Short-Term Rental Owners Face Significant Coverage Gaps—The Insurance Information Institute Now Documents Why

The Insurance Information Institute's March 2026 report validates what Proper Insurance identified in policy language a decade ago

BOZEMAN, MT, UNITED STATES, April 2, 2026 /EINPresswire.com/ -- A March 2026 report from the Insurance Information Institute (Triple-I) confirms what short-term rental insurance experts have long warned and what a close reading of Homeowners policy language has always revealed: standard Homeowners insurance typically does not cover the full range of risks associated with operating a short-term rental, exposing many property owners to denied claims, reduced liability protection, coverage exclusions, or even policy cancellation.

Proper Insurance has been an industry leader in STR insurance since 2014 and is licensed in all 50 states and Washington, D.C.

The Triple-I report, [Short-Term Rentals and Homeowners Insurance Outlook](), classifies short-term rental activity as a Commercial exposure under most Homeowners (HO) insurance policies—meaning additional, purpose-built coverage is often required to adequately protect vacation rental owners.

For Proper Insurance, a pioneer in short-term rental coverage, the findings reinforce a position the company has held for more than a decade.

“For more than 10 years, we’ve told short-term rental owners that standard Homeowners insurance wasn’t built for what they do,” said Michael Grimland, President of Proper Insurance. “This report confirms that—and reinforces why purpose-built coverage matters. Triple-I’s findings are a clear signal to review your coverage with an expert.”

Key Findings from the Insurance Information Institute

Since 2014, Proper Insurance has cautioned short-term rental owners that standard Homeowners insurance is not designed for ongoing commercial guest activity — a position rooted in policy language analysis and backed by free, in-depth coverage consultations with STR insurance experts.

The Insurance Information Institute’s March 2026 report reinforces that position with independent, industry-wide analysis, outlining the coverage consequences owners may face when STR use isn’t properly disclosed and insured.

The following takeaways align with what Proper Insurance has communicated to rental owners since 2014:

Standard Homeowners insurance policies may limit, restrict, or void coverage when a property is used for short-term rental activity.

Short-term rentals are classified as a Commercial exposure, regardless of property type or scale of operation.

Hosts who fail to notify their insurer or secure appropriate coverage may face denied claims, reduced liability protection, exclusions for certain perils, or policy non-renewal.

In multi-unit properties, a single short-term rental can impact master policies, increasing insurance risk and complexity for neighboring owners.

The report further concludes that homeowners operating short-term rentals must obtain adequate Commercial-level insurance to properly address these risks.

Why Add-On Coverage Also Falls Short

Short-term rentals can look like “just renting your home,” but from an insurance standpoint, they operate like a business. Homeowners insurance is designed for primary residences — not commercial guest activity. No rider, endorsement, umbrella policy, or platform protection like Airbnb's AirCover changes that fundamental mismatch.

Many owners are mistaken that a rider, endorsement, umbrella policy, or platform protections like Aribnb’s AirCover will close the gap created by short-term rental activity. In reality, endorsements and add-ons are often designed for limited or occasional rental use, not ongoing commercial activity with frequent guest turnover. Umbrella policies typically depend on the underlying Homeowners policy responding first, so if a claim is excluded or voided at the base level due to short‑term rental use, additional coverage may never trigger. Meanwhile, platform‑provided “host protections” can be conditional and limited in scope, and are not a substitute for a standalone insurance policy tailored to an owner’s specific operations.

The Triple‑I report recommends clear steps before operating: notify the current insurer, comply with any rental‑related policy requirements, and secure robust coverage to address the Commercial risks associated with short‑term rentals.

A Solution Built Before the Market Caught Up

Proper Insurance built the first Commercial Homeowners policy for short‑term rentals in 2014—designed to completely replace the standard HO policy with specialized protection built for the realities of commercial guest activity. The Insurance Information Institute's findings make clear that the short-term rental market has a coverage problem that standard policies were never designed to solve. Proper Insurance has been the purpose-built solution from the beginning.

About the Insurance Information Institute

The Insurance Information Institute (Triple‑I) is a leading authority on insurance information, risk research, and economic analysis, providing objective data and insights for insurers, policymakers, media, and the public.

About Proper Insurance®

Founded in 2014, Proper Insurance is the leading provider of short‑term rental insurance, offering comprehensive Commercial coverage designed specifically for vacation rental owners.

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