



Getting back on track

Top tips from the experts

1

Review your existing building insurance

Most of us get complacent and just pay the renewals when they come up, but it is important to review your current insurance and make sure you are still adequately covered. For example, after the 2009 Victorian bushfires, building regulations changed, particularly in fire-prone areas. This resulted in higher costs to rebuild your property. How many people have since upgraded their insurance to cover the new costs?

2

Ensure you get adequate insurance coverage

The majority of insurance companies such as IAG, Allianz and QBE do not offer 'flood protection'. However, insurers such as RACQ do provide 'flash flooding', 'storm damage' and 'riverine flooding' as an optional extra. Suncorp, on the other hand, is the only insurer to automatically include flooding as part of its home and contents policies. Therefore, it is really important for all homeowners/investors to check their policies to identify exactly what they are covered for. If you are unsure, contact your insurer to establish where you stand.

When shopping around for an insurance policy, always ensure it covers you and all that you need – don't simply focus on the price. Being purely price-driven means you skimp on cover that could save you thousands should a disaster occur. Many insurance companies these days offer a payment option, making it more affordable to purchase adequate coverage. Over 50% of homes in Queensland are under-insured.

3

It's all about the definition

There are policies that do not cover for 'flooding' but do cover for 'water damage', meaning you may still be in a position to make a claim. For example, if you were flooded because of drains or guttering being blocked which caused the water to enter the property, this could be considered 'water damage' and if so, you may be in a position to make a claim. It's all subjective so talk to your insurer or insurance broker to help you identify if you are covered.

4

Lodge your claim immediately – don't wait

Many insurers have set up help lines to assist policyholders

when disasters like flooding occur. Sometimes they even set up call centres to handle the volume of calls coming through. By lodging your claim quickly, it will give you the best chance of receiving any monies paid out to you sooner rather than later. This money can then be used to help you get your life back on track.

5

Check if you qualify for a government emergency grant

If you have no insurance, you can obtain assistance by contacting the relevant bodies in your state.

6

Revisit your cash flow

If you are affected, limit your expenses to ensure you can get through the period. Most lenders have hardship assistance for those affected by the floods.

This could entail:

- Suspended payments for three months
- Increasing credit card limits to assist with immediate purchases
- Waiving of fees for anyone needing to increase their mortgage to pay for the cost of restructuring
- Waiving discharge fees in the event that an insurance claim pays out a mortgage

7

Keep your priorities in order

People and safety first. Don't make any decisions or do ANYTHING that puts those things in jeopardy. The most important and top priority during this period is the safety of people, then animals.

8

Make sure you take care of your tenants

Find out what assistance they need, then help them organise it.

9

Ensure the building is made safe as soon as possible

Be aware of issues with asbestos, mould, infection, electrical wiring, mud, etc. Get advice and help from the appropriate authorities on how to deal with these. If your property is unliveable, make sure it is made as secure as possible so no one can get in or injure themselves.



Don't cull everything in a hurry

While the contents belong to the tenants (in most cases), the building belongs to you. Don't be pushed into destroying or demolishing – it may not be necessary.

Check with all the appropriate authorities to identify exactly where you stand. Let them know about the situation you are in. Communication is key here. This includes insurance companies, banks, local councils, etc. A bank can't suspend payments if it doesn't know you are affected. Register with relevant government authorities so that you can receive ongoing assistance and advice.



Avoid knee-jerk reactions. Take time to think things through

There will be an initial, quick response where you will have to just get in and clean up. After that, there will be the lengthy period of rebuilding. This will be an entirely different scenario. It will seem as if nothing is happening. Be patient, there is a lot to do and process.



Minimise your future risk

No one has a crystal ball. However, natural disasters are becoming more commonplace. Last year Victoria was on fire, this year Queensland is flooded. As an investor, be more selective about where you purchase your investment properties. A tool is already available



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for investors and homebuyers through the Department of Sustainability and Environment. It has maps showing which areas are subject to inundation. If you have property in these areas, ensure you have adequate insurance to cover for unexpected events.



Buy with caution

The situation presents opportunities to buy properties in flood-affected areas for a cheaper price, depending on the future purpose of the property (ie hold and sell, renovate and sell, development), but you may need to proceed with caution as properties in flood-prone areas can be problematic when it comes to obtaining approvals for building and

loan applications. Check with council whether a property has a risk of flooding prior to purchase. Some properties that were previously recorded as flooding in 1974 have not been affected by this flood at all – if this applies to your property, take pictures as evidence for when re-selling or renting property

If rebuilding your investments, consider raising the property, especially if in a flood-prone area. ■

Big thanks to our experts who contributed to this article: Helen Collier-Kogtevs, investor and author; George Kafantaris, director, Metropole Property Investment Strategists; Jennie Brown, property advisor; Lee Dittmer, founder of WHO Finance; and the team at Grow Consulting

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