

# TracyRoberts

real estate

Property  
Management News

October 2010



## Which insurance policy is the right one for me?

This is a tough question because everyone's insurance needs are different and the type of policy you need can depend on the location of your property. Most policies don't insure you against white ants or flood but some do against fire. So when choosing an insurance policy it is imperative to read the policy closely and ask as many questions as you feel necessary.

Landlord insurance covers property owners against malicious damage by tenants, accidental damage, legal liability for actions on the property that cause death or

bodily injury and loss of rental income as a result of property damage or a tenant doing a runner.

Terri Scheer Insurance Manager, Ms Carolyn Majda, believes that "uninsured landlords really need to think about how they would manage financially if they were faced with thousands of dollars' worth of damage to their rental property, or were unable to relet their property while repairs were being made."

This is made easier by choosing a landlord insurance policy that provides the necessary level of cover. Ensure that when you choose the policy that you check not only the initial cost but also any excess payable on a claim. Some policies may appear to offer great value for money until you actually make a claim. Some may only offer you cover when your property is tenanted but not for when a tenant does a runner or worse still – dies and your property is left vacant. Some policies cover you for damage but you will need to check that this includes both accidental and malicious damage by the tenant.

### **Ms Majda recommends the following key questions to ask when choosing a landlord insurance policy:**

1. What is the level of cover provided for 'loss of rent'?
2. Does it cover accidental damage as well as malicious damage?
3. Does it cover legal liability?
4. Does it cover your contents?
5. Does it cover you for the cost of a tax audit?
6. Can you place your cover online?
7. What is the total contribution you will be required to make towards a claim?
8. How long will it take for a claim to be paid?
9. Can you always speak with a customer service representative?



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In a recent claim, both the landlord and tenant successfully claimed against each other for damage to floorboards and excessive water and gas charges respectively.

The landlord sought compensation for repairs to and polishing of timber floors and relied on evidence from the ingoing and outgoing inspection, photos taken when the tenants had vacated, and evidence from a cleaning company and a floor sanding company. There were deep grooves in the floorboards caused by the removal of the fridge without adequate protection underneath, and the claim was for \$1,046 for repairs and \$110 for polishing.

The report from the floor sanding company indicated that the scratch marks and dints were due to a heavy object being dragged across the floor with "absolutely no effort by the tenant to minimise any damage by protecting the floor from scratching and dinting". They quoted \$2,093 and the landlord sought 50% of this cost as compensation. The tribunal found this figure to be too high and ordered the tenant to pay 25% of this amount, being \$523.25 plus \$110 for the portion of the cleaning service.

The tenant made a claim for additional water and gas charges caused by a faulty gas hot water system and the tribunal found that their request to fix the problem was not addressed for nearly a month. The landlord was ordered to pay the difference between the tenant's actual bill and the amount they would have paid had the problem been addressed immediately, to a sum of \$477.71.

## Rising apartment costs!

Do you have tenants in an apartment?

According to the Australian Sustainable Built Environment Council Cities Report 2010, the population of Australia's capital cities is expected to increase by an average of 47% by 2031. With this comes increased pressure on apartment living and increasing energy costs.

Did you know that half of the energy used is due to lighting common areas such as corridors and car parks and the heating of common hot water systems.

To save on energy costs (and reduce your carbon footprint), talk to the body corporate about ways of saving on lighting and heating of common areas, such as using energy efficient light bulbs and timers etc.

A useful website to visit for information on ways to reduce your energy costs and your carbon footprint is [www.greenstrata.com.au](http://www.greenstrata.com.au).

## Property Protection

The bushfire season is upon us, so this is a good time to remind landlords that they need to be aware of the dangers of bushfires, and that they should not assume that their tenant will take the appropriate steps to protect the property. Your investment will have a much greater chance of surviving a bushfire if the following simple precautions are observed:

- Create and maintain a 'defendable space' around your property. Have at least a 2-metre gap between trees and house, and ensure there are no overhanging branches.
- Make sure that fuel and chemicals are safely stored, well away from any potential fuel source.
- Protect against flying embers by keeping eaves and gutters clear of leaf build-up, by covering external vents and skylights with flywire or mesh, and installing non-flammable screens on all doors and windows.
- Have a good supply of water available, independent of the mains supply if possible. Hose reels that can reach all around the house are advisable.

### Investing Tip #3

#### Treat investing like a business

Don't treat your investment property as a hobby, it is a business. Investors need sound accounting practices.

Leases must be set up using defined guidelines and all the steps in the process must follow a particular sequence. Ask TracyRoberts how to develop the best business practices to ensure the maximum profitability of your investment property.

Should you have any questions about Property Management, get in touch with Andrew Sparks today, 0432 363 341 or [andrew@tracyroberts.com.au](mailto:andrew@tracyroberts.com.au)

## Wanted!

**More rental properties urgently needed.**

We are facing a lack of properties to meet the current and ensuing demand. We would really appreciate the referral of any people you may know that owns or is thinking of purchasing an investment property.

**Please contact our office**

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