



PROPERTY MANAGERS MANUAL



SUREVESTOR^{INC.}
SMART INSURANCE FOR THE RENTAL HOME INVESTOR

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INTRODUCTION

Welcome to Surevestor and thank you for your interest in our products. We recognize that being responsible for the management of a landlord's property can be a difficult task. Whether it is the landlords own home that you are managing or an investment property they own, their expectation is that by appointing you nothing should ever go wrong and the rent will come in every single month without disruption.

We know, however, that despite every precaution we may exercise in tenant selection, more often than not, it will be an unexpected change in the tenant's own circumstances that may negatively impact the smooth management of the property.

Insurance is an excellent way to support your efforts in achieving the best result for your landlord. The landlord protection insurance that we offer is forged from years and years of experience by our team in both the property management and insurance industry.

At Surevestor, we consider ourselves to be the property managers greatest advocate. We understand what the landlord expects and we know at what lengths you will go to achieve those results. We also understand that building a profitable and growing Property Management Business requires you to massage all areas of potential. Whether it's retaining your existing business by keeping your landlords happy or finding new ways to attract more doors.

That's why we do not offer this product to landlords who manage their own property, or landlords who only engage your services for leasing only. As we launch Scheer Landlord Protection Insurance we intend to restrict its access initially to professional property managers like you. The success of this product as a proven listing tool in other countries such as Australia is well known.

We invite you now to use this product to support your unique skill set as a property manager by making your landlords aware that it is available to them so that they can protect their rental income from unexpected tenant issues and at the same time you can protect and grow your income.

This guide is designed to help you understand how the policy works for you and what you need to do in the event of a claim. It should be read in conjunction with the policy document and key facts document. We also have some marketing tools available to you on our website.

Thank you, we look forward to working with you.

POLICY OVERVIEW

What we cover

The Scheer Protection Landlord Policy provides cover for residential tenanted properties that are professionally managed, and depending on the level of cover chosen, includes:

Loss of rent for a variety of reasons such as lease break or skip, delinquent rent requiring eviction, death of a sole tenant, rent loss because the property is untenable and other events that impact the rental income.

There are multiple additional benefits such as your eviction fees and defense filing costs, re-keying of locks, Sheriff's fees or the use of lockboxes and prevention of access. Even the impact on income caused by murder or suicide. The most significant benefit is cover for malicious damage or theft by any person including the tenant, BUT EXCLUDING THE LANDLORD OR THEIR RELATIVES. Most landlords assume their dwelling policy covers this exposure but surprisingly many policies do not cover malicious acts or an intentional fire caused by the tenant.

Contents for Condo's

For landlords who own a condominium their internal walls, fixtures and attachments are their responsibility to insure as the Association policy only covers common areas. In this policy that gap is recognized and provided for with limited cover for fire, water and malicious damage and theft.

Cover Highlights

- ✓ Protects your landlord from loss of rental income due to tenant related risks.
- ✓ Covers damage to your contents (in Condo's)– especially furnishings you forget, such as carpets, blinds and internal dry wall.
- ✓ Includes additional benefits such as damage by service animals, legal lease break for victims of violence, and cover for terrorism can be purchased as an additional extra.

With three different levels of cover, your landlord can select which one is more suited to their needs and their property based on the value of their income and their appetite for risk and exposure.

SCHEER ESSENTIAL

In addition to loss of rent, Scheer Essential has a Contents and aggregated Building (malicious damage) cover up to a maximum of \$25,000.

Available for properties with a monthly rent between \$1,000 and **no greater** than \$2,000. The maximum level of cover for a rent claim under **Scheer Essential** is \$2,000 per month and cannot be extended.

SCHEER PREMIER

In addition to loss of rent, Scheer Premier has a Contents and aggregated Building (malicious damage) cover up to a maximum of \$35,000.

SCHEER ULTIMATE

In addition to loss of rent, Scheer Ultimate has a Contents and aggregated Building (malicious damage) cover up to a maximum of \$50,000.

Scheer Premier and Scheer Ultimate are available for all properties with monthly rent above \$1,000 at the standard pricing for the higher levels of benefits.

If the monthly rent of a property is above \$2,000 per month, cover up to \$3,000 per month can be purchased at an additional premium of \$100 excluding taxes and fees.

An insured property with a monthly rent above \$3000 can purchase either **Premier** or **Ultimate** but the maximum claim will be limited to \$2,000 per month or \$3,000 if the additional cover is purchased.

All claims regardless of the level of cover, are settled according to the maximum per month rent cover shown on the certificate of insurance or the rent on the current lease whichever is the lesser.

SPECIAL CONDITIONS APPLICABLE TO THIS POLICY

Conditions of cover

Cover provided by this Policy is only applicable where:

- ❖ The property is managed by a professional Property Management Agent and an agreement is in place between Landlord and Agent.
- ❖ The rent is \$1,000 per month or greater.
- ❖ Cover is not available on any property located within the five boroughs of New York City.

- ❖ **PCS Exclusion applies to certain events or losses.** Where this term is used throughout this manual it means that the policy will not cover damage caused by an event that the Property claims Service (PCS) have determined to be catastrophic. Refer to page 8 of the policy document for the full definition.
- ❖ There is a Lease Agreement in place between the landlord and the tenant for a fixed term of a minimum of 6 months or longer and provided the Landlord-Tenant Laws in your state provide for tenant eviction where the tenant has breached the conditions of the lease.
- ❖ Arrears at policy commencement condition applies. (details below)
- ❖ Rent delinquency that began before the commencement date of the policy is not covered including its continued loss after commencement of cover.
- ❖ Insurance cannot be placed on a property that has been unoccupied for 60 days or more. If during the policy year the property sits vacant for an extended period, you must cancel the policy at 60 days unoccupied.
- ❖ Damage by domestic pets, uncontrolled children or accidents is not covered.
- ❖ The property is being used only for residential rental accommodation.
- ❖ Cover is not available for leasing only arrangements with the landlord.

Keep doing what you are currently doing

The **MOST IMPORTANT** point to remember as property manager is that this insurance is not designed to replace sound business practices, in fact the policy responds on the assumption that you have done everything possible and in a professional manner to reduce the landlord's loss. No one should ever rely on insurance as the solution to everything that goes wrong.

Insurance companies are always at risk of exploitation that's why there are always special conditions to protect the underwriter. We recommend that you read through the **Key Facts** and **Policy Document** to familiarize yourself with those conditions. Landlords may insist that you arrange this insurance only after your tenant has already become delinquent, or they may ask you to put through invoices for maintenance and claim them as malicious damage, or even hold off

filing for eviction when you know you shouldn't. This sort of behavior is a fact of life, but it is still fraud and therefore has consequences.

