



## A note from Terri

I can't believe it's September already, the football season is almost over and before you know it, Christmas decorations will be filling the shops, this year is going so fast!

There has been some confusion about whether or not the class order that allows us to appoint you as a Distributor, also covers you for the payment of renewal premiums for your landlords.

The activity of paying renewal premiums is covered as a clerk and cashier exemption under the legislation. You may recall our process of sending Data Collection Forms to all your landlords in 2004 to get their written instruction to be either invoiced direct or the invoice sent to you for payment.

Obviously our business practices are highly regulated as anything we advise you to do that is contrary to regulations puts our license at risk.

We have always pursued the role of Property Manager advocate and believe we are a strong, reliable partner; supporting you and making life easier.

We recently sent confirmation of this issue to the REIA via our lawyers and you can read this correspondence on our website, just go to the News section and click on Insurance Distributors Information.

If you have any concerns at all about your role as distributor, please call me personally on 1800 804 016.

In closing, I'd like to draw your attention to the second page of this months newsletter, a story I'm sure you're all too familiar with. Please feel welcome to use this story in a newsletter to distribute to your Landlords to hopefully encourage them to check their own policies. I'm sure they'd appreciate the information.

Kind regards,

*Terri*

## Public Liability

Marion Blackham  
Director  
New South Wales

As we continue to become more litigious, landlords are perceived to be a wealthy, soft target. Any person who legitimately or otherwise is determined to pursue a claim will find plenty of legal assistance. Even if the party bringing the claim against the landlord is unsuccessful, the landlord's costs in defending the suit can be extensive and financially devastating.

The legal liability component of insurance protects landlords against any claims that may be brought personally against them as a result of a death or bodily injury to other people, or damage to other people's property whilst on the landlord's property and where the landlord has been found to be legally liable. Landlords with strata title properties and body corporate insurance need additional Legal Liability Insurance to protect their individual liability from claims occurring within their unit.

Damages awarded can be hundreds of thousands or even millions of dollars, as in some cases there are no ceiling limits on injury claims.

### POTENTIAL LIABILITY CLAIMS - WHAT DO AGENTS NEED TO DO?

#### When there is no letter of demand (verbal notification)

Once you receive verbal notification of a potential liability claim you need to do the following;

- At no stage admit any liability on behalf of the landlord or your agency
- Inform them that, if they believe they have a loss or damage that the landlord is responsible for, then they should put it in writing
- Contact us immediately with the following details; insured property address, insured's name, date and description of incident, name and contact details of the 3<sup>rd</sup> party who suffered the loss, name and contact details of any witnesses. This allows us to register a claim on our system and notify our insurer (QBE) with the details.

#### When a Letter of Demand Has Been received

If a letter of demand has been received by your agency, you should forward this on to your Terri Scheer office as soon as possible. A claim notification will be generated and sent to QBE who may follow up the insured (landlord) for further details or appoint an assessor.

If you have any queries or questions regarding Public Liability please feel free to contact us.

## The 3 Steps to Place Cover



Dehran Rendall  
Business Relationship Manager  
Queensland

With the recent relief handed down by ASIC, placing cover has been simplified through the implementation of the "Request for Cover" form and our scheer simplicity business model.

This relief has enabled property managers to act on behalf of their landlords and place cover directly with us when they are appointed a Distributor of Terri Scheer.

In addition to this, under the "Clerks and Cashiers" exception, where a Property Manager is engaging in the work ordinarily done by clerks or cashiers, they are able to make payments for insurance premiums and renewals on behalf of their landlords and not be providing a financial service. Furthermore, we receive authorisation from each Landlord before seeking to collect these premiums from the managing agent.

Many property managers have been taking advantage of this relief of late, and the feedback we have received has been very positive, especially in regard to the simplicity of the process:

- Inform the landlord of the importance of Landlord Insurance and that you can place this cover for them directly with Terri Scheer if instructed to do so.
- Provide the Landlord with a Terri Scheer Financial Services Guide and a Product Disclosure Statement. The Financial Services Guide contains information on your distribution authority and also contains information on cooling off, referral fees, and the dispute resolution system. It's your duty as an appointed Distributor to inform the landlord of these areas when providing them with these documents.
- Fill in a request for cover form and fax it through to your local Terri Scheer office. If the landlord wishes to receive and make payment on their invoices, please note this on the bottom of the request for cover form.

**Terri Scheer Insurance Brokers**  
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## Risk Management begins with the contract fine print

While more residential property investors are recognising the importance of landlord insurance as a risk management tool, many are unaware of the variations between policies and often accept insurance products that are lacking in their breadth of cover.

Terri Scheer recently met Queensland landlord, Mr Mark Peat, who learned this fact the hard way when his bank's landlord insurance policy did not deliver – all because of the fine print in the contract.

Many landlords, like Mark, try to do the right thing by taking out landlord insurance. Following Terri Scheer Insurance Broker's support of Mark in his quest to have his claim paid, Mark spoke with *Scheer Tips* about his experience, hoping his story would help others.

As you read Mark's story, keep in mind that most landlords seek insurance cover for exactly this type of scenario.

Last year, Mark's leasing agent received a Form 13 from his tenant to advise that she would be breaking her 12-month lease agreement after only three months. The tenant was provided with written confirmation that she could break the lease, but was obliged to pay the rent until a replacement tenant was found.

Although the tenant agreed, she never paid the rent – a total of around \$2000. Following receipt of the \$600 bond, Mark was out of pocket to the amount of \$1481.

Mark's leasing agent took the case to the small claims court. Despite an order from the court, the tenant did not pay the outstanding rent. With that, Mark went to his landlord insurance provider with all the relevant paperwork, including the Form 13 and a covering letter.

The bank advised Mark that according to the fine print in this insurance contract, the cover would not be paid because the tenant had provided written notice that she would be vacating the premises.

Although it is widely known that a Form 13 does not release the tenant from their obligation to the lease, the bank's landlord insurance policy would not cover Mark's loss of income.

If the tenant had not given notice, Mark would have received a landlord insurance payment to cover his loss.

It was around this time that Mark met Terri Scheer. In support of Mark, and leveraging her expertise as an advocate for property managers and landlords, Terri assisted Mark with his communications with the Insurance Ombudsmen.

Despite these efforts, the Insurance Ombudsman advised that it could not assist Mark because, as highlighted in the contract, the tenant had given notice to vacate.

All agree the tenant had broken the lease and was required to pay the rent – but the scenario experienced by Mark was not covered in the policy.

In addition to his financial loss, understandably, Mark was left questioning the purpose of the insurance policy he had taken.

Terri Scheer Insurance Brokers prides itself on providing comprehensive insurance cover that protects landlords from the vagaries of rental losses in particular, the unpredictable.

If Mark's insurance cover had been with Terri Scheer Insurance Brokers, his claim would have been paid – and he would have saved himself significant time and angst in the process.

At Terri Scheer Insurance Brokers, we value our clients and look for ways to support their claims. We do not stand behind the fine print to justify non-payment.

Mark is now a client of Terri Scheer Insurance Brokers – and we welcome him.



## Property Managers time in court - Legal Costs

Stephen Blair, Business Development Manager, South Australia

Did you know? When a claim for loss of rent is accepted under our Landlord Preferred Policy and the landlord has incurred a fee from their real estate agent for the property manager who represented them in court for the purpose of obtaining a court order against the tenant, the landlord can claim this expense from our policy.

The benefit is up to \$500 in any one period of insurance when this expense is specifically expressed in the Managing Agent Agreement between the landlord and the Real Estate Agent/Managing Agent.

Please refer to the Product Disclosure Statement for full terms and conditions.