



September 2008

RentCover Report – we've got you covered

Welcome to the September edition of RentCover Report.

With financial markets around the world continuing to be rocked by the credit crisis, many investors are looking at bricks and mortar as an attractive investment option. A number of industry analysts are even tipping that current stock market cynicism will be met with a similar flight to property as occurred immediately after the 1987 crash.

So with property again set to garner the interest of Australian investors, in this edition of RentCover Report, we take a look at the value renovation work can represent to owners of investment properties.



We also look at EBM Insurance Broker's new online claim form that provides a faster, simpler way to lodge claims without having to fill in any paperwork, and we meet Sofia Lagoulis as part of our Staff Profile series.

We're also aware that regular mail outs are an important part of how you communicate with landlords, and with rental yields increasing, now is a good time to be including a reminder to owners about their insurance options.

I'd like to say a big thank you to everyone who has provided feedback about RentCover Report in recent weeks. Your suggestions have been very helpful and we look forward to hearing more! Please send any thoughts to marketing@ebminsurance.com.au.

Sharon Fox-Slater

General Manager, RentCover

Renovation to the rescue

Nowadays we might all be wise to the term 'renovator's delight', but clever renovation can have major benefits for investment property owners.

Not only can renovation work boost the value of a property, increasing the appeal of the property will also help drive rental demand and income as well.



Renovation work can vary widely, from installing a new kitchen to converting a granny flat into a new study. And while the list of options varies considerably, so does the cost that renovation work can represent.

A recent cost guide published by Archicentre, the building advisory service to the Royal Australian Institute of Architects, provides some typical costs for common home renovations:

- Kitchen: \$10,000 to \$30,500
- Bathroom: \$9,200 to \$24,000
- Bedroom: \$3,900 to \$8,100¹

EBM Insurance Broker's Managing Director Jeff Adams said while planning renovation work is usually exciting and often very hectic, it is important renovators also take the time to adjust their insurance policies to reflect the new value of their properties.

"Renovation work can often involve significant changes to investment properties that can increase the value of the home and this change in value must be reflected in the home's policy," Mr Adams said.

"This is particularly important when renovation work involves the purchase of new items for the property and the upgrading of existing features.

Mr Adams said by ensuring the new work is reflected in an up-to-date insurance policy, owners can maximise the benefit of the work and expense of renovations.

EBM Insurance Brokers offers a range of household insurance options for home owners, landlords and tenants. For more information about EBM's range of insurance products, visit www.ebminsurace.com.au or call 1800 661 662.

Added simplicity for EBM claims

EBM Insurance Brokers have unveiled a new online claim form that will make lodging claims even quicker and easier for property managers and landlords.

The RentCover Claim Form, which can be accessed from EBM's website, allows claims to be submitted instantly, resulting in even faster turnaround times.



Using the form, landlords or property managers enter their insurance details such as policy and contact details and accept an online declaration which is then transmitted to EBM. The online form looks similar to standard claim forms but streamlines the transfer process between client and insurer.

EBM Insurance Brokers General Manager Sharon Fox-Slater said the new form alleviates the hassle and worry involved in posting claim forms.

"The major advantage of the new online claim process is that forms are received instantly by EBM and can be processed much more quickly than forms that are posted," Ms Fox-Slater said.

¹ Archicentre Cost Guide, January 2008

“Once the form is received, claims advice can be distributed within a matter of days and in most cases, the claim cheque can be dispatched within five working days.”

Ms Fox-Slater said that submitting the form online also saves landlords and property managers from worrying about the claim form getting lost in the mail or delivered incorrectly.

The online form can be used to specify whether the claim is for loss of rent, damage caused by a tenant or theft. Another feature is the ability to either attach scanned documents such as invoices, or elect to fax or post the documents separately.

To access the form simply visit www.rentcover.com.au and click on “Claims Procedure” on the menu under Landlord Insurance.

Sounding off about noise complaints

With medium to high-density residential living becoming more prevalent in Australian cities, an increasing number of young couples and families are embracing apartment living rather than seeking the traditional quarter-acre dream.



While units and townhouses represent many advantages for owners and occupiers alike, living that much closer to your neighbours can also have drawbacks.

Noise is a perennial issue in landlord-tenant disputes and one that is set to become more common as the number of people living in high-density housing increases.

Legislation around the country has enshrined the concept of a tenant’s right to peace, comfort, privacy and quiet enjoyment of the property.

In Queensland, *Section 101* of the *Residential Tenancy Act 1994* states that lessors must take reasonable steps to ensure tenants have quiet enjoyment of the premises.

Tenancy tribunals and courts have also dealt with this issue. The case of *Peden Pty Ltd v Borto-Lazzo*² recently examined the law of nuisance in the landlord-tenant context and a landlord's liability to neighbours for nuisance by a tenant.

In the case, the Queensland Court of Appeal confirmed the general rule that a landlord is not ordinarily responsible for a nuisance created by a tenant. However the court noted the exception to this rule that a landlord *may* be responsible for the tenant's nuisance where:

1. The landlord let the premises for a purpose calculated to cause a nuisance, that is by expressly authorising the nuisance; or
2. The nuisance was certain to result from the tenancy.

EBM’s Managing Director Jeff Adams said while it is very difficult for landlords to be held accountable for the actions of their tenants, when disputes arise they must be viewed in relation to the facts of each case.

² *Peden Pty Ltd (as Trustee for the Dunn Family Trust) v Borto-Lazzo* [2006] QCA 350.

“Generally a landlord will not be held accountable for the actions of his or her tenants, whether the action relates to damage to property, making noise or any other action,” Mr Adams said.

“However if the actions of tenants cause distress or damage to neighbouring properties or residents and it was reasonable to believe that would occur, there could be liability issues for the landlord.”

Mr Adams said it is important that landlords understand what risks are involved when entering into a rental agreement with tenants.

“Landlords must always enter into tenancy agreements with their eyes open and ensure that their assets, as well as any potential liability due to the actions of their tenants, are covered.”

Meet a member of the RentCover team...

Working in EBM's Melbourne office, Sofia Lagoulis is Assistant Account Manager for Victoria. Joining EBM Insurance Broker's in March 2007, Sofia is responsible for fielding customer enquiries and handling endorsements, additions, renewals and the processing of policies.



Here are a few other things you might not know about Sofia:

1. **What do you like most about your position at EBM?** I really enjoy dealing with the different kinds of people you meet in my job and the opportunity to handle different tasks. You can't predict what your day will involve sometimes and I really like that!
2. **What do you find most challenging in your role?** Juggling a number of tasks at the one time.
3. **When not at work I...** like dining out with family, going to the movies and hanging out with my girlfriends.
4. **If I had a three week holiday planned, I would...** definitely go travelling – maybe somewhere interstate or to Phillip Island.
5. **I like to splurge on...** clothes, accessories – shopping basically! There are some great spots here in Melbourne for that.
6. **One piece of advice that stays with you?** When dealing with a client, always think of the service that you would like to receive.



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