

Landlord Preferred Policy

Premium, Excesses,
Discounts & Claim Payments Guide

Your guide to Premium, Excesses, Discounts & Claim 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 - Product Disclosure Statement and Policy Wording (**PDS**) 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 issuer of the insurance policy and is the issuer of this guide.

This guide applies to policies which commence on or after 4 December 2017 and for policies that renew on or after 1 February 2018.

About your premium

The premium is the amount you pay us for this insurance. It reflects what we consider is the likelihood of you making a claim and other factors related to our cost of doing business. The premium includes any discounts we give you as well as any applicable stamp duty, goods and services tax (GST), charge and levy. Your policy schedule will show how much you have to pay.

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

- ◆ The state or territory in which the property is located;
- ◆ Sum insured selected. For example, if you elect to increase the weekly rent sum insured to more than the standard \$1,000 per week included in the premium, then your premium will increase.

New policies

Policy effective 4 December 2017 onwards	
State	Premium
NSW	\$381
VIC	\$304
QLD	\$329
SA	\$299
WA	\$300
TAS	\$274
ACT	\$310
NT	\$339

Renewal policies

Policy effective 1 February 2018 onwards	
State	Premium
NSW	\$381
VIC	\$304
QLD	\$329
SA	\$299
WA	\$300
TAS	\$274
ACT	\$310
NT	\$339

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 and any state or territory duties or levies.

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 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, and you meet the above criteria, you get the discount on that new policy immediately. For your other existing policies, the discount applies from their next renewal date, provided you still qualify.

From time to time we might also offer discounts or some other special offers as part of a marketing campaign. If we do this, separate terms and conditions may apply and you might not be eligible for our usual discounts. The amount and type of discount offered can change or be withdrawn.

Option to increase your sum insured

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

Item	Sum insured	Additional premium
Contents/ Building 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
Item	Weekly rent range	Additional premium
Weekly rent sum insured	Up to \$1,000	Nil
	\$1,001 - \$1,250	\$100 + relevant Government charges
	\$1,251 - \$1,500	\$200 + relevant Government charges
	\$1,501 - \$1,750	\$300 + relevant Government charges
	\$1,751 - \$2,000	\$400 + relevant Government charges
	\$2,001 - \$2,500	\$450 + relevant Government charges
	\$2,501 - \$3,000	\$500 + relevant Government charges

Government taxes & charges

Landlord insurance policies are subject to stamp duty, imposed by state and territory governments, GST and if applicable other government charges and levies.

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/building sum insured – optional

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

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

The excesses that apply to your policy are stated on your policy schedule. The different excesses are:

Claim type	Excess
Loss of rent	The amount of your excess will be shown on your policy schedule*.
Tenant damage	This excess is \$500 and will apply to all claims for tenant damage*.
Scorching or pet damage	This excess is \$250 and will apply to all claims for scorching or pet damage*.
Earthquake or tsunami	An excess of \$200 will apply if you make a claim for loss or damage directly or indirectly caused by earthquake or tsunami*.
Additional benefits in Section 1, Liability and Tax audit	No excess applies.
Other claims	An excess of \$100 will apply if you make a claim 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 unoccupied 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 following examples are designed to illustrate how a claim payment might typically be calculated. The examples do not cover all scenarios or all benefits and do not form part of your policy terms and conditions. They are a guide only. Terri Scheer Insurance always determines real claim payments on an individual basis, after we have assessed each claim. You should read the PDS and your policy schedule for full details of what we cover as well as what limits, excesses, conditions and exclusions apply.

Notes about the claim payments examples:

- ◆ all amounts are shown in Australian dollars and are GST inclusive;
- ◆ all examples assume that you are not registered for GST;
- ◆ the excess in the examples may not be the same as your excess. Refer to your policy schedule for your excess.

Example 1: Loss of rent – absconding tenant and re-letting expenses in excess of the bond

You have the Landlord Preferred Policy and you did not choose to increase the loss of rent sum insured. Your tenant, 6 months into their 12 month lease, breaks their lease (and absconds from the property). When your tenant absconded the property they owed 8 weeks rent. An additional 15 weeks rent is lost until the date that the property is re-let. The rent is \$200 a week, the bond is \$800 and cleaning costs of \$1,400 are also owed by the tenant under the terms and conditions of their lease.

