

News Release

Monday December 10, 2018



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Short-stay rental boom over summer holidays could ruin homeowner finances

More than 140,000 householders and investors who list their houses and apartments on short-stay rental websites over the summer holidays could be placing their assets and their financial stability at risk.

Lisa Kable, spokesperson for the Insurance Council of Australia's Understand Insurance initiative, says: "Householders who offer their houses or apartments on short-term holiday rental websites are likely to find they are not protected by home and contents insurance.

"We conservatively estimate more than 140,000 properties that are usually either owner-occupied or rented out long-term will be listed for short-term rentals these holidays.

"However, owners may not realise that most insurers regard short-stay holiday rental as a commercial use of the property because the likelihood something will go wrong are higher.

"A home building or contents claim incurred while a property is being rented out may be declined, leaving the owner financially vulnerable to financial loss and other liabilities."

Ms Kable says a small number of insurers offer a product to property owners who self-manage their home as a short-term holiday let. The product is inexpensive. It covers paying guest-related accidental or malicious damage, theft or attempted theft, personal liability if a guest sues for damages, identity theft, and strata property damage.

She says a short-term landlord insurance policy can cover the property if it is professionally managed.

Homeowners and investors considering short-term letting their properties should:

- **Check** household insurance Product Disclosure Statements prior to advertising on short-stay home rental platforms such as Airbnb, Stayz, Homeaway, Flipkey and booking.com. If there are gaps, look for specialist insurance that protects your home and contents while paying guests are staying
- **Not rely** solely on a rental platform's host protection insurance. There are gaps in the cover offered. Most don't cover the personal property of the host, cash, pets and public liability in shared areas
- **Reduce** their risk by removing valuables and irreplaceable items such as jewellery, original artworks and collectors' pieces during the short-term stay
- **Check** strata rules, tenancy agreements and local council laws because they may prohibit short-stay holiday lets
- **Ensure** their property is safe and secure

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-CONTINUES-

Ms Kable says malicious or accidental damage caused by a paying guest to a property or a public liability claim could cost a homeowner hundreds of thousands of dollars.

“I have heard frightening stories of homeowners returning after short-stay guests have departed to find a completely empty house or that their home has been used for illegal activities. These illustrate the importance of having the right insurance,” Ms Kable says.

Last year, six million holidaymakers globally booked their short-term home accommodation through an online platform. These guests may find their domestic or international travel insurance doesn't offer cover if they unexpectedly need to cancel their accommodation or their belongings are damaged or stolen during their home stay.

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Case study 1:

A beachside home in Sydney's east was let for a weekend on a popular homestay website. The owners returned to find a completely empty home. All their belongings had been removed during the night using the back lane of the property. The owners lodged an insurance claim for hundreds of thousands of dollars for their stolen belongings but they were not covered.

Case study 2:

A beachside apartment was let for a week on a popular homestay website. The owners returned to find the apartment had been used by mail thieves, who had broken into and ransacked the apartment block's letterboxes. The owners had to remove thousands of opened and discarded mail items left by the thieves as well as piles of rubbish and damaged furnishings. Their neighbours were affected by the theft of credit cards, mail items, identifying documents and financial statements, and even spare keys.

