June 2018

Thorp & Trainer
Times

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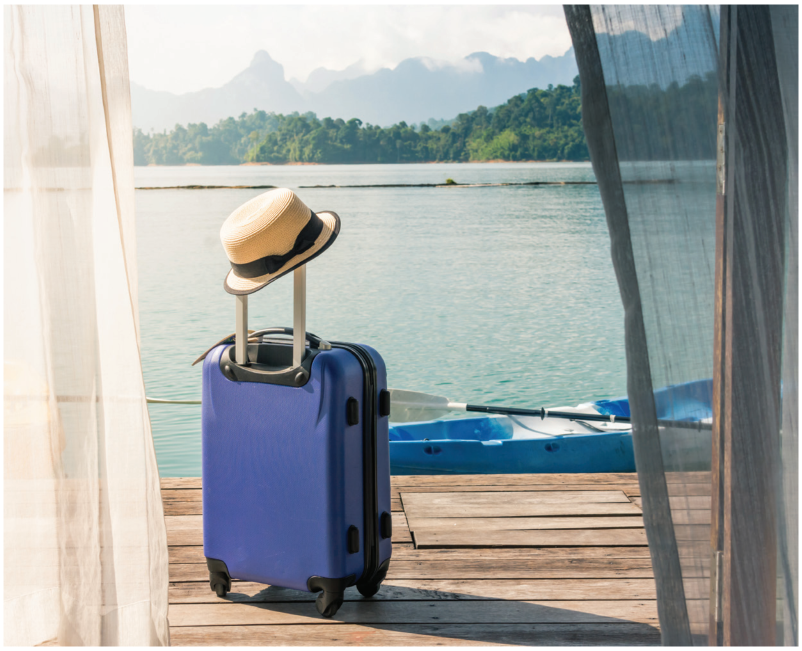
Is peer-to-peer home rental for me?

A peer-to-peer home rental (sometimes called AirBnB, HomeAway, Flipkey and VRBO) is an online marketplace for vacation and business rentals that links owners ("hosts") who have unused lodgings or bedrooms to rent with users ("guests") seeking to rent the space, typically on a short-term (i.e., less than 30 days) basis.

Visiting friends and relatives are often referred to as "guests." However, unless otherwise stated, "guests" refers to the individuals or families that pay to rent residential space from a "host."

Insurers and municipalities typically consider home hosting a business. Yet, the host's insurer is too often unaware of these business-related activities. Thus, asking more questions on their homeowners' applications regarding this expanding loss exposure.



ADVANTAGES FOR HOSTS:

- Renting unused space results in extra income. The average AirBnB host earns $924 per month, and 26 percent of hosts make more than $1,000 per month.
- There is often no charge just to list the property. A fee is applied only if a successful booking is made.
- Some rental marketplaces will send a professional photographer to the home at no cost to assist in marketing the space.
- Most marketplaces also provide strong customer support, verification regarding the identity of potential guests, and numerous payment options.
- The online system is typically quite flexible. For example, hosts can set seasonal pricing and weekday/weekend pricing as they see fit.
- Many people simply enjoy being a host and love to meet travelers from all corners of the globe.
- A host can rent his or her entire house, condominium unit, or apartment, or just one room within the dwelling.

DISADVANTAGES FOR HOSTS

- Hosts may naively believe that they are simply part of the sharing economy and not involved in a business activity; however, this peer-to-peer sharing certainly involves a commercial transaction. Insurers and more municipalities view home hosting as a business, resulting in regulatory restrictions and property and liability coverage gaps.
- Short-term rentals might violate local zoning, home owners' or condominium association bylaws, lease agreements, or housing laws.
- Some cities require that the host obtain a permit or obtain a business license before the property can be listed.
- Some state and local laws may apply rental income or hotel taxes to any booking.
- Federal income taxes also apply to booking revenue. Damage to the rental property or an injury to a guest is an important loss exposure to consider. For example, a host may be found legally liable for an injury on the premises. Without the proper insurance, financial burdens for the host may arise.
- Some hosts have difficulty navigating the home-hosting website.

