

Landlord Preferred Policy – Self Managed

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 – Self Managed 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.

When we calculate your premium there are a range of factors we take into account. The importance we place on the factors we use can change and how those factors combine to affect your premium will differ from person to person.

Each time you renew your insurance your premium is likely to change, even if your personal circumstances have not changed. This is because the premium you pay is also affected by other things including:

- ◆ The cost 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 government taxes and any state or territory charges or levies;
- ◆ Changes in our approach to calculating your premium;
- ◆ Automatic adjustments to the weekly rent sum insured;
- ◆ Our expenses of doing business;
- ◆ Other commercial factors.

When determining your renewal premium, we also consider how much you paid previously. As such we may limit movements up or down.

Significant factors affecting your premium include a combination of some or all of the following:

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.

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, 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 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.

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.

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, re-letting expenses in excess of the bond plus removal of goods

You have the Landlord Preferred Policy – Self Managed. Your tenant abandons the property midway during their 12 month lease without taking their possessions and owes 8 weeks rent up to the day they vacated. An additional 15 weeks rent is lost until the date that the property is re-let. The rent is \$250 a week, the bond is \$1,000 and there are \$1,300 of re-letting expenses the tenant is liable for e.g. 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 owed	\$5,750	Under 'Section 1: Loss of rent – Permanent tenancies', 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 rent at \$250 per week is owed.
Less excess	- \$250	Under the terms of Section 1, an excess equivalent to one weeks rent is required to be applied to a loss of rent claim of any type. In this case one weeks rent is \$250, therefore we deduct an excess of \$250.
Rent loss incurred by you	\$5,500	The amount the tenant owes after applying the loss of rent excess is \$5,500.
Subtotal	\$5,000	We then apply the 20 week limit for an absconding tenant - 20 weeks at \$250 per week = \$5,000.
Plus re-letting expenses in excess of the bond	\$300	Under 'Section 1: Loss of rent – Permanent tenancies', 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 the bond of \$1,000 was exceeded by \$300 of re-letting expenses.
Plus removal of goods	\$500	Under 'Section 1: Loss of rent – Permanent tenancies', you are covered up to \$500 per tenancy for costs associated with the removal and 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. The limit is applied and we would pay \$500.
Total claim	\$5,800	Loss of rent \$5,000 plus re-letting expenses in excess of the bond money \$300, plus removal and storage of goods \$500 means the total amount payable for the claim is \$5,800.

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 15 weeks to re-let the property. The weekly rent is \$300, therefore the loss of rent incurred is 22 weeks x \$300/week = \$6,600. The bond is \$1,200 and non-claimable re-letting expenses are \$800.

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

Rent loss	\$6,600	Under 'Section 1: Loss of rent – Permanent tenancies', you are covered for rent that a tenant is liable for if they are evicted due to non-payment of rent. Cover starts from the day following the tenant's rent 'paid to' date until the earlier of the date the property is re-let, the date the tenant's lease expires or the limit for the insured event is reached. In this case a total of 22 weeks rent loss was incurred, which at \$300 per week = \$6,600.
Less bond money	- \$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 \$400 of available bond money (\$1,200 bond less \$800 re-letting expenses) is not deducted from the claim.
Less loss of rent excess	-\$300	Under the terms of Section 1, an excess equivalent to one weeks rent is required to 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	\$6,300	The amount of rent loss incurred after applying the loss of rent excess.
Subtotal	\$6,000	We then apply the 20 weeks limit which applies to defaulting tenant (court order) loss of rent claims.
Plus bailiff/ sheriff fees	\$300	Section 1 of the policy provides up to \$300 per claim for costs you incur associated with a bailiff or sheriff evicting your tenant. In this case these costs were \$350, so we pay the limit of \$300 only.
Total claim	\$6,300	Loss of rent \$6,000 plus bailiff/sheriff fee of \$300, makes total claim \$6,300.

Example 3: Tenant damage

You have the Landlord Preferred Policy – Self Managed. 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.

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 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 in 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 – Permanent tenancies', 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 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.
Less excess	-\$300	Under the terms of Section 1, an excess equivalent to one weeks rent is required to be applied to a rent claim of any type. In this case one weeks rent is \$300, therefore we deduct an excess of \$300.
Subtotal (3)	\$1,500	The amount of loss of rent after applying the loss of rent excess.

Plus loss of rent (untenantable - building)	\$1,500	As your property becomes untenantable for a minimum period of 7 days due to tenant damage, and it took longer than 2 weeks after the property is tenanted 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.
Total claim	\$6,300	Subtotal (1) plus Subtotal (2) plus Subtotal (3) plus loss of rent (untenantable).

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.