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NEWS RELEASE

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Sharing economy exposes summer travelers to insurance risks

BOISE ID (July 14, 2016) – As the U.S. summer travel season peaks, consumer use of sharing platforms continues to climb. Global revenue from sharing services will hit \$335 billion by 2025, according to PricewaterhouseCoopers. In addition to home and ride-sharing, consumers are now renting and sharing everything from cameras to golf clubs. With nearly 75 percent of Americans vacationing this summer, Dean Cameron, Director of the Idaho Department Insurance, advises consumers to understand the insurance risks of the sharing economy.

"The sharing economy offers new and exciting opportunities for complete strangers to share everything from rooms in their homes to designer dresses," said Cameron. "Failing to understand the insurance aspects of these sharing services can be financially risky. The Department of Insurance encourages consumers to share with care."

Consider these tips before entering into any sharing agreement:

Welcome Home

- **Purchase the right coverage.** Regularly renting out rooms for a profit may be considered a home-based business. As many homeowners policies won't cover property damage caused by or injuries to a paying guest, hosts should talk to the home-sharing service and their own agent to determine if additional liability coverage or special landlord insurance is needed. Some home-sharing companies offer host protection guarantees to cover disputes between owners and renters.
- **Ask for proof.** Consider only renting to guests who show proof of homeowners, renters or personal liability insurance. If a guest damages rented property, hosts may be able to report a claim on the guest's policy.
- **Review your personal policies.** Consumers staying in accommodations secured through a service such as Airbnb or VRBO should confirm their homeowners, renters or personal liability insurance policies offer protection for potential damages to the rental property. If not, make adjustments as needed.
- **Check the terms of use.** Home-sharing user agreements change often. Read the fine print every time.

Taken for a Ride

- **Ask your insurer.** Before contracting as an Uber or Lyft driver, consumers should consult their insurer. Personal auto insurance typically excludes coverage for business use or when drivers are “available for hire.”
- **Review the company’s policies.** Some ride-sharing companies provide primary insurance. Uber and Lyft also offer contingent collision and comprehensive coverage that takes effect when the driver accepts a ride request or has a passenger in the vehicle. However, drivers must elect to purchase these coverages on their personal auto insurance. Ride-share drivers should check with the ride-sharing company to see what coverages they provide and when they become effective. They should also discuss with their personal insurer what coverages they will need to purchase on their personal auto insurance.
- **Fill the gap.** Several insurers offer products to fill coverage gaps for ride-share drivers. Premiums, type of coverage, limits, and availability vary by state. Insurance agents and carriers can answer specific questions about what is and is not covered.
- **Research before riding.** Before accepting a shared ride, know the extent of protection in the event of an accident. Most ride-sharing companies have liability policies that may cover passenger injuries. If injured while riding, report a claim with the driver’s insurer and the ride-sharing company’s insurer and let them sort it out.

Goods & Services for Hire

- **Require a security deposit.** When lending goods such as high-fashion clothing or a bicycle, get a security deposit to cover any losses. Capture photos and other information in a home inventory.
- **Make sure it works.** Consumers can be held liable for renting out items that are known to not work properly. A homeowners policy may not cover the repair or replacement cost because payment was exchanged for rented goods.
- **Know who’s paying.** Hiring a stranger to help with home cleaning, moving or other tasks through sites such as TaskRabbit? Find out whose insurance covers what. The service may offer a guarantee, but often it is secondary to any insurance or policies the consumer already has in place.

For more tips and information to help consumers and small business owners be smart and safe when sharing, visit InsureUonline.org. Consumers interested in insurance information specific to where they live can contact the Idaho Department of Insurance by visiting www.doi.idaho.gov, or calling 334-4250 in the Boise area, or 800-721-3272 toll-free statewide.

About the Department of Insurance

The Idaho Department of Insurance has been regulating the business of insurance in Idaho since 1901. The mission of the Department is to equitably, effectively and efficiently administer the Idaho Insurance Code and the International Fire Code. For more information, visit www.doi.idaho.gov.

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