



## **The Homeowner Policy and Sharing Exposures**

**Presented By**

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## **I. Sharing Exposures Overview - Homeowner**

- A. What are some activities that entice our clients to make their homes available to others?
  - 1. Scarcity of commercial housing options (hotels/motels)
  - 2. Local events that increase housing demand
  - 3. Local attractions that increase housing demand
  - 4. Less cost to boarders than other options
  
- B. What are some advantages to the property owner when sharing their home?
  - 1. Income
  - 2. Use of an asset that may otherwise go unused
  - 3. Prestige
  - 4. Possible avoidance of vacancy clauses
  - 5. Barter value of property among property owners
  
- C. What are some advantages to the property user in these relationships?
  - 1. Cost
  - 2. Flexibility/convenience
  - 3. Atmosphere
  - 4. Amenities
  - 5. Prestige
  - 6. Freedom

D. What are some disadvantages to the property owner when sharing their home?

1. Loss of control
2. Uninsured property exposures
3. Uninsured liability exposures
4. Noncompliance with HOA rules
5. Local/state/federal statutes which may establish a right of tenancy
6. Possible criminal activity in unit

E. What are some disadvantages to the property user in these relationships?

1. Loss of control
2. Uninsured damage to property
3. Uninsured liability exposures
4. Allegations for responsibility for previous damage to property
5. Unable/unwilling to understand contract in place
6. Privacy concerns

## F. Experience Hosting

1. Not only can our clients offer their property to others, they can also offer their skills and knowledge to others, on a web-enabled platform such as **viator.com** in what is known as Experience Hosting
  - a. These activities are designed to be highly unique and interactive and require that hosts have expertise, insider access and connections
    - Backyard beekeeping
    - Chef inspired demonstrations/participation
    - Community outreach activities
    - Nature interaction
    - Art and craft immersion
    - Musical expressions
    - Festival participation
  - b. These activities may or may not include offering the use of dwellings and/or personal property to others, but they likely represent unanticipated risk for our personal lines carriers
  - c. These activities may or may not be considered “home-sharing host activities”, but would likely fall within the “business” definition of the homeowner policy

## II. ISO Homeowner Coverage Forms and Sharing Exposures

### A. Home-Sharing Host Activities Amendatory Endorsement HO 06 53 02 17

1. Introduced in 2017
2. Introduced as a mandatory endorsement
3. Introduced three very important new definitions
  - a. “Home-sharing host activities”
  - b. “Home-sharing network platform”
  - c. “Home-sharing occupant”
4. The endorsement then uses these definitions as part of limitations and exclusions in order to broadly restrict coverage associated with home-sharing activities
5. The provisions of this endorsement have been ‘incorporated’ into the policy language of the 03 2022 version of ISO HO forms

### III. The ISO Homeowner Coverage Forms 03 2022 Edition Date and Home- Sharing Activities

- A. ISO introduced a revision to its Homeowner Program with an edition date of 03 2022
  - 1. ISO carriers will adopt this program over a period of time
    - a. Many ISO carriers will continue to use the HO 06 53 02 17 until they adopt the 03 2022 version of the HO program
    - b. Many non-ISO carriers will ‘follow the lead’ and incorporate the language into their forms
  - 2. All of ISO’s HO coverage forms are affected by home-sharing activities
    - a. HO 00 02 Homeowners 2 – Broad Form
    - b. HO 00 03 Homeowners 3 – Special Form
    - c. HO 00 04 Homeowners 4 – Contents Broad Form
    - d. HO 00 05 Homeowners 5 – Comprehensive Form
    - e. HO 00 06 Homeowners 6 – Unit-Owners Form
    - f. HO 00 08 Homeowners 8 – Modified Coverage Form
    - g. *Newly introduced HO 00 14 Homeowners 14 – Contents Comprehensive Form***
  - 3. Many of ISO’s HO endorsements are affected by home-sharing activities

## B. Important definitions

### 1. "Home-sharing host activities"

#### Definitions

6. "Home-sharing host activities" means:

a. The:

(1) Rental or holding for rental; or

(2) Mutual exchange of services;

of the "residence premises", in whole or in part, by an "insured" to a "home-sharing occupant" through the use of a "home-sharing network platform"; and

b. Any other related property or services made available by an "insured" for use during such:

(1) Rental; or

(2) Mutual exchange of services;

except those property or services provided by another party.

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- a. Rental, holding for rental or mutual exchange of services of the "residence premises" – not just the dwelling – in whole or in part
- b. "Insured", "home-sharing occupant" and a "home-sharing network platform" must **ALL** be involved for the definition to be active
- c. Any related property (personal property including recreational vehicles, and watercraft, for example) made available falls within the scope of the definition

2. “Home-sharing network platform”

**Definitions**

7. "Home-sharing network platform" means an online-enabled application, web site or digital network that:
- a. Is used for the purpose of facilitating, for money, mutual exchange of services or other compensation, the rental of a dwelling or other structure, in whole or in part; and
  - b. Allows for the agreement and compensation with respect to such rental to be transacted through such online-enabled application, web site or digital network.