As mentioned in our introduction, we are only offering this product to landlords managed by professionals. Each property management agent is responsible for using the product wisely and in doing so enjoy the benefits of improved business growth and profitability. It is our responsibility to monitor the performance of the product in the market on behalf of the Underwriters at Lloyds. We expect there will be losses to pay, if the risk to landlord didn't exist, neither would this policy.

As each year rolls into renewal of policies we will review the claims to income proportions of each property management agents business with us. The experience within our team allows us to identify a portfolio of business that is having more frequent or more expensive claims as compared to the average market. In the interests of ensuring this product remains viable for both the underwriters at risk and the landlords purchasing cover in good faith, we may identify a portfolio or specific properties or landlords whose volume of claims threatens the program. Our remedies include isolating individual properties and declining renewal or declining renewal on the entire portfolio. If you have a landlord who is insisting that you risk your reputation by submitting a claim that you feel uncomfortable with, then please call us to discuss it first and let us help you do the right thing.

So please, continue to carry out all of your responsibilities to the landlord as you do every day and when things go wrong with the tenant, turn to the policy for support.

Arrears at policy commencement - For existing tenancies

If the tenant's rent payments were in arrears of the rent due date by 6 days or more in the two months immediately prior to policy commencement date, then the following limitation applies:

This policy will not pay a claim for loss of rent from any cause, malicious damage, fire, explosion or theft.

Once the tenant subsequently brings their rent out of arrears by paying their rent "on time" which means within 5 days of the rent due date (excluding further

grace periods) for two consecutive months, this limitation will no longer apply to a future claim.

Arrears at policy commencement - For new tenancies

If the new tenant has paid all of their financial obligations prior to moving into the property where a policy already exists, then the above limitation does not apply.

Arrears at policy commencement - For new tenant - new policy

When a new policy is taken out just before or at the beginning of a new lease, then provided the new tenant has paid all of their financial obligations pertaining to the lease, prior to moving into the property then the above limitation does not apply.

If a new tenant is allowed to move into the property before all of their financial obligations pertaining to the lease have been met then the above limitation will apply until all obligations are fulfilled.

Security Deposit

The Policy settlement will operate on the basis that a security deposit equivalent to at least one month's rent has been collected. This applies regardless of whether a full security deposit has been collected.

In the event of loss of or damage to the property, caused by the tenant, the security deposit will be used to minimize the loss. For example:

The tenant security deposit is to be used for allowable re-leasing expenses. Any surplus security deposit will be applied to loss of rent before the policy will respond under the rent loss section. If all of the tenant's unpaid obligations are covered by the deposit at the end of the lease, then there is no loss to claim for. To demonstrate that the security deposit has been exhausted, evidence of expenditure is required including copies of all invoices.

Allowable re-leasing expenses could include but are not limited to:

- Property cleanup including rubbish removal
- Advertising fees
- Agent re-leasing fees
- Carpet cleaning

All expenses must be considered to be the tenants obligation to pay under all lease agreements and state laws.

Security Deposit returned to the tenant

If the landlord decides to return the security deposit to the tenant, and a claim is lodged for loss of or damage to the property or rent delinquency that the tenant was obligated to pay, we will consider that the landlord decided to self insure that amount and subsequently reduce the amount we pay, or pay nothing at all.

Maintenance costs that the landlord elects to incur during or between tenancies that are not the legal obligation of the tenant, are not to be deducted from the security deposit. They are a landlord's responsibility. Similarly, all markup charges levied by the property manager for arranging cleaning or repairs remain the responsibility of the landlord to pay and are not claimable.

Failure to repair and re-lease or delay repairs

You must demonstrate that you have initiated the necessary steps to return the property to the rental market within 7 days after the departure of the tenant or the damage is discovered.

If you fail to do so, we will commence the loss of rent claim from the point in time that it would have been reasonable to have repaired any damage and attempted to re-lease the property.

Repairs must be carried out by a tradesperson who carries all applicable insurances and is appointed by your Property Management Agency. Repairs cannot be carried out by the Landlord.

Tenant screening criteria

Property managers must ensure that the tenant has been screened in a professional manner that is vigilant and thorough and complies with all federal, state and local laws including industry best practices.

Market conditions

This Policy does not cover for inability to rent the premises due to adverse market conditions. This means that if none of the Insured Events covered under Section 3: Loss of Rent of the Policy has occurred and the conditions of the rental market dictate that a vacancy period will be sustained between tenancies, the Policy will not cover that loss.

Subrogation Recovery of Loss

You are required to cooperate in any subrogation proceedings. The Underwriters may require from you an assignment or other transfer of all rights of recovery against any party for loss to the extent of the Underwriters payment.

Any recovery from subrogation proceedings, less costs incurred by the Underwriters in such proceedings will be payable to you in the property on that

the amount of any applicable deductible; and/or any provable uninsured loss bears to the entire provable loss amount.

If you receive payment from a tenant for which you have already received a claim benefit, then you must remit the amount to the underwriters after the deduction of any applicable deductible, and/or any amount that was not claimable under the policy for which the tenant was legally obligated to pay under the lease.

Change of circumstances

You must notify us as soon as possible if any of the following changes occur;

- ❖ there is significant change in condition or change in use of the property,
- ❖ if the property is unoccupied more than 60 days, cancel cover,
- ❖ changes that increase the risk of a claim being made, such as the landlord undertaking major renovations or the property falls into a state of disrepair,
- ❖ If the landlord transfers the management of the property to another Property Management Agent,
- ❖ If the property ceases to be managed by a Property Management Agent.

If the property has been unoccupied for 60 days you must request cancellation and advise the landlord that the policy will not provide cover beyond 75 days vacant.

When you tell us that the property is no longer managed by a Property Management Agent or is unoccupied, we will give written notice of cancellation. Any return premium will be calculated on a pro rata basis and refunded.

LOSS OF RENT

If the property and tenancy conditions and qualifications are met then the policy will pay loss of rent in response to specific causes.

We will not pay more than the landlord is legally entitled to recover from the tenant under the tenancy agreement.

Depending on the landlord's choice of policy, cover is provided on three levels.

LOSS OF RENT	SCHEER ESSENTIAL	SCHEER PREMIER	SCHEER ULTIMATE
Tenant Skip (lease break)	2 weeks	4 weeks	8 weeks
Tenant Delinquency (Eviction Order granted)	4 weeks	6 weeks	10 weeks
Tenant Delinquency (Writ of Possession obtained)	No Cover	8 weeks	12 weeks
Tenant Death (Sole Tenancy)	No Cover	8 weeks	12 weeks
Tenant Murder or suicide	No Cover	6 weeks	25 weeks
Untenable (Contents for Condo's) for damage by fire, explosion or water damage	4 weeks	6 weeks	8 weeks
Untenable (due to malicious damage by tenant to the contents only)	4 weeks	6 weeks	8 weeks
Untenable (due to malicious damage by tenant to the building only)	4 weeks	12 weeks	16 weeks
Victims of Violence	No Cover	2 weeks	4 weeks
Prevention of access/Denial of Access	12 weeks	12 weeks	12 weeks

LOSS OF RENT INSURED EVENTS

Tenant skip (Lease Break)

Payable if a tenant vacates the property with or without giving the required notice in accordance with their Lease, or vacates at the end of their lease leaving unpaid rent.

