

Comments from Carolyn

Happy New Year - I hope you've all enjoyed a happy and relaxing Christmas and celebrated the New Year with family and friends. It's a lovely time to sit back, reflect on the year that was and plan for the year ahead.

It doesn't take long to get back into the old routines once the holidays are over so it takes a concerted effort to break old habits and create new ones which will make you more effective and hopefully get you a little closer to the work-life balance we all desire. I like to take time to set goals for the year - I don't call them resolutions, generally new year resolutions are pie in the sky dreams without any plan. Goals need to be specific, measurable, achievable, realistic and time-factored. I set goals for business development, personal development, friends, family and community - I managed to achieve the big ones last year which brings a good deal of satisfaction; the one I didn't achieve which I should have focussed harder on was my own health and fitness. All too often other things seem more important than taking time to exercise and care for your general wellbeing. It's false economy to skimp on those things because without good health, high energy levels and a general sense of wellbeing, we're not likely to be performing at our best. I'm onto it already this year!

So, before the year gets too much underway, I encourage all of you to sit back and think about what is most important to you and see whether or not you can set yourself some goals that when you reach them you will feel a sense of achievement and satisfaction.

I'm looking forward to 2009. Business wise we'll be operating in a much more cautious market than we've been accustomed to over the past few years. To keep ahead of the market we're all going to have to concentrate on exceeding customer expectations and delivering products and services that are better than the competitors. If nothing else, that is a good goal for any business to set.

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 otherwise you might be at risk of providing 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.

Recent storms prove to be an eye opener for many landlords

Dehran Rendall, Business Relationship Manager, Queensland

The recent storms in Brisbane damaged many properties in the area causing in excess of \$500 million in insurance claims (Courier Mail, Leanne Edmiston, James O'Loan, Tuck Thompson, Melanie Christiansen and Anna Caldwell, November 20, 2008 11:00pm).

In the weeks following the storms I visited many real estate offices in The Gap and Ashgrove which were heavily affected areas. One office had over 100 properties damaged by the storms and most other offices had at least 10 or 20 properties damaged.

A surprising but common point of feedback was the number of Property Managers (and landlords) who thought storm damage to carpets, curtains, blinds, light fittings and the landlords furniture (left for the tenant's use) was covered by the landlords building insurance policy.

When landlords and Property Managers attempted to claim the storm damage to these contents items through their building insurance (and loss of rent while the tenants had to seek accommodation elsewhere while they were being repaired), they were told to refer this damage to their contents insurer as it isn't covered by their building insurance policy.

Many landlords suffered thousands of dollars in damages which they couldn't claim because they had only arranged building insurance for their investment property. A handful of other landlords had no building insurance at all and suffered extensive damage to their house. These landlords have had huge amounts of loss and are now faced with financial hardship. I also heard of landlords who had cover but their excess was huge because they opted for a policy with a slightly lower premium but higher excesses.

The storms proved to be a daunting wake up call for landlords who were under or uninsured. Many landlords aren't aware of the risks they face and what insurance they require to cover these risks. This is why it's imperative that Property Managers make sure their landlords are informed of the availability of cover when taking on management of the property.

In many instances the landlord becomes aware of which insurance they require either when their Property Manager informs them of its availability or when it's too late and they have already suffered a loss without the appropriate insurance cover.

Ensuring your office is pro-active in minimising your landlords' exposure to risks by providing them with information regarding landlord and building insurance is an essential element to any effective risk management strategy.

I have spoken to a number of Property Managers and Principals who have decided to use the storms as a further reminder to landlords as to why appropriate insurance is essential and that they should review their current arrangements to ensure the policy(ies) meet their needs. Landlords should consider that loss of rent and tenant damages aren't the only risks when renting out their valuable investment asset; liability and contents cover can be just as if not more important. Some offices have decided to undertake the task of auditing all their landlords to ensure they are aware of their current insurance arrangements.

Please contact your Terri Scheer Business Relationship Manager if you wish to conduct similar activities or mail outs to keep your landlords informed of the availability of insurance.

Lost management of a rental property?

Stacey Kilmister, Branch Manager, Western Australia

We're sure that in your office you have strict procedures in place for new listings or managements, a check list is quite common, but why is it that many Property Managers become less diligent when it comes to ending a management?

Did you know that if an owner takes their management elsewhere their insurance can continue? There is no canceling and reissuing, no refunding and no hassle! All we need is to be informed of their new managing agent and their insurance cover continues as normal.

There are implications for not advising of a change in management; the policy could lapse after the invoice to renew is sent to the previous managing agent and the landlord is then at risk of having no insurance should that agent not act by advising the change in management. If the policy does lapse and the tenant has been in arrears and the landlord tries to arrange another policy, the landlord could be in a very difficult position. If they were to place cover again through Terri Scheer and our arrears clause hasn't been met, they could find that cover is restricted (see pg 59 of the Landlord Preferred Policy PDS for full details).

Other situations that we find is when the landlord decides to manage the property themselves. Terri Scheer Insurance specialises in providing insurance for Landlords of investment properties that are managed by Licensed Real Estate Agents, we do not offer cover to privately managed properties. Unfortunately many landlords are not aware of this and believe they have cover, of course until they come to claim and find out the hard way!

So, at the end of managements, it could be a good risk management procedure to have a check list in place:

- ◆ Do they have landlord insurance? (tick)
- ◆ Have I informed the insurance company that I no longer manage this property?
- ◆ Have I informed the insurance company of the new managing agent or landlords forwarding address?
- ◆ If the property is sold, organise cancellation on their behalf. Where applicable, we would issue a pro-rata refund direct to the landlord.

As a distributor of Terri Scheer you are authorised to request cancellations or transfer of policies on behalf of your landlords. We encourage you to use our 'No Longer Managed Form' to ensure we have all the necessary details to make the required changes. If you are at all unsure of the requirements, please contact our office.



Accidental Damage—is it covered?

Did you know that the Terri Scheer Landlord Preferred, Scheer Short Stay and Landlord Residential Building Insurance policies all provide cover for Accidental damage by tenants?

Many landlords are surprised to hear this as it's not always a benefit that is available from all insurers, particularly for rental properties.

We recognise that most tenants will endeavour to do the right thing and pay their rent on time and look after the property, but occasionally there may be an accident that may cause damage to your property. Events such as spilling red wine on your carpet or moving a piece of furniture and it going through a wall would be considered as accidental damage in our policies.

Generally, we would consider accidental damage as just that, an accident; something that was not expected to happen. This is distinctly different to malicious damage, where the tenant would knowingly act with the intention of causing loss or damage. ie. smashing holes in walls with a sledge hammer.

If you are unsure whether damage at a rental property would be classed as accidental or malicious damage, please feel welcome to contact our claims department who are more than happy to assist.

Why Terri Scheer?

Brad Yen, Business Relationship Manager, New South Wales

Since joining the Terri Scheer team in 2008 and being out on the road as a Business Relationship Manager, it has become evident that our policy and service are very much appreciated by both landlords and Property Managers. I am constantly being given positive feedback from agents who praise our service and policy.

Whether it is feedback relating to how simple it is to arrange cover, how painless and efficient the claims process is or how easy and invaluable the risk management tools we provide to Property Managers are, it's always great to hear.

Coupled with the fact that our policy is so broad, providing cover for loss of rent, accidental and malicious damage by tenants, legal liability and even tax audit, it is quite clear that agents are relieved when they know that their landlords have a policy with Terri Scheer because it makes their job so much easier.

Thank you for your business, we really appreciate it. If there's ever anything we can do to help you, please feel welcome to contact our office.

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