



## Risk Management

Risk management can be described as the variety of activities undertaken by an organization to control and minimise threats to the continuing efficiency, profitability, and success of its operations. The process of risk management includes the identification and analysis of risks to which the organization is exposed, the assessment of potential impacts on the business, and deciding what action can be taken to eliminate or reduce risk and deal with the impact of events which cause loss or damage. Risk management strategies include making a strategic decision to avoid a risk, i.e. not taking on a client who has a poor attitude towards maintenance, controlling or managing the risk, financing the risk or transferring it.

Risk management is a sign of good management. With the right measures in place, Property Managers are likely to enjoy a successful and viable business.

It begins with a proactive attitude towards risk identification, continues with analysing the likelihood and impact of the risk to the organisation and is strengthened by ongoing monitoring and reviewing of processes. It encompasses every possible method that can be utilised to avoid or minimise the adverse consequences of claims, either material or financial.

When you undertake professional and timely procedures and something still goes wrong, insurance can be a great way to manage risk – of course the insurance needs to be in place BEFORE the event occurs! The best time to alert your clients to the availability of insurance to protect their and your agency income is at the time you are signing the managing agency agreement. That way the insurance can be in place from the moment you first advertise and open the property for inspection, which, is when landlords exposure to risk begins. Insurance should be tailored specifically to the needs of landlords with residential rental investment properties (not owner occupiers). At minimum, the policy should include loss of rent, malicious and accidental damage by tenants, landlord's contents and public liability.



### Comments from Carolyn

Happy New Year everyone,

I hope you all enjoyed a relaxing break with family and friends. It's always nice to wind down after a busy year and recharge the batteries before it all starts again.

January 2010 - time to get back into the swing of things. This issue of *scheer tips* provides some timely reminders about the benefits of risk management along with a suggestion to invite your Terri Scheer Business Relationship Manager to talk to your clients when you hold an investor night. It's a great opportunity for you to demonstrate your commitment to providing a comprehensive management service without the fear of being asked an insurance question you're not qualified to answer - we'll happily answer any question thrown at us!

As often happens over the Christmas period, claim numbers tend to increase as other expenses seem to take priority over rental payments, or parties take their toll on the landlord's property. Rest assured that our Claims team will be doing their very best to ensure your claims are processed and paid promptly.

The new year is also a good time to remind those uninsured landlords of the availability of landlord insurance. Our new DL sized post cards are simple to slip in with your end of month statement and could be just the thing to alert the landlords to the risk they face. There's a sneak peek on the next page.

I look forward to meeting with as many of you as I can over the next year - I'd love to get your feedback on your experience with Terri Scheer, if you care to share, email me at [carolynm@terrischeer.com.au](mailto:carolynm@terrischeer.com.au)

*Carolyn*

## The importance of carrying out inspections when taking over management

Rhianna Willis, Claims Officer

A landlord recently placed a Landlord Preferred Policy with Terri Scheer Insurance. They did so as they signed up with a new managing agent who encouraged the benefits of holding some sort of landlord insurance to protect their investment property.

Upon signing the new management agreement, the landlord's new Property Manager carried out a property inspection immediately. This allowed the Property Manager to become aware of the current condition of the property and identify if there were any issues that required action.

Only two months later, the tenant began to fall behind in their rent and the Property Manager was forced to issue the relevant breach notices. After the tenant then failed to rectify the breach, the Property Manager took prompt action to obtain possession of the property. Upon entering the rental house severe damages throughout the property were discovered. The Property Manager contacted Terri Scheer immediately and the claims department appointed a loss adjuster to assess the claim. The total claim amounted to approximately \$5,000.00 for malicious damage plus \$3,500.00 in rent loss during the claimable repairs. Thank goodness the landlord had insurance!

Thankfully too that their Property Manager carried out an inspection as soon as they took over management of the property which provided evidence to the insurer that the damage did in fact occur during the period of insurance. If a property inspection had not been carried out when the new agent took over management, there would have been no evidence to show whether the damages had actually occurred before or after the insurance policy commenced.

**Place cover online**  
[www.terrischeer.com.au](http://www.terrischeer.com.au)

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.

Disclaimer: this publication is intended for general information only. Terri Scheer Insurance accepts no liability for any actions taken by any persons acting on any information contained within this document. Advice contained within this document is general advice only and has not taken into consideration anyone's personal financial needs or objectives. Any person considering a Terri Scheer Policy should first consider the Financial Services Guide and Product Disclosure Statement prior to making the purchase decision.

## Try something new this year: Landlord/Investor Nights

Our Business Relationship Managers (BRM) around the country were busy late last year attending investor nights conducted by numerous Real Estate Agents. These have proven to be a great benefit to the Agency as it demonstrates their commitment to professionally manage property at a superior level to their competitors as well as assisting with educating their clients.

As we know, your established landlords often do not understand the necessity to insure – "why would I? – I have a property manager to handle any situation and to choose the perfect tenant!" We hear this frequently, and understand the Property Managers dilemma in trying to impress upon their landlords the importance of insuring. At investor nights our BRM's can speak directly to your clients, explaining the events we insure and describing some of the huge claims we have paid out for circumstances beyond their control.

It doesn't need to be a huge nor expensive event, some drinks and nibbles together with some quality presenters is generally all that is required and is very much appreciated by the clients who attend.

If you would like to arrange for one of our Business Relationship Managers to attend a meet and greet with your landlords, an investors night, or to meet with your Property Management or Sales Team please contact us.



## New DL marketing forms available now

We have created a new DL marketing form that can be mailed to all of your clients that don't currently have a Terri Scheer policy.

A quick glimpse of it is below. It is designed to bring to the attention of landlords that if they insure their car, which is often of far less monetary value than a house and mortgage, why wouldn't they insure their rental property??



If you'd like to remind your landlords of the importance of having landlord insurance by distributing these flyers, please contact our office or your Business Relationship Manager for supplies.