



# The RentCover Report

Industry News and Views from EBM

January 2010

## RentCover Report – we've got you covered

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Welcome to the first *RentCover Report* for the new decade!

Most of us will have heaved a sigh of relief as we bade farewell to 2009 and its rollercoaster economic ride.

As we start 2010, we can already see optimism returning to the Australian economy with the national property market showing continued signs of resurgence.

Strong population growth and relatively low unemployment appear to be overcoming any hesitancy among homebuyers caused by three consecutive monthly interest rate rises and the winding back of the First Home Owners Boost. Figures released by RP Data showed soaring house price growth of 17% in 2009 for Melbourne and 12% for Sydney, with all other capital cities in strongly positive territory. Even the battered ASX 200 closed the year up 31%.

But amid the euphoria, it's prudent to plan carefully to make the most of the upswing. Maintaining and protecting your assets is vitally important, particularly with property investment rediscovering its popularity.

In this edition we look at the recent case involving a Queensland tenant who risked everything for the return of his bond. We look at some common misconceptions over early termination of fixed-term leases and 'yours truly' answers the tough questions in this, our last RentCover staff profile.

We hope you enjoy this edition and look forward to updating you again next time.

**Sharon Fox-Slater**

General Manager, RentCover



## Tenant attempts to burn house down

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Imagine you are a tenant who believes that so much damage has been done to your rental property that the chances of seeing your bond again are 'zero'.

What should you do? The sensible course of action would be to contact your landlord and begin negotiations.

But one Queensland tenant thought he had a better



solution – he attempted to burn down his rental property in a bid to destroy evidence of damage, and ensure the return of his bond.

Police prosecutors told Rockhampton magistrates that the tenant had earlier told a neighbour he was going to burn down the property because there was no chance of his bond being returned. Just hours later, neighbours heard smoke alarms and spotted smoke billowing from the house. Emergency services quickly extinguished the fire – luckily with little damage being caused.

The man claimed the fire was caused by his earlier attempts to burn his ex-housemate's possessions, and he had been asleep in the property at the time – something fire-fighters could confirm, as they had to wake him up while the blaze was brought under control.

The tenant pleaded guilty to wilful damage and received a fine in addition to one month's custody served earlier, and was also ordered to pay \$1,689 restitution.

While extreme, the case demonstrates the lengths some people will go to when pursuing what they believe is rightfully theirs. More importantly however, this situation highlights the importance of maintaining adequate protection over rental property at all times.

As the old saying goes, you should prepare for the unexpected and this case demonstrates how true that can be for landlords.

For more information about how RentCover's range of landlord products can help protect rental properties and offer tailored solutions for affordable insurance, call 1800 661 662 or visit [www.rentcover.com.au](http://www.rentcover.com.au)

## Myth busting

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Helping tenants understand their responsibilities as well as their rights over fixed term leases could prevent potentially expensive misunderstandings down the track.

Terminating a fixed-term lease early is an area notoriously fraught with difficulty, so it's worth ensuring both parties are aware of their rights and responsibilities should the need arise.



Legislation aimed at protecting both landlords and tenants is in place across all states and territories, but both landlords and tenants might find it worthwhile to gain an understanding of exactly how the law applies in each local jurisdiction. Among some widely-held misconceptions held by tenants entering into fixed-term agreements are:

- Simply giving notice can automatically terminate a fixed-term tenancy agreement.
- Getting another tenant in before vacating a property absolves the tenant of responsibility to his or her agreement.
- A co-tenant getting behind in their share of rental payments, or even walking out, has no effect as long as the agreement holder continues to pay their share of the rent on time.

If a tenant wishes to terminate a fixed-term lease early, they should contact their property manager as far in advance as possible to discuss the reasons for early termination, and the possible ramifications.

The property manager will no doubt insist on receiving written advice and advise that their landlord may be entitled to compensation for any losses suffered as a result of early termination. Compensation might include:

- Rental payments until the fixed agreement ends or a new tenant moves in;
- Advertising costs incurred in finding a new tenant; and/or
- A re-letting fee charged by an agent to find new tenants.

A successful claim for compensation would also depend on the landlord being able to prove that any losses were as a result of the termination, and not by any other factors.