Tenant Delinquency (Eviction Order granted)

Payable where an Eviction Order, for the termination of your tenant's Lease, on the grounds of delinquent rent, has been issued by the court following your successful eviction lawsuit. If you make a filing error and are required to re-submit the request for an Eviction Order then the claim for loss of rent will be reduced by the amount of time that elapses between the first attempt and subsequent successful filing.

Tenant Delinquency (Writ of Possession obtained)

Payable in the event that a writ of possession order is served by the local Sheriff, Marshall or Constable as soon as possible after the tenant either fails to comply with the payment terms set forth in the eviction order or fails to vacate the property once the eviction order is posted.

Tenant Death (Sole Tenancy)

Payable in the event that the death of the sole tenant named in the lease dies as a result of any incident or cause other than murder or suicide that prevents the rent being paid. A copy of the Death Certificate will be required in the event of a claim.

Tenant Murder or Suicide

Payable in the event of the death of the tenant as a result of murder or suicide or attempted murder or suicide while they are at the insured location which prevents the rent being paid.

Untenable (due to an insured event listed in Section 5: Contents for Condo's)

Payable where the Condominium becomes untenable for a minimum period of 7 days due to the *contents only* being damaged by fire, explosion or water damage for which we have accepted the damage claim. If the property is untenable for less than 7 days there is no claim.

PCS Exclusion applies.

Untenable (due to malicious damage by the tenant to the Contents)

Payable where the insured property becomes untenable for a minimum period of 7 days due to malicious damage to the contents only caused by the tenant, (provided we have accepted a malicious damage claim under Section 4 of the Policy Document).

Untenable (due to malicious damage by the tenant to the building)

Payable where the property becomes untenable for a minimum period of 7 days due to malicious damage to the building caused by the tenant, (provided we have accepted a malicious damage claim under Section 4 of the Policy Document).

Cover under Insured Events: - Untenable (contents), Untenable (building), and Prevention of Access of this Policy, Section 1: Loss of Rent, will only apply when:

- ❖ The property was tenanted immediately prior to, or at the time of it becoming Untenable or when access was prevented, or
- ❖ You can demonstrate that the property would have been tenanted had the loss not occurred. For example, a new lease had been signed and the tenant was about to move in.

Victims of Violence

Payable in the event that the Lease is terminated by the tenant under the 'Right of Victims of Violence to Terminate Lease' Statute in your state.

Cover is subject to a signed document by a court official or qualified third party as defined under the Act, providing indisputable evidence that the tenant or authorized occupant is a victim of domestic abuse as defined in the terms of the statute of the state in which the property is located.

Prevention of access/denial of access

Payable when the tenant does not have access to the property, as a result of damage to other property in the immediate vicinity caused by an insured event listed under the policy (except Malicious damage).

PCS Exclusion applies.

Delinquent rent notices and or eviction orders must be issued

We may reduce or refuse your Loss of Rent claim if you:

- ❖ Fail to issue written notices as prescribed by the laws or statutes of the state in which the property is located, for payment of delinquent rent, or
- ❖ Fail to file for an Eviction Order due to delinquent rent, or
- ❖ Fail to pursue a Writ of Possession if the tenant fails to make the scheduled rent payments in the Eviction Order or fails to vacate the premises.

If your state prescribes statutes that allow you to send formal notices advising the tenant that failure to pay outstanding rent may result in eviction, then you must exercise them in accordance with the time lines allowed. **If your state does not have prescribed statutes** and the only process available to you is to file for eviction when the rent is delinquent, then you must file for eviction within 15 days of delinquency, not including any grace period. If you do not file by the 15th day, the claim will be reduced by the numbers of days or weeks by which the filing was delayed.

If you make a **filing error** and are required to re-submit the request for an Eviction Order then the claim for loss of rent will be reduced by the amount of time that elapses between the first attempt and subsequent successful filing.

Alternate accommodation

Section 1: Loss of Rent, **does not** provide cover for alternate accommodation costs for the tenant as a result of the property becoming untenable for any reason.

ADDITIONAL BENEFITS

ADDITIONAL BENEFITS	SCHEER ESSENTIAL	SCHEER PREMIER	SCHEER ULTIMATE
Malicious damage to building and/or contents	\$25,000	\$35,000	\$50,000
Theft or damage due to theft to building and/or contents	\$5,000	\$15,000	\$25,000
Eviction filing fee, Eviction defense costs	\$500	\$4,000	\$7,000
Sheriff, Marshall or Constable fees	\$200	\$400	\$600
Loss due to use of Digital Lock Boxes	\$2,000	\$5,000	\$5,000
Service and/or companion animal damage	\$1,000	\$1,000	\$1,000
Re-keying of locks	No cover at this level	\$300	\$400
Terrorism cover available for additional premium	On request	On request	On request

Malicious damage

Damage perpetrated on the insured property which is deliberate, intentional and motivated by spite, malice or vindictiveness. It also includes Arson where the fire is intentionally started. **It is not accidental damage or a natural result of wear and tear.**

We will not pay for:

- ✗ Damage caused by the landlord or someone acting under the express consent of the landlord or the landlord's family
- ✗ Tenant carelessness, neglect, unhygienic living habits or poor housekeeping
- ✗ Damage caused by children
- ✗ Scratching, denting or chipping or scorching
- ✗ Damage as a result of repairs or attempted repairs carried out by the tenant.
- ✗ Damage which is not deliberate, intentional and motivated by spite, malice or vindictiveness
- ✗ Damage caused by domestic pets
- ✗ Damage as a natural result of wear and tear or damage that is landlord maintenance.

Theft or damage due to theft

Theft or damage due to theft carried out by persons including tenants or their family or the tenant's guests.

PCS exclusion applies

Eviction filing fee, Eviction Defense Costs

If we have accepted a claim under an Insured Event, we will also pay for Eviction Filing Fee & Eviction Defense Costs that are incurred pursuant to a tenancy related lawsuit where a claim or complaint has been filed with a regulatory agency due to rent delinquency. You cannot make a claim under this section if the costs were awarded against the tenant and were paid by the tenant. The maximum amount claimable during any one period of insurance is the amount of the sub-limit shown in the table above for each level of cover.

