Every property owner with a home loan must have homeowners insurance in place. Your insurer wants to keep your house in perfect condition, so they should be the first person you call when things go wrong.

When you apply for a bond, its approval is usually conditional on you taking out homeowners insurance. The purpose of this kind of insurance is to protect you (and the bank) from the risk of structural damage arising from fires, bad weather or burst geysers and pipes.

While you are not obliged to take the homeowners insurance that your bank offers, it is usually compulsory for you to prove that you have this type of cover in place.

Craig Young, managing executive of oobainsure, says although this type of insurance is often a grudge purchase, once it is in place, it is useful to the homeowner. He says your insurer will become your first port of call in a household emergency.

**WHAT DO THEY COVER?**

Some of the less well-known items covered by homeowners insurance include alterations to your property should you become confined to a wheelchair, damage to the garden caused by impact, emergency services expenses, appointing of guards to protect your property, replacement of keys, locks and remote control units, geyser bursting, electrical gate motors, cost of demolition fees and accidental breakage to fixed glass and sanitary ware, and the list goes on.

Of course, there are also exclusions. These generally include wear and tear or damage from civil unrest or war.

Simply put, Young says what it boils down to is that if anything goes wrong with your home, you should call your insurer before you do anything else, to find out whether you are covered.

**THE CLAIMS PROCESS**

To claim, Young advises homeowners to contact their insurance company immediately so that they can be guided through the processes. All Insurance Companies have their own panel of Service Providers that they send out to do the work. You can use your own Service Provider for the repairs in some cases, if this is agreed upon by the insurer and a quote has been accepted.

In an emergency, contact the insurance company’s emergency line for priority service.

Your excess will usually be required to be paid to the Service Provider such as a plumber or electrician before any work commences on your property. When the work is done, you’ll have to sign a document to let the insurer know that you are happy with the work.

“It is always advisable not to take matters into your own hands with any emergency repairs. Always phone the claims call centre as your insurer cannot be held liable for inflated prices charged by an independent Service Provider.”

**GET YOUR PROPERTY VALUED ANNUALLY**

It is also a good idea to always keep your property valuation up to date. The insurer will increase your premiums annually, taking inflation and building materials costs into consideration, but it is up to you to request a reassessment of your property if you have carried out any renovations - this could be for your own costs.

He explains that if you don’t do this and you need to claim, you could be underinsured. This means that you would be liable for the costs of a rateable share of the damage. For instance, Young says if the replacement value of the property is R100 000 and the insured value on the policy schedule is R75 000, then the insurer would be within its rights to only pay a maximum of 75 percent of every claim you make. For this reason, he says you must ensure that your property is correctly insured.

You are required to have homeowners insurance in place to protect your lender’s interests just as much as to protect yours. Homeowners insurance is there to help you protect the value of your greatest asset.
THE DANGERS OF SIGNING SURETY WITHOUT SURETY!

In business today, you need external funding for expansion and the continued success of the business. The funding may be in the form of an overdraft facility, a personal guarantee, a term loan or asset finance. In accordance with their credit policies, South African banks and other financiers normally require the owners of a business to sign surety for the external funding acquired.

If you have signed surety on behalf of your business, you are exposed to risk. If you (or one of your partners) signed surety on behalf of the business and die or become permanently disabled, it could lead to the problematic situation where your estate (or that of your partner) may be called upon to settle the debt as surety.

UNINTENDED CONSEQUENCES OF SIGNING SURETY

The implications of signing surety on behalf of a business do not stop at the estate of the deceased owner - there is a ripple effect that could potentially ruin a thriving business. The ripple effect can be described as follows:

1. THE OWNER
   The creditor may call up the surety exposing the estate of the owner.

2. THE REMAINING OWNERS
   If the surety is called up against the deceased estate, it will result in a claim against the business, which may require the remaining owners to pay in the shortfall.

