

Landlord Preferred Policy – Self Managed

Premiums, Excesses, Discounts & Claims
Payments Guide



terri **scheer**

Your guide to Premiums, Excesses, Discounts & Claims Payments

The purpose of this guide is to provide further detail about the amount you pay for this insurance and the excesses that may apply if you make a claim. It also includes information about how we calculate and pay claims under your policy.

This Guide forms part of our Landlord Preferred Policy – Self Managed, Product Disclosure Statement and Policy Wording (**PDS**), **TS00067 01/07/13 A** and any Supplementary Product Disclosure Statement (**SPDS**) we have sent you.

This Guide applies to new policies which commence on or after 1st July 2013. It also applies to renewal policies with an effective date on or after 1st September 2013.

About your premium

The premium we charge for this insurance Policy consists of an amount that we calculate to cover the risk plus Goods and Services Tax (GST) and any relevant government charges (such as stamp duty and fire services levy).

When we calculate your premium there are a number of factors we take into account, we call these premium factors. Some of the key factors that affect your premium are the type of covers and optional covers you choose and any discounts you are eligible for, together with any government charges.

Each year when we calculate your premium we may take into account some or all of the premium factors. The importance we place on the factors we use can change from year to year.

The following is a guide to the most significant premium factors we use together with what impact they will generally have on your premium.

Premium factor	Likely premium impact
Address and locality of the property	Areas of low risk for insured events attract lower premiums than areas of high risk for insured events.
Weekly rent amount	Properties which have a lower weekly rent will attract a lower premium than a property with a higher weekly rent.
Contents sum insured	Having a higher sum insured will attract a higher premium than a lower sum insured.
Property use	Holiday let properties attract a higher premium than properties which are tenanted on a permanent basis.
Type of security	Properties with security features such as CCTV and electronic access controls i.e. keypads/swipe card, attract a lower premium.
Furnished	Properties which are fully furnished attract a higher premium than those which are not fully furnished.
Any optional increase in the excess for Malicious damage, Accidental damage and Deliberate damage	If you choose a higher excess for Malicious damage, Accidental damage and Deliberate damage claims this will attract a lower premium.

Each time you renew your insurance, your premium may change even if your personal circumstances have not changed. This is because in addition to the premium factors we use, premiums are also affected by other factors including:

- ▶ The cost and frequency of claims we have paid to other customers and claims we expect to pay in the future,
- ▶ New and updated data we use to calculate your premium,
- ▶ Changes in our approach to calculating your premium,
- ▶ Automatic adjustments to the weekly rent sum insured,
- ▶ Our expenses of doing business and other commercial factors,
- ▶ Changes in government taxes or charges.

Premium discounts

In addition to the premium factors, the discounts you qualify for are also a significant factor affecting your premium. The following discounts are available to eligible applicants.

Online Discount

To be eligible for the online discount you must apply and pay for a new Landlord Preferred Policy– Self Managed via the Terri Scheer website -www.terrischeer.com.au . If you meet this criteria then you will be entitled to a discount on the premium payable for that policy.

Multiple Property discount (MPD)

To be eligible for a multiple property discount, the policyholder must have a minimum of 3 of the following current policies:

- ▶ Landlord Preferred Policy– Self Managed, or
- ▶ Landlord Preferred Policy, or
- ▶ Scheer Short Stay Policy.

If you take out a new policy which means you qualify for a MPD, you get the discount on that new policy immediately. Your other existing policies the discount applies to will receive the discount from their renewal date provided you still qualify.

Government taxes & charges

Government charges are applied as the final step in the premium calculation. Home and contents policies are subject to:

- ▶ stamp duty imposed by State and Territory Governments,
- ▶ 10% GST, and
- ▶ Fire Services Levy (FSL) if applicable.

The amount of any government charges that have been applied to your policy are shown on your Policy Schedule.

Excesses

An excess is an amount payable by you when you make a claim under your insurance policy. We will either deduct any excess from your loss or ask you to pay it to a repairer or supplier. The amount and types of any excess are shown on your Policy Schedule. The excesses which may apply to claims under this Policy are:

Claim Type	Excess
Loss of rent	This excess will apply for claims for all causes of loss of rent as described in Section 1 of this policy. The excess will be an amount equivalent to 1 week <i>rent</i> of the insured property and will be applied per claim*
Malicious, Accidental, Deliberate damage and scorching	This excess can be selected by you. The amounts <i>you</i> can choose are either \$250* or \$500*. The amount <i>you</i> select will be shown on <i>your Policy Schedule</i> . Note: <ul style="list-style-type: none"> • For Malicious damage discovered at the end of a tenancy only one excess will be applied. • For Accidental damage, the excess applies per event and is capped at 2 per claim. • For Deliberate damage and scorching the excess applies per claim.
Earthquake	\$200. This excess applies for claims directly or indirectly caused by earthquake. All loss, destruction or damage occurring within a period of 48 hours of an earthquake is regarded as the one event.
Replacement of Locks, Bailiff/Sherriff fees, Removal of Goods, Liability and Tax Audit	Nil.
Other Claims	\$100* This excess applies for any other claim type not listed above.

