

Malicious Damage Claims Statistics

Ryan Peacock
Claims Manager—Team Leader
South Australia

A note from Terri

We are very pleased to announce the introduction of our new and improved website.

The website now has a separate section for Property Managers and Landlords. Landlords can now access all information on our website, as well as being able to arrange cover themselves on-line. The facility allows them to place cover on-line, and make immediate payment by credit card. If the Landlord is interested in our Landlord Residential Building Insurance, by completing some simple questions, the Landlord can request a quote for Building Insurance. We will promptly supply the quote to the Landlord.

Property Managers can access previous editions of our scheer tips newsletter, as well as access to claim forms, FAQ's and much more.

So, when you get a chance, log on to www.terrischeer.com.au and see how easy it is to access information from a specialist Landlord insurance provider.

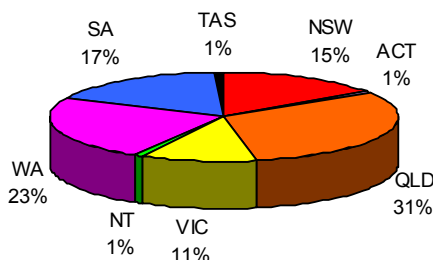
Have a great month and stay tuned for our new policy, it's getting closer and closer every minute!

Terri

**Telstra South Australian Business
Woman of the Year 2006**

You can never underestimate the importance of protecting your most valuable asset against damage caused by your tenant. More increasingly we are seeing claims for malicious damage by tenants and it does not take much to accumulate a hefty repair bill. In 2006 we received 346 malicious damage claims and on average we paid out \$3022.96 for each claim nationally. This amount is above and beyond the bond which could result in a significant out of pocket expense to your landlord if they do not have adequate insurance cover. Refer to chart below for a state by state breakdown.

No. of Malicious Damage Claims in 2006



Rank by Average Claim Value

NSW	\$4,828.84
QLD	\$3,259.76
VIC	\$2,967.89
ACT	\$2,914.14
NT	\$2,848.10
TAS	\$2,535.38
WA	\$2,189.47
SA	\$2,188.42

Damage of this nature usually makes the property un-tenantable and in doing so holds up the re-letting process and results in a further rent loss being sustained. At Terri Scheer we cover this rent loss for you until the property is deemed to be tenantable again. In 2006 the average rent claim whilst a property was un-tenantable was \$1746.15. On average the combined loss between property damage and rent loss that could be incurred for a malicious damage claim is over \$4700.00. Remembering this is an average only and we do have many claims that are much higher than this.

For a small outlay of around \$4.00- \$6.00 a week, your landlord could be protected against such a large loss by taking out our Landlord Preferred Policy. It will give them peace of mind and ensure that they are not financially crippled by the actions of their tenant. Contact your local Terri Scheer Office today for further information.

With Thanks

Just wanted to say a big thank you for your professionalism and promptness with our claim.

My husband only faxed our claim today and I had a lady call me to say that all was paid except for the \$100 excess. Now that is service!

If you know the lady that spoke to me today please also pass on my thanks.

Kind regards, Natalie Murphy

Terri Scheer Insurance Brokers
102 The Parade
Norwood SA 5067
Ph: 08 8132 3100
Fax: 08 8363 3811
www.terrischeer.com.au

Terri Scheer is happy to provide you with this information. However, if you would rather not receive future issues please let us know and we will delete you from our distribution list.

We are happy for you to use any of the information provided to you in scheer tips for your own newsletter. You should however, acknowledge that the information was provided by Terri Scheer Insurance Brokers otherwise you might be at risk of providing advice.

Please contact Carolyn Majda - carolynm@terrischeer.com.au if you need further advice.

Take a look at our new and improved website

www.terrischeer.com.au

Martin's story—how grateful he was to have taken Landlord Insurance

Landlord Martin, of Western Australia asked us to share his story and experience in owning a rental property. It illustrates the importance of taking Landlord insurance as soon as you possibly can and to highlight the benefits in having cover.

