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UPCOMING CPD COURSES

Castle Hill

Strata

Thur 30th Aug

Dubbo

Sales & Prop Mgmt

Thurs 6th Sept

Castle Hill

Sales (am) or
Prop Mgmt (pm)

Fri 7th Sept

Port Macquarie

Sales & Prop Mgmt

Mon 10th Sept

Newcastle

Sales & Prop Mgmt

Tues 11th Sept

Sydney

Strata

Wed 12th Sept

Wagga Wagga

Sales & Prop Mgmt (am)

Strata (pm)

Wed 19th Sept

Landlord Insurance—Advantages and Pitfalls

Arising from many comments and discussions during recent CPD training, we have undertaken some research into Landlord Insurance. This newsletter addresses what we have found during that research.

Landlords and their properties face a number of risks that are not covered by everyday home and contents insurance. A bad tenant can cause both physical and financial headaches; unpaid rent, property damage, theft, legal costs ... if you're a property manager you're no doubt familiar with all of these problems. Even good tenants can cause serious accidental damage to your asset or hit financial strife and go into arrears. Landlord Insurance is a useful way to protect yourself against these additional rent and tenant related problems.

In general, the types of things you may expect to be covered by a landlord insurance policy are:

- rent default
- loss of rent when damage renders a property uninhabitable
- theft or malicious damage by tenants and their guests
- damage to contents provided by a landlord for use by their tenants
- liabilities to tenants; and
- associated legal costs



UPCOMING CERTIFICATE OF REGISTRATION COURSES

Castle Hill

Mon 3rd – Wed 5th Sept

Central Coast

(Dist Ed + 1day tutorial)

Wed 12th Sept

Port Macquarie

(Dist Ed + 1day tutorial)

Wed 12th Sept

Penrith

(Dist Ed + 1day tutorial)

Thurs 13th Sept

Sydney CBD

Mon 17th – Wed 19th Sept

Wagga Wagga

(Dist Ed + 1day tutorial)

Thurs 20th Sept

From our office.....

Welcome to our newest staff member, Megan, who has this week started as the key front person for Administration and Compliance. She has a background in a city law firm and brings many new skills and a new voice for you when you call the College.

However, as with most insurance related matters, the devil is in the detail. It is crucial that you choose the right policy, otherwise you may find yourself without the protection you need or thought you had. We have done some research to help you identify the best policy and avoid some of the common pitfalls in this area.

Many of the big insurance companies offer landlord insurance as an 'add-on' to their normal home and contents insurance policies. However, there are some providers who specialise in landlord insurance and provide it as a separate policy that can be taken out in addition to a building or contents policy from another provider, though it's usually possible to take out both with the same provider.



At surface level, many landlord insurance policies appear to be quite similar, ticking off most of the areas of cover listed above.

Yet upon closer inspection, a large portion of major insurance providers only provide cover for these listed events when they occur during a fixed term lease. In other words, you are not covered during a periodic tenancy or continuation of a lease. For the vast majority of property managers, most of the properties on their rent rolls are periodic tenancies, rendering such insurance policies pretty useless.

More often than not, the Product Disclosure Statement (PDS) for a policy will NOT include a clear statement to the effect of "no coverage will be provided for events that occur during periodic tenancies" (It's never that easy with insurance companies). Instead, to avoid disappointment check for conditions in the PDS such as "you must have a written rental agreement that states the term of the rental period...".

UPCOMING CPD 2 HOUR BREAKFAST SEMINARS

Sydney CBD

Business Broking

Wed 29th Aug

Castle Hill

Sales and Prop Mgmt

Fri 31st Aug

Parramatta

Sales and Prop Mgmt

Thurs 13th Sept

Penrith

Sales and Prop Mgmt

Fri 14th Sept

Castle Hill

Sales and Prop Mgmt

Thurs 27th Sept

Sydney CBD

Sales and Prop Mgmt

Thurs 4th Oct

Campbelltown

Sales and Prop Mgmt

Fri 12th Oct

Gosford

Sales and Prop Mgmt

Tues 16th Oct

Also, look at the definition of “lease” or “tenancy agreement” in the PDS glossary as that will sometimes indicate whether or not periodic leases are covered in the policy. An example of a definition of ‘lease’ which includes periodic tenancies is:

“A written agreement between you and a tenant for occupancy of the premises which is;

- *allowed by and compliant with legislative requirements in the State or Territory the premises are located in; and*
- *for which a bond equivalent to at least four weeks rent has been paid.*

It also includes a tenancy at will which immediately follows the lease.

When choosing a policy, we recommend that you go with the providers that specialise in landlord insurance rather than providing it as an ‘add-on’ or an ‘up-sell’. From our research, *Terri Scheer* and *EBM* both specialise in landlord insurance and provide the most comprehensive coverage of rent and tenant related events for fixed term and periodic leases. Examples of companies who will not cover you for periodic leases are NRMA, GIO and AAMI to name just a few.

It might sound obvious, but actually reading the policy PDS is the best way to avoid nasty surprises when your tenant up and leaves without notice or throws a wild party leaving you with broken windows and holes in your walls. If something doesn’t make sense to you or raises a red flag, call the insurance company and seek out a plain English answer. Picking the right landlord insurance policy is a great way of safeguarding your investment; picking the wrong one can be a waste of money.