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Understanding Wind Vs. Hurricane Deductibles

During the Atlantic hurricane season, which lasts from June to November, every coastal state from Florida to Maine could potentially be hit by a storm.

Increasing development along the coastal areas of these states has put more and more homes at risk of severe windstorm damage. To limit their exposure to catastrophic losses from natural disasters, insurers in these states sell homeowners insurance policies with percentage deductibles for storm damage instead of the traditional dollar deductibles, which are used for other types of losses such as fire damage and theft. With a policy that has a $500 standard deductible, for example, the policyholder must pay the first $500 of the claim out of pocket. But percentage deductibles are based on the home's insured value. Therefore, if a house is insured for $300,000 and has a 5% deductible, the first $15,000 of a claim must be paid out of the policyholder's pocket.

There are two kinds of wind damage deductibles: Hurricane deductibles, which apply to damage solely from hurricanes, and Windstorm or Wind/Hail deductibles, which apply to any kind of wind damage. Percentage deductibles typically vary from 1% of a home's insured value to 5%. In some coastal areas with high wind risk, hurricane deductibles may be higher. The amount that the homeowner will pay depends on the home's insured value and the "trigger" selected by the insurance company, which determines under what circumstances the deductible applies. In some states, policyholders may have the option of paying a higher premium in return for a traditional dollar deductible, depending on how close to the shore they live. In some high-risk coastal areas, insurers may not give policyholders this option, making the percentage deductible mandatory.

What is a Trigger?

A "trigger" is an event that is needed for a hurricane deductible to be applied. Hurricane deductibles are "triggered" only when there is a hurricane, or a tropical storm. Triggers vary by state and insurer and may apply when the National Weather Service (NWS) "names" a tropical storm, declares a hurricane watch or warning or defines the hurricane's intensity. Triggers generally include a timing factor, i.e., damage occurring within 24 hours before the storm is named or a hurricane makes landfall up to as long as 72 hours after the hurricane is downgraded to a lesser storm or a hurricane watch cancelled.

Rhode Island Hurricane Deductibles

Insurers may offer a flat dollar deductible instead of or in addition to a percentage deductible, but the total deductible may not exceed 5% of the insured value of the property. Premium credits, or discounts, must be provided if policies have hurricane deductibles. The deductible will only be in effect when the NWS issues a hurricane warning for the applicable parts of Rhode Island and will remain in effect for 24 hours after the last warning. According to the Department of Insurance, for Block Island a loss is due to a hurricane when there are hurricane force sustained winds as defined by the NWS. For the remainder of the state, a loss is due to a hurricane when there are hurricane force sustained winds anywhere in the state other than Block Island, as reported by the NWS. If a policyholder experiences a loss from more than one hurricane in a calendar year, the insurer can apply the hurricane deductible only once. Insurers are required to post a notice containing all details pertaining to hurricane deductibles on the homeowners policy, including at least two practical examples of how they work.

Connecticut Hurricane Deductibles

The trigger for hurricane deductibles in Connecticut, or the point at which they apply, is by law when the NWS declares a hurricane that records winds of 74 miles per hour or more. The hurricane deductible is in effect until 24 hours following termination of the last hurricane warning issued for any part of Connecticut by the NWS; or 24 hours after the hurricane is downgraded from a hurricane by the NWS for any part of Connecticut.

The Insurance Department allows companies to apply an actuarially justified hurricane deductible based on a property's distance to the coast.

"Your Security Is Our Concern"

At Thorp & Trainer, the safety and security of our clients is our top priority. We would like to remind you that whether you are refinancing your home or purchasing a new car, please advise your account manager at your earliest convenience. In an effort to preserve your best interest, we will not make any changes on your policies without your direct consent. If you would like to speak with a Thorp & Trainer account manager regarding policy changes, please call us today at 596.0146.

Our Annual Shred Day Helps Prevent Identity Theft

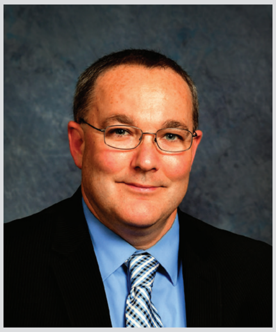
Thanks to everyone who attended our 8th Annual Shred Day on Saturday, April 21st! Each year, Thorp & Trainer hosts this event to protect members of our community from identity theft and this year we shredded 1,640 lbs. of vital documents.