For example, if the agreement is ended just before its expiry date, then a landlord may not be able to pass on the full costs of re-letting, as those expenses would have been incurred shortly in any case.

As tenancy regulations differ from state to state, landlords and tenants must check the relevant legislation to ensure their actions are lawful in respect to fixed-term tenancies.

## StudentCover – Giving parents peace of mind

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With the new school year just around the corner, some sobering statistics show that school isn't necessarily the safe place parents would prefer it to be.

According to the Child Accident Prevention Foundation of Australia (Kidsafe), every day in Australia, 5,000 children require medical attention, 170 are admitted to hospital and one child dies – all as a result of unintentional injury.<sup>1</sup>

Although many of these accidents happen at home, many parents would be surprised to learn just how little insurance cover their children have when they are at school.

In fact, the vast majority of Australia's 3.5 million full-time school students in Australia have no accident cover at all. And accidents and injuries do happen.

Despite this, the range of insurance options specifically designed to cover school-aged children in Australia lags behind the insurance options available for adults.

EBM Managing Director Jeff Adams said having adequate cover in the event of a child being injured is becoming increasingly important to parents.

"EBM Insurance Brokers developed *StudentCover* in 1995 to give parents and guardians piece of mind, whether they are at school, playing down the street or on the other side of the world," Mr Adams said.

EBM's *StudentCover* is a low-cost accident insurance policy that provides global 24/7 cover. Cover can be provided for as little as \$9 per student where the 'whole of school' option is used (minimum cost \$280).

Alternatively, individuals can arrange cover at a total cost of just \$29 per year.

The real benefit of *StudentCover* is that it provides substantial cover when it is needed most – such as providing up to \$500,000 for paraplegia or quadriplegia.

The policy also includes:

- Compensation for other major injuries such as loss of sight or use of a limb;




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<sup>1</sup> Source: Child Accident Prevention Foundation of Australia (Kidsafe), Ten key facts about child injury in Australia.

- Emergency transport costs, including ambulance; and
- Fee relief if a parent or guardian dies.

The list of benefits is extensive and covers a wide range of injuries such as broken bones, fractures and loss of teeth.

Cover for almost every sport is included, with some extreme sport exceptions such as motor racing, hang gliding, parachuting and sky diving.

For more information about *StudentCover* or to apply online, visit [www.studentcover.com.au](http://www.studentcover.com.au)

## Meet a member of the RentCover team...

With this month's Staff Profile the final instalment in the series, we've saved the best for last! EBM General Manager Sharon Fox-Slater has more than 22 years in the insurance broking industry, and is now responsible for the entire RentCover Division – the company's largest business area.



A qualified practising insurance broker and Senior Associate of the Australian and New Zealand Institute of Insurance and Finance, Sharon became the first female Fellow of the National Insurance Brokers Association in 2006.

- 1. What do you like most about your position at EBM?** The fact that I work for Australia's largest privately-owned Broking House along with an amazing, hardworking and dedicated team of people, both management and staff. I really look forward to coming to work each day and dealing with all the challenges that arise and am very thankful for the terrific backup that our team provides.
- 2. What aspect of your role do you find most rewarding?** Working with a division of people who continually provide outstanding customer service and helping clients with unusual or difficult problems and resolving them to the client's satisfaction. There is nothing better than helping someone who is really upset and really making their day by resolving the problem in a way that ultimately makes their day.
- 3. When not at work I...** Drag race down the quarter mile at Calder Park or Heathcote. I am currently in the process of building a drag car which I then hope to race on various strips around Australia. When I am not amongst the noise and hustle and bustle of drag racing I enjoy quiet time at home reading or watching Star Trek.
- 4. If I had a three week holiday planned, I would...** Do people actually take 3 weeks off at a time? If I had a 3 week holiday planned I would think I was in heaven. Seriously though I would struggle with all the different options, stay at home, go drag racing or head off to some hot destination and spend some time on the beach.
- 5. I like to splurge on...** Food and drinks, I don't think you can go past a great meal with some fine wine.
- 6. One piece of advice that stays with you?** Live each day as you would if it was your last day. You never know what will happen tomorrow.



**EBM**  
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