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Welcome to our Client Information Update

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Trendy Investment – Bitcoin???

Never mind enquiries at the office, all too often at social functions we hear people talking about “Bitcoin”, and their intention to invest into this “fantastic opportunity”. It would be a massive overstatement to infer that we are well informed on Bitcoin, or that we are qualified to motivate either in favour of, or against investing. What we do know is that our financial licensing does not permit us to advise on numerous financial assets, amongst which is Bitcoin, as well as some 1,100 other crypto currencies around the planet.



But you are encouraged to follow these links to both [Allan Gray's](#) and [Coronation's](#)

views on this topic. Considering the expertise and experience within their investment teams, I have to believe that these do provide informed insight. Not at all unexpectedly, their views on Bitcoin are not favourable as an investment opportunity.

Some general points that we urge you to consider with investments:

1. If you do not understand something, it is generally prudent that you do not invest in it!

2. Remember that any investment is only as good as the guarantee of being able to get your money out. That is far more important than any guarantee of return.

3. Ideally, an investment should earn a tangible yield which the investor is able to either reap or reinvest (eg interest, dividend) as well as capital gain. Arithmetically, $\text{Yield} + \text{Capital Gain} = \text{Total Return}$. According to these references, an investment into Bitcoin will never earn any tangible yield, and the return earned is accordingly based on capital gain only (or capital loss), and is subject to another investor being willing to pay you your agreed price for your coins.

4. Don't forget the "Tech Bubble", and in particular what happened to the DiData share price – emotional buying pushed the price to massively inflated values, and in the process there were some lucky investors who got out profitably, but once logic and reality took over, the share price dropped massively and many investors incurred significant losses.

5. If one does not have the knowledge, expertise, and time to investigate, monitor and manage direct investments, then it is advisable to leave all of that to the experts. The fees levied by the likes of Allan Gray, Coronation, Foord, Marriott and Prudential are competitively low, particularly when considering the long term results that they deliver.

6. Professional investment companies are remunerated in proportion to the value of capital that they manage. Poor results lead to capital moving elsewhere while positive results attract capital inflows. If these companies do not invest their clients' money into Bitcoin or other cryptocurrencies, one needs to ask why that is!

It would be wrong to infer that Bitcoin is "bad", or that it was perhaps designed with malicious intent. Coronation state that they recognise definite value in the technology and systems, but in all the hype these factors are seldom considered by many

investors. Ill-informed dabbling can easily lead to unrealistic and unsustainable price growth, as well as to the ultimate collapse of an investment structure.

We at Holburn will not be investing into Bitcoin – instead we will continue with our strategy of entrusting our capital to the proven administrative and fund management skills of Allan Gray, Coronation, Foord, Marriott and Prudential. And we have no hesitation in encouraging you to continue doing the same.



General



According to the Tourism office, of the insurance risks that were affected, only 50% were insured.

Many people, who had a home or business, have to start from scratch due to them having no insurance protection.

General awareness regarding the **importance of insurance coverage needs to be shared**, even if it's just for catastrophe cover.



Buildings



A number of customers never informed us of a change in risk address when they moved. This resulted in crisis management evaluating whether the customers' risk exposure had changed and whether we could entertain the claim due to non-disclosure. Fortunately, we were able to assist all of our customers. It is, however, vital that customers inform us about any change in the risk.

If there is a change in risk address we need to be notified to ensure continuation of cover. Accurate customer information is vital for us as insurers and in terms of the PoPI Act.



Adequate building sum insured is vital and needs to account for the **size** and the **current building replacement cost**. We found, in some cases, that our **customers were not insured correctly** which caused complications at the time of loss.

If the customer has a **bond** on the property they need to account for a total loss and ensure they **cover the escalation factor to avoid any shortfall** to them in claim settlement.



Contents



At the time of loss, customers weren't able to provide details on their contents. Some had an inventory but, regrettably, this was in the house when it burnt down. We would recommend that an **inventory or even a video/photograph of the insured items is kept by your office**.



As with buildings, we found cases where our **customers were not adequately insured**. It is important that the sum insured is based on **replacement cost** to avoid underinsurance at the time of loss.



Loss of Revenue



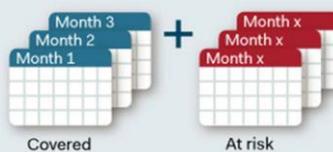
In some cases, customers were **not protected against loss of income generated from the establishment that burnt down**. This caused a huge problem because **expenses and staff members still had to be paid** during the rebuilding period.

It is vital cover for any business to have to ensure income is still provided during a loss.

If the cover is taken they need to ensure that it is once again **adequate to provide sufficiently** at a time of loss.



A key point to consider is the **indemnity period** which will provide cover for the number of months stated. We find that customers often take the minimum period of **3 months** which is **insufficient** when a total loss occurs and months are required to rebuild the establishment.



Quick recap:

- Raise awareness around catastrophe cover and insurance in general
- Remind customers to inform you about address changes and notify us
- Ensure building sum insured is adequate – accounts for the size and the current building replacement cost
- Cover the escalation factor on a bond to avoid any shortfall
- Keep inventories, videos or photographs of customers' insured items on file
- Make sure contents sum insured is based on replacement cost (not underinsured)
- Raise awareness around adequate loss of income protection
- Advise customers that a 3-month indemnity period is insufficient when rebuilding after total loss



Are your solar panels a fire risk?

Over the past 20 years, more and more homeowners have turned to solar power to heat up water and provide light and warmth in their homes. It is also becoming increasingly popular in sectional title complexes and estates as owners seek to reduce energy costs and to become less dependent on municipal power supplies.

“There are a lot of ‘cowboys’ out there using sub-standard products so they can undercut the qualified installers, and taking advantage of the fact that a lot of homeowners are not familiar with how solar really works,” says Kotzé.

“Solar is much cheaper than running generators, for example, and also much ‘greener’, but homeowners and trustees should focus on the long-term savings and not try to cut costs too much when getting solar geysers, panels and storage batteries installed,” says Gerhard Kotzé, MD of the RealNet estate agency group.

Read the full story [here](#).

Warning - fibre can stop your home alarm system from working

The nationwide rollout of fibre in South African homes is apparent around almost every residential corner. However, along with the major advantage of added connectivity comes an unknown impact on the operations of home alarm systems, placing residents at risk.

This is according to Dawie Loots, CEO of MUA Insurance Acceptances, who states that the installation of fibre in some residences has impacted the home’s existing telephone copper lines, which has resulted in the alarm company not receiving the alarm signal if the system is reliant on these lines. “In most cases, the homeowner has only noticed the impact on their alarm system when the armed response company is not responding to an activated alarm.”

[here](#) Read the full story

Without you, our loyal business partners, customers, suppliers and friends we would not have a business and for that we are eternally grateful. Don't hesitate

to contact us if you have any queries or uncertainties.

The [HOLBURN](#) TEAM are here to assist you.

Billy, George, Myles & Staff



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