

The examples on the following pages illustrate how a claim payment is calculated and designed to assist you in understanding some of the important benefits in the policy. The examples do not cover all scenarios or all benefits and do not form part of your policy terms and conditions. They should be used as a guide only, as all claim payments will depend on the facts in each case. You should consider all examples as each one explains different benefits and scenarios.

Note: When a loss of rent claim only is made, the bond is not deducted from any claim made. The bond is to be used by the Property Management Company to offset any expenses involved in getting the property re-let as quickly as possible (mitigating the loss). Bond expense are deemed to be non-claimable items such as; cleaning, carpet cleaning, water accounts, rubbish removal, lawn mowing, changing of locks, advertising etc.

Example 1: Loss of rent – absconding (fixed term lease)

You have the Landlord Preferred Policy. Your tenant, 6 months into their 12 month fixed term lease, breaks their lease (and absconds from the property). The rent was paid up to three weeks prior to the tenant absconding and, therefore, they owe 3 weeks rent. An additional 5 weeks rent is lost until the date that the property is re-let. Therefore the total claimed is 8 weeks rent. The rent is \$200 per week, the bond is \$800 and cleaning costs of \$600 are also owed by the tenant under the terms and conditions of their lease.

Rent owed	\$1600.00	Under Section 1 – Loss of rent, you are covered for rent that the tenant is liable for when they break their lease. In this case 8 weeks at \$200 per is owed.
Less excess	-\$200.00	Under the terms of the policy 1 weeks rent is deducted from all loss of rent claims
Subtotal (1)	\$1400.00	
Apply policy limit	\$1200.00	We apply a 6 week policy limit for an absconding tenant. In this case the limit is 6 weeks at \$200 per week
Total Claim payable	\$1200.00	

Example 2: Loss of rent – defaulting tenant

You have the Landlord Preferred Policy. Your tenant is on a periodic lease and is evicted by court order due to non-payment of rent (defaulting tenant). The tenant owes 7 weeks rent in arrears and it takes a further 7 weeks to re-let the property. The weekly rent is \$300.00. Therefore the loss of rent is \$4200.00. The bond is \$1200.00 and non-claimable re-letting expenses are \$1300.00

Rent owed	\$3000.00	Under Section 1 – Loss of rent, you are covered for rent that the tenant is liable for if they are evicted (with a court bailiff) due to non-payment of rent. Coverage is calculated from the tenant's 'paid to' date until the earlier of the date the property is re-let, the date the tenants lease expires, or the date the policy limit is reached. Since this lease is periodic and the notice period under the RTA is 3 weeks this means that the lease will expire before the property is re-let. In this case the tenant is liable for the 7 weeks rent in arrears, plus the 3 weeks rent owed because a notice was not provided under the terms of the periodic lease. Therefore the tenant would owe a total of 10 weeks rent at \$300 per week, which is \$3000.
Less excess	-\$300.00	Under the terms of the policy 1 weeks rent is deducted from all loss of rent claims
Total claimed amount	\$2700.00	
Apply policy limit	N/A	We apply a 14 week policy limit for a defaulting tenant. In this case the limit has not been reached
Total Claim payable	\$2700.00	

Example 3: Malicious and deliberate damage

You have the Landlord Preferred Policy. You have evicted the tenant by court order due to non-payment of rent. The tenant vacates owing 6 weeks rent and you find upon eviction that they have damaged the property to the extent that it is untenable. A claims assessor appointed by us (if you believe that the costs to repair will exceed \$1000 you must call us immediately so we can instruct an assessor to attend) has inspected the damage and reports that the property has sustained the following tenant damage:

- 4 doors have been kicked in - \$1200 to repair
- 6 walls had punch holes \$900 to repair
- 2 walls in a bedroom have children's drawings on them and ripped wallpaper \$800.00 to paint and wallpaper
- Cleaning and rubbish removal, mowing lawns, carpet cleaning \$1250

The weekly rent was \$300 and the bond of \$1200 is held. The repairs take 3 weeks to complete and the tenant moves in 3 weeks after that.

Malicious Damage	\$2100.00	Section 3 'Building Gap' provides malicious damage cover to your building if caused by the tenant, their guests or family members. We agree that the doors and punched walls are malicious damage and therefore the total repair cost is \$1200 plus \$900 which equates to \$2100.00
Less excess (Malicious Damage)	-\$500.00	The excess for malicious damage is applied per claim, so costs for all malicious damage events submitted as one claim have one excess
Subtotal (1)	\$1600.00	Amount payable after the excess is applied
Accidental Damage	\$0.00	The Landlord Preferred policy does not cover accidental damage. Policy definitions excludes failure to control children (see the definition of malicious damage in the policy wording booklet)
Subtotal (2)	\$1600.00	
Plus loss of rent (arrears)	\$1800.00	6 weeks rent in arrears at \$300 per week. Section 1 of the policy provides rent cover up to 14 weeks where a defaulting tenant is evicted by court order.
Plus Loss of rent (untenable)	\$1200.00	If your property becomes un-tenable due to an insured event such as malicious damage, we will pay your loss of rent until the property becomes habitable and up to 1 week for cleaning. Repairs took 3 weeks to make the property habitable and we cover 1 week to allow for cleaning.
Subtotal (3)	\$4600.00	
Less excess	\$0.00	Under the terms of the policy, when a claim involves more than one type of loss caused during one event, only one excess is payable (whichever is the larger excess) In this instance the malicious damage excess is \$500 which is greater than the loss of rent excess
Less Bond Credit	\$0.00	Bond held \$1200 less cleaning, carpet cleaning, rubbish removal, lawn mowing costs \$1250= NIL Note: if any bond remains, after expenses have been deducted, the remainder would be deducted from a Malicious Damage claim
Total Claim payable	\$4600.00	