

# Insurance tips for Airbnb and guesthouse owners

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As the holiday season gets underway, make sure you and your guests are covered.



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Indications are that this year's holiday season is likely to be an improvement on last year's when severe water restrictions in Cape Town hit South Africa's premier tourist destination severely. Other destinations suffered too as overseas tourists diverted to other countries.

With the easing of water restrictions in the Cape, there is every hope that tourism (both domestic and foreign) will be better across the country this year. Quarterly figures from September show that direct foreign spend was up by 8.8% compared to last year, with the length of stay increasing by 6.6% and the number of bed nights increasing by 13.8%.

Guesthouses and now Airbnb have revolutionised tourism globally, offering visitors new ways to experience new places, often at reduced rates. But the owners of these establishments should take the time to think through the implications of hosting commercial guests from an insurance and liability point of view.

## Some of the issues that need to be considered ahead of the coming holiday season

- Injury or death suffered by a guest. This would cover anything from a guest falling down a flight of stairs to the aftermath of a home invasion.

- Where guests' possessions are stolen, insurance will usually only pay out if there are signs of forced entry. Ensure that you take the necessary security measures to try and ensure the safety of your guests.
- Guests steal or damage your property. It happens – are you covered?
- The premises are damaged by fire or something similar and need to be repaired. Are you covered for the repairs and for the lost income.
- You are found to be in contravention of applicable zoning or health and safety regulations.

The hospitality industry is regulated and with the growth in "informal" tourism through the likes of Airbnb, overseas cities have already begun to implement rules for the short-term rentals market. Even if those do not exist, hosts must comply with requirements such as adequate fire protection. Non-compliance would affect the validity of the cover.

## Understanding policy cover

The best advice one can give to the owner of a guesthouse or Airbnb-registered property is to sit down with your insurer and understand exactly what your current policy would cover and what the options would be for extending the cover.

Once you have decided on the correct cover, it is essential to provide guests with a written summary of what is covered and what is not in terms of your insurance. It is also well worth bearing in mind that insurance coverage is typically subject to the proper use of alarms, whereas many foreign visitors will not necessarily be familiar with how they work or properly understand the need to set them. Providing guests with a comprehensive, easily understandable set of instructions about how the alarm works and why it is important would be advisable.

If your instructions included more wide-reaching security tips aimed at helping your guests stay safe when outside your premises, so much the better – and you will be well on your way to another excellent Airbnb review!

## ABOUT THE AUTHOR

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