3. THE BUSINESS
   Long term and short term funding structures may be exposed. Third party creditors may withdraw finance or may increase cost of finance.

By signing surety you usually renounce the benefit of certain protective measures like division and excussion, exposing all and sundry to risks associated with signing surety.

1. DIVISION applies when suretyship is shared with more than one person allowing you as co-surety to demand that the debt be divided between all sureties and that you be held liable only for your share of the debt.

2. EXCUSSION on the other hand, allows you to compel the bank or the credit provider to take legal steps against the borrower first and to recover all it can from the borrower before pursuing you. By signing the standard surety agreement the business owner gives up these rights.

Source: Personal Finance

Signing surety is not a lifetime obligation, it is usually required for a period of time - e.g. the term of the financing agreement or while you are involved in the business. When you leave the business or the loan has been repaid, the surety must be cancelled. If this is not done, you or your partners who stood surety at the time for the debt of the business will be held liable if the surety is called up by the financial institution.

IN CONCLUSION

Most of us have signed surety at some point or another. Some of us may have forgotten that we signed surety. Others may not even have the need to be the surety any more, but have forgotten to cancel the surety.

It is therefore of the utmost importance that you are aware of the surety documents you’ve signed, ensure all of the sureties are still valid (e.g. the debt hasn’t been paid off already) and have sufficient cover in place for sureties still required.

WHY INVEST IN SHARES?

Investment – the word conjures up grey–shaded images of everything you never wanted to be, such as straight–laced and sensible.

But investing doesn’t have to be boring – in fact it is the only route available to financial independence for those of us that aren’t “trust fund kids” or recent lottery winners.

As Graph 1 shows, shares have shown the highest returns in the long term, outstripping other assets such as bonds and even property.
WHAT ARE SHARES?

Companies have two choices when they want to raise money to grow their business: to borrow from a bank or issue shares. A share is a slice of a company that, technically, means that its owner has a small claim on that business’s earnings and assets. As a shareholder, an individual is one of many owners of that company. The key advantage of issuing shares, is that the company doesn’t need to pay back the capital amount or make interest payments. Instead, shareholders – the people who buy those shares – can hope for future capital gains on their investment and may also receive dividends.

HOW A STOCK EXCHANGE WORKS

The New York Stock Exchange (NYSE), the London Stock Exchange (LSE), Tokyo Stock Exchange and the JSE Limited (JSE) are all, simply, markets for shares. Stock exchanges offer two benefits:

1. They reduce the risk of investing by providing a transparent pricing mechanism for trades.
2. They police listed companies. Stock exchanges operate a strict regulatory environment and companies have to comply with stringent listing requirements.

WHAT MAKES SHARE PRICES MOVE?

The forces of supply and demand are the key determinants of changes in share prices. In the simplest terms, the share price will go up if more people want to own a share than are prepared to sell. Over time, a share price will track the underlying trend in the earnings of the company: if earnings and dividends grow constantly, the share price should follow. Other aspects that affect investor appetite for shares include performance of international markets, general economic growth, sector or company-specific news, share buybacks and futures trading. Overall, share prices tend to go up when the economic news is good as this means companies should see their earnings increase. Good news from a certain sector or company can also drive share prices up, as well as creating expectations of good future earnings.

RISKS OF INVESTING IN SHARES

Share prices can – and do – go down as well as up. Investors can reduce their risk by doing their homework and always knowing exactly what they’re investing in. That includes evaluating ‘tips from friends’. Some shares can be illiquid. This means that they are difficult to trade, often because there is a controlling shareholder that owns a large percentage of the company and does not sell those shares in the market. This means a share can be difficult to sell when you want to exit that investment.

