

MONTHLY NEWSLETTER

December 2019

What is Landlord Insurance and what does it cover?



If you own and rent out an investment property, you may wish to consider landlord insurance. Here's an outline of what landlord insurance covers and some features to

look for in a policy.

Landlord insurance may come in handy to help cover you against some of the financial risks involved in renting out an investment property. For example, while many tenants will pay their rent on time and treat your property as if it were their own, it could be beneficial to insure against the worst-case scenario where a tenant does not pay their rent or causes damage to your property. There is also the risk of unforeseen disasters or events, such as fires and floods, that may damage your property and possessions.

- ❖ Loss of rent due to tenant default or breaking of the lease; or
- ❖ Legal expenses required to evict a tenant.

Landlord Insurance

Some things that may be covered

 MISSED RENTAL PAYMENTS	 LEGAL EXPENSES ASSOCIATED WITH TENANT DISPUTES	 FLOOD DAMAGE TO FIXTURES AND FITTINGS
 THEFT BY TENANTS OR THEIR GUESTS	 LEASE BREAK	 DAMAGE CAUSED BY TENANTS OR THEIR GUESTS

What is Landlord Insurance?

Landlord insurance is a type of policy that typically covers investment property owners for a variety of risks, including loss or damage caused by tenants. The types that a landlord insurance policy will cover may include: -

- ❖ Theft or burglary by tenants, their guests or other burglars;
- ❖ Malicious damage or vandalism by tenants or their guests;

What should you consider when choosing a landlord insurance policy?

There are a few items to check when purchasing landlord insurance – such as the terms and conditions of any policy you're considering, what it does and doesn't cover, and the excess that applies if you make a claim. These elements may vary from policy to policy, so shopping around and reading the product disclosure statements (PDS) could be a good idea.

Cost of Landlord Insurance?

The cost of landlord insurance generally varies between the states and territories, and also varies by the risk associated with your property’s postcode. Insurers may base premium prices on factors such as the risk of rental default in an area, the risk of damage by tenants in an area, and the risk of natural disasters in an area, based on historical data.



Some common exclusions may include general maintenance expenses or the costs of repairs by the tenant, rental income due to not having a tenant and general wear and tear.

If you are concerned that the cost of policy premiums and the inclusion of optional extras might outweigh the benefits of being insured, it could be worth noting that your premium may be tax deductible. According to the Australian Taxation Office your landlord insurance policy premium may be tax deductible as it is an investment expense.

Building Management News

WARM WEATHER APPROACHES



Inclusions and Exclusions of Landlord Insurance

Beyond the essential inclusions, there are plenty of other features and inclusion you can look for in a policy. Some of these can include: -

- ❖ Damage caused by a tenant’s pet;
- ❖ Public liability cover for injury to someone visiting your investment property;
- ❖ Rent loss due to an insured event, such as a tenant defaulting on their rental payments the death of a sole tenant or the eviction of a tenant by court order;
- ❖ Re-letting expenses after a claim on rental loss;
- ❖ Removal of a tenant’s goods after a claim on rental loss;
- ❖ The limit on the weekly rent that you may receive after a claim on rental loss;
- ❖ Legal costs such as representation fees, related to a tenant eviction by court order or a claim for rental loss; or
- ❖ Cover for professional tax audit fees.



We’re enjoying the warm weather and warm water at the pool with many more months to come!

We’ve got a new recruit to the building management staff, the pool early in the morning twice a week to remove sand and dust from the bottom of the pool. Signage will be in place when the robot operating so residents will know not to enter the pool at that time.

Remember glass and ceramics beyond the pool fence are not permitted. (Glass in the pool means draining, cleaning and refilling at a cost of \$28,000 and of course the risk of cuts). Children should always be supervised and please cover up and don’t play music loudly. Having fun and relaxing is also compulsory!