

Comments from Carolyn

One of the things I've noticed since the impact of the global financial crisis hit Australian consumers is that people are suddenly more likely to insure their risks. Insurance is generally seen as grudge purchase, you don't get anything when you pay the premium, the true value of course is realised when you have a claim and you have the security of knowing you won't have to worry about where the money will come from to cover the loss.

Many landlords who previously wouldn't consider insurance are starting to worry about how they'll pay the mortgage on their investment property if their tenant breaks a lease or causes damage. This shift in consumer thinking is good for your business because it will make a property manager's life much simpler if a loss occurs and insurance is in place to cover it.

I had the pleasure of attending the recent LPMA conference on the (rainy) Sunshine Coast. It was great to see so many property managers and principals dedicated to improving their business through personal and professional development. The speakers were all relevant and entertaining whilst always educating. Congratulations to all who won awards but particular mention must go to the team at Raine & Horne Burnside/Norwood who featured in many awards and Prorentals from Queensland who took out the Property Management Agency of the Year Award.

Good luck too to all the finalists in the upcoming REIA Awards for Excellence.

Easter is just around the corner - I hope you all enjoy a relaxing four day break.

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 - carolynm@terrischeer.com.au if you need further advice.

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Managing the risks

Roger McRae, Business Relationship Manager, Queensland

Have you thought about how effectively you manage your landlords risks lately?

Managing risk is a key function of any Property Manager's tasks and often their success is judged by it. When the landlord signs the Management Agreement and hands you the keys to their property, they are effectively handing to you the management of every risk associated with that property.

Risk management starts right from the appraisal process. You should ensure that each piece of information you have provided to a Landlord about managing their risks is documented in the Management Agreement. Does your Management Agreement cover every aspect of the property? Does it list their insurance details? Has the landlord been told of potential risks and how they can be prevented? And has the landlord confirmed that the property is fully compliant with all legislative requirements? All of these things should be considered and discussed prior to the Management Agreement being signed. You need to know exactly what risks you are taking on and the Landlord needs to be aware of how these risks can be minimised.

Other ideas to help reduce risk exposure in relation to insurance include:

- ◆ When you sign the Management Agreement, insist the landlord fill out the insurance area with all relevant details - if they are not insured, ask them if they have considered how they will fund any loss of rent or cover the cost of tenant damage. Let them know you are a Distributor of Terri Scheer Landlord Insurance products and can arrange insurance on their behalf. If they don't or won't have insurance, ask them to sign a disclaimer to say that they don't want it. Terri Scheer can provide you with an appropriate form. Having a copy of this document protects you in the event that the landlord suffers a loss and then seeks to recover from you or your office - assuming of course that you have followed all legislative requirements and your Management Agreement.
- ◆ Regularly inform your un-insured Landlords of the risks associated with owning a rental property and provide them information on how these risks can be protected.
- ◆ Put notes on your newsletters or monthly mailers encouraging Landlords to think about their insurable risks
- ◆ The risk management CD inside your Terri Scheer Property Managers Kit. includes forms and risk management letter templates which you can send to your clients as part of your own office risk management.

You can never beat good risk management procedures. A clear documented easy to follow procedure will ensure not only the success of managing risks, but the success of your Property Management team.

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customerservice@terrischeer.com.au

and one of our Customer Service Associates will attend to your need.



Are you doing all you can?

Hayley Price, Business Relationship Manager, Victoria

We are finding the uncertainty in the world's economy, fear in the media and people in general experiencing much change in their lives that landlord insurance is high on the priority list for investment property owners. Unforeseeable circumstances cannot be predicted as was the case with the recent bushfires in Victoria, Floods in Queensland, job losses occurring and the list goes on.

While many people don't live in fear, many like to be cautious where they can. This is why Landlord Insurance is so important as it is something you know can be relied upon should the unforeseeable occur.

There are three main areas which we consider are pertinent to reduce the risk exposure when leasing a property. These are; to have and maintain the property in good and reasonable condition, to appoint a property manager and take out a comprehensive landlord insurance policy.

Even then things can go "haywire". In the event of circumstances arising and a loss occurring for rent, accidental and malicious damage or even legal liability, by ensuring the three points mentioned above are covered, you can be in an empowered place to move forward effortlessly. This can help avoid an awkward and often emotional situation when things don't go to plan with a tenancy.



More horror stories

Brad Yen, Business Relationship Manager, New South Wales

When visiting Property Managers lately, a common theme is the need for Property Managers to increase their risk management practices. This has become a vital part of property management over recent times due to the impact of the current economic climate on some tenants ability (or otherwise) to meet their rental payments.

Subsequently, over the past two months we have noticed that Property Managers have experienced an increase in the amount of 'horror stories' regarding recent tenants. There appears to be an increase in the number of tenants absconding during fixed term leases without paying their rent, leaving the bond totally exhausted. Damage to rental properties also appears to be increasing, in particular malicious damage.

One story which has stuck in my mind is of an agent returning from annual leave to find that one of his properties had \$40,000 worth of damage. This damage was caused by a disgruntled tenant who had been served with a simple "no grounds" termination notice. The agent had trouble comprehending that this tenant was capable of such an act as they had been a model tenant prior to the notice being served. Worse still is that the landlord was uncertain as to what he was covered for under his landlord policy.

With these horror stories on the increase, Property Managers need to be even more vigilant in regards to selecting tenants, serving notices, doing inspections and always ensuring that you remind your Landlords of the availability of landlord insurance.

Cancelling Cover

What do you do about landlord insurance when you no longer have management of a property? Perhaps the landlord sells the property or moves in?

As an appointed distributor of Terri Scheer Insurance, Property Managers are able to arrange for the cancellation of the landlord insurance. It is as simple as providing the details of the property and the date the property was sold or the management ceased.

We provide a No Longer Manager form on the CD in your Property Managers kit. Simply complete the details and fax / email the form to us and the task is complete.

Your landlord will be happy when they receive any refund of unused premium and will remember how thorough you were in the management of their property.

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