

# SHARING IS DARING

## PERSONAL PROPERTY RENTAL – REAPING THE REWARDS OR REGRETTING THE RISKS?



Considering renting out your backyard or watercraft to enhance cash flow? Today, inflation is trending down but prices for goods and services are expected to remain high for the next year. Personal property owners are getting creative with alternative income options during these unfavorable market conditions and rethinking how to extract more value from unused or underutilized assets.

From golf carts and boats to swimming pools and backyards, renting out personal property to supplement income has resurfaced as a popular trend known as the sharing economy. Born out of the Great Recession in the mid-2000s, the sharing economy offers a way to make money by matching peers who have unused assets with individuals seeking to utilize them. Less than a decade ago, the sharing economy was valued at \$14 billion. By 2025, [forecasts indicate a value of \\$335 billion.](#)

While this may seem like a quick way to make extra cash, thanks to online platforms, like AirBNB, VRBO, Uber, Lyft, and Swimply, the risks can be greater than the reward.

**Consider a family who rents out their vacation home and enforces rules to not use the jet ski, golf cart, or parked vehicle. Should the guests ignore the rules, and an accident occurs, the homeowner can be held liable and may not be financially protected for guest negligence.**



Sharing your property can positively impact your wallet but also carries a downside due to increased liability that may not be covered under current homeowners or auto policies. One-third of individuals are seeking to participate in this sharing economy<sup>1</sup>, so meaningful collaboration among individuals, their insurance advisors, and insurers is critical to helping protect their assets.

## COVERING YOUR ASSETS

The sharing economy is built on trust and community, but those attributes do not offer protection against exposures as the protection that proper insurance coverage can provide. When renting out your personal property, the exposures to risk can be extremely broad and complex. In most homeowner's insurance policies, limitations exist with commercial type of activities. Yet without defining the terms, conditions, and risk exposures ahead of time, a homeowner's insurance policy could be nullified.

Most home or auto owners do not consider risk when they first join the sharing economy. And relying on the liability protection offered through online platforms can create gaps in coverage or contain exclusions they weren't aware of – leaving them exposed to significant financial responsibility. Typically, up to \$1 million of liability coverage is available at no cost through online platforms; however, this may be excluded or may not be enough in many cases.

### EXAMPLE

**A pool owner uses an online platform to match their private pool with people looking for a place to swim. An individual rents the pool and is injured – consider these questions:**

- Is the liability a commercial property issue because of a business transaction between two parties?
- Can coverage apply as an incidental event in a home-based business, noted on a homeowner's insurance policy?
- What terms and conditions, like an occupancy endorsement, are included in a homeowner's insurance policy—and will this provide short-term rental coverage?

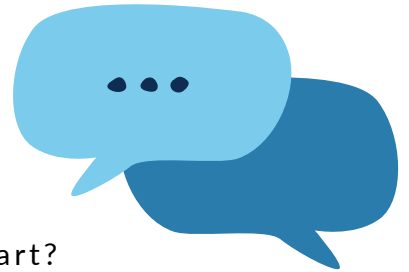


## YOUR PATH TO PROFITS

Work with your trusted insurance advisor to review your lifestyle, assets, and totality of risk exposures and help you determine the proper coverage needed.

### DISCUSS:

- What are the sources of income outside of a day-to-day job?
- What are the intentions of renting personal property?
- What types of potential claims scenarios could occur?
- If renting a primary or vacation residence, what other potential liabilities exist—swimming pool, boat, or golf cart?



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<sup>1</sup>PRMA, Weather, Sharing Economy Pose Growing Risks for Homeowners, A.M Best TV, August 2, 2022.

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