This event helps to highlight the importance of taking appropriate steps to prevent identity theft, and that starts with properly discarding your vital documents. Besides having your privacy violated, victims of this crime have also seen their credit scores decimated and some spend years trying to repair it.

Donations were also accepted at Shred Day for Stand Up For Animals (SUFA). In total, $358 in monetary donations and gift cards were provided to SUFA, as well as a full bin of assorted items for the shelter pets. Thank you!

Meet Our New Team Member

Jason has over 20 years in the field of business development. He recently assumed the role of Commercial Lines Executive at Thorp & Trainer, and he strives to serve as an advocate for his clients. Listening to their concerns, Jason works to craft complete insurance packages.



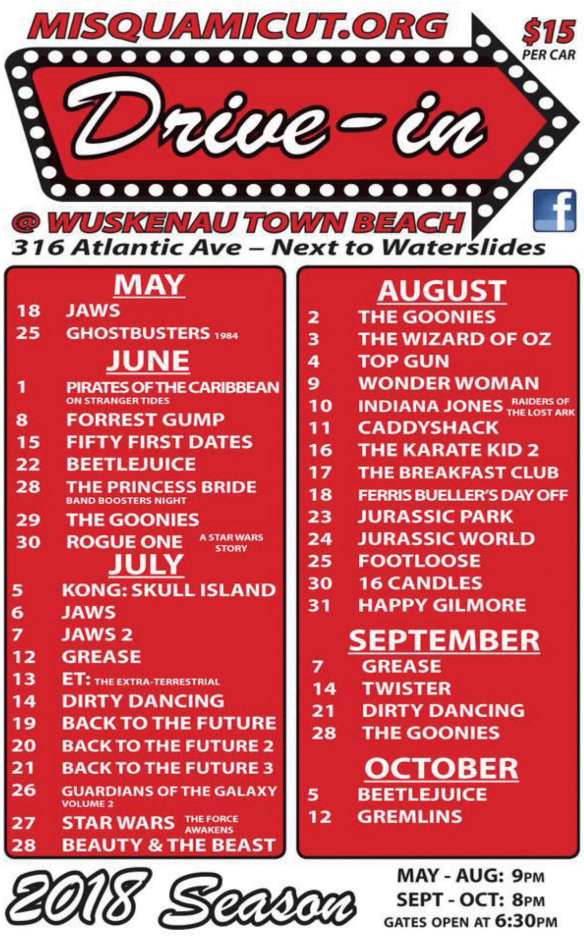
Jason Duby

Commercial Lines Account Executive

In addition to his sales experience, Jason also possesses a vast knowledge of financial services after having worked as a representative of Baystate Financial. He also served as District Sales Manager for Long Trail Brewing Company of Vermont.

Jason is also certified in Life and Health Insurance in the states of Rhode Island, Connecticut and Massachusetts. He also attained his Series 7 in Rhode Island. He holds a B.A. in Professional Studies & Business from Johnson State College and resides in Westerly with his wife and son.

Thorp & Trainer is Proud to Sponsor the Misquamicut Drive-in 2018 Season



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ADVANTAGES FOR GUESTS

- Cost savings—it can be less expensive to stay in an apartment or home rented via an online marketplace.
- Many homes will give the guest access to a kitchen.
- An excellent host can be a great resource for learning about a local culture and its customs.
- Extensive photos, online reviews, and host/home ratings can help ensure that the guest gets his or her desired space with minimal fuss.

DISADVANTAGES FOR GUESTS

- The short-term rental may not comply with local laws and restrictions, some of which might be safety related.
- Online ads may be misleading, incorrect, or even fraudulent.
- The rental property might not be as secure as a hotel room.
- Reviews may not always reflect both sides of the rental property.
- It can be time consuming to find the right rental property.
- The level of service or expected amenities people are accustomed to receiving at a hotel are often lacking in home sharing.
- There may be hidden fees that are hard to spot online.
- It is often difficult or even impossible to cancel a home-sharing agreement than it is to cancel a hotel reservation.
- Guests might wonder whether their own insurance or the host's insurance adequately protects any property or liability exposures they face with a short-term rental.