* In certain unusual circumstances we may impose a higher excess than the amounts listed above. We may impose a higher excess where:

- We assess *you* to be a greater than usual risk based on your claims history or other risk factors; or
- *Your property* is vacant for a period of 90 days or more.

If *you* are required to pay a higher excess:

- *You* will not be able to select *your own excess*; and
- The amount will be shown on *your Policy Schedule*.

Claim Payment Examples

The examples on the following pages illustrate how a claim payment is calculated and designed to assist you in understanding some of the important benefits in the policy. The examples do not cover all scenarios or all benefits and do not form part of your policy terms and conditions. They should be used as a guide only, as all claim payments will depend on the facts in each case. You should consider all examples as each one explains different benefits and scenarios.

Please note our examples assume that you are not registered for GST.

Example 1: Loss of rent – absconding tenant and removal of goods

You have the Landlord Preferred Policy- Self Managed. Your tenant abandons the property midway during their lease agreement without taking their 'possessions' and owes 4 weeks rent up until the day they vacated. An additional 4 weeks rent is lost until the date that the property is re-let. The rent is \$250 a week and the bond of \$800 has been exhausted on general expenses the tenant is liable for such as cleaning, gardening and rubbish removal.

The cost to remove the tenant's 'possessions' and store them in accordance with the Residential Tenancy Act guidelines is \$700.

Rent claimable	\$2,000	Under Section 1 – Loss of rent, you are covered for rent that a tenant is liable for when they break their lease. In this case 8 weeks at \$250 per week is owed.
Less excess	- \$250	Under the terms of Section 1, an excess equivalent to one week rent is required to be applied to a rent claim of any type. In this case one week rent is \$250, therefore we deduct an excess of \$250.
Rent loss incurred by landlord	\$1,750	The amount the tenant owes after applying the loss of rent excess is \$1,750.
Sub Total (1)	\$1,500	We then apply the 6 week policy limit for an absconding tenant i.e. 6 weeks at \$250 per week = \$1,500.
Removal of goods	\$700	Under Section 1- Loss of rent, you are covered up to \$500 per claim for costs associated with the removal & storage of goods that a tenant leaves at the property after they have vacated. In this instance the cost to remove and store the goods was \$700.
Sub Total (2)	\$500	We then apply the policy limit of \$500.
Total Claim	\$2,000	Loss of rent \$1,500 plus \$500 for removal/storage of goods makes total claim \$2,000.

Example 2: Loss of rent - default by court order plus bailiff/sheriff fees.

You have the Landlord Preferred Policy – Self Managed. Your tenant is on a fixed lease and is evicted by court order due to non-payment of rent (defaulting tenant). The tenant owes 7 weeks rent in arrears and it takes a further 7 weeks to re-let the property. The weekly rent is \$300, therefore the loss of rent incurred is 14 weeks x \$300/week = \$4200. The bond is \$1200 and non-claimable re-letting expenses are \$800.

A further \$350 was incurred for the bailiff/sheriff to evict the tenant.

Rent loss	\$4,200	Under Section 1 – Loss of rent, you are covered for rent that a tenant is liable for if they are evicted due to non-payment of rent. Coverage is calculated from the tenant's 'paid to' date until the earlier of the date the property is re-let, the date the tenant's lease expires or the date the policy limit is reached. In this case a total of 14 weeks rent loss was incurred, which at \$300 per week = \$4200.
Less bond credit	- \$0	Under the terms of Section 1, you are not required to apply any available bond money to a loss of rent claim. Therefore the bond credit of \$400 (\$1200 bond less \$800 re-letting expenses) is not deducted from the claim
Less rent excess	-\$300	Under the terms of Section 1, an excess equivalent to one week rent is required is be applied to a rent claim of any type. In this case one week rent is \$300, therefore we deduct an excess of \$300.
Rent loss	\$3,900	The amount of rent loss incurred after applying the rent excess.
Sub Total (1)	\$3,000	We then apply the 10 week policy limit which applies to defaulting tenant (court order) rent loss claims.
Plus Bailiff/Sherriff fees	\$300	Section 1 of the policy provides up to \$300 per claim for costs you incur associated with a bailiff/ Sherriff evicting your tenant. In this case these costs were \$350, so we pay the limit of \$300 only.
Total Claim	\$3,300	Loss of rent \$3,000 plus bailiff/Sherriff fee of \$300, makes total claim \$3,300.

Example 3: Accidental damage – contents

You have the Landlord Preferred Policy – Self Managed. After your tenant vacates, you complete a final inspection and find there are numerous stains on the carpet caused by numerous events over the course of the tenancy. There are 5 carpeted areas in the property and we agree that 4 of them have sustained accidental damage by the tenant. The tenant owes no rent and you have established their bond money has already been spent on other non-claim expenses – therefore there is no bond money to apply to the carpet claim. The quote you provide is for \$2,340 to replace all 5 areas of carpet and is itemised as follows:-

- ▶ Lounge - \$800
- ▶ Bedroom 1 - \$500
- ▶ Bedroom 2 - \$500
- ▶ Bedroom 3 - \$240
- ▶ Bedroom 4 - \$300 (undamaged)

For the purpose of this example the property is located in NSW and we will assume that the accidental damage excess is \$250.