Pay to Stay – As it relates to filing and defense costs

We understand that sometimes you will have gone through the entire process of obtaining an eviction order and then the tenant pays to stay. If the tenant is only ordered to pay the outstanding rent and the filing and defense costs remain a landlord expense, you can make a claim against this benefit. If later in the policy year the same tenant becomes delinquent and you go through the filing process again and this time evict the tenant, you can also claim on this benefit.

However the benefit aggregates in a policy year. So if the Landlords policy allows a \$4000 benefit and the first eviction filing cost \$3500 then the maximum the underwriters would pay for a second claim in the same year would be \$500. This aggregation principal applies even if there are two different tenants in a policy year.

Sheriff, Marshall, or Constable fees.

If we have accepted a claim under an insured event in the Loss of Rent Section of this policy, we will pay for the costs you incur as a result of engaging a Sheriff, Marshall or Constable for the purpose of evicting your tenant. You cannot make a claim under this section if the costs were awarded against the tenant and were paid by the tenant. The maximum amount claimable during any one period of insurance is the amount of the sub-limit shown in the table above for each level of cover.

Lock Boxes

This policy covers you as a result of the use of a single use digital access code lock or digital box device attached to the insured location that facilitates the potential tenant to conduct a “self showing” to determine the property's suitability to rent. Excludes static code locks or lock boxes with a static code.

To lodge a claim against this benefit you must provide evidence that you obtained a copy of formal identification for each prospective tenant and that the access code is a one time use only.

Service, companion or emotional support animal

We will pay up to \$1,000 for the cost to repair damage caused by a service, companion or emotional support animal as determined to be providing a benefit to the tenant with a verifiable disability.

In the absence of documentation of a verifiable disability of the tenant, it would be determined that the animal causing the damage is a common household pet for which there is no cover under this Policy.

Locks

This policy covers you for the cost of re-keying locks in the event that there is a covered claim under this policy and your tenant has not returned the keys.

Terrorism

Cover is available for additional premium. It is important that you alert your landlord to the opportunity to purchase this additional cover. The cost is 10% of the premium plus applicable state taxes, fees and charges.

Sub-limits apply – Multiple claims in Section 4 are aggregated.

All claims under benefits B (Theft or Damage due to theft) and C (Eviction filing fee, Eviction Defense costs) in section 4 are subject to sub-limits that are not reinstated after a claim until the policy is renewed. This means if you have multiple claims in the same policy year the total of all claims cannot exceed the sub-limit. This specifically relates to the pay to stay phenomena mentioned above for filing and defense fees.

It is similar, to making multiple theft claims for a property during a single policy year. The maximum the underwriter will pay in that year will be the sub-limit shown against the theft benefit in the policy schedule. For example if the landlord chose Scheer Essential the benefit is \$5,000, for Scheer Premier it is \$15,000 and Scheer Ultimate \$25,000.

The landlords total theft claims in any policy year cannot exceed these sub-limits.

CONTENTS FOR CONDO'S

CONTENTS	SCHEER ESSENTIAL	SCHEER PREMIER	SCHEER ULTIMATE
Max amount claimable per year combined with Building (Tenant Damage)	\$25,000	\$35,000	\$50,000
Fire or explosion	☑	☑	☑
Water damage	☑	☑	☑

What are Contents?

Contents include any of the items listed below which are owned by the landlord (or which they are legally responsible for), which are listed in the most recent inventory/property move-in-report and which have been left at the property for the tenant to use.

This limited cover is only available to owners of condominiums where the external structure is insured by an association or similar body who are responsible for insuring the building and common areas on behalf of condominium owners.

- ❖ Portable household goods, electrical and gas appliances,
- ❖ Household furniture, furnishings and light fittings that are not hard wired to the building,
- ❖ Curtains or internal blinds,
- ❖ Timber floorboards,
- ❖ Carpets and floor rugs,
- ❖ Internal wall cladding and other fixtures and fittings considered to be contents and not covered under the Building insurance.

Landlord Stored Goods

There is no cover under any section of this policy for contents that are stored on the property whether locked away or not. If they are **not** available for the tenant's use then they are not insured under this policy and you will need to arrange insurance elsewhere.

Deductible

A deductible of \$500 per event will be applied to all Malicious Damage and/or Theft claims.

Fire or Explosion

We cover contents against fire or explosion including Arson by the tenant.
 PCS exclusion applies

We will not pay for:

Damage caused from heat, scorching, smoke, or soot when there is no evidence of fire.

Water damage

Damage due to the accidental escape of liquid from any:

- ❖ Rainwater pipes, roof guttering and drains
- ❖ Water main or pipe
- ❖ Water tanks, Aquariums, Hot water systems
- ❖ Washing Machine or Dishwasher and
- ❖ Other parts of the property designed to contain or carry liquid such as sinks, basins, baths and cisterns.

We will not pay for:

- ✗ Ice Dams,
- ✗ Loss or damage caused by the gradual escape of liquid over a period of time,
- ✗ Loss or damage caused by the porous condition of any tiles, grout or sealant,
- ✗ Loss or damage due to a leaking shower base which has not been fitted with a tray or waterproof membrane,
- ✗ The cost to locate or repair the defective part or item that causes the loss or damage,
- ✗ Loss or damage caused as a result of a structural defect allowing the water ingress,
- ✗ Loss or damage caused by rainwater accumulation building up from the surface of the ground,
- ✗ PCS exclusion applies.

Refer to pages 19 & 20 of the Policy Document for a full list of exclusions.

BUILDING (Tenant Damage)

Protects the building against loss or damage caused by tenant, the tenant's family or their invited guests. There is no cover when the property is occupied or damaged by the landlord, the landlord's family or their guests.

The building is Insured for the following:

BUILDING (Tenant damage)	SCHEER ESSENTIAL	SCHEER PREMIER	SCHEER ULTIMATE
Max amount claimable per year combined with Contents	\$25,000	\$35,000	\$50,000
Malicious Damage	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Theft or damage due to theft	\$5,000	\$15,000	\$25,000

Deductible

A deductible of \$500 per event will be applied to all Malicious Damage and/or Theft claims.

Malicious Damage

Damage perpetrated on the insured property which is deliberate, intentional and motivated by spite, malice or vindictiveness. It also includes Arson where the fire is intentionally started. **It is not accidental damage or a natural result of wear and tear.**

We will not pay for:

- ✗ Damage caused by you or by any person engaged by you or acting on the behalf of you or your family to do anything in connection with Property Insured under this Policy,
- ✗ Tenant carelessness, neglect, unhygienic living habits or poor housekeeping,
- ✗ Damage caused by children,
- ✗ Scratching, denting or chipping or scorching,
- ✗ Damage as a result of repairs or attempted repairs carried out by the tenant,
- ✗ Damaged caused by domestic pets.
- ✗ Damage which is not deliberate, intentional and motivated by spite, malice or vindictiveness
- ✗ Damage as a natural result of wear and tear or damage that is landlord maintenance.
- ✗ Accidental damage.

