

# Landlord Residential Building Policy

Your guide to Premiums, Excesses,  
Discounts & Claims Payments.



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 is part of the Terri Scheer Insurance Residential Building Policy Product Disclosure Statement (**PDS**). Vero Insurance Limited ABN 48 005 297 807 AFSL No. 230859 (Vero) is the insurer and issuer of this PDS and policy.

This guide is relevant to you if your new policy has a commencement date on or after 21<sup>st</sup> November 2011 or a renewal effective date on or after 1<sup>st</sup> February 2012.

## 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 sum insured	Properties which have a lower weekly rent will attract a lower premium than a property with a higher weekly rent.
Building sum insured	Having a higher sum insured will attract a higher premium than a lower sum insured.
Year built	Newer homes may attract lower premiums than older homes.
Use of property	Holiday let properties attract a higher premium than properties which are tenanted on a permanent basis.
Excess selected	If you select a higher basic excess then your premium will be lower. If you select a lower basic excess, then your premium will be higher.

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 sum insured,
- ▶ our expenses of doing business,
- ▶ changes in government taxes or charges,
- ▶ other commercial factors.

## 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 Residential Building Insurance Policy via the Terri Scheer website -[www.terrischeer.com.au](http://www.terrischeer.com.au) . If you meet this criteria then you will be entitled to a 5% discount on the premium payable for that policy.

### Combined Policy Discount (CPD)

To be eligible for a combined policy discount you must have the Landlord Residential Building Insurance Policy with us along with one of the following other policies on the same property:

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

Both policies must be current.

If you meet this criteria, then you will be entitled to a 10% discount on the premium payable for the Landlord Residential Building Insurance Policy.

# 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.

## How we calculate the amount you pay for this insurance policy

### Premium Calculation

<b>Step 1</b>	First, we calculate an amount to cover the risk, which is dependent on the premium factors.
<b>Step 2</b>	To the amount in step 1, we add applicable government charges.
<b>Step 3</b>	Once this amount is calculated we calculate any discount that you are eligible for, and apply it to the amount from step 2.

The amount payable for this insurance is shown in your Policy Schedule.

# Your excess

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:

Excess Type	Claim Type	Excess
<b>Basic Excess</b>	<b>Malicious damage &amp; accidental loss or damage</b>	<p>This excess can be selected by you.</p> <p>The standard excess is \$250 but if you select the higher excess the amount will be \$500 and this will be shown on <i>your Policy Schedule</i>.</p> <p>Note:</p> <ul style="list-style-type: none"> <li>• For Malicious damage discovered at the end of a tenancy only one excess will be applied.</li> <li>• For Accidental damage, the excess applies per event and is capped at 2 per claim.</li> </ul>
	<b>Earthquake</b>	<p>This excess can be selected by you.</p> <p>The standard excess is \$250 but if you select the higher excess the amount will be \$500 and this will be shown on <i>your Policy Schedule</i>.</p> <p>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.</p>
	<b>Loss of rent, Liability to others or any 'Additional benefits' listed in Section 1</b>	Nil.
	<b>Other Claims</b>	<p>This excess can be selected by you.</p> <p>The standard excess is \$250 but if you select the higher excess the amount will be \$500 and this will be shown on <i>your Policy Schedule</i>.</p> <p>This excess applies for any other claim type not listed above.</p>
<b>Underwriting Excess</b>	<b>All claims</b>	<p>A higher excess may be imposed based on an assessment of the risk, the overall claims history or if the risk of claim is higher than usual. If you are required to pay an Underwriting Excess the amount will be shown on <i>your Policy Schedule</i> and will be payable instead of the Basic excess shown in this table.</p>
<b>Uninhabited Property excess</b>	<b>All claims, except Representation Costs, Legal Expenses/ Liability and Tax Audit</b>	<p>\$750. This excess applies when <i>your property</i> is vacant for a period of 90 days or more and where we have agreed to provide cover. This excess will be applied to all claims until the <i>property</i> is re-tenanted and is payable instead of any Basic or Underwriting excess that might apply.</p>

# Claim payments

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: Malicious damage by tenant

You have the Landlord Residential Building Insurance Policy and your tenant vacates at the end of their lease owing no rent, but has caused significant damage to the property. 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 - \$1,200 to repair,
- ▶ 6 walls had punch holes - \$900 to repair,
- ▶ the glass in 2 windows have been smashed - \$500 to replace,
- ▶ general re-letting expenses i.e. cleaning, rubbish costs - \$1000.

The weekly rent was \$300 and a bond of \$1,200 is held. For the purpose of this example we assume the property is located in Victoria and the excess for malicious damage is \$250.

