

# Airbnb Listing Led To Wrongful Coverage Denial, Suit Says

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Law360, Los Angeles (July 18, 2017, 9:41 PM EDT) -- A California homeowner has accused Travelers of systematically denying property damage claims when any part of a damaged building has been listed for short-term lodging on [Airbnb](#), regardless of whether the loss had anything to do with the listing, according to a complaint filed in state court last week.

Plaintiff Emily Richer, who owns a two-building home in Saint Helena, California, alleged in a lawsuit filed in Napa County Superior Court that [Travelers Commercial Insurance Co.](#) had improperly invoked a "rental exclusion" to deny coverage for serious storm damage to the bottom of one of the structures because the top floor had been listed for temporary lodging on Airbnb.

According to Richer, who is suing Travelers for breach of contract, bad faith and violations of the California Business and Professions Code, the insurer's course of conduct in handling her claim is part of a broader trend of claim denials for properties that have at one time been listed on Airbnb.

"Travelers knows that hosting a guest through Airbnb does not equate to the traditional 'renting' of a premises. It is also aware of Airbnb's popularity and widespread use among homeowners," Richer's attorneys wrote. "Nonetheless, Travelers issues policies containing coverage exclusions for 'structures rented or held for rental,' with the intention of not paying claims if any portion of the damaged structure is or has been listed on Airbnb."

A Travelers representative declined to comment on Richer's suit.

According to the complaint, Richer offered up the top floor of one of her buildings for lodging on Airbnb, while the bottom floor was used as a wine cellar and for general storage. She

obtained a homeowners policy from Travelers that extended coverage for a dwelling and "other structure," with an exclusion for structures rented or held for rental, the complaint says.

In February, a severe storm caused a 120-foot fir tree to fall on the bottom level of the two-story structure, causing an estimated \$80,000 to \$120,000 in damage, according to the complaint. However, Richer alleges that, when she contacted Travelers, a representative responded with hostility and requested "the documentation," without providing any clarification or referencing the listing of part of the building on Airbnb.

According to Richer, it wasn't until she involved her insurance broker that Travelers issued a reservation of rights letter indicating that her claim might be barred from coverage under the rental exclusion, and requested a copy of "the lease" to further investigate. Richer says she attempted to provide evidence that Airbnb arrangements are not the same as traditional rental agreements and do not require a lease, but that Travelers still ultimately denied the claim on the basis that the structure had been rented out during the policy period.

"The company was setting up the claim for failure by requiring documents that did not exist," Richer's attorneys wrote.

Richer alleges that she is just one victim of a companywide practice at Travelers of denying property damage claims when any part of a damaged structure is listed on Airbnb, regardless of the level of connection between a loss and occupancy by an Airbnb guest.

"When the company receives a claim, instead of performing a full, fair and thorough investigation to determine whether a damaged structure was 'rented or held for rental,' Travelers employs an arbitrary and unreasonable standard to deny coverage," Richer's attorneys wrote.

Cooper Johnson of [Shernoff Bidart Echeverria LLP](#), who represents Richer, told Law360 that Travelers has been using what he characterized as a "vague undefined, exclusion" to "expand the kinds of risks for which they deny coverage."

"Insureds, meanwhile, don't have a way of knowing the scope of the rental exclusion," Johnson said. "The fact that Travelers hasn't established a standard procedure for determining what constitutes a rental further shows how unreasonable their reasoning is."

Richer is represented by Cooper Johnson and William M. Shernoff of Shernoff Bidart Echeverria LLP and by Howard S. Shernoff of Howard S. Shernoff Inc.

Counsel information for Travelers was not immediately available Tuesday.

The case is Emily Richer v. Travelers Commercial Insurance Co. et al., case number 17CV000777, in the Superior Court of the State of California, County of Napa.

--Editing by Catherine Sum.