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- a. Online-enabled app (Airbnb, VRBO, Couchsurf), website or digital network that is used to facilitate the transaction
- b. The exchange may include money, services or other compensation to accomplish the rental of a dwelling or other structure – in whole or in part
- c. The platform must allow for the execution of the agreement and provide for transaction of the compensation

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3. “Home-sharing occupant”

**Definitions**  
**8.** "Home-sharing occupant" means a person, other than an “insured”, who:  
**a.** Has entered into an agreement or arranged compensation with an “insured” through the use of a “home-sharing network platform” for “home-sharing host” activities; or  
**b.** Is accompanying or staying with a person described in paragraph **8.a.** of this provision under such “home-sharing host activities”.  
**HO 00 03 03 22 Page 2 of 27**

- a. A person, other than an “insured”
- b. Has entered into an agreement with an “insured” through the “home-sharing network platform” for “home-sharing host activities”
- c. Anyone accompanying or staying with the “home-sharing occupant”

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4. Revises the definition of “business”

- B. Definition B.3. "Business" is replaced by the following:**
- 3. "Business" means:**
- a.** A trade, profession or occupation engaged in on a full-time, part-time or occasional basis;
  - b.** "Home-sharing host activities"; or
  - c.** Any other activity engaged in for money or other compensation, except the following:
    - (1)** One or more activities, not described in **(2)** through **(4)** below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
    - (2)** Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
    - (3)** Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
    - (4)** The rendering of home day care services to a relative of an "insured".

**HO 06 53 02 17 Page 1 of 3**

- a. “Business” now includes these activities – regardless of the amount of income that may or may not have been realized

5. Coverage form clarifies that roomer, boarder, tenant or guest **DO NOT INCLUDE** a “home sharing occupant”

**C. In this Policy, the terms:**

- 1.** Roomer
- 2.** Boarder
- 3.** Tenant; or
- 4.** Guest;

do not include a “home-sharing occupant”

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- a. Subsequent limitations and/or exclusions that apply to “home-sharing occupants” would not apply to these individuals

C. Important reductions in coverage – Section I - Property

1. Broadens Coverage C – Property Not Covered

**4. Property Not Covered**  
We do not cover:  
f. Property of:  
(1) A "home-sharing occupant";  
(2) Any other person occupying the "residence premises" as a result of any "home-sharing host activities"; and

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- a. Eliminates coverage for property of a “home sharing occupant” and/or any other person occupying the “residence premises” as a result of “home-sharing host activities”

**4. Property Not Covered**  
We do not cover:  
g. Property in:  
(1) A space while rented or primarily held for rental to a "home-sharing occupant"; or

**HO 00 03 03 22 Page 6 of 27**

- b. Eliminates coverage for property *IN* a space rented to a “home sharing occupant”

**4. Property Not Covered**  
We do not cover:  
h. Property used primarily for "home-sharing host activities";

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- c. Eliminates coverage for property used primarily for “home-sharing host activities”

- 2. Reduces scope of Fair Rental Value found in Coverage D – Loss of Use

**D. Coverage D – Loss Of Use**

**2. Fair Rental Value**  
 If a loss covered under Section I makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

However, we do not cover any fair rental value arising out of or in connection with "home-sharing host activities".

Payment will be for the shortest time required to repair or replace such premises

**HO 00 03 03 22 Page 7 of 27**

- a. Fair rental value is not included for loss arising out of or in connection with "home-sharing host activities"

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3. Eliminates coverage for theft to Coverage A – Dwelling or Coverage B – Other Structures items used in “home-sharing host activities” – **THIS IS HUGE**

**SECTION I – PERILS INSURED AGAINST**

**A. Coverage A – Dwelling And Coverage B – Other Structures**

1. We insure against direct physical loss to property described in Coverages **A** and **B**.
2. We do not insure, however, for loss:
  - c. Caused by:
    - (3) Theft:
      - (a) If such loss arises out of or results from "home-sharing host activities"; or

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- a. Total elimination of theft for Coverage A and/or B items

- Fixtures
- Doors
- HVAC
- Appliances?

4. Eliminates coverage for vandalism or malicious mischief to Coverage A – Dwelling or Coverage B – Other Structures items used in “home-sharing host activities” – **THIS IS HUGE**

**SECTION I – PERILS INSURED AGAINST**

**A. Coverage A – Dwelling And Coverage B – Other Structures**

2. We do not insure, however, for loss:
  - c. Caused by:
    - (4) Vandalism and malicious mischief, and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if:
      - (a) The loss arises out of or results from "home-sharing host activities"; or

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- a. Note that any *ensuing loss* arising from an act of vandalism or malicious mischief is also excluded

5. Eliminates coverage for vandalism or malicious mischief to Coverage C – Personal Property items arising out of “home-sharing host activities” – **THIS IS HUGE**

**SECTION I – PERILS INSURED AGAINST**

**B. Coverage C – Personal Property**

We insure for direct physical loss to the property described in Coverage C caused by any of the following perils unless the loss is excluded in Section I – Exclusions.

