

# scheer tips



terri **scheer**

## **\*\*URGENT\*\***

**All postal redirections will soon cease. Please update our postal address for all written correspondence to:**

**GPO Box 1619, ADELAIDE SA 5001. Thank you.**



### **Scheer Short Stay is about to be even better**

We are very excited to announce that our popular Scheer Short Stay policy has undergone a summer makeover.

Shortly, we will announce some big changes to the policy that we know you and your Landlords will like.

Not only will landlords receive more cover, the cover will likely suit their needs a little better than the current policy.

Stay tuned to future editions of scheer tips for more information about the new and improved policy.

*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.*

*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.*

### **Comments from Carolyn**

The holiday season seems a dim dark memory as we quickly find ourselves back into the 'busyness' of business.

I enjoy working during January; it's a little quieter than other months of the year and provides an excellent opportunity to reflect on the previous year and set plans for the coming year.

In reflecting on the new business policies we received during 2009, I noticed a trend emerging that showed claims occurring on new business policies often within weeks of the policy being taken out. Compared with claims on policies which were renewed, the rate of claims amongst new business was three times as much.

What this could indicate is that insurance is seen as a reactive means to mitigating a loss, rather than a proactive risk protection measure *in case something happens*.

There is a very real risk of a claim being denied or reduced if the policy is taken out as the loss is occurring or about to occur. Waiting for example until a tenant is a few days behind in their rent is not the best course of action. It doesn't show the insurer that you've worked towards mitigating the loss but are in fact relying on the insurance to cover something that is already happening.

The best time to take out insurance is either at the start of a tenancy in an existing managing agency agreement, or, for new business, at the time of signing the agency agreement with your landlords.

It's a constant education process, working together as your partner in providing service to your clients, we'll continue to spread the message about timely risk prevention. If you're having a landlord seminar, feel free to ask your local Terri Scheer BRM to present - they're happy to provide the advice that you can't.

*Carolyn*

## Communication is King

Tim White, Team Leader, Victoria

Property Management is a business which is built on communication. Whether it is serving the appropriate notice to a tenant, reporting maintenance or urgent repairs to a landlord or even liaising with your office's Business Development Manager about a potential new listing or portfolio handover.

The industry itself is heavily regulated and governed by State and Federal Legislation. Appropriate notices need to be served and the days in which they are served differ from state to state however there is always one common theme - document your actions.

The best advice is to 'cover your backside' or put in writing each and every action you do in regards to a property in the company database/property notes files.

Sometimes Landlords want to avoid conflict or will empathise with their tenants and either do not want you to serve a notice or request you delay the time when it is served to allow for their tenant to "catch up". This "goodwill" by your landlord can impact on their loss should they then need to make a Landlord Preferred Policy claim. If this is the case, we will generally still honour the claim (providing all documentation is supplied and the claim has been accepted), however the claim is likely to be reduced by the amount of days it took to serve the notice.

The benefit of having insurance is to minimise your owners losses, not prolong them. If the example above happens to you then make your clients are aware of the consequences and explain that the notice is to be served when required so that it complies with legislation, thus also minimising their losses. Again, document the conversation you have with your client and you may even like to confirm this in writing to them to avoid any further disputes.

Communication is the key in any business and relationship. If you are upfront, honest and comply with required regulations then you can assist in helping your Landlords make an informed decision in any matter.

## Legal Liability for unit/apartment owners

Dehran Rendall, Business Relationship Manager, Queensland

Do you manage any units which have a body corporate?

Do you have details of your landlords liability insurance?

Could you be managing units/apartments that aren't insured for legal liability inside the unit?

Many unit/apartment owners are under the false assumption that they have full liability cover for inside and outside their unit under the body corporate insurance. This is not the case. The body corporate will usually cover the liability in the common areas, but is not required to cover the liability for a landlord inside the unit itself, nor in the areas that are not common ground.

When you take on a new management and explain the availability of landlord and legal liability insurance to the landlord, do you go further and recommend that the landlord check their current insurance arrangements?

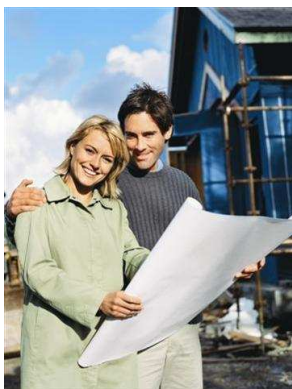
We speak to many agents who have now implemented the strategy of not taking on a new management for a unit unless the landlord can provide details of current landlord and liability insurance arrangements. This is a risk management practice which can help reduce the potential risk your office may be exposed to.

If a tenant or their guest was to injure themselves inside the landlords unit and then proceed to take legal action against the landlord, the landlord will be relying on their legal liability insurance for coverage. If the landlord has no legal liability insurance, they could seek to recover from you as their Managing Agent through your Professional Indemnity insurance.

The Terri Scheer Landlord Preferred Policy and Scheer Short Stay policies include \$20 million legal liability cover.

## Importance of Residential Building Insurance together with the Landlord Preferred Policy

Amber Cauchi, Claims Officer



Often we have queries from homeowners on whether it is worth taking out the Residential Building Insurance as well as the Landlord Preferred Policy. After seeing many claims for catastrophic damage that could never have been foreseen – it seems that the Building insurance policy is worth its weight in gold.

One example is a recent house fire which started in an air conditioner situated on the roof. What seemed initially like a minor fire localised to the air conditioning unit itself, soon spread rapidly into the roofing cavity. This caused damage to the roof tiles, eaves, structural beams, ceilings and even structural walls throughout the property.

Assessors, structural engineers and builders were all appointed promptly to assess the damage and costs incurred. The damage requiring repair included structural damage and cracked internal brickwork (due to the extreme heat) as well as smoke damaged walls, kitchen cabinets and appliances. The costs soon grew, far exceeding initial estimates.

With just under \$200,000 building damage, \$20,000 contents damage and \$10,000 loss of rent, the owners had converted what could have been a major economic loss, into one which was covered entirely by insurance. Peace of mind in such a stressful and emotional time after such a huge loss could be considered as priceless.