

## A note from Terri

As many of you will be aware, last month was a very busy one for me, having sold the business that I have grown and nurtured over the past 11 years. The last 3 years were particularly challenging, both personally and professionally – you'd all remember the changes to legislation and subsequent lobbying of government to obtain relief for the real estate industry. I am happy to have achieved what I set out to and believe the business is now in a perfect position to be able to 'set it free' to allow me to pursue other opportunities.

I am delighted to be continuing with the company over the next 12 months to ensure a smooth and successful transition.

Please be assured that it will remain business as usual at Terri Scheer and we will continue to service you and your Landlords with the high levels of customer service you have always received. Our products will remain the same, however we do have a new product which will be available very, very soon and will continue to develop products specifically for professionally managed rental properties.

I would like to take this opportunity to personally thank you all for the support you have given both to me personally and the company and hope that you will share in the celebrations with us as we look forward to a big and exciting future at Terri Scheer Insurance Brokers.

*Terri*

Telstra South Australian Business  
Woman of the Year 2006

*Please feel free 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 to avoid the risk of providing financial advice. Please contact Carolyn Majda - carolynm@terrischeer.com.au if you need further advice.*

*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.*

## INTRODUCING..... SCHEER SHORT STAY

We know that many Landlords take advantage of the Landlord Preferred Policy for permanent tenancies, but what about the Landlords who own properties that are rented on a short term or holiday type basis?

### Do we have the answer for you??

We've designed a Landlord Protection Insurance policy specifically for Landlords of holiday and short term rental properties.

A sneak peak of the policy is provided below and will be available to your Landlords shortly. So, if your office manages short term or holiday rental properties, be sure to contact our office for information so that your Landlords can benefit from the 'scheer short stay' policy.

Cover includes:

### Loss of Rent

Our policy will pay for loss of rent caused by:

- Premises left untenable due to malicious damage, murder or suicide - **Up to \$50,000**
- Prevention of access - **Up to \$25,000**
- Failure to give Vacant Possession - **Up to \$25,000**
- Death of a guest - **Up to \$25,000**
- Legal Expenses - **Up to \$5,000**
- Legal Costs - **Up to \$500**

Each loss of rent claim will be calculated using tariffs applicable at the time.

### Loss or damage – Contents

Our policy covers general household contents including curtains, carpets, blinds, light fittings and furniture.

These items are covered against loss resulting from:

- Accidental loss or damage
- Malicious damage
- Breakages of fixed glass
- Water damage (excluding flood)

**We'll replace or repair your damaged items under the Building or Contents section of the Policy to a maximum combined amount of \$50,000.**

### Legal Liability

We'll cover your legal liability as a landlord for an occurrence which causes:

- Damage to other people's property
  - Death or bodily injury to other people
- Limit of indemnity \$20,000,000**



### Loss or damage – Building (limited cover)

Our policy covers your property against loss or damage resulting from:

- Accidental loss or damage (see policy wording for full details)
- Malicious damage to the structure of the building by guests, their family and/or visitors
- Theft, or damage due to theft, to the structure of the building by guests, their family and/or visitors

**We'll replace or repair your damaged items under the Building or Contents section of the Policy to a maximum combined amount of \$50,000.**

### Tax Audit

This policy pays professional fees incurred by an investigation or audit of your financial or taxation affairs initiated by an authorised government authority in relation to, and following the lodgement of a return.

**Professional fees: Up to \$1,000 per audit.**

### Workers Compensation (WA only)

This policy covers your exposure to provide workers compensation cover if you employ a domestic worker on the rented property.

Do your Landlords a favour, provide them with information about the Scheer Short Stay policy. Cover designed specifically with them in mind!!

And don't forget, each policy placed before June 30 2007 is a chance to win our 'scheer indulgence' competition. What would you do with \$10,000?

## Information for tax time

Andrew Ashurst, Business Relationship Manager, Queensland

Each year around this time we start hearing snippets of what areas of tax deductions the ATO will focus on at tax time. Often, owners of investment property come under the scrutiny of the ATO as it's reported that there are investors who claim expenses inappropriately. On the flip side, there are also investors who do not understand what they can legitimately claim for.

