



## Comments from Carolyn

I'm sure we are all glad that February is over; what a month of tragedy and despair for so many people.

The Victorian bushfires and Queensland floods prove how fickle and destructive nature can be. One portion of the nation is burning while another part is flooded with the very substance that will put out the fire.

It almost seems wrong to talk about insurance when people have suffered so much loss and yet the truth is that a great deal of the properties lost in the fire or damaged by floods were either uninsured or under-insured. Catastrophic events such as these will bring insurance to the front of mind. It is a good time to look at the insurance you have to ensure it's adequate for your needs or for those not insured to think about the consequences of that. Certainly charities will assist and Australians are extraordinarily generous in times of disaster, however the process of rebuilding a home, a family, an income, a life can be made that much simpler if you have insurance to cover you should the unforeseen occur.

Along with the fires and floods, many Australians lost jobs during February, with thousands more predicted to be lost as more of the impact of the global financial crisis hits Australia. The economy doesn't discriminate between tenants and landlords so I can't suggest strongly enough the importance of considering landlord insurance to protect the income generated by the investment property.

On a more positive note, I am very much looking forward to the LPMA "Shine in 09" forums in March. Terri Scheer is proud to be a major sponsor of the event - if last year's event is anything to go by this year's will be great.

*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 - carolynn@terrischeer.com.au if you need further advice.*

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## Adhere to the Act and you'll be right

Carolyn Davies, Claims Officer

Page 28 of the Landlord Preferred Policy Product Disclosure Statement states:

*"Conditions applicable to Section 1 - Failure to issue Vacate/Breach Notices  
If you or your property manager fail to issue and act on vacate/breach notices as provided for under the Act, then we will not pay you under this Policy for arrears that have accrued up to the time the tenant departs the property. "*

Time after time we find loss of rent claims where, for various reasons, a reduction in the amount being claimed has to be made. The number one reason a loss of rent claim is reduced is when the rent arrears breach and eviction process isn't followed in accordance with the relevant state's (Residential Tenancies) Act. Under the terms of the Landlord Preferred Policy the insurer needs to see that the correct rent arrears breach and eviction process is carried out in a timely manner, and in accordance with the Act. This means issuing the relevant termination or breach notice to a tenant when they become, according to which state it is, more than 14 or 7 days in arrears. If their rent arrears aren't remedied by the expiring of that notice, an application to court should be made requesting vacant possession of the property. Should possession be awarded by the tribunal to the landlord it is important that the Property Manager follows through with the order and the defaulting tenant vacates by the said date. If, the tenant refuses to vacate the property a request for a bailiff/sheriff must be made in order to forcibly remove that defaulting tenant.

The insurer will of course allow for a few days grace in order to execute the above mentioned procedure, and allowances are always made for public holidays and weekends to take place. However, allowances will not be made for loss of rent that accrues when tenants are permitted to stay at a property not paying their rent and when no attempt to minimise the landlord's loss is made in accordance with the Act. The bottom line is, adhere to the Act and you'll be right!

## You can check their past but you can't look into their future...

Carol Peach, Branch Manager, New South Wales

How true! Our Business Relationship Managers have been knocked over in the rush with enquiry from Property Managers for our new marketing material. This campaign has been an enormous success. We understand that as a Property Manager it can be difficult to get the message across to your established Landlords about the importance of insurance and protecting themselves against the inherent risks involved with owning an investment property. In fact, a lot of landlords regard their Property Manager as their insurance policy. We receive many phone calls from Landlords asking us to explain the relevance of our policy and why they would need landlord insurance. We explain that tenants circumstances can change overnight, eg a death, divorce or the big one at the moment, losing a job. The rent can stop - and as we all know, the bond is more often than not, insufficient and this is just one reason landlords should consider insurance.



Many Property Managers have been providing landlords with our marketing flyers in their statements and the message is certainly getting across. Thank you to all who have carried out a mail out and we look forward continued portfolio growth.

Should you require more stocks of our flyers or are yet to receive them, please contact your Business Relationship Manager.

