FREE RESOURCE · FOR PROPERTY MANAGERS

Owner Insurance Standards Kit

Minimum insurance requirements to build into your management agreement, so the worst-insured owner in your book stops being your biggest exposure. Adjust every figure to your market and have your counsel review final language.

1. Required coverage, per property

- A policy written for short-term rental or commercial use. Homeowner and standard landlord policies do not qualify; both commonly exclude nightly rental activity, and that exclusion is the most frequent reason an owner claim is denied.
- Commercial general liability of at least **$1,000,000 per occurrence** and **$2,000,000 aggregate**. Several municipalities now require the $1M figure as a condition of the rental permit.
- Property coverage at replacement cost, with loss-of-income coverage sized to the property's actual seasonal revenue.
- Where the property has a pool, hot tub, or waterfront: confirm the liability form does not exclude those features, and consider requiring a **$1,000,000** umbrella written over the commercial policy.
- Where the property sits in a flood-prone area: separate flood coverage. No standard policy responds to rising water.

2. Required policy features

- **Your company named as additional insured** on the owner's liability policy. This is the single most protective line in the kit: it puts the owner's carrier in front of you when a guest claim names the manager, which it almost always does.
- The named insured matches the deed. If an LLC owns the property, the LLC is on the policy.
- Occupancy classification on the policy matches actual use (full-time rental, seasonal, or owner-occupied).
- **30 days' written notice of cancellation or non-renewal**, delivered to your company, not just the owner.

3. Verification cadence

- Certificate of insurance (COI) collected **at onboarding, before the first booking**, showing limits, the additional-insured status, and the policy period.
- Renewal COI collected **annually**, tracked to the policy expiration date, not the calendar year. A lapsed policy discovered after an incident is discovered too late.
- Re-verify after any material change: new amenity (pool, hot tub, fire pit), change of ownership entity, or a move between platforms and direct booking.

4. Sample agreement language

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Owner shall, at Owner’s expense, maintain in force a policy of insurance written for
short-term rental use, including commercial general liability coverage with limits of not
less than $1,000,000 per occurrence and $2,000,000 aggregate, naming Manager as additional
insured. Owner shall deliver a certificate of insurance evidencing such coverage prior to
the first guest stay and upon each renewal, and shall cause the policy to provide not less
than thirty (30) days’ written notice to Manager of cancellation or non-renewal. Failure to
maintain the required coverage shall constitute grounds for suspension of rental activity
under this Agreement.
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Figures shown are common baselines, not legal advice. Adjust limits to your market, your property values, and your risk tolerance, and have your attorney review any language before it enters your agreement. Threshold STR provides educational risk analysis; confirm coverage decisions with a licensed advisor in your state.

Want a read on where your current book stands? We review owner coverage across portfolios, how it is required, collected, and verified, and deliver a written readout of where the gaps concentrate. Request a Portfolio Risk Review at ThresholdSTR.com.