Malicious damage	<b>\$2,600</b>	Section 1 '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	<b>\$250</b>	The excess for malicious damage is applied per claim, so costs for all malicious damage events submitted as one claim have one excess.
<b>Subtotal</b>	<b>\$2,350</b>	Amount payable after the excess has been applied.
Less bond credit	<b>-\$200</b>	The policy requires that tenant damage claims be reduced by any available bond money after re-letting expenses and loss of rent have been paid.  Bond held is \$1,200 less loss of rent owed \$0.00, less cleaning/rubbish removal costs \$1,000, leaves \$200 credit remaining from the bond.
<b>Total Claim</b>	<b>\$2150</b>	

## Example 2: Fire damage plus loss of rent (permanent tenancy)

You have the Landlord Residential Building Insurance Policy with a building sum insured of \$150,000. An accidental electrical fire results in major damage to the building which also leaves the property in an untenable condition. We send a claims assessor to inspect the damage and they report the following:

- ▶ The fire was caused by faulty wiring in the wall.
- ▶ There is substantial fire and smoke damage to 2 bedrooms, the hallway and the living area.
- ▶ Our claims assessor sourced 2 quotes to repair the damage caused by the fire with the most economical quote being \$75,000.
- ▶ It is estimated that it will take 14 weeks to complete repairs and to return the property to a tenable condition.
- ▶ There was a permanent tenancy in place at the time of the fire and their weekly rent was \$300.

For the purpose of this example we assume the property is located in South Australia and the excess for fire damage is \$100.

Fire damage	\$75,000	Section 1 'Building' provides cover for loss or damage caused by the insured event of 'fire or explosion'. We agree the damage was caused by the insured event of fire and that the quote provided in the amount of \$75,000 is reasonable (and less than the building sum insured of \$150,000). Under Section 1 'repairing and replacing your building' we elect to repair the property to a condition substantially the same as, but not better than when new.
Less excess	\$100	The excess for fire damage is \$100 and we ask you to pay it to the builder in this example.
<b>Subtotal</b>	<b>\$74,900</b>	On satisfactory completion of repairs, the builder then invoices the balance of the quote to us and we pay direct to them \$74,900.
Loss of rent	\$4200	Section 2 'Loss of rent' provides cover for lost rental income when your property becomes untenable due to the insured event of fire. The weekly rent is \$300 and the property was untenable for a period of 14 weeks. We therefore pay you 14 x \$300 per week = \$4200.
<b>Total claim</b>	<b>\$79,100</b>	

### Example 3: Water damage plus leak location costs

You have the Landlord Residential Building Insurance Policy. The tenant contacts you to advise that 5 tiles have fallen off the wall in the shower recess. You contact us and we then send out a claims assessor to inspect the damage.

They report to us that:

- ▶ they engaged a plumber to inspect the pipes. The plumber had to cut a hole in a wall in the adjacent bedroom in order to locate where the leak was coming from – this incurred a cost of \$250.00. The plumber found that a pipe in the shower wall had burst.
- ▶ there is a need to replace the section of wall in the shower which had become wet and then retile it. The quote obtained was \$1500.00.
- ▶ there is a also need to repair the wall in the bedroom which was made by the plumber in their efforts to locate the leak. The quote obtained for this repair was \$400.00.
- ▶ the cost to fix the burst pipe was \$150.00

For the purpose of this example we assume the property is located in Victoria and the excess for water damage is \$100.

Water damage	<b>\$1500</b>	Section 1 'Building' provides cover for loss or damage caused by the insured event of 'water damage'. We agree the damage to the tiles was caused by water accidentally escaping from the burst pipe and that the quote provided in the amount of \$1500 to repair the wall and replace the damaged tiles is reasonable.
Less excess	<b>\$100</b>	The excess for water damage is \$100
<b>Subtotal</b>	<b>\$1400</b>	The amount we pay you for water damage after deducting the policy excess.
Leak location costs	<b>\$650</b>	An additional benefit in Section 1 of this policy provides cover for the cost to locate the source of the leak if we have first agreed to pay a claim for water damage. In this instance we have accepted a claim for water damage and therefore will also pay : <ul style="list-style-type: none"> <li>• \$250 for the plumber to locate the leak ,plus</li> <li>• \$400 to repair the wall which was damaged as a result of the plumber trying to locate the leak.</li> </ul>
Repair of pipe	<b>\$0</b>	The \$150 cost to rectify the source of the leak is not covered by this policy. This would be deemed a maintenance issue which you would need to pay.
<b>Total Claim</b>	<b>\$2050</b>	The total amount we pay you for water damage plus the cost to locate the source of the leak.