What is Building?

Building means the property owned by the landlord, used principally and primarily as a residential building, and includes:

- ❖ Domestic fixtures and fittings i.e. built-in air conditioners and heaters, plumbed-in dishwashers, built-in cabinetry, doors, walls, tapware, hot water systems and shower screens
- ❖ External awnings, pergolas, fixed rainwater tanks, solar panels and their fixed accessories (e.g. inverters), and letter boxes
- ❖ Fixed floor coverings such as vinyl, linoleum, floor tiles and parquetry, (but not carpets)
- ❖ Fixed light fittings which are hardwired to the building
- ❖ Cladding on internal walls if not covered under the Residential Community Property policy or Homeowners Associations policy, covering the Real property.

Building does not include:

- ✗ Common property if the building is part of a Residential Community Property or any property that is insured by the Homeowners Association, whether or not that property is contained within the landlord's unit or lot and whether or not any Deductible applies to the Homeowners Association insurance
- ✗ Carpets, carpet underlay or floating timber floorboards (these are insured under contents)
- ✗ Grass, lawn, artificial turf, plants, hedges, trees or shrubs
- ✗ Soil or bark (mulch) in gardens
- ✗ Swimming pools
- ✗ Any jetty or other marine structure
- ✗ Caravans, trailers or vehicles of any kind
- ✗ Gravel, stones, shale, or soil on paths or driveways.
- ✗ Garbage disposal systems, cook tops, windows (and glass)
- ✗ TV antennae.



CLAIMS

WHAT TO DO IN THE EVENT OF A CLAIM

It is unlawful to knowingly provide false, incomplete or misleading facts, information, or statements to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and/or civil damages.

If you are unsure about whether or not you have a valid claim to lodge, or you are unsure of the process call one of our claims officers at Mills Mehr & Associates, Inc, 2963 Gulf to Bay Blvd., Suite 208, Clearwater, FL 33759, on phone: (727) 669 0140

CLAIMS

Your first responsibility is to do whatever you can to minimize the loss. This means having the property secured, cleaned up and re-leased as quickly as possible.

Claim preparation and submission fee

The process of making a claim may require you, as the agent managing the property, to collate and submit a variety of documents. These include substantiation of repair costs, distribution of security deposit, loss of rent periods, lease copies and court issued documentation. When a claim is accepted and paid under any section of the policy, the Underwriters will pay \$100 on the landlord's behalf to your office for this service.

You should submit an invoice for \$100 claims preparation fee with your claim form and documentation.

Extensive physical damage to the property

If you believe you will need to make a claim for a large damage claim immediately take photos and obtain an estimate for repair cost as quickly as possible. You may have had enough experience as a property manager to be able to do this yourself. If you think the total cost for damage alone may be over \$2000 then call the Mills Mehr claims team on the number below.

If you think you have a malicious damage claim you will need to be very sure about what qualifies as malicious damage as the insurer may insist that you report it to the police as a crime or felony.

The most frequent mis-judgement that is made about what is claimable nearly always revolves around the interpretation of what is and what isn't malicious damage. You can avoid a lot of angst by spending some time familiarizing yourself with all of the information we provide on the subject.

If you have a large claim and you fail to provide the Insurer with the opportunity to inspect and instead just send in accounts for thousands of dollars for repairs, you risk having the claim denied or reduced. The Insurer also has the right to pursue the tenant for restitution after paying a claim to repair their malicious actions.

If you find yourself in a situation where the landlord is insisting that you submit an insurance claim for tenant damages that you know does not qualify as malicious,

then protect yourself by contacting the claims department and discussing it with them before you send it in.

To assist you in assessing the nature of the claim we have **attached as an addendum** the extract from the key facts document that describes malicious damage and provides some self assessment questions that may prove useful.

You will find claim forms available for download from www.surevestor.com for your completion. Once you have fully completed the claim form, please forward it to: **Mills Mehr & Associates, Inc, 2963 Gulf to Bay Blvd., Suite 208, Clearwater, FL 33759** with the relevant documents attached. Or upload all of the documents and send by email to: nglsclaimsreporting@ngic.com. To ensure your claim is processed as efficiently as possible, please check that all information as requested at the top of the claim form is provided.

Should you require assistance with your claim, please phone our dedicated claims team on **(727) 669 0140**.

To help with the fast and efficient processing of your claim, please provide as much information concerning the claim as you can. If you cannot provide certain documents, please attach a written explanation.

Actions you must take in the event of loss or damage

In the event of loss or damage you must take the following actions:

- ❖ Take all reasonable precautions to prevent any further loss or damage,
- ❖ Not carry out repairs, except to prevent any further loss or damage, until we have had the opportunity to examine the damage and have authorized repairs,
- ❖ Not delay in arranging the repair or replacement of stolen or damaged items after we have given you the authority to do so. We will not pay any increased costs or expenses which result from unreasonable delay in returning the property to a tenable condition,
- ❖ Contact us as soon as possible after you become aware of any loss or damage. We will help and advise you and explain the next steps you should take. We may also arrange for an assessor to attend and inspect the property if required,
- ❖ Keep any damaged property or stolen property that you recover and let us inspect it if we need to. Please remember that we take over the landlord's legal right to recover the insured property,
- ❖ Not admit fault or settle or defend a claim without our prior agreement.

Failure to follow these steps may result in a reduction of the amount payable or refusal to pay a claim.

What can affect a claim?

We may limit the amount payable or refuse to pay a claim for any of the following reasons:

When applying for this insurance or when making a claim you:

- ❖ Are not truthful
- ❖ Have not given us full and complete details
- ❖ Have not told us something you should have
- ❖ You do not comply with your duty of disclosure

You do not at all times take reasonable care to:

- ❖ Advise us of a change in the risk such as it being used to operate a business or the landlord is managing the property,
- ❖ Protect any property insured with us against any initial or further loss or damage,
- ❖ Keep the property in good condition,
- ❖ Obey any laws or regulations that safeguard people or their property,
- ❖ You do not give us the supporting documents we require to assist with our decision in relation to a claim.

If any fraudulent means or devices are used by the landlord or anyone acting on behalf of the landlord to obtain benefits under this Policy.

Furthermore, we may also cancel this Policy or take legal action if it is proven the claim submitted was in any way fraudulent.

Any of the conditions of the Policy are breached, including any Policy Endorsements noted on or attached to the Policy Schedule.

LOSS OF RENT CLAIMS

Basis on which claims are paid

Monthly rent

The maximum loss of rent that is recoverable under this Policy is the monthly rent sum insured shown on your Policy Certificate.

Loss of rent that begins **before** the commencement date of the Policy is not claimable.

Claims for more than one Insured Event

Where a claim is possible under more than one of the Insured Events of this Section, you may only claim under one of those Insured Events for any one period of rent loss.

