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REAL ESTATE ALERT

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Airbnb: The admin of holidaymaking

With the festive season fast approaching, the rush to find last minute accommodation will cause many to turn to South Africa's R1 billion Airbnb market. With the promise of a home away from home it's no wonder that you and your loved ones want to check in to an Airbnb and simultaneously rent your home to paying guests, reducing your holiday experiences substantially. However, is it as simple and as risk-free as that?

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In April this year, government published the Tourism Amendment Bill (Bill), which seeks to regulate Airbnbs. The Bill proposes that an Airbnb, otherwise referred to as a "short-term home rental", will be subject to certain thresholds such as the number of nights that the guest can occupy the premises for and the income that can be derived from these rentals. Possible zoning restrictions as to where Airbnbs may operate from may also be introduced. At present, however, details of what these thresholds are and how they will affect this industry, especially typical "holiday towns" which depend heavily on tourism, remain sketchy.

Notwithstanding the above, South Africa continues to remain a popular tourist destination for both international guests and

locals alike. So how do you ensure, as a host, that you are protected in the unfortunate event of damage to your property?

The official Airbnb site offers the Host Guarantee Policy (Policy) which is free to all hosts and claims to provide US\$1 million cover to the host in the event of damage to property. A host must show compliance with all requirements and conditions in the Policy in order to ensure a successful payout, including the request for payment from the guest that caused the damage and the failure by the guest to pay the amount claimed. The request for payment and the subsequent failure to pay by the guest, must be submitted to Airbnb within 30 days of the loss having taken place. Furthermore, for Airbnb to process the claim, it requires confirmation of the original purchase price of the household item which is damaged, the date such household item was acquired, the condition of the household item and the estimated cost of repair or replacement. Airbnb states categorically that its Policy is not an insurance policy and that its payout will be reduced by any amount already received from the guest or insurer.

Given that Airbnb is situated in the USA, the international Airbnb community itself has commented on the false sense of security they have received from this

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Airbnb: The admin of holidaymaking...continued

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Policy. In short, the consensus appears to be that the host bears the obligation to ensure adequate cover for damage and loss to property as well as the obligation to point out to guests that the host’s insurance will not cover loss or damage to their personal belongings. In addition, public liability insurance may have to be considered should someone be injured on your property. To this end, niche insurance houses have opened their doors to cover these risks as “standard” insurance policies do not necessarily cater for these risks.

So, before you pack in the beach-towels, check to make sure you’re covered in the event of a guest accidentally starting a fire in your kitchen or flooding your bathroom. The administrative task of having the correct insurance in place is even more critical when accidents take place in your secondary property as opposed to your primary residence or if you are overseas as you may not be readily available to verify damage and submit claims to insurers.

As an Airbnb guest, you may want to read the guest reviews before confirming your reservation. Reviews can provide valuable insight as to whether there is any misrepresentation in respect of photographs of the accommodation; what’s happening in that particular neighbourhood (such as construction/ road-works) and how that might impact on your specific needs for quiet time; the check-in and check-out process; and whether or not there will be pets in your space. Be sure to read the “House Rules” for each venue as well, as not all hosts open their doors to infants and children, despite the site allowing you to book for infants and children.

The art of holidaymaking it would seem is to ensure that the admin of holidaymaking has been well attended to.

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