There are many advantages and disadvantages for both hosts and guests. To learn more, call Thorp & Trainer where, "Your Security Is Our Concern".

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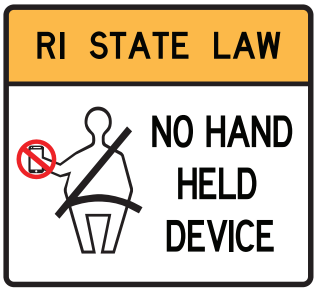
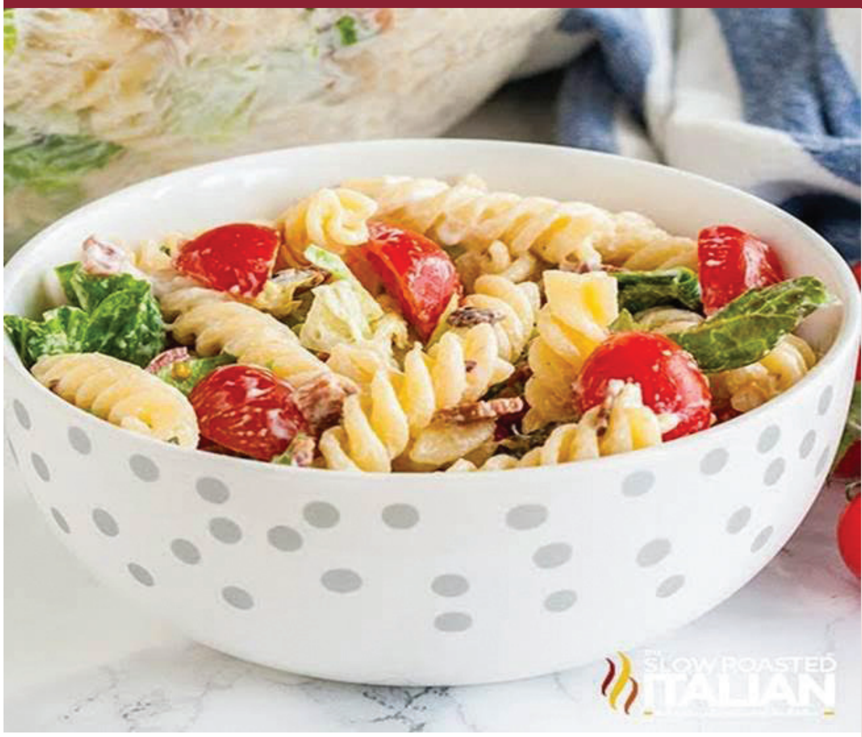


PROTECTING THE FAMILIES, HOMES AND BUSINESSES OF OUR COMMUNITY SINCE 1910



This dish is bursting with flavor and so easy and quick to throw together. This simple but so delicious twist on your favorite sandwich is always a hit at potlucks and parties!

Prep Time: 15 mins **Cook Time:** 10 mins **Total Time:** 25 mins

BLT Pasta Salad

Ingredients

Pasta Salad

- 16 oz package pasta
- 12 oz sliced bacon, cooked and crumbled
- 2 1/2 cups cherry tomatoes, halved
- 6 cups chopped arugula
- 1 tablespoon chopped chives

Dressing

- 3/4 cup mayonnaise
- 1/2 cup sour cream
- 1 tablespoon apple cider vinegar
- 1/2 teaspoon salt
- 1/4 teaspoon black pepper

Directions

1. Cook pasta according to directions on the package. Rinse with cool water and drain, then add to a large bowl. Set aside and let cool for 10-20 minutes.
2. In the meantime, make the dressing. In a mixing bowl add mayo, sour cream, apple cider vinegar, salt and pepper. Whisk until combined.
3. Add crumbled bacon, cherry tomatoes, and half of the lettuce to the cooked pasta. Pour dressing over the salad and toss gently to combine. Stir in remaining lettuce.
4. Serve garnished with chopped chives.