**9. Vandalism or Malicious Mischief**

This peril does not include loss caused by vandalism or malicious mischief to property arising out of or resulting from “home-sharing host activities”.

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6. Eliminates coverage for theft to Coverage C – Personal Property items if such loss arises out of or results from “home-sharing host activities” – **THIS IS HUGE**

**SECTION I – PERILS INSURED AGAINST**

**B. Coverage C – Personal Property**

We insure for direct physical loss to the property described in Coverage C caused by any of the following perils unless the loss is excluded in Section I – Exclusions.

**9. Theft**

- a. This peril includes attempted theft and loss of property from a known place when it is likely that the property has been stolen.
- b. This peril does not include loss caused by theft:
  - (5) If such loss arises out of or results from "home-sharing host activities".

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- a. Total elimination of theft for Coverage C items

- Furniture
- Jewelry
- Clothing
- Electronics

D. Important reductions in coverage – Section II – Liability and Medical Payments to Others

1. Excludes BI or PD arising out of or in connection with “home-sharing host activities” by adding the activity as an activity NOT affected by the “business” exclusion exceptions - **THIS IS HUGE**

**SECTION II – LIABILITY COVERAGES**

**E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others**

Coverages E and F do not apply to the following:

**2. "Business"**

- a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

This Exclusion E.2. applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

- b. With respect to other than "home-sharing host activities", this Exclusion E.2. does not apply to:

(1) The rental or holding for rental of an "insured location";

(a) On an occasional basis if used only as a residence;

(b) In part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or

(c) In part, as an office, school, studio or private garage; and

(2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

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- a. As the definition of “business” **INCLUDES** “home-sharing host activities” – regardless of compensation - all liability and medical payments to others coverage disappears
- b. No coverage equals no defense
- c. No coverage in the primary HO likely means no coverage in the excess/umbrella layer

2. Eliminates Medical Payments to Others payments for “bodily injury” to a “home-sharing occupant”

**SECTION II – LIABILITY COVERAGES**  
**G. Coverage F – Medical Payments To Others**  
Coverage F does not apply to "bodily injury":  
4. To:  
    a. A "home-sharing occupant"; or

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- a. Total elimination of Medical Payments to Others for “bodily injury” to a “home-sharing occupant”

## NOTES

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3. If Personal Injury Coverage Endorsement HO 24 82 has been added, liability protection is eliminated for “personal injury” arising out of “home-sharing host activities”

**DEFINITIONS**

The following definitions are added:

"Personal injury" means injury arising out of one or more of the following offenses, but only if the offense was committed during the policy period:

1. False arrest, detention or imprisonment;
2. Malicious prosecution;
3. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
4. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
5. Oral or written publication, in any manner, of material that violates a person's right of privacy.

**HO 24 82 03 22 Page 1 of 3**

a. Definition of “personal injury” in the HO 24 82

- False arrest
- False detention
- False imprisonment
- Malicious prosecution
- Wrongful eviction from, wrongful entry into, invasion of right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor
- Oral or written publication, in any manner, that slander or libels a person or organization
- Oral or written publication, in any manner, or material that violates a person’s right of privacy

All of these exposures are clear and present risks for our clients who offer their homes and property for home-sharing activities

## **SECTION II – LIABILITY COVERAGES**

The following is added to **A. Coverage E – Personal Liability**

### **Personal Injury Coverage**

If a claim is made or suit is brought against an "insured" for damages resulting from an offense, defined under "personal injury", to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which an "insured" is legally liable. Damages include prejudgment interest awarded against an "insured"; and
2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the offense has been exhausted by payment of a judgment or settlement.

## **SECTION II – EXCLUSIONS**

With respect to the coverage provided by this endorsement, **Section II – Exclusions** is replaced by the following:

### **Section II – Exclusions**

This insurance does not apply to:

1. "Personal injury":
  - g. Arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured". This exclusion applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed or implied to be provided because of the nature of the "business".

With respect to other than "home-sharing host activities", this exclusion does not apply to:

    - (1) The rental or holding for rental of an "insured location";
      - (a) On an occasional basis if used only as a residence;
      - (b) In part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
      - (c) In part, as an office, school, studio or private garage; and
    - (2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

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- b. Exclusion for “personal injury” arising out or in connection with a “business”
- c. As the definition of “business” includes “home-sharing host activities”, any allegation of “personal injury” against an “insured” arising from these activities would be excluded

#### IV. ISO Homeowner Amendatory Endorsements to address Home-Sharing Exposures -

- A. ISO has drafted home-sharing broadening endorsements for each of its Homeowner Coverage Forms – other than the HO 00 14
  - 1. These home-sharing endorsements are:
    - a. HO2 - HO 06 62
    - b. HO3 - HO 06 63
    - c. HO4 - HO 06 64
    - d. HO5 - HO 06 65
    - e. HO6 - HO 06 66
    - f. HO8 - HO 06 68

These broadening endorsements can be used to provide coverage for *some* home-sharing exposures. These broadening endorsements contain the same definitions as those found in the previously discussed 2022 homeowner policies. These endorsements can be used to ‘buy back’ coverage for *some* property and liability exposures whose coverage was eliminated with the in the HO forms. Certainly, even with these endorsements, gaps in coverage likely remain for particular clients.

