

Is it a great idea to Out your Insurance Broker?

An engagement with a long-standing investment client suggested I might write with a slightly different perspective this time (I will spare you the stuck record platitudes). Harvard House Insurance Brokers is a lesser-known division of the financial services that we offer. Their size belies their ability to provide an exceptional service to clients. While we live in a world where online and technology seem to win the day, this small team offers a very special personal touch, and that cost need not come at the disadvantage that the “cut-out the middleman” operations may imply. Often quite the opposite.



**Robin
Gibson**

Many clients would be unaware that insurance is virtually in my blood. My grandfather worked in the insurance industry in the UK after serving in Kenya during WWII. He decided life in Africa held a much greater allure.

He emigrated to Northern Rhodesia in the late '40s and continued in the world of loss adjusting in the insurance sector. He was very good at it and eventually established his name negotiating all the claims around the building of the Kariba Dam in the mid to late '50s. Over many dinner time conversations, he would regale his family of the trips on strip roads to far-flung places. Fortunately, he was in the comfort of a Mercedes Benz! At times my grandfather had branches in Livingstone, Lusaka, and Ndola as well as Bulawayo.

My gran was his PA. My father joined him after a career in Rhodesian Customs and before long my mom was the 4th member of a burgeoning family business. I used to go from school to my grandparents for lunch before sport and we were fairly regularly around the dining room table as a family (mealtimes were a professional sport in the colonial era). As you can imagine with four family members in the same business, many of my formative years and those meals were spent listening to ‘shoptalk’. It is, for this reason, that I claim to speak the Insurance language fluently, despite having never worked a day in the short-term insurance sector.

Insurance is an industry that flourishes when dramatic

SPEED READ

- Consumers’ senses are assaulted with adverts suggesting they go direct and save, implying that using a Broker to place your insurance is a costly exercise that adds no value. The experience of clients who have been with these institutions for more than a few years suggests otherwise.
- Eliminating the broker can leave you very vulnerable to businesses whose advertising would suggest they are the cheapest by far, when in fact they just lure you in to squeeze you in the long game of above-market increases.

events happen. Do not be fooled! They love freak weather conditions and fairly well-publicized road accident statistics. Not because they are morbid Schadenfreude, but rather because this gives them pricing power. The frequent visibility of the very events that people wish to

protect themselves from creates a fear that loosens the wallet. This means that the ability to raise margins is easier to achieve.

The second prize for these institutions is to pass increases onto customers that enhance margin. It is even easier if your customer believes that you are the cheapest around and has no need to check his premiums regularly

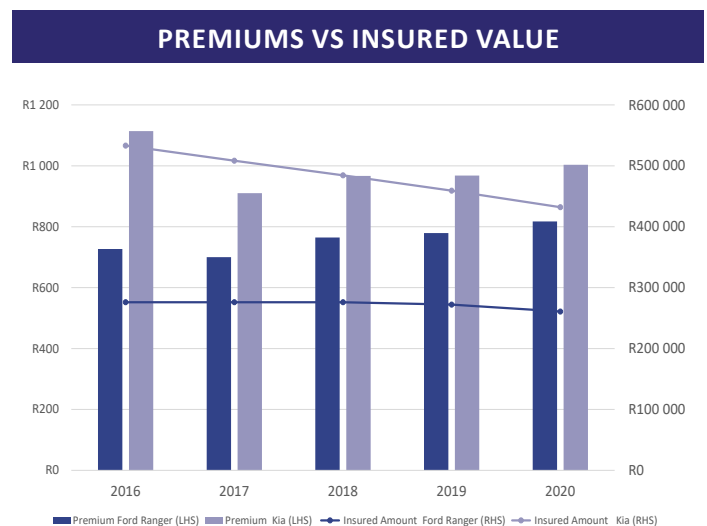
against the market. The best way to achieve this is to spend the 12 to 15% margin you would have paid to a Broker on television, radio, and print advertising reminding the world that you are so cheap, that if they cannot better your

**“Insurance is an industry
that flourishes when
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Do not be fooled!”**

premium they will pay you. It is the Adolf Hitler approach - if people hear something repeated enough they will believe it is true!

My personal history with insurance has ensured that I will always use a broker. For me, they provide a key value-added service that has been worth every cent of the premium that is paid to them. They guide me on how to structure my policy and where my emphasis should be. They highlight risks of which I may be unaware and guide me to ensure that at the claims stage I have not fallen foul of some obligation that may disqualify my claim. They guide me to accurately adjust values on vehicles downwards and buildings upwards so that I don't suffer an averaging adjustment on any claim (being underinsured on your whole can have very significant implications at the claim stage while being overinsured is to pay premiums you can never recover for a benefit you will never receive). Lastly, and very importantly, they resist the automatic increase my insurer dispenses at the renewal of the policy using the comparison of other clients and companies as tools to remove me from being a hapless victim.

I think the following graph which tracks my last 5 years of premiums on my vehicles (which haven't changed) is the



A Broker will navigate the fine balance between ensuring that you are adequately covered whilst keeping premiums as competitive as possible.

best illustration of how Harvard House Insurance Brokers have added value to me. Maybe you should give Mark Wheatley a call on (033) 3302164 to see what he can do for you?



Insurance brokers are there to help when the worst happens. Seldom is a cheap deal a good deal in the long run.



Please note, due to the concerns over the 3rd wave of Covid, Harvard House has decided to cancel our Insight presentations until further notice.



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Topic: n/a

Natal Midlands

Date:	TBC
Venue:	Fernhill Hotel Midmar / Tweedie Road Howick
Morning Time:	10am for 10.30am
Evening Time:	5.30pm for 6pm

Johannesburg

Date:	TBC
Venue:	Rosebank Union Church, Cnr William Nichol and St Andrews Road, Hurlingham
Time:	7am for 7.30am

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Performance figures quoted for the portfolio is from Morningstar, as at the date of this document for a lump sum investment, using NAV-NAV with income reinvested and do not take any upfront manager's charge into account. Income distributions are declared on the ex-dividend date. Actual investment performance will differ based on the initial fees charge applicable, the actual investment date, the date of reinvestment and dividend withholding tax. Performance fees do not apply to any funds managed by Harvard House. The manager does not provide any guarantee either with respect to the capital or return of the portfolio. A schedule of fees, charges, and maximum commissions are available on request from the manager.

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