

OCTOBER 2010 ISSUE



Juliette & Molly



Sue



Lucie



CAIRNS
FRONT
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REALTY



...ARE YOU COVERED?

The recent spate of natural disasters in Australia and New Zealand have been a wake up call to many of us. As well as the devastating effect on the lives of the people living in those areas in Queensland, Victoria and New Zealand, the question has to be asked - are you covered for damage in the event of a natural disaster?

Carl Sullivan, General Manager of the Insurance Council of Australia says that the most important thing to know is what risks are associated with the area that your property is in. Mr Sullivan said that 85% of the people affected by last year's floods in Queensland had appropriate insurance - but he believes that when the full data becomes available from last month's Victorian floods, this number will be much lower, as knowledge of the flood areas in Victoria is much lower than in

Queensland. In Victoria there have been 35,000 claims and around \$20 million worth of insurance paid out, but the actual cost of the flood is expected to be much higher.

Insurance brokers AON say that the most important thing to be aware of when checking if you are covered for disasters is the definitions of the elements of disaster damage. Some policies will specifically not cover floods, but will cover storm damage including rainwater damage - it all comes down to what the definition of a 'flood' is in your policy.

You also need to be aware that while financial help is often available from state governments in the case of a severe natural disaster such as the Victorian floods or fires, the grants are only open to owners/occupiers, and *not to landlords.*

It is better to be safe than sorry. Ensure that you are aware of what risks are associated with the area of your property or properties, and talk to your insurance broker to work out what policy best suits those risks.





PROPERTY OF THE MONTH

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\$275,000 Negotiable

Property Overview

893 sqm Block;Block Construction;Tenanted @\$ 260 p/w until June 2011; 3 bed /1 Bath; Solar Hot water;Close to Cairns CBD

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EMILY SAYS... AVOID THAT PROPERTY NIGHTMARE

Intentional damage to your property is costly and a nightmare. There are a few tactics that your property manager will already be using to reduce the likelihood of it happening (such as regular inspections), but for your peace of mind let's look at a few of the differences between fair wear and tear and malicious damage.

Fair wear and tear This is based around the average life expectancy of items in your property, and includes things like replacing the carpets every 10 years, the curtains every 6 and replacing stoves and ovens every 12 years. Marks on the wall after a 6 year tenancy aren't considered 'malicious damage' either. Your property manager can give you more information about what the effective life is of items within your property, and the cost of replacing them should be factored into any repairs and maintenance budget.

Malicious Damage This is intentional damage caused to the property by tenants who deliberately want to cause damage. There is much confusion about this term, probably due to the fact that it rarely comes up in property

management but and is more prominent in Landlord/Tenancy Insurance policies.

As it is a headlining cover in this policy, the confusion occurs when owners think they are covered for damage after a tenant vacates and then find they need to prove the damage was malicious. Accidental damage, fair wear and tear or damage caused through lack of care for the property are all considered separate forms of damage to malicious damage.

It is unusual that malicious damage would occur at a property randomly, it is most common where there is a dispute with the tenant and even more common as a retaliatory action.

The moral of the story is to **keep an open line of communication between you and your property manager** - making it clear that if they have a concern they should bring it up with you immediately. Or vice versa, if your property manager calls with a concern, it is likely to be valid and you should listen. If an issue is addressed as soon as it becomes known about, the chances of facing a malicious damage cost can be reduced, if not totally eliminated.



Did you know? Since Apple launched the app store in 2008, over 3 billion apps have been downloaded for the iPhone and iPod Touch. There is even an app called Field Agent which has just been released for routine property inspections using an iPhone.

Eco Tip Spring cleaning? Throw out those harsh chemical products and instead use eco-friendly non-toxic cleaning products like eucalyptus oil. It is a natural disinfectant and stain remover - just add a few drops to hot water when mopping the floor.