Services such as airbnb, couchsurfing, vrbo, findhomeaway and other companies that connect parties for these activities offer coverages, sometimes as insurance and sometimes as warranties. Careful review is imperative on the part of the participants to determine if coverage is proper and adequate. At times, these coverages are primary for both property and liability and, at times, these coverages are excess to other coverages. Of particular concern are property and liability exposures associated with items that move under their own power. Many limitations, conditions and exclusions exist making any advice you give as to these coverage options quite perilous.

Ultimately, personal lines coverage forms were developed to finance personal risk. “Business” risk remains the purview of commercial lines coverage forms. Each client’s risk must be discovered, discussed and addressed. If it is determined that commercial lines coverage forms are the better coverage options, they must be pursued.

## V. Home-Sharing and Insurance – What Are We Missing? Effective Risk Management When Working With Our Personal Lines Clients

### A. Risk management is a process

#### 1. Identify

- a. Be the ‘Columbo’ in the room

#### 2. Analyze

- a. Use a critical thinking process to dig more deeply

#### 3. Control/Finance

- a. What steps have been taken to reduce risk as to frequency and severity?

- b. For risk that cannot be controlled sufficiently, *seek proper tools to finance the risk*

- *Non-insurance tools*
- *Insurance*

#### 4. Administer

- a. Work with your clients and your markets to put a plan in place – then - execute that plan

- b. Follow up based upon a pre-determined schedule to make sure you are meeting your client’s needs

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## BROADENED HOME-SHARING HOST ACTIVITIES COVERAGE

### SCHEDULE

<b>Home-sharing Host Activities Damage To Property Of Others</b>	
<b>Limit Of Liability:</b> \$	<b>Per Occurrence</b>
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

**SECTION I – PROPERTY COVERAGES**

**B. Coverage B – Other Structures**

With respect to the coverage provided by this endorsement, Paragraphs **B.2.b.** and **B.2.c.** are replaced by the following:

**2.** We do not cover:

- b.** Other structures rented or held for rental to any person other than a:
  - (1)** "Home-sharing occupant"; or
  - (2)** Tenant of the dwelling;
    - unless used solely as a private garage;
- c.** Other structures from which any "business" is conducted, except structures used primarily for "home-sharing host activities"; or

**D. Coverage D – Loss Of Use**

With respect to the coverage provided by this endorsement, Paragraph **D.2. Fair Rental Value** is replaced by the following:

**2. Lost Rental Value Of Home-sharing Host Activities**

If an "insured" has entered into a contract or agreement with another person through the use of a "home-sharing network platform" for "home-sharing host activities" for a specified period of time, and either:

- a.** A loss covered under Section I makes that part of the "residence premises" used for such "home-sharing host activities" not fit to live in during the period of time specified in such contract or agreement; or
- b.** The "insured" or such other person cancels such contract or agreement, provided such cancellation takes place:
  - (1)** During the period of time a National Weather Service hurricane watch or hurricane warning is in effect for any part of the state in which the:
    - (a)** "Residence premises" is located; or
    - (b)** Person entering into such contract or agreement with the "insured" resides; or
  - (2)** Within 24 hours of the termination of such hurricane watch or hurricane warning described in Paragraph **b.(1)** of this provision;

we cover the lost rental value of the "home-sharing host activities" specified under such contract or agreement, less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest period of time agreed upon for "home-sharing host activities" under such contract or agreement.

**E. Additional Coverages**

Paragraph **E.9. Landlord's Furnishings** is replaced by the following:

**9. Landlord's Furnishings**

We will pay up to \$3,000 for your appliances, carpeting and other household furnishings, in each apartment on the "residence premises" regularly rented or held for rental to others by an "insured", for loss caused by a Peril Insured Against in Coverage **C**, other than Theft.

This coverage includes, but is not limited to, loss to appliances, carpeting and other household furnishings which results from "home-sharing host activities".

This limit is the most we will pay in any one loss regardless of the number of appliances, carpeting or other household furnishings involved in the loss.

This coverage does not increase the limit of liability applying to the damaged property.

**SECTION I – PERILS INSURED AGAINST**

**B. Coverage C – Personal Property**

With respect to the coverage provided by this endorsement, Paragraph **9.b.(3)** is replaced by the following:

**9. Theft**

**b.** This peril does not include loss caused by theft:

**(3)** From that part of a "residence premises" rented by an "insured" to someone other than:

- (a)** Another "insured"; or
- (b)** A "home-sharing occupant".

