

Thursday, 13th April 2017

Dear Owners,

Re: **Management of Airbnb**

As many owners are aware, there has been an increase in short stay accommodation at many apartments centres throughout Victoria. The cost burden of these types of accommodation are borne by all owners resulting in costs escalating and impacting on levies to be paid.

Unfortunately, the increase in repairs and maintenance required due to damage by guests of short term accommodation, is increasing which is causing an increase in levies and affecting insurance premiums. In some instances, when operating an Airbnb your insurer can deny your contents claim.

This can occur if you fail to notify your insurer that you will be operating an Airbnb, as a change in circumstances may affect your insurance cover. This may be seen as a breach in contract, voiding your policy.

If a theft occurs during the time you host an Airbnb, your insurer may deny your claim as there is no evidence of forced entry. Many Contents Insurance policies require clear evidence of "break and enter" to respond. In the case of an Airbnb, owners would be willingly giving their keys to short-term tenants, therefore no evidence of "break and enter" would be found.

Another reason why your insurer may deny your claims is because you're making an income. The intention of a domestic Contents Insurance policy is not to cover business activities in your home, and your insurer may perceive an Airbnb as carrying out a business activity within your home.

It is therefore, highly recommended that owners choose a reputable property agent to let their apartments as there is a responsibility by these companies to ensure that tenants take pride in living at Precinct enhancing the value of your property.

Also, please note that if the cleaners of an apartment leave items in the corridor whilst cleaning rooms of an Airbnb (short term accommodation), the owner of said apartment will be breached by the Owners Corporation. The cost of the issuance of a first Breach notice is \$55.00 and the

Essential Community Management Pty. Ltd.
ABN: 66 103 752 567

58 Lorimer Street
Docklands Victoria 3008
Australia

+61 3 9981 0077
info@essentialcommunity.com.au

essentialcommunity.com.au

cost of a Second/Final Breach Notice is \$110.00. Breach Notices will continue to be issued until the issue is resolved.

If you have any queries, please do not hesitate to contact our office.

Yours Sincerely,

A handwritten signature in black ink, appearing to read "Regina McCann", followed by a period.

Regina McCann
Owners Corporation Manager
For and on behalf of Precinct Owners Corporation

CC. Owner / Agent