

Real Short-Term Rental Insurance Claims (And What They Cost)

By Nick Massey, Chief Sales Officer, Proper Insurance

What do short-term rental insurance claims actually cost?

More than most hosts expect—and the size of the incident rarely decides the outcome. A missing \$60 handrail led to a \$375,000 settlement. A guest party caused \$103,000 in damage. A broken plastic chair led to \$51,000 in medical costs alone. In every case, what determined whether the claim got paid wasn't how the loss happened—it was whether the right coverage was actually in place.

■ Three Real Short-Term Rental Insurance Claims

Nick Massey, Chief Sales Officer at Proper Insurance, walked mid-term rental expert Jesse Vasquez through settled claims from Proper's own book of business.

"What happens when a guest damages a property on purpose?"

"People came into this place with the intention to throw a party and they completely destroyed this cabin in Washington...\$103,000 is what we ended up paying for this three-bedroom cabin in Washington State, and that included their lost business revenue for all the repairs that had to be made."

— NICK MASSEY, CHIEF SALES OFFICER

THE COVERAGE QUESTION

Most residential Landlord policies draw a hard line at malicious or intentional guest damage and exclude it entirely. Property Entrustment is built specifically to cover the moment a guest crosses from an accident into something deliberate—and this payout included the lost rental income while repairs were underway, not just the rebuild.

"Why do building codes matter in a liability claim?"

"This home was built in 1988, and building code at that time didn't require a handrail on the interior stairs. Elderly lady slipped and fell down the stairs, broke her ankle, sued for a million. We ended up settling on that loss for \$375,000...that attorney cost is \$22,000 in this case. Building code as of 2015 requires that any stairs, interior or exterior, with four or more risers requires a graspable handrail, and that's what the attorney is going to go after. This \$60 handrail could have saved \$400 and some odd thousand dollars in this situation."

— NICK MASSEY, CHIEF SALES OFFICER

THE COVERAGE QUESTION

Once a plaintiff's attorney can point to a current building-code requirement a property doesn't meet, negligence gets much easier to argue—regardless of how old the property is. Walking a property against current code is the cheapest liability work a host can do. *Nothing here is legal advice; how a court weighs code compliance varies by jurisdiction.*

"Can a broken chair really lead to a lawsuit?"

"These silly little plastic chairs...this was \$51,000 in loss for medical only, and another \$8,000, almost \$8,400, for the attorney on this one...this silly, stupid little school chair...it's at the property, they've been a vacation rental forever, and somebody who might be a little bit bigger in size sits on this chair thinking it's safe. It breaks, they go to the hospital, now they're suing you."

— NICK MASSEY, CHIEF SALES OFFICER

THE COVERAGE QUESTION

Furniture that's aged out, or was never rated for the weight and turnover volume a rental sees, is a real liability exposure—no matter how minor it looks on a walkthrough.

"None of these claims started as a catastrophe. A missing \$60 part, a chair nobody thought to replace, a party that got out of hand—the loss wasn't the trigger; the coverage gap was."

■ Six More Settled Short-Term Rental Insurance Claims

Actual liability claims Proper has responded to at short-term rental properties.

What happened	Settlement
A 2-year-old drowned in a swimming pool	\$1,000,000
A guest was seriously impaired by carbon monoxide poisoning	\$1,000,000
A rope swing gave way, causing a broken leg	\$120,000
Ice buildup at the door caused a fall	\$299,292
A slip and fall down the stairs, inadequate handrail	\$403,579
An old chair broke	\$61,426

■ How to Check Your Own Short-Term Rental Insurance Coverage

- Is guest-caused damage covered even when it's intentional, not just accidental?
- Does liability coverage extend off-premises, not just inside the walls?
- Would a claim tied to an outdated building-code item actually get paid?

Pull your own declarations page and check whether guest-caused damage, off-premises liability, and building-code-driven claims are actually covered—or excluded the way a standard [Homeowners or Landlord policy](#) would exclude them. If you're not sure what to look for, start with these [questions to ask your insurance broker](#) before your next renewal.

Second-guessing your own coverage? [Verify your insurance](#) or call the number below.

Verify your coverage before the next incident.

Talk to a short-term rental insurance expert for a free coverage consultation.

888-631-6680

About Proper Insurance. Since 2014, Proper has specialized in short-term rental insurance, writing more than 200,000 policies across all 50 states and Washington, D.C. The Proper Policy is a Commercial Homeowners policy backed by Lloyd's of London and Concert Specialty, with in-house underwriting and claims—exclusively endorsed by Vrbo, and part of Specialty Program Group, a HUB International company.

Coverage descriptions are intended for general informational purposes only. The specific circumstances of any loss, along with your policy's terms, exclusions, conditions, and limitations, determine whether coverage applies. Nothing here alters, expands, or overrides the terms of an actual insurance policy.

Adapted from "Real Short-Term Rental Insurance Claims (And What They Cost)," [proper.insure/blog/real-short-term-rental-insurance-claims-examples](#)