However, we will not pay, under this Paragraph **b.(3)(b)**, for loss by theft of:

- (i)** Money, bank notes, bullion, gold, goldware, silver, silverware, silver-plated ware, pewterware, platinum, platinumware, platinum-plated ware, coins, medals, scrip, stored value cards and smart cards;
- (ii)** Securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps regardless of the medium (such as paper or computer software) on which the material exists; or
- (iii)** Jewelry, watches, furs, precious and semiprecious stones;

**SECTION I – CONDITIONS**

With respect to the coverage provided by this endorsement, Paragraph **G. Other Insurance And Service Agreement** is replaced by the following:

**G. Other Insurance And Service Agreement**

**1.** If a loss covered by this Policy is also covered by:

- a.** Other insurance, except insurance provided by a "home-sharing network platform", we will pay only the proportion of the loss that the limit of liability that applies under this Policy bears to the total amount of insurance covering the loss; or
- b.** A service agreement, protection plan or guarantee, except a service agreement, protection plan or guarantee provided by a "home-sharing network platform", this insurance is excess over any amounts payable under any such agreement.

**2.** Subject to Paragraph **G.1.**, if, at the time of loss, there is:

- a.** Other insurance;
- b.** A service agreement;
- c.** A protection plan; or
- d.** A guarantee;

provided by, on behalf of, or through a "home-sharing network platform" covering the same property covered by this Policy, this insurance is primary with respect to the amount due under such other insurance, service agreement, protection plan or guarantee.

3. As used in this Paragraph **G.**:
  - a. A service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.
  - b. A protection plan or guarantee means a product provided by a "home-sharing network platform" which provides property damage protection for "home-sharing host activities", even if it is characterized as insurance.

## **SECTION II – EXCLUSIONS**

With respect to the coverage provided by this endorsement, Exclusion **E.2.** is replaced by the following:

### **2. Business**

- a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".  
This Exclusion **E.2.** applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed or implied to be provided because of the nature of the "business".
- b. This Exclusion **E.2.** does not apply to:
  - (1) "Home-sharing host activities";
  - (2) With respect to other than "home-sharing host activities":
    - (a) The rental or holding for rental of an "insured location":
      - (i) On an occasional basis if used only as a residence;
      - (ii) In part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
      - (iii) In part, as an office, school, studio or private garage; and
    - (b) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

## **SECTION II – ADDITIONAL COVERAGES**

With respect to the coverage provided by this endorsement, Paragraph **C. Damage To Property Of Others** is replaced by the following:

### **C. Home-sharing Host Activities Damage To Property Of Others**

1. We will pay, at replacement cost, up to:
  - a. \$5,000; or
  - b. The Home-sharing Host Activities Damage To Property Of Others Limit Of Liability shown in the Schedule;
 whichever is greater, per "occurrence", for "property damage" to property of others:
  - a. Caused by an "insured"; and
  - b. Arising out of "home-sharing host activities".
2. We will not pay for "property damage":
  - a. To the extent of any amount recoverable under Section **I**;
  - b. Caused intentionally by an "insured" who is 13 years of age or older;
  - c. To property owned by an "insured";
  - d. To property owned by or rented to a tenant of an "insured" or a resident in your household; or
  - e. Arising out of:
    - (1) A "business", other than "home-sharing host activities", engaged in by an "insured";
    - (2) Any act or omission in connection with a premises owned, rented or controlled by an "insured", other than the "insured location"; or
    - (3) The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".

This Exclusion **e.(3)** does not apply to a "motor vehicle" that:

- (a) Is designed for recreational use off public roads;
- (b) Is not owned by an "insured"; and
- (c) At the time of the "occurrence", is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.

#### **SECTION II – CONDITIONS**

With respect to the coverage provided by this endorsement, Paragraph **H. Other Insurance** is replaced by the following:

##### **H. Other Insurance**

This insurance is:

1. Primary with respect to:
  - a. Other insurance;
  - b. A protection plan; or
  - c. A guarantee;provided by, on behalf of, or through a "home-sharing network platform" covering "home-sharing host activities".
2. Subject to Paragraph **H.1.**, excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this Policy.
3. As used in this Paragraph **H.**, a protection plan or guarantee means a product provided by, on behalf of, or through a "home-sharing network platform" which provides liability protection for "home-sharing host activities", even if it is characterized as insurance.

#### **SECTIONS I AND II – CONDITIONS**

The following provision is added:

##### **Home-sharing Host Activities Verification Requirements**

With respect to "home-sharing host activities", we must be provided, as often as we reasonably require, with information concerning the number of:

1. Rental agreements or contracts entered into by an "insured"; and
2. Nights the "residence premises" was occupied, in whole or in part, by "home-sharing occupants".

The following provision is added:

##### **Personal Injury Coverage**

If the Personal Injury Coverage endorsement is made a part of this Policy, Exclusion **1.g.** is replaced by the following:

This insurance does not apply to:

1. "Personal injury":
  - g. Arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured". This exclusion applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed or implied to be provided because of the nature of the "business".

