

Scheer Short Stay 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, excesses that may apply if you make a claim and some worked examples of how we may pay claims.

This Guide forms part of our Scheer Short Stay Policy - Product Disclosure Statement and Policy Wording (**PDS**), **TS00016 01/07/13 A** and any Supplementary Product Disclosure Statement (**SPDS**) we have sent you.

AAI Limited ABN 48 005 297 807, AFS Licence No. 230859 trading as Vero Insurance, is the insurer and is the issuer of the PDS and policy and this Guide.

This Guide applies to policies which commence on or after 1st July 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).

We consider a number of factors in calculating your premium. The key factors that affect your premium are:-

- ▶ The State/Territory in which the property is located.
- ▶ Optional covers selected. For example, if you elect to increase the contents sum insured to more than the standard \$60,000 included in the premium, then your premium will increase.
- ▶ Your premium will also vary depending on the effective date of your policy.

New Policies

State	Policy Effective Date		
	1/7/13 to 31/7/13	01/08/2013 to 31/8/13	1/9/13 onwards
NSW	\$410	\$410	\$410
VIC	\$309	\$309	\$309
QLD	\$335	\$340	\$340
SA	\$307	\$307	\$307
WA	\$316	\$316	\$316
TAS	\$299	\$299	\$299
NT	\$346	\$346	\$346
ACT	\$357	\$357	\$357

Renewal Policies

State	Policy Effective Date		
	1/7/13 to 31/7/13	01/08/2013 to 31/8/13	1/9/13 onwards
NSW	\$390	\$390	\$410
VIC	\$299	\$299	\$309
QLD	\$315	\$320	\$340
SA	\$295	\$295	\$307
WA	\$300	\$300	\$316
TAS	\$270	\$270	\$299
NT	\$320	\$320	\$346
ACT	\$327	\$327	\$357

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

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.

Policy options

An additional premium as described below will be charged if any of the following policy options are selected.

Policy option	Sum Insured	Additional Premium
Contents sum insured	\$60,000	Nil
	\$70,000	\$100 + relevant Government charges
	\$80,000	\$200 + relevant Government charges
	\$90,000	\$300 + relevant Government charges
	\$100,000	\$400 + relevant Government charges
Policy option	Weekly rent range	Additional Premium
Weekly rent sum insured For permanent tenancies only. No increased limits for holiday let properties.	Up to \$1000	Nil
	\$1001 - \$1250	\$100 + relevant Government charges
	\$1251 - \$1500	\$200 + relevant Government charges
	\$1501 - \$1750	\$300 + relevant Government charges
	\$1751 - \$2000	\$400 + relevant Government charges
	\$2001 - \$2500	\$450 + relevant Government charges
	\$2501 - \$3000	\$500 + relevant Government charges

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

Step 1	First, we calculate an amount to cover the risk, which is dependant on the state in which your insured property is located.
Step 2	To the amount in step 1, we add applicable government charges.
Step 3	Once this amount is calculated we calculate any discount that you are eligible for, and apply it to the amount from step 2.

Increase contents sum insured – optional cover

Premium calculation (if selected)

Step 4	Based on the sum insured you select, we will calculate any additional premium. We will add this amount to step 1 and then recalculate the applicable government charges in step 2.
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Increase weekly rent sum insured – optional cover

Premium calculation (if selected)

Step 5	Based on the weekly rent range you select, we will calculate any additional premium. We will add this amount to step 1 and then recalculate the applicable government charges in step 2.
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The amount payable for this insurance is shown in 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 of any excess will either be set out in the PDS or shown on your Policy Schedule. The excesses which may apply to claims under this Policy are:

Claim Type	Excess
Loss of rent (new policies)	Nil*
Loss of rent (renewal policies)	Nil*, except for properties in QLD for absconding and defaulting claims where a \$180* excess applies, but only for policies with an effective date prior to and including 31/8/13.
Malicious, Accidental, Deliberate damage and scorching	NSW, Victoria, Tasmania, Queensland, WA, SA, ACT: \$250* NT: \$500* 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.
Representation Costs, Replacement of locks, Removal of Goods, Legal Expenses, Liability and Tax Audit	Nil
Other Claims	\$100* for any other claim for a 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 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 the policyholder is not registered for GST.

Example 1: Water damage and untenable loss of rent (Holiday let)

You have the Scheer Short Stay policy with the following short term bookings confirmed over the next 21 days – all bookings have been paid for in advance at a rate of \$500 per day.

- ▶ Booking 1: 7 days in week 1 - \$3,500 paid
- ▶ Booking 2: 4 days in week 2 - \$2,000 paid
- ▶ Booking 3: 3 days in week 3 - \$1,500 paid

The day before booking 1 is due to commence, water from a burst pipe escapes and damages carpets throughout the property resulting in the property becoming untenable until the end of week 3. This results in all of the scheduled bookings being unfulfillable. The cost to replace the carpet is \$2,500.

