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Warning over holiday e-leasing

The Insurance Council of Australia (ICA) today urged householders to contact their insurer before renting out part of their home to holidaymakers through online peer-to-peer sharing services.

With Christmas holidays fast approaching, many home owners and tenants are considering renting out a room or part of their home to holidaymakers using online booking services. Though the idea of meeting new people and earning extra revenue might be appealing, it might also leave some with unintended financial consequences.

ICA CEO Rob Whelan said homeowners and renters could be exposing themselves to significant financial loss if things were to go wrong.

He said home owners, tenants and holidaymakers could all be taking risks because their insurance policies may not cover online peer-to-peer house sharing services. Further, strata title agreements, tenancy agreements and local government laws might not allow short-term holiday letting.

"It is essential that homeowners or tenants who consider using online house-sharing services discuss this with their insurer beforehand, and check how this could impact their home and contents insurance, strata or renter's insurance policies," Mr Whelan said.

"Anyone thinking about renting a room or part of their home should know that they might not be covered for property damage and other losses that could happen as a result of renting it out to holidaymakers. Importantly, they may not be covered for public liability should a paying guest be injured on the premises.

"Many insurers regard online holiday rentals as a business activity. Policyholders should check whether their insurance covers these activities and whether a more appropriate form of policy, such as landlord's insurance, is required. Some insurers offer policies designed for short-term holiday letting."

Mr Whelan said holidaymakers who rent a home or room using these services might also be surprised to learn their travel insurance policies might not cover them if they are unexpectedly forced to cancel their trip and claim accommodation costs, or if their possessions are stolen or damaged while in the rental property.

"With so much uncertainty, holidaymakers may be exposing themselves to the potential for significant financial loss," Mr Whelan said. "The guarantees offered by some peer-to-peer accommodation providers don't cover items such as cash, or pets, or even personal liability in shared areas, and it is highly uncertain whether the householder's or traveller's insurance will cover these areas under this specific type of agreements."

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