This exclusion does not apply to:

- (1) "Home-sharing host activities";
- (2) With respect to other than "home-sharing host activities":
  - (a) The rental or holding for rental of an "insured location":
    - (i) On an occasional basis if used only as a residence;
    - (ii) In part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
    - (iii) In part, as an office, school, studio or private garage; and



(b) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

All other provisions of this Policy apply.

SAMPLE

## VI. Additional Exposures For Our Clients Who Engage In Home-Sharing Activities

### A. Automobiles

1. The ISO Personal Auto Policy, in Part A – Liability Coverage, makes an “insured” of any person using “your covered auto”

#### **PART A – LIABILITY COVERAGE**

##### **INSURING AGREEMENT**

**B.** "Insured" as used in this Part means:

1. You or any "family member" for the ownership, maintenance or use of any auto or "trailer".
2. Any person using "your covered auto".
3. For "your covered auto", any person or organization but only with respect to legal responsibility for acts or omissions of a person for whom coverage is afforded under this Part.
4. For any auto or "trailer", other than "your covered auto", any other person or organization but only with respect to legal responsibility for acts or omissions of you or any "family member" for whom coverage is afforded under this Part. This provision **(B.4.)** applies only if the person or organization does not own or hire the auto or "trailer".

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- a. If no exclusion nor problematic condition exists for an “insured”, liability coverage is then provided as shown in this Coverage Part’s Insuring Agreement – on a primary basis and up to the policy’s limits
- b. If coverage applies, defense also applies, in addition to the policy’s limits
- c. If your client makes their personal autos available to others as part of home-sharing, those individuals are “insureds” on your client’s liability coverage found in their Personal Auto Policy – ***but your client is not afforded “insured” status on that person’s Personal Auto Policy***

2. The ISO Personal Auto Policy, in Part B – Medical Payments Coverage, makes an “insured” of any person while “occupying” “your covered auto”

**PART B – MEDICAL PAYMENTS COVERAGE**

**B.** "Insured" as used in this Part means:

1. You or any "family member":
  - a. While "occupying"; or
  - b. As a pedestrian when struck by;  
a motor vehicle designed for use mainly on public roads or a trailer of any type.
2. Any other person while "occupying" "your covered auto".

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- a. If no exclusion nor problematic condition exists for an “insured”, medical payments coverage is then provided as shown in this Coverage Part’s Insuring Agreement – up to the policy’s limits
- b. If your client makes their personal autos available to others as part of home-sharing, those individuals are “insureds” on your client’s medical payments coverage found in their Personal Auto Policy – *but your client is not afforded “insured” status on that person’s Personal Auto Policy*
- c. Personal Injury Protection (PIP) coverages will work very similarly as to determination of “insured” status

3. The ISO Personal Auto Policy, in Part C – Uninsured Motorists Coverage (as well as in Underinsured Motorists Coverage), makes an “insured” of any person while “occupying” “your covered auto”

**PART C – UNINSURED MOTORISTS COVERAGE**

**B.** "Insured" as used in this Part means:

1. You or any "family member";
2. Any other person "occupying" "your covered auto"; or
3. Any person for damages that person is entitled to recover because of "bodily injury" to which this coverage applies sustained by a person described in 1. or 2. above.

**PP 00 01 09 18 Page 6 of 14**

- a. If no exclusion nor problematic condition exists for an “insured”, uninsured/underinsured motorists coverage is then provided as shown in this Coverage Part’s Insuring Agreement – up to the policy’s limits
- b. If your client makes their personal autos available to others as part of home-sharing, those individuals are “insureds” on your client’s UM/UIM coverages found in their Personal Auto Policy – *but your client is not afforded “insured” status on that person’s Personal Auto Policy*

4. The ISO Personal Auto Policy, in Part D – Coverage For Damage To Your Auto, affords other than “collision” or “collision” coverage to “your covered auto” - when the Declarations indicate that particular coverage exists for that auto - and for all “non-owned autos” when that particular coverage is indicated in the Declarations for any “your covered auto”

**PART D – COVERAGE FOR DAMAGE TO YOUR AUTO  
INSURING AGREEMENT**

**A.** We will pay for direct and accidental loss to "your covered auto" or any "non-owned auto", including its equipment, minus any applicable deductible shown in the Declarations. If loss to more than one "your covered auto" or "non-owned auto" results from the same "collision", only the highest applicable deductible will apply. We will pay for loss to "your covered auto" caused by:

1. Other than "collision" only if the Declarations indicates that Other Than Collision Coverage is provided for that auto.
2. "Collision" only if the Declarations indicates that Collision Coverage is provided for that auto.

If there is a loss to a "non-owned auto", we will provide the broadest coverage applicable to any "your covered auto" shown in the Declarations.

