

Insuring Your Vacation Experience

If you are planning a trip to a vacation home, timeshare, rental property, or home exchange, keep in mind that these properties might have specific insurance needs. However, be careful not to waste money by over-insuring your vacation. The following tips may help you prepare a well-planned vacation that includes the right insurance protection.

Renting a Vacation Property or Participating in a Home Exchange

If you are renting a property or exchanging homes with another family, your homeowners insurance policy might extend to the property where you will be staying. Generally, as a renter, you are not responsible for damages caused by unavoidable accidents, such as faulty plumbing. However, there are circumstances when you could be considered partially responsible for damages due to negligence, and you may be expected to pay for part.

Personal belongings you take on vacation (e.g., electronics, ski equipment, camera or clothing) are generally covered by your homeowners policy. Read your policy before going out of town so you know the maximum amount covered. If you do not have enough insurance for the belongings you plan to take, consider additional or temporary personal property coverage.

What are Home-Sharing Websites?

Renting a room or entire home to a stranger using an app or website is gaining in popularity. Home-sharing or peer-to-peer rentals (P2Ps) include sites like Airbnb and HomeAway. While guests find a property and pay for the stay like a hotel, there are differences. Property that is not a licensed hotel or bed and breakfast can have different insurance implications.

Protecting the Home-Sharing Experience

Guests and hosts could incur costs if something unexpected happens. Most homeowners or dwelling insurance policies are not designed to cover accidents arising from short-term rentals. Even if specific home-sharing or rental exclusions are included in the policy, insurance companies may deny coverage.

Hosts, regardless of whether they own the property listed, must be aware of local laws and restrictions for rental of a personal residence. Several states and municipalities have legislation or regulations restricting land or building use and requiring collection of a visitor tax. Know your liabilities if your guest vandalizes your property, common space in your condo or even your neighbor's landscaping. Know what happens if your guest gets injured on your property.

Hosts should review the terms of their homeowners association (HOA) bylaws. If you are renting the property you intend to list on the site, carefully read and understand the terms and conditions of your rental agreement to determine if you can host legally.

Secondary Home Insurance

How a secondary property is used and how often it is occupied during the year determines the type of coverage you need. If your secondary home or vacation home has a mortgage, your lender may require homeowners insurance just as it would for your primary residence. However, there may be additional stipulations in the policy because you only reside in the home for part of the year. As with your primary homeowners insurance, it is important to review the policy for your secondary home every year and keep an up-to-date home inventory in case you need to file a claim following a loss. The National Association of Insurance Commissioners offers a free, easy-to-use **home inventory app**.

Even if you do not plan to spend time at your vacation home, consider maintaining coverage for the structure, contents and your liability in the event that someone gets injured on your property while you are not there.

When reviewing your policy, note that the insurance requirements in another state may be different from those where your primary home is located. Talk with an insurance agent in the state where your vacation property is located if you think you might need flood insurance or additional coverage against wind, hurricanes or earthquakes.

"Named Perils" Coverage

Homeowners insurance for a secondary home can have significantly different terms than your primary home's insurance policy. Insurance for these types of properties is typically written on a "named perils" basis.

A "named perils" policy covers losses for events specifically outlined in the policy, such as lightning, explosion, theft or smoke damage.

Homeowners policies also typically provide liability coverage in case a guest is injured on your property or if you are responsible for damage to another's property. Your homeowners policy might also include coverage that would pay an injured person's medical bills to a stated limit, regardless of negligence.

Before purchasing a policy, make sure you understand the coverage terms and limitations. If you have questions about your insurance requirements, contact your insurance agent.

Umbrella Policies

If you have an umbrella policy in place to provide excess liability coverage, the policy should automatically extend to any property you purchase or rent. To be sure that the umbrella policy meets your liability expectations and that there are no exclusions in the policy that might be triggered by the new property, read your policy before making your down payment.

Waterfront Vacation Homes

If your vacation property is on the water, chances are you'll want to go boating. The personal property coverage of your primary or secondary homeowners policy might cover a small boat for a set amount in physical damage. However, coverage for your liability risk is limited.

Insurers generally provide liability insurance on small sailboats and powerboats with small motors. However, a boat of any significant size will require separate coverage. Read your homeowners policy carefully or speak with your insurance agent before you put your boat in the water.

Personal watercrafts will likely require a separate policy. You might choose to purchase this policy from your homeowners insurer or from an insurer that specializes in boat insurance. Get quotes and compare policies from several different places to get the best deal.

Some important questions to answer before you head out on the water while on vacation or using your own watercraft:

- Are you insured if someone other than yourself is operating your boat or personal watercraft?
- Are there legal age restrictions on who may operate the boat or personal watercraft?
- Is towing skiers or wakeboarders covered by your policy?

Renting Your Vacation Home to Others

If you hope to make a little extra cash by renting your vacation home when you are not there, review your insurance policy. It may be wise to purchase additional liability, bodily injury and medical payment insurance to cover your risk when you or your family are not in the home.

Be aware that your homeowners coverage might not extend to damage caused by a renter and/or their guests. Read the policy closely to ensure that your coverage meets your expectations.

More Information

If you have additional questions or concerns about insurance considerations for vacation travel, contact your agent or the Nebraska Department of Insurance at 402-471-2201 or toll-free at 1-877-564-7323. For additional information about insurance as well as tips for choosing the coverage that is right for you and your family, visit InsureU.naic.org.