Rent refunded – booking 1	\$3,500	Under Section 1 – Loss of rent, (d) untenable (contents) we cover your loss of rent if your property becomes untenable as a result of damage to your contents caused by an insurable event. We agree that the water damage from the burst pipe is an insurable event under Section 2 of the policy and we also agree that as a result the property was untenable until the end of week 3. Coverage is calculated by multiplying the daily rent by the number of days in which documented bookings could not be fulfilled. In this case the booking was 7 days so a refund of 7 days rent at \$500 per day is required which is \$3,500.
Rent refunded – booking 2	\$2,000	Coverage is calculated by multiplying the daily rent by the number of days in which documented bookings could not be fulfilled. In this case the booking was 4 days so a refund of 4 days rent at \$500 per day is required which is \$2,000.
Rent refunded - booking 3	\$1,500	Coverage is calculated by multiplying the daily rent by the number of days in which documented bookings could not be fulfilled. In this case the booking was 3 days so a refund of 3 days rent at \$500 per day is required which is \$1,500.
Total rent loss incurred by landlord	\$7,000	This is the total 14 days rent lost by the landlord from documented rental bookings during the 21 day period whilst the property was untenable.
Apply policy limit Subtotal (1)	\$6,000	We apply the \$6,000 limit for any one period of insurance which applies to rent loss claims arising from ‘untenable (contents)’ coverage.
Water damage to carpet	\$2,500	Section 2 provides water damage cover for your contents (in this case your carpet). We agree that the carpet has been water damaged and that the repair cost of \$2,500 is reasonable.
Less Excess	\$100	The excess for water damage is \$100 and is applied per claim.
Subtotal (2)	\$2,400	Amount payable for carpet after excess has been applied.
Total Claim	\$8,400	Subtotal (1) plus Subtotal (2)

Example 2: Loss of rent - default by court order (permanent tenancy) plus representation costs.

You have the Scheer Short Stay Policy with no optional increase in loss of rent sum insured. Your tenant is on a periodic lease and is evicted by court order due to non-payment of rent (defaulting tenant). The tenant owes 7 weeks rent in arrears. The weekly rent is \$300. Therefore the loss of rent is 7 x \$300 per week = \$2100. The bond is \$1200 and non-claimable re-letting expenses are \$1300.

Your Property Manager has also charged you \$300 to attend the court hearing and a further \$300 was incurred for the bailiff/sheriff to evict the tenant.

For the purpose of this example we have assumed the property is in SA - no rent excess applies.

Rent owed	\$2,100	<p>Under Section 6: Loss of rent – permanent tenancies, you are covered for rent that you would be legally entitled to recover from a tenant due to non compliance with their Lease. Coverage is calculated from the tenant’s ‘paid to’ date until the date the tenant vacates or until the policy limit is reached- whichever occurs first.</p> <p>Note: The eviction of the tenant terminates their lease, so they are not liable for any additional rent beyond the date they vacated</p> <p>In this case the tenant is liable for the 7 weeks rent owed up until the date they vacated (as a result of an eviction order) – 7 x \$300 per week = \$2,100.</p>
Less bond credit	- \$0	<p>Under the terms of Section 6, you are required to apply any available bond money to the claimed loss, once any other re-letting expenses the tenant is liable for have been paid. \$1200 bond less \$1300 expenses = Nil bond credit. Note you are unable to claim re-letting expenses that exceed the bond amount unless they relate to an insured event.</p>
Rent loss incurred by landlord	\$2,100	<p>The amount the tenant owes after applying the bond credit is \$3000. This is within the 15 week limit applicable to claims for Defaulting Tenant (by Court order), so no further reduction applies to the rent claim.</p>
Plus Representation costs	\$500	<p>Section 6 of the policy provides \$500 cover for any one period of insurance for costs you incur from your Property Manager to represent you in court for the purpose of obtaining an order against the tenant. A \$300 sub limit also applies for bailiff/sheriff fees. Total costs incurred in this case are \$600, so the policy limit of \$500 would be applied.</p>
Total claim	\$2,600	

Example 3: Accidental damage – contents

You have the Scheer Short Stay Policy with no optional increase in the contents sum insured. 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 lease. 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 has already been spent on other non-claim expenses – therefore there is no bond to apply to the carpet claim. The quote you provide is for \$2340 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 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 damage and untenable loss of rent (permanent tenancy)

You have the Scheer Short Stay policy without the optional increase in sums insured. You have evicted a permanent tenant by court order due to non-payment of rent. The tenant vacates and pays the rent owed, however they have 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 - \$1,200 to repair,
- ▶ 6 walls had punch holes - \$900 to repair,
- ▶ the glass in 2 windows have been smashed - \$500 to replace,
- ▶ cleaning and rubbish removal - \$1,500.

The weekly rent was \$300 and a bond of \$1,200 is held. The repairs take 3 weeks to complete and a new tenant moves in 3 weeks after completion of repairs. For the purpose of this example we assume the property is located in Victoria and the excess for malicious damage is \$250.

Malicious damage	\$2,600	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)	\$2,350	Amount payable after the excess has been applied.
Plus loss of rent untenable	\$1,500	Under Section 6, if your property becomes untenable 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 (2)	\$3,850	Sub-total (2) \$2,850 plus loss of rent whilst untenable \$1,500.
Less bond credit	-\$0	Bond held is \$1,200 less cleaning/rubbish removal costs \$1,500, which leaves nil credit remaining from bond.
Total Claim	\$3,850	