Companies do not have to pay dividends. This is not necessarily a bad sign if the company is keeping that money to invest in its future growth, but is a risk for shareholders who bought that share for the dividend income. If a company goes bankrupt, shareholders may lose the entire value of their investment. Companies can disappoint the market by reporting lower-than-expected earnings. This can mean the share price either falls or lags behind its peers. Share prices factor in the market’s view of management’s competence and integrity. Scandals, such as the revelation of fraud or poor corporate governance, can hurt the share price. But most listed companies are well-run business and their share prices should increase over time, so there is no need for investors to be afraid of investing in companies listed on the JSE.

SEEK ADVICE FROM A PROFESSIONAL

If you feel that you don’t have the skills to manage your own portfolio of individual shares, consider using a professional and registered stock broker.

START OF TAX SEASON FOR INDIVIDUALS – 1 JULY 2014

We offer comprehensive income tax services for individuals. Contact our office if we can take the tax burden of your hands. You have more important things to worry about. Do not leave it till the last minute.

The logbook must contain the following minimum information:

1. Date of travel
2. Kilometers travelled
3. Business travel details (where and reason for the trip)

NOTE: Where you used more than one vehicle in the tax year, a separate logbook must be kept for each vehicle that was used. Without a logbook, you will not be able to claim a travel deduction.

You are now ready to calculate the amount of your claim.

As a taxpayer you have two choices:

1. You can calculate your claim based on the table of costs supplied by SARS each year. You will find the costs tables which apply to the tax year from 01 March 2014 to 28 February 2015 on the website of SARS. An accurate record of all your expenses will be required - simply use the costs linked to the value of your vehicle.

2. Alternatively, you can calculate your claim based on the actual costs. An accurate record of all your expenses during the year, including fuel, maintenance, lease and insurance costs will be required.

Please note that you must retain your logbook for a period of at least five years as you may be required to submit it to SARS for verification of your claim. SARS accepts electronic logbooks as an acceptable record.

SARS reserves the right to audit and query the content or information recorded by the taxpayer in any logbook.

For more information and for the SARS TRAVEL LOGBOOK contact Kerneels Venter at our office.

This article is a general information sheet and should not be used or relied on as professional advice. No liability can be accepted for any errors or omissions nor for any loss or damage arising from reliance upon any information herein. Always contact your financial adviser for specific and detailed advice.
The funny thing about all those expert opinions: They’re not really based on hard data about actual airline accidents. A look at real-world crash stats, however, suggests that the farther back you sit, the better your odds of survival. Passengers near the tail of a plane are about 40 percent more likely to survive a crash than those in the first few rows up front.

That’s the conclusion of an exclusive Popular Mechanics study that examined every commercial jet crash in the United States, since 1971, that had both fatalities and survivors.

The raw data from these 20 accidents has been languishing for decades in National Transportation Safety Board files, waiting to be analyzed.

In 11 of the 20 crashes, rear passengers clearly fared better. Only five accidents favored those sitting forward. Three were tossups, with no particular pattern of survival. In one case, seat positions could not be determined.

In 7 of the 11 crashes favoring back–seaters, their advantage was striking.

For example, in both the 1982 Air Florida accident in Washington, D.C., and the 1972 crash of an Eastern 727 at New York’s Kennedy Airport, the handful of survivors were all sitting in the last few rows. And when a United DC-8 ran out of fuel near Portland, Ore., in 1978, all seven passengers who died were sitting in the first four rows.

There was just one crash in which passengers in the front had a pronounced survival advantage. The only two fatalities in a 1989 USAir runway accident at LaGuardia were both sitting in Row 21 in the 25-row Boeing 737-400.

The rear cabin (seats located behind the trailing edge of the wing) had the highest average survival rate at 69%. The overwing section had a 56% survival rate, as did the coach section ahead of the wing. First/business-class sections (or in all-coach planes, the front 15%) had an average survival rate of just 49%.

So when the “experts” tell you it doesn’t matter where you sit, have a chuckle and head for the back of the plane. Once your seatbelt is firmly fastened, relax. There’s been only one fatal jet crash in the U.S. in the last five-plus years.