Martin was always concerned about bad tenants occupying investment properties, but nevertheless decided to purchase his first investment property in December 2005. He signed the contract for purchase and immediately arranged a Terri Scheer Landlord Preferred Policy effective from 15 December 2005, with settlement due on 28 December 2005. In February 2006, Martin's Property Manager had to have the tenant evicted by a bailiff due to defaulting rental payments. Upon eviction, they found damage to the property.

In addition to the rental arrears, carpets in 4 rooms had been damaged by cigarette burns and the tenants had stolen garage and gate remotes.

Martin's tenants were in arrears when settlement of the property occurred and never caught up with their payments. As you would be aware, normally our 'Arrears Clause' would have prevailed and Martin would not have been entitled to any Loss of Rent benefit, though because cover had been arranged before the settlement date, and proof of the settlement was provided, we were able to make payment for the lost rent.

In the end, Martin was paid \$3745.50, which was:

Loss of rent to the re-let of the property 12/2/06 - 17/4/06 (65 days) - \$2228.57
Legal Costs - \$365.00
Theft of remotes - \$234.93
Accidental damage to carpets - \$917.00

Martin was lucky and very grateful that his Property Manager had informed him of the availability of Landlord Insurance so he could arrange cover before settlement, because without the cover or if he had taken cover after settlement, it would have made a bad situation much worse without full cover and compensation.

This information has been provided with the consent of the Landlord concerned.

* Please note, this claim has been settled based on its own individual circumstances. Each claim received is assessed on its own merits and the outcome may be different to the outcome mentioned here.

Watch out for repeat claims and claimers...

Belinda Butler
National Sales Manager

All Distributors of Terri Scheer are provided once a year with a 'Claims Experience Report'. At this time, we identify to you the repeat claims and repeat types of claims being made by your office, but really what affect does this have on the provision of Landlord Insurance?

If your office portfolio is claiming more than the premiums being paid (referred to as the claims loss ratio), our underwriter is running at a loss. They may choose to provide your office with notification to advise that your claims loss ratio is above the preferred level and that if it continues to be high, in 12 months time, they will review the loss ratio again and may consider imposing a higher excess on all claims in an attempt to reduce it.

But, don't panic, if you receive one of these letters, we will work with you to try and reduce the loss ratio. It might be that a particular property or Landlord is attracting the claims, perhaps due to the condition or location of the property. We're sure you are all too familiar with the Landlord who thinks their rental property is a palace, never attends to maintenance and wants top dollar for rent!! Your office may consider the feasibility of keeping management of this property/Landlord, chances are it's costing you more time and money too.

Risk management should be a focus, identify the claims being made. Are they the same type, perhaps if they are mostly loss of rent claims, you could introduce a system to more closely keep track of tenants payments.

It is good practice to review the reports we provide you, after all, you probably don't want to be put in a position that could jeopardise the whole portfolio of Landlords insured if there's one or a couple of properties constantly making claims. Ask yourself, is it worth you managing properties of poor quality or that are in locations likely to attract unsuitable tenants?

Win \$10,000

Just a reminder about the exciting competition we currently have running until the 30th June 2007. All landlords purchasing a Terri Scheer Landlord Insurance Policy automatically go into a draw to win a \$20,000 cash prize!!

But wait there's more – the winning Landlord's Property Manager will also win \$10,000!

You've got to be in it to win it!

To receive an entry, either forward a completed application or Request for Cover form to your local Terri Scheer office*. Every policy placed has a chance to win.

A mail out to your landlords, including our competition flyer is a great opportunity to increase your chances as well as being an ideal risk management exercise in fulfilling your duty to inform landlords about the availability and importance of landlord insurance.

Should you require competition flyers or additional stationery to assist with a mail out, please contact your local Terri Scheer office and a Business Relationship Manager will arrange a time to meet with you.

* Please refer to the competition Terms and Conditions, available from your local Terri Scheer office for full details.