For example, you cannot claim the benefit for a Tenant Skip lease break as well as the benefit for Tenant Delinquency by Eviction Order.

How we calculate what we will pay

Loss of rent is calculated using either:

- ❖ The monthly rent of the tenant in accordance with their current Lease Agreement, or
- ❖ The monthly rent sum insured on your Policy Certificate, whichever is less.

Loss of rent is calculated from the day after the tenant last paid rent.

For example: If the tenant is paid up to and including May 10, the claim will begin from May 11.

Your claim will then be calculated until one of the following events:

- ❖ The day before the property is re-leased
- ❖ The date the lease agreement expires
- ❖ The date the landlord withdraws the property from the rental market
- ❖ The date the tenant vacated—if no effort is made to replace the tenant
- ❖ The maximum amount claimable is reached

We will only pay what your landlord would be legally entitled to if the tenant had complied with their lease agreement.

The amount payable will be calculated by determining the daily rent by multiplying the monthly rent by 12 and dividing by 365.

This is then multiplied by the number of weeks and/or part week's loss of rent that you are entitled to under this Policy. A four week rent loss is considered to be the equivalent of one month's rent and paid as one month.

This amount is then reduced by any security deposit remaining after subtracting all leasing expenses allowable by the terms of the relevant lease.

Maintenance costs that the landlord elects to incur, but are not the past tenant's obligation, are not to be deducted from the security deposit and must be paid for by the landlord. All markup charges levied by your agent for arranging repairs or cleaning are payable by the landlord.

The resultant amount, if it exceeds the Policy limit that applies to the event being claimed, is then reduced to that Policy limit.

Loss of rent calculation

Once the tenant has vacated, complete the Claim Form in full, ensuring all documents listed are provided. Please also retain the Security Deposit and use towards expenses that the tenant was obligated to pay in accordance with the lease. Such as re-leasing expenses (cleaning, gardening, rubbish removal, etc.) Any security deposit left over will be credited against the loss of rent.

Do not use the security deposit to pay for maintenance or property management mark up on invoices or for the deductible if one applies.

Claim Documents Required

The documents which the Underwriters may ask for include but are not limited to:

- ❖ A copy of the tenant's rental payment history if the claim involves loss of rent, malicious damage or theft by the tenant,
- ❖ A copy of the current tenants lease,
- ❖ A copy of the new tenants lease agreement,
- ❖ Copies of any, written notices, eviction orders and possession proceedings documents,
- ❖ Evidence of dated, published advertising to demonstrate efforts to re-lease the property, or copy of online advertisement if sole advertising medium,
- ❖ Proof of ownership i.e. receipts, valuations, photographs, warranties, instruction manuals etc for items which have been stolen or damaged,
- ❖ Two itemized quotes to repair/replace damaged items. If the Insurer has appointed a Loss Adjustor,

- ❖ A copy of the outgoing tenants application form and forwarding address (if obtained),
- ❖ Invoices to justify the cost of leasing expenses that were deducted from the tenant's security deposit,
- ❖ Copies of move-in/move-out and any other property inspection reports along with photographs or video evidence to support a claim for damages,
- ❖ Documentation of verifiable service animal,
- ❖ Any other court issued documents, letters, claims, writ or summons, in relation to a claim,
- ❖ A copy of the police report for malicious damage, theft or arson if requested by the insurer.
- ❖ Your invoice for the \$100 claim preparation and submission fee if you are charging the landlord for submitting a claim.

Victims of Violence:

When claiming for Victims of Violence, we require a signed document by a court official or qualified third party as defined under the Act, providing indisputable evidence that the tenant or authorized occupant is a victim of domestic abuse as defined in the terms of the statute of the state in which the property is located.

Death of a Tenant:

When claiming for Death of a Tenant (only applies under a Sole Tenancy), we require a Copy of the Death Certificate.

CONTENTS FOR CONDO'S AND ADDITIONAL BENEFITS CLAIMS

Service, companion or emotional support animals is limited to \$1,000 per claim.

Theft or damage due to theft is limited to (Essential: \$5,000), (Premier: \$15,000), (Ultimate: \$25,000).

Water Damage

If water damage exceeds \$2,000 in estimated repair costs, please contact us as soon as possible. We may need to appoint a Loss Adjustor.

Repairing and replacing contents

When an Insured Event causes loss or damage to the contents during the period of insurance, and we accept the claim, we will decide whether it can be economically repaired or replaced.

Replace

Unless otherwise stated, we will replace any items which are less than 10 years old with a new one if it cannot be economically repaired. For items that are over 11 years old, we will pay you the Actual Cash Value.

When you do not want a replacement item or repairs

If you do not want us to replace an item or to repair it and want cash instead, we will pay the Actual Cash Value, or the contents sum insured, whichever is less.

When the item cannot be replaced

If we agree that an item cannot be replaced, then we will pay the lesser of the contents sum insured or the Actual Cash Value of the item at the time of the loss or damage.

Pay the amount to repair or replace

If we decide to pay the cost of repairing or replacing the contents then we will pay the lesser of the contents sum insured or the Actual Cash Value of the item at the time of the loss or damage, if it cannot be repaired, or the repair cost, if repairs are possible.

Actual Cash Value

The term Actual Cash Value means the amount it would cost to repair or replace insured property, on the date of loss, with material of like kind and quality, with proper deduction for obsolescence and physical depreciation.

Replacement value

The term Replacement value means the new replacement cost of new items or materials with the same (or, if the same is not available, substantially the same) specifications from outlets within the United States of America, at the time the claim is made.

Carpets

We will only pay for repair or replacement of carpet in the room where damage occurs - this could include carpet within that room which is undamaged. However, we will not pay to repair/replace undamaged carpet in other rooms to achieve a match with the carpet we have repaired/replaced. Where appropriate we will try to match carpet with the original materials, if this is not possible, we reserve the right to use nearest equivalent or similar materials.

Curtains

We will only pay for repair or replacement of damaged curtains in the room where damage occurs.

Furniture coverings

If the covering of an item of furniture cannot be repaired or replaced (or repairs have been unsuccessful) we will pay you:

- ❖ The replacement cost of the furniture. For furniture that is more than 10 years old, we will pay you the Actual Cash Value, and
- ❖ For any unsuccessful repairs, less any applicable Deductible.

General Obligations

Reasonable care must be taken to avoid the risk of injury to tenants and others and to ensure that the property does not have defects that may cause injury to any person at the time a tenant takes possession or that such defects identified at any other time are rectified promptly once they have been brought to your attention.

The landlord must maintain the property in a good state of repair, ensuring that all building, maintenance or repairs to the property are undertaken by appropriately licensed and qualified persons. It is in your best interest to ensure your landlord does the right thing.

