

scheer tips



terri scheer

It's nearly tax time

As with many expenses Landlords may incur in relation to an investment property, Landlord and Building Insurance is 100% tax deductible.

With the end of financial year fast approaching, you may wish to remind your landlords about landlord insurance and its tax benefits. Placing cover before June 30 will enable them to claim the cost of their landlord insurance back in the 2008/2009 financial year.

With the current state of the economy and the job losses which are predicted to continue, the annual premium is a small price to pay for peace of mind and to minimise a landlords exposure to financial losses.

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 otherwise you might be at risk of providing advice.

Please contact Belinda Butler belindab@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.

We're on the move!

Terri Scheer Head Office in Adelaide is moving!

We move to our new location on Friday 8 May 2009.

Please note our new mail address for all mail, including payments, remittance advices, claims etc is:

GPO Box 1619, Adelaide SA 5001

Our telephone number is unchanged, 08 8132 3100

Our freecall number also remains the same, 1800 804 016

We've aimed to minimise disruptions, however you may find some slight interruptions to our service on Friday 8 May, please be patient as we get our feet under our new desks - we'll be back to normal on Monday 11 May.



Comments from Carolyn

Who's tired of hearing about the global financial crisis and rising unemployment levels and budget deficits and increased taxes to pay for stimulus packages and tough budgets being handed down? It's been part of every news service for months and hearing it day in and day out is depressing. We know the world economy is in recession, we know Australia is not immune to it, but let's try and find some positives, some opportunities. Because they are there.

The International Monetary Fund predicts Australia's unemployment rate to be 7.8% by 2010 (as reported 23/4/09) but even if it does, that still means over 92% of the population is employed. Official interest rates are lower than they've been in my lifetime and at 3.25% could still go lower.

For those who are employed and who feel secure in their future, the lower interest rates and softened house prices could make property investment a more attractive wealth creation opportunity. If media reports are anything to go by, the nation is in real need of housing and will continue to be for many years. It's certainly not the time to be over-committing financially and we do need to be prudent, but we should also not close ourselves to the opportunities that are present during the current time.

At Terri Scheer, we're quietly optimistic. We can see that landlords are seeing the extra protection that insurance offers, particularly during uncertain times. In anticipation of the business growing, we're refining our processes and increasing the size of our customer service and claims teams to ensure the level of service to you and your landlords only gets better. You'll see and hear more about this in the coming months.

In the meantime, if you've received what's commonly being referred to as your "K Rudd cheque", happy spending!

Carolyn

Proceed with correct rent arrears action – regardless!

Rhianna Willis, Claims Officer

Regardless of a tenant's personal issues, their financial situation or the upcoming expiry of their lease, breach/termination notices for non payment of rent and the eviction action beyond that, must still be carried out and enforced in line with the Tenancy Act guidelines in your state or territory. Typically this can be done after 14 days of rent has accrued but it is as low as 8 days in QLD or ACT. If the tenant then fails to rectify the breach (i.e. pay the rent arrears) in the allocated time, then an application to court for eviction should be made in order to minimise further rent loss accruing.

Section one of the policy wording states:

“If you or your property manager fail to issue and act on vacate/breach notices as provided for under the Act, then the insurer will not pay you under this policy for arrears that have accrued up to the time the tenant departs the property”.

Promises....tenants make these all the time in regards to paying rent or advising when they will be vacating the property (whether the end of lease is expiring or not), but how often do these promises amount to nothing? If you trust the tenant to pay rent or vacate when they say they will, and as a result you don't issue your notices for rent arrears, and they then let you down, this leaves you issuing the notices (as you should have done in the first place), but only after unnecessary rent arrears has accrued which will not be covered by insurance. This will result in your landlord being out of pocket.

This unpleasant scenario can be easily avoided by following correct Tenancy Act procedures in a timely manner irrespective of tenant promises, reasons or excuses. Providing the appropriate steps are followed, then your rent loss claim, whether it be through to the end of the lease, re-let date or policy limit (whichever occurs first) can be considered. A positive claim outcome is a win/win for all concerned and we're sure your landlords will appreciate your efforts for making it happen.

Periodic/Continual Leases

We receive many enquiries from Landlords and Property Managers about periodic or continual leases.

What are Periodic or Continual Leases? And are they covered?

Periodic or continual leases most commonly occur in residential rental properties when a tenants fixed term lease agreement ends and the tenant remains in possession of the property on a week to week or month to month basis. The original terms and conditions of the fixed term lease agreement still apply, however the required notice periods for both Landlords and Tenants differ.

We recognise that the Residential Tenancies Act does not state that a tenant must be in a fixed term agreement, and we know that many tenants automatically slip onto a periodic or continual lease and that is why our Landlord Preferred Policy will continue to provide cover where tenants are in a periodic or continual lease agreement.

When should a Landlord start cover?

Landlords and Property Managers constantly ask us “when is the best time to take out a policy?” Many people seem to think that it is only in the landlord's best interest to take out a policy when there is a tenancy in place as that's when they get value for money.

However, did you know that whilst the property is vacant and whilst the Property Manager is showing potential tenants through that the landlord has an exposure for loss or damage to their contents and of course, liability?

For these reasons, we suggest landlords take out a policy as soon as they have signed an agreement for the property to be managed.

The Terri Scheer Landlord Preferred Policy also provides cover for up to 90 days when the property is vacant. If the property is uninhabited* for a period of more than 90 days, cover for loss of rent, contents or building, do not apply. However if you have contacted us prior and have received written agreement from us then cover may be extended. The extension of cover may include special conditions such as clearing the mailbox and maintaining the grounds and a higher excess may be imposed.

* See Product Disclosure statement for definition.

Place cover online at
www.terrischeer.com.au