

## Comments from Carolyn

This month I had the opportunity to see things from the perspective of a potential tenant when inspecting properties with my daughter.

We're all aware that rents have increased over the past year, but to see first hand the quality of property being offered for rent in Adelaide at \$250 a week was a real eye opener for me.

Tenants in this area of the market, which, according to 2006 census statistics make up 37% of the market (rent between 0 & \$275) deserve as much respect as those in the middle to upper end of the market.

Presenting properties in this price range with no light globes in some lights, covers missing off of power points, unmowed weeds (no lawn), mouldy bathroom walls and grubby carpets is not going to attract the best quality of tenant and is a claim waiting to happen. Yes, the current tenants are responsible for some of the condition of the property, but half painted rooms and weeds growing out of gutters indicate a poor attitude towards tenants by the landlord.

This property had a relatively new kitchen but some rooms were half painted and some had large cracks. The very sad thing was, there were at least fifty people eager to rent it during the 15 minute open.

Investing in property is certainly an opportunity to grow wealth, but, should we not have a social obligation to present or offer properties that people can feel proud to call home?

Spending a little to finish off painting, placing covers over the powerpoints and generally taking pride of ownership in the property would help to attract a better long-term tenant and surely all property managers want to manage property that they know won't create a plethora of maintenance calls or attract tenants that are not going to do the right thing by the landlord.

Everyone is in business to make money, sometimes though, it may be worth considering whether the properties you manage are costing you more in time and worry than you earn from them. It's also worth considering too that tenants may one day become landlords, as a property manager you have the opportunity to create lifetime business relationships.

*Carolyn*

*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.*



## Why take Building Insurance with Terri Scheer?

Nick Maddox  
Business Relationship Manager, Western Australia

Terri Scheer not only provide a heralded blue ribbon Landlord Preferred Policy but also a Landlord Residential Building Insurance Policy. There are benefits for both you the Property Manager and also to the Landlord when taking out both the Landlord Preferred Policy and the Residential Building Policy with Terri Scheer.

A situation could easily arise where a claim needs to be lodged through Terri Scheer with respect to a claim arising under the Landlord Preferred Policy (for example rent loss and contents) and a claim needing to be lodged through another insurer with respect to damage to the building. As a result, problems can arise; delays in claim settlements, confusion that surrounds dealing with two insurers etc.

By obtaining both landlord insurance and building insurance through Terri Scheer, as a Property Manager, it gives you the confidence in dealing with a specialist provider should a claim arise. This means that you will only deal with one Claims Officer and you will only have to follow one set of procedures for having the property repaired.

It could also have a positive impact with regard to the time taken in settling and finalising the more complex claims since there is only one insurer dealing with the loss.

As a landlord, you will have confidence and peace of mind in knowing that the your property is appropriately covered

Furthermore, a premium discount is given on every Landlord Residential Building policy taken out with a Landlord Preferred Policy for the same property—scheer simplicity!

## Industry Update

Tim White  
Business Relationship Manager, Victoria

The Sales market in the Real Estate Industry has slowed down nationally, with prices dropping 5-10% in most states. Australia has been benefiting from an economic boom for so long that some of us fear we maybe entering a 'recession'. Many of us shy away at the word, but ask yourself- what is a recession?

When in a recession the economy experiences three consecutive quarters of negative growth/shrinkage, but how is it caused?

Recessions can be triggered by numerous factors; most commonly it is a sustained period of economic growth followed by inflation (price rises caused by demand exceeding supply) followed by rising interest rates; this reduces the consumer's desire to spend, making it harder for companies to raise prices. Low employment is also linked to negative growth.

Are we heading for a recession?

No one knows for sure, however economists and experts have their opinions which vary.

The reality is that the economy is showing some signs of slowdown after a prolonged period of growth. While inflation remains high, even when the volatile items like petrol, fruit and vegetables are taken out, other economic indicators suggest growth is slowing.

The word recession induces negative images of people losing their homes, businesses closing and general poverty. Recessions however, are an important part of the economic cycle and don't always have a huge negative effect.

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## "I have a Property Manager.....I don't need Insurance"

Gaynor Megaw  
Business Relationship Manager, New South Wales

Property Managers need many and varied skills to enable them to succeed in their role. Managing investment properties worth hundreds of thousands of dollars requires you not only have knowledge about building faults, utilities, vermin and pests, fencing, roofing and so on but also to ensure you choose reputable tradespeople to handle these issues when they arise. A Landlord will not want to waste money on paying out for a job only to find down the track that it was not done properly and more money will be needed to fix it.

Just as Property Managers choose tradespeople for their Landlords, there is also a duty of care to ensure that your Landlords are aware of the availability of Landlord Insurance to cover their valuable investment. This may require your negotiation skills to let your Landlord know that a Property Manager cannot be available 24 hours a day to watch over their property nor to stop an accident, injury or even death. Even "good tenants" have sudden changes in their life which can affect their tenancy circumstances which may result in damaged property or loss of rent.

It is essential that all Landlords understand that insuring their valuable property is no longer something to think about but a definite "must have" and that they should look at the options available to ensure the best possible outcome for them when making a claim.



## Strata Units and Insurance

Deeon Aslin  
Business Relationship Manager, New South Wales

Insurance cover that is frequently overlooked by landlords is liability for the owner of a strata unit. The Body Corporate will generally insure the strata building and common areas against property damage and legal liability but as an owner of an individual strata unit, the landlord is responsible for injury or damage that occurs within their unit and any property they are personally responsible for.

The days where property owners say "I have always had good tenants" or "it will never happen to me" have gone and risk management procedures should be in place from the moment the unit is up for lease. You can never tell when a tenant, their family or friends are going to injure themselves – Be Prepared! By having a Terri Scheer Landlord Preferred or Scheer Short Stay policy in place—both which cover for Legal Liability up to \$20,000,000, you are eliminating unnecessary risk and potentially expensive pay-outs for your landlords in the future.

Also don't forget that our policy also covers the landlords contents including curtains, carpets, blinds, light fittings and any other furniture left for the tenant to use.

Don't wait for something to go wrong tomorrow, be prepared today!

## Terri Scheer Policy Fact Reminder: Vacant properties

Andrew Ashurst  
Business Relationship Manager, Queensland

For properties you may experience difficulties renting and which may be vacant for an extended period, we remind you that if your Landlord has a Terri Scheer Landlord Preferred or Landlord Residential Building Policy in place, there is a 90 day unoccupancy clause.

What does that mean? Well from an insurance perspective an unoccupied property is an increased risk to the insurer. This potentially could attract squatters to the premises or if the Landlord rents the property furnished, it could be a higher theft risk.

We understand that there may be circumstances out of your control when a property is vacant for this length of time, so when the property is uninhabited\* for **more than 90 days** and is covered by our Landlord Preferred Policy, then Loss of Rent, Contents and Limited cover for the building **will not** apply unless you contact us and obtain our prior written agreement to continue the cover past 90 days. For the Building Insurance, no cover will apply unless we have agreed to it in writing. (this exclusion does not apply when the property being insured is defined as a 'Short Stay' property).

If you are unsure of the requirements or if you are concerned a property you manage may have been vacant for over 90 days, please contact our office.

\*The definition of uninhabited means that in the 90 day period before the loss occurred, NO person resided in the property overnight on at least one occasion.

Please refer to the relevant policy wording for full details.

# Remember - you can now place cover online at [www.terrischeer.com.au](http://www.terrischeer.com.au)

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