You and your landlord must comply with all statutory obligations, by-laws and regulations imposed by any public authority, for the safety of persons or property.

We will not pay for loss or damage to which this failure to take reasonable care contributes.

Unoccupied properties

When the property is unoccupied, limited cover under this policy will only continue for 60 days from the date it became unoccupied/vacant.

Unoccupied means that the property was vacant for the 60 day period immediately before the loss or damage occurred. Once the property has reached 60 days unoccupied insurance cover must be obtained elsewhere within 15 days and you must apply for a pro rata refund of premium and cancellation of cover.

Regardless, policy coverage will not apply after the property has been unoccupied for 75 days.

We will provide the following limited cover if the property is vacant at the time of loss for example between tenancies for a period time at the end of a tenancy when the landlord attempts to sell the property.

Loss of Rent - Section 3: (F) Untenable (contents) and (G) Untenable (tenant damage to Building) **if:**

The property was tenanted immediately prior to, or at the time of it becoming Untenable or when access was prevented, or
You can demonstrate that the property would have been tenanted had the loss not occurred.

Exclusions applying to all sections of this Policy

We will not cover any loss or damage that occurred prior to the commencement date of the policy. This includes rent loss that begins before insurance is taken out and if insurance cover is purchased during a time that the tenant is delinquent the policy will not pay the ongoing rent loss.

Refer to page 7 of this manual for the conditions relating to **Arrears at policy commencement** to ensure you understand the limitations to cover if the tenant has been in arrears of rent in the two months immediately prior to the commencement of cover for existing leases.

We will not pay a claim under any section of this Policy from the point in time that:

- ✗ The landlord takes over private management of the property
- ✗ The landlord takes up residence in the property
- ✗ The property is vacant, is not advertised for sale and no effort is made to prepare the property for a new tenant or no effort is made to replace the tenant. This effort must be within a reasonable period of the tenant's departure from the property, or you becoming aware of their departure, whichever occurs later
- ✗ The property is removed from the rental market
- ✗ The property is unoccupied and advertised for sale.

Deductible

The deductible is the amount your landlord is required to pay in the event of a claim. The amount of deductible that applies will be set out in the Policy Certificate. They are \$500 for a Theft or Malicious Damage claim.

Depending on the circumstances, more than one type of Deductible may apply when making a claim. It must be paid in full (if we ask for it) before we pay the claim.

We will decide whether you pay the deductible to us or to a repairer or supplier, or we may also choose to deduct the deductible from the amount we pay your landlord or from the amounts we must legally pay another person.

Payment Details

Payment of the assessed claim amount will be sent by check payable to the Property Management Company under which this property is insured within our policy system.

ADDENDUM

Extract on Malicious Damage from Key Facts document

What type of events can I claim as malicious damage?

Malicious Damage presumes intentional, spiteful or vindictive damage carried out by the tenant with the intent to damage the Landlord's Property. This may be their reaction to being evicted or perhaps they have had a domestic dispute and lost control so they lashed out against the walls and doors. In most states it is a crime or felony. Children or Pet damage is not covered under the policy the only exception is a service or companion animal as defined in the policy document. Here are some examples of what is and what isn't malicious damage. We suggest that the property managers asks themselves two questions before reporting a malicious damage claim:

Q 1. *Would I be prepared to report the tenants to the police for committing the crime of malicious damage?*

If your first response is to hesitate or to immediately say no, the chances are it is not a malicious damage claim. In some circumstances the underwriters will appoint a loss adjustor to inspect the damage and they may insist that you report it to the police.

Q 2. *If we cleaned up the mess and garbage all over the place, would the floors or cupboards underneath actually be damaged or just exceptionally dirty?*

If there was no physical damage to the landlord's property once you cleaned up the mess, then you do not have a malicious damage claim. If the tenant has left the property in that condition then the clean up costs can be deducted from the security deposit if that is allowed in your state.

Examples of what IS considered malicious damage:

- A tenant removes an internal wall to enlarge a room without landlord permission,
- The construction of a wall by the tenant without approval,
- Tenant sets fire to the landlord's property with the intent to burn the place down,
- Concrete is poured down the kitchen sink and bathroom drains,
- Extensive graffiti on the walls,
- Damage as a result of the tenant being attacked in the property which causes damage,
- Cupboards being pulled from the walls, doors torn off their hinges.
- A tenant committing suicide in the property,
- Punching holes in walls or doors
- Gouging of walls or use of a hammer to damage walls,
- Plugging up the bath and intentionally allowing water to over flow through the property.

Examples of what IS NOT malicious damage:

- A red wine spill that stains the carpet,
- A scorch mark on the kitchen counter top from a frying pan,
- When the tenant uses bleach to clean up their mess and it ruins the carpet or floor,
- A hot iron or cigarette leaves a scorch mark on the carpet,
- Holes left in walls from the tenants hanging pictures or other decorations,
- Children drawing on walls or spilling their paints on the carpet,
- Coals that escape an open fire and leave scorch marks on the carpet,
- The tenant had a party and the carpets and curtains have had alcohol spilled on them,
- Tenant's dog was locked inside all the time and had ruined the carpet and scratched the doors.

Examples of Claims Settlements

The following examples are designed to illustrate how a claim payment might typically be calculated, however each claim is to be individually assessed and determined based on the Claims Officers findings.

Example 1: Loss of rent – tenant skip

A Landlord has the ‘Scheer Premier’ Landlord Preferred Policy and did not choose to increase the loss of rent sum insured.

The tenant, 6 months into their 12 month lease, breaks their lease (and skips from the property).

When the tenant left the property they owed 4 weeks rent. An additional 3 weeks rent is lost until the date that the property is re-leased.

The rent is \$2,200 a month, the security deposit is \$2,200 and cleaning costs of \$800 are also owed by the tenant under the terms and conditions of their lease. To rekey the locks cost \$215. There is also a 2 week releasing fee. The claims preparation/submission fee is also being claimed.

The policy schedule shows that no deductible applies for loss of rent claims.