Your policy schedule shows that no excess applies for loss of rent claims.

Rent owed	\$4,600	Under 'Section 1: Loss of rent', you are covered for rent that a tenant is liable for when they break their lease until the property is re-let. In this case 23 weeks unpaid rent at \$200 per week is owed.
Less bond money	\$0	Under the terms of Section 1, you are required to apply any available bond money to the claimed loss, once any other re-letting expenses that the tenant is liable for have been paid. In this instance the \$1,400 cleaning costs exceeded the \$800 bond, meaning there was no bond money left over to apply to the loss of rent.
Rent loss incurred by you	\$4,600	The amount the tenant owes for unpaid rent is \$4,600.
Apply limit	\$4,000	We apply the 20 week loss of rent limit for an absconding tenant. In this case the limit is 20 weeks at \$200 per week = \$4,000.
Plus re-letting expenses in excess of the bond	\$500	Under 'Section 1: Loss of rent', we can also pay up to \$500 per period of insurance for costs relating to re-letting expenses that exceed the tenant's bond money (providing we have accepted a loss of rent claim and providing the bond money was exhausted on other tenant related costs first). In this instance there was \$600 of re-letting expenses that exceeded the bond money (\$800 bond, less \$1,400 cleaning costs). We apply the limit and pay \$500.
Total claim	\$4,500	

Example 2: Loss of rent - default by court order plus representation costs

You have the Landlord Preferred Policy and you did not choose to increase the 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 = \$2,100. The bond is \$1,200 and re-letting expenses are \$1,000.

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.

Your policy schedule shows that no excess applies for loss of rent claims.

Rent owed	\$2,100	Under 'Section 1: Loss of rent', you are covered for rent that you would be legally entitled to recover from a tenant due to non compliance with their lease. Cover starts from the day following the tenant's rent 'paid to' date until the date the tenant vacates or until the limit is reached - whichever occurs first. Note: The eviction of the tenant terminates their lease, so they are not liable for any additional rent beyond the date they vacated. 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.
Less bond money	-\$200	Under the terms of Section 1, 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. In this instance \$1,200 bond money less \$1,000 re-letting expenses = \$200 bond money which is deducted from the rent owed.
Rent loss incurred by you	\$1,900	The amount the tenant owes after applying the available bond money is \$1,900. This is within the 20 week limit applicable to claims for 'Defaulting Tenant (by court order)', so no further reduction applies to the loss of rent claim.
Plus representation costs	\$500	Section 1 of the policy provides \$500 cover for any one period of insurance for costs you incur for your property manager to represent you in court for the purpose of obtaining an order against the tenant. A \$300 sub limit per claim also applies for bailiff/sheriff fees. Total representation costs incurred in this case are \$600, so the limit of \$500 would be applied.
Total claim	\$2,400	

Example 3: Tenant damage

You have the Landlord Preferred Policy and you did not choose to increase any sums insured. You have evicted the 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 loss and damage:

- ◆ 3 doors have been kicked in – \$1,000 to repair;
- ◆ 4 walls were damaged due to use of picture hooks – \$500 to repair;
- ◆ Lounge room carpet was damaged by a drink spill – \$1,200 to replace;
- ◆ 8 walls were noted as dirty/ marked – \$600 to repair;
- ◆ Bedroom 1 carpet was stained by paint, however this was noted on the property condition report when the tenant moved in – \$500 to replace;
- ◆ General cleaning costs - \$1,200;
- ◆ Damage to flyscreen door caused by dog clawing at mesh – \$450 to repair;
- ◆ Damage to laundry skirting boards by dog chewing them – \$400 to repair.

The weekly rent was \$300 and the bond money held was \$1,200. The repairs take 3 weeks and, after attempts are made to find a new tenant, a new tenant moves in 4 weeks after the repairs are completed. The excess for tenant damage is \$500.

Your policy schedule shows that no excess applies for loss of rent claims.

