rental and explore whether forming a business entity to own the property makes sense. You should discuss with your attorney how this can limit your personal liability to determine if it makes sense for you. A little up-front work and planning can save you the continued headache of potential personal liability.