



INSURANCE | PROPERTY & CASUALTY

The Short-Term Rental Owner's Guide to Insurance

Exceptional insurance for exceptional hosts

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The Short-Term Rental Owner's Guide to Insurance



Whether you're an Airbnb host, a VRBO host, work with a property manager, or handle bookings directly, protecting your property, income, and guests is essential. Unfortunately, standard homeowners or landlord policies often fall short of addressing the unique risks of short-term rentals.

Built specifically for vacation rental owners, this guide breaks down the confusing world of property and liability insurance. Read on to learn more about what matters, what to avoid, and what to prioritize — so you can protect your investment, your income, and your peace of mind.

Homeowners Insurance Coverage Gaps

Homeowners insurance is designed for owner-occupied primary residences — the home you live in. However, when you begin renting your property to paying guests on a short-term basis, your risk profile shifts, and you are effectively operating a business.

This distinction carries important insurance implications:

- Most homeowners policies exclude business activity. Renting your home — even occasionally — can void your coverage.
- Home-sharing endorsements (offered by some carriers like Allstate or American Family) may offer limited protection, but only if the property is your primary residence and guest stays are occasional.
- Care, custody, and control exclusions are standard in

homeowners policies. These clauses exclude coverage for damage caused by someone (like a guest) who has been given temporary control of your property. That means if a guest damages your home, your insurer may deny the claim.

- If you fail to disclose STR activity to your insurer and a claim arises, you risk denial of coverage and even policy cancellation.

If you list your home on Airbnb, VRBO, or other similar platforms, even just once, you need insurance designed specifically for short-term rental activity.

Where Landlord Policies Miss the Mark

Some STR owners may assume that a landlord or "dwelling fire" policy will adequately address their insurance needs, as these policies are designed to cover rental properties. However, landlord policies are typically intended for long-term leases with single tenants, not the frequent guest turnover associated with short-term rentals.

Key Coverage Gaps:

- No coverage for guest-caused damage. These policies assume security deposits and lease contracts provide primary recourse.
- Loss of rental income coverage is typically limited to fair rental value — not business income — and may be capped at 12 months.

- Liability coverage is usually limited to on-premises incidents only. This poses a significant risk for STR owners who offer amenities such as bikes, kayaks, or paddle boards.

Landlord insurance is not built for short-term rental operations due to vast differences in turnover rates, risk exposure, and guest profiles.

Airbnb's AirCover: Helpful, but Not a Substitute

Airbnb offers "AirCover," a combination of host liability protection and damage protection. While it's a nice safety net, it's not real insurance — and it has some major limitations:

- AirCover is not an insurance contract. It's a guarantee issued by Airbnb with no legal obligations or policyholder rights.
- You must pursue the guest first. If something goes wrong, you're required to attempt to collect directly from your guest before Airbnb intervenes.
- It only applies to bookings made through Airbnb. If you also list your property on VRBO or Booking.com, or if you accept direct bookings, you're not covered.
- It excludes many common risks, like liability for guest amenities, business income loss, or property damage from certain causes.

AirCover is better than nothing, but it's not a replacement for an actual insurance policy.

Protect Your Property with Insurance Designed for Short-Term Rentals

To properly protect your vacation rental property, you need commercial insurance designed for short-term rental use. This coverage should include:

- Property protection for both your building and its contents (furniture, appliances, electronics, décor, etc.).
- Liability protection that extends beyond your property line, covering incidents involving guests, amenities, and off-premises activities.
- Business income protection so you don't lose rental revenue during repairs after a covered loss

Look for insurance that functions like a hybrid of homeowners, landlord, and commercial policies — because you need aspects of all three.

Key Features of an Effective Short-Term Rental Insurance Policy

Special Form Coverage (also known as All-Risk Coverage)

- **What it means:** Special form coverage covers all causes of loss unless specifically excluded (e.g., flood or earthquake).
- **Why it matters:** This is among the most comprehensive coverage available. It protects against unexpected and unusual types of damage that "named peril" policies wouldn't.

Replacement Cost Valuation

- **What it means:** If something is damaged, it's replaced with a new version, and no depreciation is taken.
- **Why it matters:** Prices change over time. With replacement cost, you'll have the money to buy a new item of the same quality today — without worrying about depreciated value.

Coverage for Guest-Caused Damage

- **What it means:** This coverage pays for accidental or malicious damage caused by a guest.
- **Why it matters:** This is one of the most common types of claims in STR — and it's not always covered by homeowners or landlord policies.

Lost Business Revenue (Actual Loss Sustained)

- **What it means:** If your property goes out of service due to a covered claim, this coverage reimburses the rental income you would have earned during this period.
- **Why it matters:** This coverage keeps your cash flow intact while you repair damage and get your property back on track.

Commercial General Liability (CGL)

- **What it means:** CGL covers bodily injury and property damage claims related to your rental operations — on or off premises.
- **Why it matters:** This coverage is essential if you offer bikes, kayaks, paddleboards — or if a guest sues over an injury that occurred on your property.

Liquor Liability

- **What it means:** Liquor liability covers injury or damage caused by intoxicated guests.
- **Why it matters:** If you leave a welcome bottle of wine or someone gets hurt after drinking on your property, you're protected.

Amenity Liability

- **What it means:** This covers injuries involving features like pools, fireplaces, stairs, decks, docks, and more.
- **Why it matters:** STRs often have features that increase guest enjoyment — and risk.

Additional Coverages

- **What it means:** Additional coverages apply to unexpected risks, such as equipment breakdowns, ordinance & law issues, bed bugs, and squatters.
- **Why it matters:** These added coverages give you the opportunity to customize your policy to fit your property's unique risks and your distinct comfort level.

Why CBIZ is the Right Insurance Partner for STR Owners

At CBIZ, we've insured vacation rentals for over 15 years. Our team understands the risks and realities of STR ownership because we've walked thousands of property owners through them.

- Our policies are built for short-term rentals.
- We insure full-time rentals, part-time listings, seasonal homes, and everything in between — including properties that transition between long-term and short-term rental use.
- Our policies include coverage that many others exclude, like guest damage, off-premises liability, lost business income, and defense costs outside the limit.
- We offer flexible coverage limits and deductibles, so you can tailor your policy to your property and risk appetite.
- We handle claims in-house and work with STR-savvy adjusters who understand your business and act fast.

We believe short-term rental owners deserve more than band-aid solutions, vague promises, and disjointed coverage. You deserve a true partner who understands your business model and stands behind you when it matters most.

Now is the Time to Reevaluate Your Insurance Needs

Owning a short-term rental property can be both rewarding and profitable; however, it is not without its risks. As a business owner, it's essential to safeguard your investment, and that starts with securing appropriate insurance coverage.

If you are currently relying on a homeowners or landlord policy or assuming that AirCover provides sufficient protection, now is an ideal time to reevaluate your insurance needs.

Protect your property with exceptional insurance built for exceptional hosts. [Connect with a licensed vacation rental insurance specialist today](#) to receive a personalized quote.

Learn more at vacationrentalinsurance.cbiz.com.





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