

MARKET COMMENTARY

The end of October saw the Rand weaken against a surging Dollar, largely due to S.A's budget and current account deficits. Compounding this effect, was the indication from the US Fed that interest rates would increase sooner than expected at the end of the QE program. The BSE closed on a high due to raised hopes of foreign inflows following the Bank of Japan's intention to expand its monetary stimulus policy. The European Central Bank remains under pressure as economists indicate that the slight increase in inflation is not enough to ease deflation in the Eurozone. Brazil saw the re-election of Dilma Rousseff followed swiftly by a hike in interest rates boosting the Bovespa to 2.07% for October.



YEAR TO DATE: 31 OCTOBER 2014

SA	• 10.49%	CASH	• 0.51%
PROPERTY	• 7.17%	BONDS	• 3.35%
INDIA	• 31.62%	RUSSIA	• (2.24%)
CHINA	• 2.96%	BRAZIL	• 8.50%
INDONESIA	• 19.07%	GERMANY	• (2.35%)
LONDON	• (0.09%)	USA	• 4.91%



RED FLAGS OF SHORT TERM INSURANCE

Short Term Insurance is often viewed as a grudge purchase, with Insurance companies offering “extras” to entice clients. One should be mindful that while some of these extras may appear to be a good deal, their actual cost is often implicitly factored into your monthly premium. With Short Term Insurance being highly publicised recently, it is relevant that consumers take note of the **misconceptions regarding car insurance extras**, some of which have been highlighted below:

ROADSIDE ASSISTANCE

TOWING



Might only assist in towing your car to a place of repair/safe keeping **but not from your home** to a place of repair

JUMP START



Should this fail, your car **may be towed** to a place of repair/safekeeping after which it becomes the client's responsibility

FLAT TYRE



Should you not have a spare tyre/equipment, your car may be towed & **you will be liable for the cost**

FUEL DELIVERY



If assistance is required at a **non-roadside location** (e.g. home) you will be liable for the cost

CAR HIRE

CAR HIRE



Only applicable if the vehicle is un-driveable due to an insured event having taken place e.g. an accident or theft

You will be liable for **additional costs** associated with the car hire i.e. fuel, security deposit, collection & delivery fees

Car Hire only offered for a **limited number of days**, with choice of vehicle restricted to the class covered by your premium e.g. you may be driving a Mercedes Benz but your car hire choice may be restricted to an Opel Corsa

REWARDS

NO CLAIMS BONUS



Discount on monthly premiums for not claiming.

Minor claims: May **reduce** the discount
Major claim: May fall away **even if the accident is not your fault**

Only earned after 12 claim-free months of uninterrupted cover

CASH BACK REWARDS



Lump sum cash paid out after a time period for not claiming.

Minor claims: May **reduce** the discount
Major claim: May fall away **even if the accident is not your fault**

Car insurance has been described as a necessary evil, with even the most cautious driver facing a financial risk should they not be insured correctly. When choosing car insurance, the following principles should be adhered to:

- ❶ Avoid being distracted by car insurance extras
- ❷ If you do opt for extras, ensure that the benefits will be provided when needed the most (e.g. car hire – in the case of lengthy repairs).
- ❸ Your prime focus should not only be on the premium but rather on the quality of cover – as well as the service, reputation and claims history of the insurer

In conclusion, always bear in mind that insurance should provide certainty in times of uncertainty – and not *uncertainty* in times of uncertainty.



Viren B. Garach