With the end of financial year approaching, often we are asked "is my landlord insurance tax deductible?" We are not qualified to provide tax advice, however we do know, that under current tax rules, yes, it is a legitimate deduction.

There are many legitimate expenses you can claim as a tax deduction for your investment property, we suggest you discuss this thoroughly with your tax advisor - we have provided a list below for your reference which was sourced from the ATO website.

- |   |                              |
|---|------------------------------|
| ◆ loan interest                           | ◆ bank charges               |
| ◆ borrowing expenses                      | ◆ council rates              |
| ◆ telephone                               | ◆ stationery                 |
| ◆ <b>insurance</b>                        | ◆ land tax                   |
| ◆ pest control                            | ◆ agents fees or commissions |
| ◆ repairs and maintenance                 | ◆ gardening and lawn mowing  |
| ◆ decline in value of depreciating assets | ◆ water charges              |

Source ATO

Terri Scheer's Landlord Preferred Policy provides a specialist cover for Tax Audit, this helps to cover the cost of defending or responding to an audit conducted by the ATO - another benefit of insuring your investment property with Terri Scheer Insurance Brokers.

## Never say never!

Donna Solowij, Claims Officer, South Australia

You can never underestimate the importance of having Landlord Protection insurance on your investment property. The following is a recent claim submitted for a property in Victoria which demonstrates very clearly the importance of having adequate insurance cover.

The tenant had not even been at this property for 3 months and thought they would try to get a drug crop cultivated before their first inspection was due. Unfortunately for them, they were caught and arrested, but not before causing a substantial amount of damage to the property. Damages included; holes being cut in timber flooring and ceilings to install lighting equipment, carpets throughout were ruined from the watering system the tenants installed and from having cannabis rubbed into them, air conditioning ducts were damaged by the tenants attempt to relocate them, the power board had been removed, the outside power supply was cut and extensive re-routing of internal wiring had also been carried out

The total estimated cost to repair the physical damage to the property is around \$8000.00. On top of this there is likely to be rent loss in the vicinity of \$2000-\$3000 while the property is un-tenantable.

This Landlord was very lucky as placement of their landlord insurance was done just one week before the tenant moved in! Had they forgot to place cover at that time, or had no insurance at all, they could have been left with an out of pocket debt of over \$11,000!! Most landlords would not have this amount of cash lying around and even if they did it would create significant, yet unnecessary financial stress for them.

**Never say never!** This could happen to anyone at anytime, sometimes it does not matter how thoroughly your Property Manager screens your tenants or how good you think your tenants are, things can go wrong. Do the smart thing and give yourself peace of mind by taking out a Terri Scheer Landlord Preferred Policy today!! Don't risk going uninsured, it's just not worth it!

The Real Estate Institute of Australia recently released a paper providing information to its members on the Financial Services Reform Act, in particular with regard to agents and insurance.

Terri Scheer Insurance Brokers works under the Distributor model and appoints agents as Distributors of Terri Scheer Landlord Insurance Products.

The distribution authority allows agents to deal in Terri Scheer landlord products but does not extend to agents giving advice. As the licensee, we are responsible for the actions Distributors make on our behalf. We have therefore, ensured our documentation and training provides all the information you need to fulfil your role without being at risk of acting outside of your authority.

There are three essential points to remember as a distributor of our products:

- ◆ Inform your clients that you have been appointed a distributor of Terri Scheer landlord insurance products which allows you to deal in them on our behalf. Don't forget to let them know you receive referral fees and processing fees for this if this is relevant to your office
- ◆ Alert your clients to the cooling off period contained within our policies - this is currently 21 days
- ◆ Draw your client's attention to the dispute resolution process contained within the Terri Scheer Financial Services Guide

The REIA paper can be found at <http://www.reia.com.au/government/fsra.asp> and if you have any questions at all specifically about your role as a Distributor of Terri Scheer products, your Business Relationship Manager is only a phone call away.

Carolyn Majda AIMM Dip Fin Serv (Broking)  
Marketing & Operations Manager

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