Lounge carpet	\$550	Section 2 of the policy provides accidental damage cover to your contents subject to an excess per event. Under the terms of the policy, where the carpet is damaged by more than one event we will treat the damage to the carpet of one room as 'one event'. In this example the accidental damage was caused by numerous events and so we will apply an excess for the carpet of each room. We have accepted that the lounge carpet damage was accidental and that the quote of \$800 is reasonable. We apply the excess of \$250 and would pay \$550.
Plus Bedroom 1 carpet	\$250	Section 2 of the policy provides accidental damage cover to your contents subject to an excess per event. We have accepted the Bedroom 1 carpet damage was accidental and that the quote of \$500 is reasonable. We apply the excess of \$250 and would pay \$250.
Plus Bedroom 2 carpet	\$500	Section 2 of the policy provides accidental damage cover to your contents subject to an excess per event. We have accepted the Bedroom 2 carpet damage was accidental and that the quote of \$500 is reasonable. Because the policy caps the number of accidental damage excesses to 2 per claim, we will pay for this room of carpet without applying a further excess.
Plus Bedroom 3 carpet	\$0	Section 2 of the policy provides accidental damage cover to your contents subject to an excess per event. We have accepted the Bedroom 3 carpet damage was accidental and that the quote of \$240 is reasonable. Because the quote falls below the policy excess of \$250, we are unable to include this room of carpet in the claim. It's important to note that the capping of accidental damage excesses only applies to events whose cost exceeds the applicable accidental damage excess.
Plus Bedroom 4 carpet	\$0	The conditions relating to carpet replacement in Section 2, state that we will only pay for the materials in the room or functional area where loss or damage occurs. Therefore we would not pay to replace the undamaged carpet in this room.
Total Claim	\$1300	

Example 4: Malicious and deliberate damage

You have the Landlord Preferred Policy – Self Managed. You have evicted a tenant by court order due to non-payment of rent. The tenant vacates owing 6 weeks rent and has damaged the property to the extent that it is untenable. A Claims assessor appointed by us has inspected the damage and reports that the property has sustained the following tenant damage:

- ▶ 4 doors have been kicked in - \$1200 to repair,
- ▶ 6 walls had punch holes - \$900 to repair,
- ▶ the glass in 2 windows have been smashed - \$500 to replace,
- ▶ 3 walls had numerous picture hooks installed without the landlord's permission - \$800 to patch and paint, and
- ▶ cleaning and rubbish removal - \$1500.

The weekly rent was \$300 and a bond of \$1200 is held. The repairs take 3 weeks to complete and a new tenant moves in 3 weeks after that. For the purpose of this example the property is located in Victoria and we will assume the excess for both malicious and deliberate damage is \$250.

Malicious damage	\$2600	Section 3 'Building' provides malicious damage cover to your building if caused by the tenant. We agree that the doors, windows and punched walls are malicious damage and therefore the total repair cost is \$1,200 plus \$900 plus \$500 which equals \$2,600.
Less excess	\$250	The excess for malicious damage is applied per claim, so costs for all malicious damage events submitted as one claim have one excess.
Subtotal (1)	\$2350	Amount payable after the excess has been applied.
Plus Deliberate damage	\$800	Section 3 'Building' also provides cover for deliberate damage where there was no malice or spite involved. The tenant has installed picture hooks without permission and whilst this act was not motivated by malice or spite, it was still a deliberate act which the tenant knew would damage the wall.
Less excess	\$250	The excess for deliberate damage is applied per claim giving a total of \$550.
Apply policy limit	\$500	We then apply the \$500 policy limit for deliberate damage.
Subtotal (2)	\$2850	Sub-total (1) \$2,350 plus deliberate damage \$500
Plus Loss of rent (arrears)	\$1800	6 weeks rent in arrears at \$300 per week. Section 1 of the policy provides rent cover for up to 10 weeks where a defaulting tenant is evicted by court order.
Plus Loss of rent un-tenantable	\$1500	If your property becomes un-tenantable due to an insured event such as malicious damage, we will pay your loss of rent until the property becomes tenantable and up to 2 weeks loss of rent whilst a new tenant is obtained. Repairs took 3 weeks (\$900) and we can cover 2 of the 3 weeks it took to re-let the property (\$600). Therefore the total payable is \$1,500.
Subtotal (3)	\$6150	Sub-total (2) \$2,850 plus loss of rent in arrears \$1,800, plus loss of rent whilst un-tenantable \$1,500.
Less bond credit	-\$0	Bond held is \$1,200 less cleaning/rubbish removal costs \$1,500 = nil.
Total Claim	\$6150	