

Does Your Insurance Cover Your Vacation Rental?

It's vacation time, and the extended family has rented a large beach house just a short walk from the water. The kids and grandkids are there; one even brought his dog. With 20 people in the house, there's a lot of catching up, noise and confusion. Three people might be cooking dinner, and each of the three thinks the other two are watching the frying pan on the stove. Turns out that none of them are. In minutes, flames are shooting up out of the pan, scorching the walls and producing a good amount of smoke.

Fortunately, the fire is caught and put out before the whole building can burn, but the damage is more than noticeable. Clean up and repair will be expensive, and the house's owner will not find this at all humorous. Everyone knows that an insurance company will have to get involved -- but whose?

Renting vacation homes is a common occurrence. It gives families a comfortable place to stay other than a hotel. It also gives the property owner a good source of revenue. However, there are risks for both the owner and the renter. These include:

- The renter could damage the property
- One of the renters could be injured by an unsafe condition in the house
- A friend or family member visiting the renters for the day could be injured on the premises
- The renter's dog could bite someone
- The renters could accidentally damage a neighboring house or injure someone staying there.

While Homeowners insurance policies are not exactly the same, almost all provide Personal Liability Coverage. This protects the people insured under the policy against claims or lawsuits accusing them of injuring another person or damaging another's property. It also pays for the cost of legal services to defend against a lawsuit.

This coverage will pay if the renters are responsible for the injury to the friend visiting the house. It should also cover damages to neighboring houses and injuries to their occupants. It may pay for injuries and costs resulting from the dog bite. However, some policies contain clauses that eliminate coverage for dog bites; it is important for dog owners to know what coverage they have. Some policies may have special conditions when the home is rented out. While homeowners policies do have off premise coverage when you occupy another residence, those coverages likely have limitations. Also please note, some vacation rental website listings services by provide additional coverage.

Damage the renters may do to the house might be covered, but it depends on the cause of the damage. Many policies will cover fire, smoke or explosion damage to premises rented to or occupied by the people insured, but not other types of damage. The incident with the neglected

frying pan would be covered because the damage was caused by fire and smoke. Damage caused by an overflowing bathtub would not be covered.

The house's owner may have legal responsibility for a condition in the house that injures a renter or a visitor. If so, the owner's liability insurance should cover medical expenses and related costs. It is wise to have an umbrella policy as this type of policy may cover gaps that a primary policy may not cover. It's best to bring all variables to the attention of your agent and discuss strategies on how you can narrow any insurance gaps that may exist in rental situations. Then all that will be left to do is pack the car, head to the beach, and enjoy the vacation.