

# scheer tips



terri **scheer**

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*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 Belinda Butler [belindab@terrischeer.com.au](mailto:belindab@terrischeer.com.au) if you need further advice.*

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## Why do I need contents insurance?

Nicole Shipway, Business Relationship Manager, New South Wales

We often get asked by Landlords and Property Managers:

- Why does the Landlord Preferred Policy cover contents if the content items are the tenants responsibility? and
- Why do Landlords need contents insurance if the property is unfurnished?

The answer is that the Landlord does not pay for the tenants contents insurance; that is the tenants responsibility. The Landlord does need contents cover for items that the Landlord has left in the property for the tenant to use. Items such as portable household goods & electrical appliances, household furniture, furnishings and light fittings, carpets and rugs, curtains or internal blinds, manchester and linen.

As you know, anything can happen to these

items whilst in a rental property. That's why under the Landlord Preferred Policy we automatically cover these items up to \$60,000 in value for events such as Accidental Loss or Damage (including by tenants), Fire, Earthquake, Malicious damage (including by tenants), Deliberate damage, theft or damage due to theft, glass breakage in freestanding furniture, and storm and rainwater damage.

So remember when questioned about our contents coverage, it's not necessarily just furniture - it's important that soft furnishings, the things that make a home more inviting such as carpet, curtains and light fitting which are classed as contents and can be insured. The cover will benefit the landlord and their items that they were kind enough to leave for the tenants use.

## Comments from Carolyn

2009 is flying by at a rapid pace, it's only two and a half months til Christmas!

Back in January I was encouraging everyone to set themselves goals for the year - how did you go? Have you achieved some of your short-term goals and are on track to achieve your longer term aspirations? Good for you if you have. I've achieved most of mine and have identified what I need to place a greater focus on next year.

I also talked about the cautiousness of consumers as we faced uncertain economic times. No one can deny the global financial crisis has made both business and consumers sit back and have a look at spending priorities. In every downturn there are always opportunities if you've got the vision to see them and the courage to pursue them. Property investors don't appear to have disappeared from the market, many have taken advantage of a slowing market and for those brave enough to take the leap into property investment we wish them good returns.

Pleasingly more landlords seem to be more aware of the need to protect their rental income with a landlord insurance policy - it is easy to check a tenant's rental history, but none of us has a crystal ball which will predict their future, protecting against the unknown is prudent risk management, and, of course, your agency's cashflow is also protected when the landlord has a quality landlord insurance product.

Enjoy the run up to Christmas, it's always a nice time to be busy because you know there's a rest not too far down the track.

*Carolyn*

## Your assistance is appreciated.....

Donna Felce, Claims Officer

Our thanks go to all of the hard working Property Managers who provide the documentation we require in order to process your claims. We acknowledge that it's not always easy to immediately lay your hands on the information we require to support your claim, and we appreciate all your assistance in providing this information at point of lodgement of the claim.

Where you are able to provide all documentation at the outset of the claim, we are able to improve the timing of our service to you and enable a speedier settlement process.

Should you have the need to make a claim for damages where the repair costs looks as though it may exceed \$2,000.00, we may choose to appoint an assessor. To ensure unnecessary delays are not incurred, please call us on 1800 804 016 as soon as possible after discovering the loss or damage. We can discuss the claim and advise you of the urgent documentation that is required to then allow us to make our decision as to if an assessor will be appointed.



## Periodic Lease Agreements

Julie Matthews, Business Relationship Manager, Queensland

There are many types of landlord insurance policies available in the market today. As you probably have already experienced, these policies offer varying degrees of cover and price. Some investors are more motivated by how much it will cost them rather than what they are actually covered for. In some cases, the initial \$50-100 saved by selecting a cheaper product can end up costing the investor thousands.

A common clause found in some policies is the condition that the tenant must remain on a "fixed term" lease agreement. Should a loss occur while the tenant is on a periodic lease, then the claim could be declined based on this clause. While it is in the landlord's best interest to have a fixed lease in place, sometimes this doesn't suit their or their tenants situation; maybe they are selling or looking at moving back into the property? You shouldn't have to let the insurance company dictate and control what is an ever changing market.

Terri Scheer does provide cover when a loss occurs and the tenant is on a periodic lease. Please remember though that in the case of a loss of rent claim, we would only pay for what the tenant was liable for.

Property Managers should strongly encourage their landlords to do comparisons when researching a landlord insurance policy. Remember, this is their responsibility, not yours. Talk about your experiences with different providers and the claims made, but don't make any recommendations on policies.

A happy investor usually continues investing and consequently your portfolio and business will grow.

## Issues facing Property Managers

Tim White, Business Relationship Manager, Victoria

Communicating our new policy benefits has allowed me to be on the road visiting Property Managers and teams which interestingly, the more clients I see, the same issue seems to be occurring...

It has been rumoured that tenants are getting advice in relation to breaking their lease; without having to formally apply for hardship or notify their Property Managers.

Sources say that tenants are being given advice to allow their Property Manager's to serve a breach/termination notice to vacate and to then simply hand in the keys (with the property cleaned) on or prior to the vacate date; thus allowing their bond to cover any loss of rent and be able to break their lease without having put it in writing. In many ways this is a 'nothing to lose' approach by the tenant as they seemingly continue on their path to relocate or travel overseas and still have their history intact (unless of course you lodge them on NTD/TICA etc).

With this 'advice' in mind it makes having Landlord insurance are real 'no brainer'- to have the peace of mind that your landlord is covered, in the above instance. If the landlord was protected with a Terri Scheer Landlord Preferred policy and the tenant abandons their property, the policy will cover up to 6 weeks loss of rent. We also allow you to use the bond for re-letting expenses (such as advertising, rubbish removal etc) and allocate the loss of rent and/or other damages to the insurance.