## Striving to achieve excellence??

The annual Leading Property Managers of Australia "Shine in 09" Agency Principals and Property Managers Forums are being held on 20 -21 March 2009 at The Novotel Twin Waters on Queensland's Sunshine Coast. The Leading Property Managers of Australia (LPMA) is an association that was formed to promote, recognise and support likeminded property managers and principals striving to achieve excellence within this important part of the real estate sector.

The "Shine in 09" programs and speaker profiles can be seen in full by visiting [www.lpma.com.au](http://www.lpma.com.au) alternatively contact Dixie Walters (02) 8507 2428 or [dixie@lpma.com.au](mailto:dixie@lpma.com.au) for more information.

## Storm damage

Joanne Zimny, Claims Officer

With the recent storms in Queensland and unseasonal weather conditions suffered by all states over recent months, it is worth considering whether your investment property (both building and contents), are adequately protected from such events.

Storms (as defined by our Policy wording) include violent wind, cyclone or tornado and of course rain, hail and snow. All of these events have the potential to cause significant damage, so it is important to ensure that you have the appropriate insurance in place to protect both your building and contents items. Our Landlord Preferred and Scheer Short Stay policies will provide storm cover to your contents i.e. carpets, curtains, your furniture left for the tenants use, while our Residential Building Insurance Policy will cover the building structure itself – please refer to the Policy Wording(s) for full details on what constitutes ‘building’ and ‘contents’ items and also for the conditions which apply to storm claims.

Should you be unlucky enough to have your property damaged by a storm, there are a few important steps that you should follow to ensure that you don’t prejudice any claim that you may have.

1. Contact our Claims Department as soon as damage is found. They will provide specific advice as to what you need to do next. Depending on the severity of the damage we may then engage an assessor to inspect the property and assist you in co-ordinating repairs and quotes.
2. Take whatever action is necessary to prevent further loss or damage to the property – this could include replacing damaged roof tiles, clearing blocked gutters/drains or placing a tarp on the roof for more major damage.
3. If carpets are wet, you should engage a restoration company to extract any excess water – this needs to be done regardless of whether your claim is accepted or not. If they believe they can dry the carpets successfully, have them proceed – if not, have them provide a written report to you and then obtain replacement quotes.
4. Where the building is damaged, have quotes for repairs arranged (or ask us or our assessor to help) - this should be done only once the cause of water entry has been rectified.
5. Quotes should be sent to us (or our assessor) for approval before you proceed with repairs. If you commence work before we have inspected the damage or before we have approved a quote, then you may prejudice your claim.

When submitting a storm claim the following documents are typically required:

- Completed storm/water damage claim form
- Tradesmen’s report which states what cause of water entry was and what steps have been undertaken to prevent water entry occurring again.
- Invoices for water extraction or drying of damaged items.
- Quotes for replacement items which could not be restored and for building repairs
- Invoices for repairs/replacements on completion of work

Every claim we receive, whether it be for a storm or other insured event, is subtly different, so the above information should be used as a guide only. In the event you need to make a claim it is important to contact our claims team to discuss your loss so that they can provide specific advice for your circumstances.

## Investors and first home buyers come into their prime – rental relief?

Kellie Burton, Branch Manager, Victoria

As interest rates drop and rents increase, investors and first home buyers are in an opportunistic position to secure property, relieving the strain on the rental market.

Over the coming year first home buyers will be confronted with the realisation that the rent they’re paying is not far off the interest repayments they would pay if purchasing the same home.

With the ability to lock in interest rates at 5% for up to 3 years, first home buyers are starting to take advantage of the current market as indicated when December home loan approvals increased by 9%.

Similarly investors are coming to the understanding that with higher rental returns, interest rates are close to being on par leaving them neutrally geared from the outset.

As the gap narrows, investors are in an excellent position to buy and past investors who previously dropped out of the market will see it as an opportunity to re-enter.

How does this help our current rental crisis? It’s simple, first home buyers will leave the rental market whilst at the same time more investors will buy in and subsequently it’s likely that in time we’ll see pressure on vacancy rates ease.

If predictions are right we can expect welcomed relief in the rental market over the coming year if the current cycle continues.

### Western Australia Congratulations!

Congratulations to the winners of the AUSNET Highest performing Property Management team of the year, **Rentwest Solutions** and Property Manager of the year, **Vicki Mallett from Capital Residential**.

Well done on your achievements.

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