

Landlords and tenants left high and dry by insurers

For Immediate Release

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REINSW received the news this week that another landlord insurance company is making things difficult for Australian landlords with tenants economically affected by the COVID-19 pandemic.

Some landlord insurance policies offering cover for rent default are preventing landlords from complying with government instructions to negotiate with their tenants.

REINSW President Leanne Pilkington is disappointed that insurance companies are not stepping up to support policy holders.

"Landlords have been asked by Government to negotiate in good faith; yet the insurers are saying they will not honour their rent default cover in the policy if the landlord voluntarily agrees to a rent reduction," says Ms Pilkington.

"To preserve the insurance cover the landlord must refuse to negotiate in good faith which will force the tenant to take the landlord to NCAT and seek an order from NCAT to reduce the rent," says Ms Pilkington. "Effectively, if the landlord agrees to reduce the rent for their tenant then their landlord insurer abandons them."

"This is clearly an appalling requirement and contrary to spirit of what is required across the entire community.

"Landlord insurance companies have made millions of dollars from landlords over many, many years and now that it's time to make a claim the insurance companies abandon the landlord.

"We are calling on the Government to direct the insurance companies to respond to the claim when the landlord has agreed to a reasonable reduction in the rent, or that the landlord, at their option, can compel the insurer to take over the negotiation.

"That way, when the landlord negotiates an outcome with their tenant, if the insurer wishes to call a halt to it then the landlord can give the insurer the right to take over the negotiation."

REINSW President, Leanne Pilkington is available for comment.  

Jessica Husband + 61 423 724 080 | media@reinsw.com.au

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About REINSW

The Real Estate Institute of New South Wales (REINSW) is the peak industry body for real estate agents and property professionals in NSW. It represents more than 2000 agencies across residential sales, property management, commercial, strata management, buyers' agency, agency services and auctioneering.

Established in 1910, REINSW works to improve the standards, professionalism and expertise of its members to continually evolve and innovate the industry. It lobbies the government and industry on behalf of members, develops new products and services to benefit agencies and professionals, and offers training and ongoing professional development. For more information, visit reinsw.com.au.