



INSURANCE IMPACT OF COVID-19 ON SHORT TERM RENTALS AND TRANSPORTATION NETWORK PLATFORMS

CONTACT

To learn more about how AmWINS can help you place coverage for your clients, reach out to your local AmWINS broker.

LEGAL DISCLAIMER

Views expressed here do not constitute legal advice. The information contained herein is for general guidance of matter only and not for the purpose of providing legal advice. Discussion of insurance policy language is descriptive only. Every policy has different policy language. Coverage afforded under any insurance policy issued is subject to individual policy terms and conditions. Please refer to your policy for the actual language.

Courtesy of AmWINS Group, Inc.

ABOUT THE AUTHOR

This article was authored by [Kris Zebratski](#), CIC, CPRM, TRS, Senior Vice President and Personal Lines specialist with AmWINS Access in San Francisco, CA.



The pandemic has had a profound impact on the hospitality and service industry. This also extends to aspects of the sharing economy including short-term vacation rentals and transportation network platforms. This article takes a closer look at COVID-19's impact on these platforms and insurance coverage implications that retail agents should be aware of.

COVID-19 IMPACT ON SHORT-TERM RENTALS

When the World Health Organization (WHO) officially declared COVID-19 a pandemic in March 2020, short-term rental hosts experienced a significant decrease in reservations due to stay-at-home orders and transportation restrictions. Soon after, these short-term bookings began to see an increase from those trying to escape hard-hit areas or essential healthcare workers who needed to travel to those hard-hit areas where there was a shortage of their services.

Some local authorities were not pleased with the increase of travelers from out of town. These COVID-related guests could very well be bringing the virus with them. Many jurisdictions quickly passed [resolutions](#) restricting the use of short-term lodging facilities, including:

- All rentals for fewer than 30 days were ordered to cease operating or rent only to essential workers and other specified classes
- Rentals were required to remain vacant for 72 hours between guests
- Stringent cleaning requirements were implemented
- Violation of new restrictions were subject to license suspension and/or criminal charges

Adding to the fear of the spread of COVID-19 was an increase of bookings for one-night gatherings (parties) because of mandated restrictions at bars and restaurants. Contact tracing began to track positive cases back to these gatherings.

As a result, new restrictions by several online vacation rental marketplace companies were added.

- No one night bookings permitted for local residents
- No bookings permitted for local residents under age 25
- Stringent cleaning requirements developed in cooperation with WHO and the CDC
- Failure to comply with cleaning requirements could result in removal from the platform

INSURANCE COVERAGE FOR SHORT-TERM RENTALS AND COVID-19

Some online vacation rental marketplace companies include or offer property damage and personal liability protection to their hosts. However, most specifically exclude coverage for any loss or damage arising out of the actual or alleged transmission of a communicable disease, virus, etc. COVID-19 is, of course, such a disease.

(continued on next page)

(continued from previous page)

Other hosting platforms provide no insurance protection at all, resulting in the hosts' reliance on separate business insurance or their personal insurance for coverage.

Whether using an online platform or advertising through other means, standard personal insurance policies providing coverage for rental exposures likely contain the same communicable disease exclusion.

Additionally, there is no duty to defend any suit or settle any claim for "bodily injury" or "property damage" which is not covered under homeowners or dwelling liability policies.

COVERAGE ISSUES IMPACTING TRANSPORTATION NETWORK PLATFORMS

A transportation network platform (TNP) is defined as an online-enabled application or digital network used to connect passengers with drivers using vehicles for the purpose of providing pre-arranged transportation services for compensation.

Not only does the standard personal auto insurance policy exclude coverage for any vehicle while the insured is employed or engaged in any business (other than farming and ranching), it specifically **excludes** liability, medical payments and uninsured motorist coverage while the vehicle is in use and **logged into** a TNP, whether the driver is carrying a passenger or not.

ISO added several transportation network driver endorsements that modify older editions of the personal auto policy. These endorsements replace exclusion A.5 with the TNP exclusionary language above.

Additionally, there is no duty to defend any suit or settle any claim for "bodily injury" or "property damage" not covered under most personal auto policies. Both Uber and Lyft provide \$1,000,000 liability limits per accident once a driver is **transporting passengers**. However, it is not clear if the coverage provided excludes communicable disease.

WHAT'S NEXT?

The challenge with both the short-term rental and TNP scenarios is determining when and where the injured person actually contracted the disease. Unfortunately, since the duty to defend is limited to damages caused by a covered occurrence under the homeowners, dwelling liability or personal auto policies, the only remedy for loss or injury caused by the excluded peril of communicable disease may be lawsuits against the individual property owner or TNP driver.

This gap in insurance protection under most personal and business insurance policies, as they relate to communicable disease, may result in revisions to existing policies and the development of new ones. This might include specialty products and endorsements similar to those designed in recent years for the hospitality industry that cover claims for injury from bed bugs.

Some experts think there might even be a government-sponsored pandemic-type insurance like terrorism coverage that evolved after 9/11. Insurance companies will play a critical role in how world economies mitigate the devastating human and economic effects of future pandemics.

