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## **MEDIA RELEASE**

### **Landlord insurance: Why you need it**

*Specialised landlord insurance offers the best protection against tenant-related risk*

Jones Ballard Property Group, one of Perth's most successful, independent property sales and management firms, is leading the charge to educate investment property owners in WA about the little known and often underestimated value of specialised landlord insurance.

According to New Business Manager, Kayleen Eastman landlord insurance is one of the most important purchases a property investor can make.

"From an investment point of view, landlord insurance is a must.

"Unfortunately, many property investors have misgivings about landlord insurance that stems mostly from a lack of understanding about what it actually is, and how it differs from the coverage provided by their existing home insurance.

"The first point to make is that home insurance and any relevant landlord coverage within that policy can be vastly different to specialised landlord insurance.

"There is a common assumption that home insurance will adequately protect the landlord against costs incurred as a result of damage to the property, but the reality is that the cover built into your home insurance is limited in scope and may not offer the best protection for your asset.

"Unfortunately, a great many property investors learn this the hard way," said Ms Eastman.

According to Ms Eastman, landlord insurance specialists such as Terry Scheer and EBM Insurance are best equipped to provide the most comprehensive cover of the very broad spectrum of 'tenant-related risk'.

Landlord insurance can be broken down to cover three main components: contents, which is different to the tenant's contents, and often includes carpets, light fittings, curtains, appliances etc.; loss of income, and damage to the building.

"I always encourage landlords to check their current home insurance policy. For the most part, they come back to me surprised by the gaps in the coverage that leave them very vulnerable should a tenancy go pear-shaped.

"If we very broadly look at the contents aspect of the insurance, landlords are not only covered for full replacement costs if the carpet is ruined or the dishwasher gets broken, but they're also covered

in the event of storm or fire damage. You only have to look at the floods in Queensland over recent years to see how costly a severe natural event can be,” said Ms Eastman.

Protection from loss of rental income covers a comprehensive selection of scenarios where the landlord can find themselves out of pocket.

Landlord insurance covers the building for accidental loss or damage, deliberate damage, malicious damage, and damage from pets.

“Building damage is probably where we see the most activity, across the spectrum from accidental to deliberate and malicious. When we talk about the ‘building’ we are referring to fixtures, flooring, plumbing, walls and the like, essentially, the structural elements of the property,” said Ms Eastman.

An example of where a landlord not having specialist insurance has proved costly is in a case where a consistently good quality, long term tenant started to demonstrate unexpected and dramatic changes in behaviour.

“Across the two year tenancy to date were model tenants, but suddenly started missing payments and then unpredictably issuing bulk, late payment, as well as failing inspections standards.

“Letters to the tenant and breach notices quickly became routine and when they stopped paying rent altogether and were asked to vacate, they refused, which resulted in bailiffs being called in to change the locks and evict them.

“Ultimately, this whole scenario resulted in a substantial loss in earnings for the landlord and clean-up bill to repair damage to the property.

“Unfortunately the landlord’s home insurance policy did not cover any damages caused by the tenants’ children, and each item of damage attracted a whopping \$500 excess, on top of which they continued to experience ongoing loss of rent while repairs were being made.

“All up the landlord was faced with a \$9,000 bill, with only \$613.20 covered by their home insurance.

“Each specialised landlord insurer policy will differ, however, undoubtedly, if they had had a specialised landlord insurance policy in place, they would have been covered for the bulk of costs incurred and been saved a great deal of inconvenience.

“Landlord insurance has been specifically tailored to apply to a broad spectrum of scenarios that could arise from any tenancy. Regular home insurance is not equipped to compete with this level of coverage.

“Needless to say this landlord now has a specialised landlord insurance policy in place, on top of their existing home insurance, to cover them with their new tenants.

“As much as we all like to believe that having the right tenant will mean your investment is in safe hands, accidents happen to even the best of us, and good tenants can turn bad,” said Ms Eastman.

Jones Ballard Property Group’s specialist property management team highly recommend their clients take out landlord insurance on top of whatever inclusions they already have under their home insurance.

“Like any form of insurance, there are many different policies on the market to choose from. Jones Ballard works with some fantastic insurers, but ultimately you need to find the right policy for you and your property.

“For what is really minimal outlay of a few hundred dollars a year and generally affordable excess, landlords can be better equipped and better protected to handle anything that comes their way,” said Ms Eastman.

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Notes to Editors:

**About Jones Ballard Property Group** - Jones Ballard Property Group is one of Perth’s most successful independent property sales and management firms. The firm employs more than 45 staff at offices in Como and Bull Creek and provides residential sales, property management, development consultancy and marketing, and access to financial and conveyancing services.

For further information:

Kayleen Eastman

New Business Manager

Jones Ballard Property Group

Tel: (08) 9474 1533

Mobile: 0448 890 051

Carly Wise

Consultant

Riley Mathewson Public Relations

Tel: (08) 9381 2144

Mobile: 0435 002 895