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- a. If no exclusion nor problematic condition exists, physical damage coverage is then provided as shown in this Coverage Part’s Insuring Agreement – on a primary basis, without a right to recover payment from the auto user

**PART F – GENERAL PROVISIONS  
OUR RIGHT TO RECOVER PAYMENT**

**A.** If we make a payment under this Policy and the person to or for whom payment was made has a right to recover damages from another, we shall be subrogated to that right. That person shall do:

1. Whatever is necessary to enable us to exercise our rights; and
2. Nothing after loss to prejudice them.

However, our rights in this paragraph (**A.**) do not apply under Part **D**, against any person using "your covered auto" with a reasonable belief that that person is entitled to do so.

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- b. If your client makes their personal autos available to others as part of home-sharing, those individuals are afforded physical damage coverage on your client’s Personal Auto Policy

5. Extreme caution must be taken when your client has any auto coverage form other than the ISO Personal Auto Policy
  - a. Some PAP forms will refer to a driver list in the determination of insured status and/or coverage
  - b. Some PAP forms will have business exclusions and may consider home-sharing a business activity
  - c. Some PAP applications are warranted and non-disclosure of drivers, including drivers associated with home-sharing activities - or beginning those activities after signing an application can prove problematic

## NOTES

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B. Watercraft

1. The ISO Homeowner Policy identifies watercraft in relation to the definition of “watercraft liability”

**DEFINITIONS**

**b.** For the purpose of this definition:

- (3) Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor, except model or hobby watercraft not designed to carry people or cargo; and

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2. The definition of “watercraft liability” describes relationships and uses of watercraft

**DEFINITIONS**

**B.** In addition, certain words and phrases are defined as follows:

1. "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in **b.** below, mean the following:

**a.** Liability for "bodily injury" or "property damage" arising out of the:

- (1) Ownership of such vehicle or craft by an "insured";
- (2) Maintenance, occupancy, operation, use, loading or unloading of:
  - (a) An aircraft, hovercraft or watercraft by any person; or
  - (b) A motor vehicle by an "insured";
- (3) Entrustment of such vehicle or craft by an "insured" to any person;
- (4) Failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or
- (5) Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.

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3. “Watercraft liability” definition is then used in the Section II – Liability Coverages exclusion for Watercraft Liability

**SECTION II – EXCLUSIONS**  
**B. Watercraft Liability**  
 1. Coverages **E** and **F** do not apply to any "watercraft liability" if, at the time of an "occurrence", the involved watercraft is being:  
 a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition.  
     This exclusion does not apply to a sailing vessel or a predicted log cruise;  
 b. Rented to others;  
 c. Used to carry persons or cargo for a charge; or  
 d. Used for any "business" purpose.

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a. If exclusion B.1. (above) does not apply, there are several very important exceptions to the watercraft liability exclusion

Watercraft Type	Details	Relationship With Watercraft		
		Owned	Rented	Borrowed
Sailing vessel	Less than 26 ft in length	Yes	Yes	Yes
	26 ft or more in length	No	Yes	Yes
Powered by engines or motors (including water jet pump)	25 horsepower or less	Yes	Yes	Yes
	More than 25 horsepower	No	Yes	Yes
	<p><b>More than 25hp outboard engine or motor</b> if acquired and owned by an insured <u>DURING</u> the policy period, coverage will be provided during the policy period if intent to insure the craft is made in writing within 45 days of acquiring the watercraft,  <b>OR</b>                      if acquired and owned by the insured <u>BEFORE</u> the policy period but declared at policy inception.</p>			

b. Unfortunately, for the client who offers their watercraft as part of home-sharing activities, the exceptions to the Watercraft Liability exclusion would not apply – the first layer of exclusions includes watercraft used for any “business” purpose – the definition of “business” in the HO includes “home-sharing host activities”



- c. For the client who uses watercraft owned by others, whether the watercraft are considered rented or borrowed, their Homeowner Liability (including defense) and Medical Payments to Others coverages would respond
- d. Physical damage **TO** the non-owned watercraft would be limited in the HO to Perils Insured Against with a dollar limit of \$2,000 (subject to deductible) in Section I – Property and there would be **NO** coverage in Section II – Additional Coverages - Damage To Property Of Others

**C. Coverage C – Personal Property**

**1. Covered Property**

We cover personal property owned or used by an "insured" while it is anywhere in the world.

**3. Special Limits Of Liability**

The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage C limit of liability.

- c. \$2,000 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.

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**SECTION II – ADDITIONAL COVERAGES**

**C. Damage To Property Of Others**

- 1. We will pay, at replacement cost, up to \$5,000 per "occurrence" for "property damage" to property of others caused by an "insured".
- 2. We will not pay for "property damage":
  - e. Arising out of:
    - (3) The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".

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- e. If written on its own policy, the coverage form must be reviewed in order to determine how it will respond to home-sharing activities that include the watercraft
- f. Are there issues when the craft is used by operators that are not disclosed?
- g. Do you control the watercraft insurance for your client? If so, do you know what their policies say regarding these exposures?

