

“Help, I think I am going to get sued!”

A Resident Manager who I had sold into a complex quite a few years ago, rang me the other day and said, "Help, I think I am going to get sued!"

Now nothing concentrates the mind quicker than talk of being sued, but this particular manager is a hard worker and as conscientious as the day is long, so I said "What on earth have you done?"

"There is structural cracking from subsidence along the back of four of my units, and they are saying I should have seen the signs ages ago if I had been doing my job properly, and now the damage is so great it is going to cost the owners a fortune to underpin and repair."

My next question was the obvious one, "Have you got Professional Indemnity insurance?"

The answer was the one I didn't want!

"No! I didn't think it was worth it. It's so expensive and this is only a little complex and I don't have many in my rental pool."

NOW, HERE IS A FACT!

Deciding not to pay for Professional Indemnity insurance because you ONLY have a little complex, and you ONLY have a little rental pool, is a bit like deciding not to use contraception because you think you might ONLY get a little bit pregnant!

Many managers are not well informed about their legal liabilities and the potential pitfalls they could face in their dual roles as Caretaker and Letting Agent. Many could not really explain the difference between Public Liability Insurance and Professional Indemnity Insurance with any degree of certainty. I am indebted to **AON**

Australia (**RAAS's** insurer) for the following extracts from their excellent website:

Public Liability Insurance indemnifies an organization for its liability arising from claims for bodily injury and property damage suffered by a third party as a result of an **unexpected occurrence** in the course of business.

Most of us have a grasp of this type of insurance because it is so common, but I fear that some managers think it covers things, that in reality, it may not. Consider a scenario where one of your tenants falls from the top floor of a rental townhouse because the balcony railing broke away. The victim of this unfortunate accident subsequently becomes a paraplegic. It later comes to light that the railing contained substantial wood-rot and had been in that condition for some time. Many managers would assume that somebody's Public Liability Insurance (theirs, the landlord's, the tenant's, somebody's) would pick up the pieces --- and expensive pieces they would be!

The problem for the manager is that many Liability policies contain an exclusion clause which states that if the injury came about as a result of a breach of professional duty, no cover will be available under that policy. If you were the manager involved, is there a chance you breached your professional duty in not seeing, reporting, and fixing the dangerous railing? I don't know, but I think you can be sure the legal advisors to the Public Liability insurers would like to think so.

This is where Professional Indemnity insurance is designed to protect you from financial ruin! The financial fallout from an accident in

which someone is rendered a paraplegic is too horrendous for any individual to consider!

AON again: **Professional Indemnity Insurance** indemnifies an organization in respect of liability caused by **breach of a professional duty**. Where an organization provides or holds itself out as having a special skill upon which others rely, a duty of care arises.

Note: The full text of **AON's** comparison of these different insurances can be found on their website - www.aon.com.au.

I am not a lawyer, nor am I an insurance broker, so anything I say on this topic in **The RAAS Report** must be of a general nature only. Otherwise I am quite sure I will have a posse of regulators on my case! I am, however, concerned enough by what I see and hear when I speak to **RAASers** and other managers, to raise the topic for your consideration, and urge you to seek more professional advice than I am qualified to give. I am afraid that when HIH Insurance bit the dust and premiums rose rapidly, many managers opted out of Professional Indemnity Insurance on the basis they could no longer afford it.

Yes, it is your decision, but I can't help but hear the immortal words of Sir Humphrey Appleby to The Right Hon. Jim Hacker (of *Yes Minister* fame) ringing in my ears, "Minister, it is the most COURAGEOUS decision you have ever made!"

If you would like to comment on anything you have read in The RAAS Report please write to us at PO Box 1325 Sunnybank Hills Q 4109 or send an email to mike@raas.com.au.



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PREFERRED
SUPPLIER

The RAAS OUTBACK TOUR Report



The Outback Tour was voted a huge success, and has encouraged us to look for other destinations that would be suitable for such a three day event.



Things are never boring when you are around the **RAAS** crowd!

If it is not a Golf Day somewhere, or a Race Day at Corbould Park, it's an Outback Tour to Goondiwindi!

It's a WHAT?

Yep, an Outback Tour to Goondiwindi! Under the guidance of that well known "bushie" and **RAAS** Director, Rusty Lush, seventeen intrepid **RAAS**ers and friends left Robina by mini-bus on Friday 21st April for the Wild West.

Knowing that it would be impossible for a busload of RUMs to drive past a winery without stopping, lunch was arranged at the famous Ballandean Winery with the equally famous "Godfather" of the Queensland wine industry, Angelo Puglisi, as host.

Great meal, great wine and great company!

The tour then moved on to Goondiwindi and the Country Comfort Motel.

More food, more wine and then a good night's sleep to get over a big day.

Saturday brought the travellers to the cotton fields for a first hand demonstration of cotton harvesting with well known local identity Sam Coulton.

The wide eyed city slickers were astounded at the size of the machinery and the amazing efficiency of the whole operation. Rusty's personal contacts in the area enabled the group to tour the Cotton Gin itself - this is normally off limits to the public, and all participants agreed this was a top day.

Certainly a long way removed from life in the Brisbane CBD! After the Cotton Gin, the tour party contributed to the economy of the west with some "retail therapy" at the cotton garment factory known as "Goondiwindi Cotton".

That evening, under bright clear skies, the group was hosted for a camp oven meal by

Bruce & Jan Waller on their property, "Willowbank". McDonalds, this was not!

The final day started with more country hospitality in the way of "brunch" at Avril & Ross Burton's property, "Mureeba", and it was obvious some of the tourists were really starting to get into this laid back lifestyle.

Sadly, it had to end, and with Big Dave Manson (from **RAAS RIGHTS** Gold Coast) at the wheel, the trusty bus pointed its nose eastward and began the journey home.

The Outback Tour was voted a huge success, and has encouraged us to look for other destinations that would be suitable for such a three day event.

If you are interested in being kept informed about any upcoming **RAAS** tours send an email to nicki@raas.com.au and we will make sure you are advised. You don't have to be a **RAAS**er to join us.