Rent owed	\$3,850	Under ‘Section 3: Loss of rent’, cover applies for rent that a tenant is liable for when they break their lease until the property is released. In this case 7 weeks unpaid rent at \$2,200 per month is owed. $\$2,200 \text{ divide by } 4 \text{ weeks} = \$550 \text{ per week} \times 7 \text{ weeks} = \$3,850$.
Less security deposit money	\$300	Under the terms of Section 3, the landlord (Property Manager) is required to apply any available deposit money to the claimed loss, once any other releasing expenses that the tenant is liable for have been paid. In this instance the \$800 cleaning costs and 2 weeks releasing fee (\$1,100) did not exceed the \$2,200 deposit, meaning there is \$300 of the deposit left over and can be applied to the loss of rent.
Rent loss incurred	\$3,550	The amount the tenant owes for unpaid rent is \$3,850 (minus \$300 which can be allocated from the tenants security deposit) so total outstanding is \$2,450.
Apply limit	\$2,000	We apply the 4 week loss of rent limit for tenant skip (lease break) under the Premier Policy to a maximum of \$2,000 per month (as the extra cover wasn’t selected), in this case the limit is \$2,000.
Rekey of locks	\$215	Under the Scheer Premier Policy, up to \$300 can be claimed for the rekey of locks when a claim is covered under the policy.
Claim preparation fee	\$100	When a claim is accepted and paid under any section of the policy, the landlord can claim \$100 for payment to their managing agent as a claim preparation fee.
Total claim	\$2,315	

Example 2: Loss of rent - delinquency by eviction order

The landlord holds a ‘Scheer Essential’ Landlord Policy.

The tenant is on a month to month lease and is evicted by order due to non-payment of rent (tenant delinquency).

The tenant owes 5 weeks rent in arrears. The monthly rent is \$1,500. Therefore, the loss of rent is \$1,875 (\$1500 divide by 4 = \$375 per week x 5 weeks). The security deposit is \$1,500 and allowable re-leasing expenses are \$1,000. Change of locks cost \$195.

The tenant is required to provide 30 days notice in writing to advise their intent to vacate the property which was not given.

Your property manager was also charged \$150 for the eviction filing fee and a further \$300 was incurred for the sheriff to evict the tenant. The claims preparation/submission fee is also being claimed.

Your policy schedule shows that no deductible applies for loss of rent claims.

Rent owed	\$1,875	Under ‘Section 3: Loss of rent’ the policy provides cover for rent that you would legally be entitled to recover from a tenant due to non compliance with their lease. Cover starts from the day following the tenant’s rent ‘paid to’ date until the tenant vacates or until the limit is reached – whichever occurs first. Note: The eviction of the tenant terminates their lease, so they are not liable for any additional rent beyond the date they vacated. In this case, the tenant is liable for the 7 weeks rent owed up until the date they vacated (as a result of an eviction order).
Less security deposit money	\$305	Under the terms of Section 3, the Landlord (Property Manager) is required to apply any available security deposit money to the claimed loss, once any other re-leasing expenses the tenant is liable for have been paid. In this instance \$1,500 deposit money less \$1,000 re-leasing expenses and \$195 for rekey of locks = \$305 deposit money which is deducted from the rent owed.
Rent loss incurred	\$1,500	The amount the tenant owes after applying the available security deposit is \$1,570. This is above the 4 week limit applicable to claims for ‘Tenant Delinquency (eviction order granted), so the maximum of \$1,500 will be paid for loss of rent.
Plus eviction filing fee	\$150	Section 3 provides cover where an Eviction Order has been filed with a regulatory agency due to rent delinquency and where we have accepted a claim under an Insured Event. In this case, the fee charged was \$150. The maximum amount claimable under Scheer Essential for this section is \$500.
Plus sheriff fee	\$200	Section 3 provides cover for engaging a Sheriff, Marshall or Constable for the purpose of evicting a tenant where we have accepted a claim under Loss of Rent. In this case, the amount charged was \$300. The maximum amount claimable under Scheer Essential for this section is \$200.
Rekey of locks	\$0	There is no cover for rekey of locks in the Scheer Essential Policy. Therefore, the \$195 is not covered for this claim but can be deducted from the security deposit above.
Claim preparation fee	\$100	When a claim is accepted and paid under any section of the policy, the landlord can claim \$100 for payment to their managing agent as a claim preparation fee.
Total claim	\$1,950	

Example 3: Tenant damage

A client has the Scheer Ultimate Policy and did not choose to increase any sums insured.

The tenant has been evicted by court order due to non-payment of rent. The tenant vacates owing 6 weeks rent and has damaged the property to the extent that it is untenable. The Property Manager has reported damage to the police and reports that the property has sustained the following loss and damage:

- 3 doors have been kicked in from front to back with huge holes in each – \$1,000 to repair;
- Lounge room carpet was damaged by motor oil; it is suspected they serviced their motorbike in the lounge room – \$1,200 to replace;
- 8 walls were noted as dirty/ marked – \$200 to repair;
- Bedroom 1 carpet was stained by paint, however this was noted on the move in inspection form when the tenant moved in – \$500 to replace;
- General cleaning costs - \$1,200;

The monthly rent is \$1,800 and the security deposit held was \$1,800. The repairs take 2 weeks and, after attempts are made to find a new tenant, a new tenant moves in 4 weeks after the repairs are completed. The deductible for Malicious Damage is \$500. The claims preparation/submission fee is also being claimed. The policy schedule shows that no excess applies for loss of rent claims.

Non claimable damage (not tenant related)	\$0	Under the terms of the policy we are unable to consider damage which the tenant didn't cause. As the carpet damage in bedroom 1 was noted on the move in inspection form prior to the current tenancy beginning, we are unable to accept it as tenant damage or allow it as deduction from the current tenant's security deposit.
Malicious damage (building & contents)	\$1,700	Under Section 3, Malicious damage to a building and contents caused by the tenant is payable up to \$50,000 if the property becomes untenable for a minimum 7 days. Therefore, we agree that the damage to the 3 kicked in doors (\$1,000), and ruined lounge room carpet (\$1,200) were caused by tenant Malicious damage. Total damage is \$2,200 minus one malicious damage deductible of \$500 = \$1,700 payable.
<i>Sub total (2) for damages</i>	<i>\$1,700</i>	
Rent owed and loss of rent (untenable building)	\$4,500	Rent arrears were 6 weeks (\$2,700) at the time of possession. The Claims Officer has closely reviewed this claim, photos and repair invoices and determined that the kicked in doors would render the property untenable for more than 7 days. Section 3 of the policy provides loss of rent cover for up to 16 weeks where loss of rent is caused due to Malicious damage to the building. Repairs took 2 weeks (\$900 lost rent) and we cover 2 of the 4 weeks it took to re-lease the property (\$900 lost rent).
<i>Sub total (1) for rent</i>	<i>\$4,500</i>	
Less security deposit money	\$0	Under the terms of Section 3, the landlord (Property Manager) is required to apply any available deposit money to the claimed loss, once any other releasing expenses that the tenant is liable for have been paid. In this instance the \$1,200 cleaning costs, dirty/marked walls \$200 and 2 weeks releasing fee \$900, total \$2,300 have exceeded the security deposit of \$1,800 meaning the security deposit has been fully exhausted.
Claim preparation fee (<i>Sub total 3</i>)	\$100	When a claim is accepted and paid under any section of the policy, the landlord can claim \$100 for payment to their managing agent as a claim preparation fee.
Total Claim	\$6,300	Subtotal (1) plus Subtotal (2) plus Subtotal (3).