Non-claimable damage (not tenant related)	\$0	Under the terms of the policy we are unable to consider damage which the tenant didn't cause. As the carpet damage in bedroom 1 was noted on the property condition report prior to the current tenancy beginning, we are unable to accept it as tenant damage or allow it as deduction from the current tenant's bond.
Tenant damage (contents)	\$1,200	'Section 2: Contents' provides cover for loss or damage to your contents caused by the tenant. We agree that damage to the lounge room carpet was caused due to tenant damage to the amount of \$1,200.
Tenant damage (building)	\$1,500	'Section 3: Building (tenant damage)' provides cover for loss or damage to your building caused by the tenant. We agree that the 3 kicked in doors and the walls damaged by picture hooks were caused due to tenant damage. The total repair cost of this damage is \$1,000, plus \$500 which equals \$1,500.
Less excess	-\$500	The excess for tenant damage is applied per claim, so one excess is payable for all costs incurred as a result of tenant damage submitted as one claim.
Subtotal (1)	\$2,200	Amount payable for all tenant damage less excess is \$1,200, plus \$1,500, less \$500 which equals \$2,200.

Plus pet damage	\$600	Section 3 of the policy provides cover for damage to your building caused by the tenant's pet. We have accepted that the repairs to the flyscreen (\$450) and laundry skirting boards (\$400) were as a result of pet damage and that the total repair cost of \$850 was reasonable. We apply the \$250 pet damage excess and pay \$600.
Plus re-letting expenses in excess of the bond money	\$500	Under 'Section 1: Loss of rent' we can also pay up to \$500 per period of insurance for costs relating to re-letting expenses in excess of the tenant's bond money (providing we have accepted a loss of rent claim and providing the bond money was exhausted on other tenant related costs first). In this instance the bond was \$1,200 and the reletting expenses were \$1,800 – made up as: <ul style="list-style-type: none"> • \$1,200 cleaning costs; • \$600 to repair dirty/marked walls, which were deemed to be caused by poor housekeeping and not due to the insured event tenant damage. The re-letting expenses exceeded the bond money by \$600 and we apply the limit and pay \$500.
Subtotal (2)	\$1,100	Re-letting expenses in excess of the bond money plus pet damage.
Plus loss of rent (arrears)	\$1,800	6 weeks rent in arrears at \$300 per week equals \$1,800. Section 1 of the policy provides loss of rent cover for up to 20 weeks where a defaulting tenant is evicted by court order. In this instance, the rent loss incurred is within the limit.
Plus loss of rent (untenable - building)	\$1,500	As your property becomes untenable for a minimum period of 7 days due to tenant damage, and it took longer than 2 weeks after the property is tenable again to find a new tenant, we pay 5 weeks loss of rent. Repairs took 3 weeks (\$900 lost rent) and we cover 2 of the 4 weeks it took to re-let the property (\$600 lost rent). Therefore the total payable is \$1,500.
Subtotal (3)	\$3,300	Loss of rent (arrears) plus loss of rent (untenable).
Total Claim	\$6,600	Subtotal (1) plus Subtotal (2) plus Subtotal (3).

Financial Claims Scheme

This policy may be a 'protected policy' under the Federal Government's Financial Claims Scheme (FCS) which is administered by the Australian Prudential Regulation Authority (APRA).

The FCS only applies in the extremely unlikely event of an insurer becoming insolvent and the Federal Treasurer making a declaration that the FCS will apply to that insurer.

The FCS entitles certain persons, who have valid claims connected with certain protected policies issued by that insurer to be paid certain amounts by APRA.

Information about the FCS can be obtained from www.fcs.gov.au

Report Insurance Fraud

Insurance fraud is not a victimless crime. It imposes additional costs on honest policy holders and wastes the valuable resources of our community. This means it affects everyone.

We actively pursue fraudulent and inflated claims in order to keep your premiums as low as possible. Fraudulent claims will be investigated and may be reported to the police.

Help us fight insurance fraud by reporting:

- ◆ inflated vehicle or home repair bills;
- ◆ staged vehicle or home incidents;
- ◆ false or inflated home or vehicle claims;
- ◆ home or vehicle fires which may be intentionally started, including by someone known to you.

To report suspected insurance fraud call: 1300 881 725. Let's work together to reduce the impact of insurance fraud on the community.