C. Recreational vehicles

1. The ISO Homeowner Policy considers recreational vehicles “motor vehicles”

**DEFINITIONS**

11. "Motor vehicle" means:

- a. A land or amphibious vehicle that is self-propelled or capable of being self-propelled; or
- b. Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in 11.a. above.

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2. Recreational vehicles are personal property, therefore any possible property coverage in the ISO HO would be found in Section I – Property, subject to Covered Perils and the policy’s deductible
  - a. A review of Property Not Covered in Section I – Property reveals how coverage is (or is not) determined for these items

**4. Property Not Covered**

We do not cover:

c. "Motor vehicles".

This includes a "motor vehicle's" equipment, and parts, that are in or upon the "motor vehicle".

However, this Paragraph 4.c. does not apply to:

(1) Portable electronic equipment that:

- (a) Reproduces, receives or transmits audio, visual or data signals; and
- (b) Is designed so that it may be operated from a power source other than a "motor vehicle's" electrical system.

(2) "Motor vehicles" not required to be registered for use on public roads or property which are:

- (a) Used solely to service a residence; or
- (b) Designed to assist the handicapped;

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Additional considerations

- Property Not Covered includes property used primarily for “home-sharing host activities”
- There is a \$3,000 limit for property used primarily for “business” purposes while on the “residence premises”
- There is a \$1,500 limit for property used primarily for “business purposes while it is away from the “residence premises”

3. Although property coverage is a concern, the greater concern is for BI & PD liability associated with a “motor vehicle”
- a. Section II – Liability Coverages will not afford “bodily injury”, “property damage” nor Medical Payments to Others coverage for these vehicles – with a possible exception for a motorized golf cart while on a golfing facility

**SECTION II – EXCLUSIONS**  
**A. Motor Vehicle Liability**

1. Coverages **E** and **F** do not apply to any "motor vehicle liability" if, at the time and place of an "occurrence", the involved "motor vehicle":

- a. Is registered for use on public roads or property;
- b. Is not registered for use on public roads or property, but such registration is required by a law, or regulation issued by a government agency, for it to be used at the place of the "occurrence"; or
- c. Is being:
  - (1) Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;
  - (2) Rented to others;
  - (3) Used to carry persons or cargo for a charge; or
  - (4) Used for any "business" purpose except for a motorized golf cart while on a golfing facility.

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- b. As the definition of “business” includes “home-sharing host activities”, most recreational vehicles would be subject to this exclusion
- c. For the client who is using a non-owned recreational vehicle, the ISO HO has important exceptions to the Motor Vehicle Liability exclusion

**SECTION II – EXCLUSIONS**  
**A. Motor Vehicle Liability**

2. If Exclusion A.1. does not apply, there is still no coverage for "motor vehicle liability", unless the "motor vehicle" is:

- e. Designed for recreational use off public roads and:
  - (1) Not owned by an "insured"; or

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- d. The challenge for the client who is responsible for the non-owned recreation vehicle is determining if the item may be subject to registration for use on public roads or property

4. The ISO Personal Auto Policy and Recreational Vehicles
  - a. If the item is insured on an ISO PAP using the Miscellaneous Type Vehicle Endorsement PP 03 23, coverage would be afforded for the coverages indicated in the endorsement's schedule for the described vehicle(s)
  - b. If the item is a snowmobile, using the Snowmobile Endorsement PP 03 20 affords the coverages indicated in the endorsement's schedule for the described snowmobile(s)
  - c. The ISO PAP makes no mention of home-sharing activities
  - d. For recreational vehicles, coverage would 'work' as was discussed in the Personal Auto Policy portion of this outline for the recreational vehicle(s) scheduled in the endorsements
5. Non-ISO Personal Auto Policies and Recreational Vehicle Coverage Forms
  - a. When addressing the risks associated with items that move under their own power, extreme caution must be taken when advising clients - both those offering these items and those participating in home-sharing activities where these items are made available
  - b. Understand the coverage forms you provide your clients
  - c. Pay close attention to the availability of items such as scooters, e-bikes, mopeds and any other items that move under their own power

## D. Personal Umbrella/Excess Forms and Home-Sharing Exposures

1. As there is little ‘standardization’ in this market, sharing exposures can represent significant problems
  - a. Non-disclosed drivers on vehicles
  - b. Uses of property and vehicles that have not been taken into consideration
  - c. As many of these exposures likely meet the “business” definition in the HO, it is likely that the umbrella/excess form will be follow form on “business” exposures and – if there is no coverage in the underlying HO – there will be no coverage and no defense in the umbrella/excess policy

### In Conclusion:

These exposures often exceed the appetite of personal lines underwriting. That, in itself is not as disturbing as the fact that these personal lines forms are diligent in reducing or eliminating their coverages when the items they protect are used in “business” or by users and for uses the carrier has not anticipated (and has not underwritten for). It is likely that properly written commercial property and commercial liability forms are a much better option.