From: Hannes | Blackhound
To: "Lindy Scheepers"; "lynneA@hollard.co.za"; "charlS@hollard.co.za"
Cc: "Dewald | Blackhound Architecture & Rendering"; "Fredelene Augustus"; "Andy Wesson (FIISA)"; "Lezelle Myburgh"
Subject: RE: Insurer Claim Feedback
Date: Friday, 12 July 2024 11:08:00
Attachments: image002.png
image003.png
image004.png
image005.png

Hi Lindy

Thank you for forwarding the feedback to us.

From the feedback given, it seems that we must explain the incident AGAIN….

Please see below summery of the event, as emailed to RBS at the time of the incident:

"…In short, as explained to the assessor:

We had several fail-saves in place as a backup in the event of a harddrive crash or loss of data.

We have 2x Harddrives in our little QNAP server, which is as big as a router, set up to run in RAID, meaning that the 1x harddrive acts as a ghost to the other harddrive. So that in the event the main drive crashes, the "Ghost" drive can immediately kick in, and just continue where the other one crashed.

In addition to this we have a Google drive scheduled to Auto backup our server every night from 12am.

What happened in this one in a trillion event is, both our harddrives crashed after midnight right in the middle of our scheduled backup, so when the drives crashed it did not complete the backup, leaving all the files corrupted on our google drive. Had it happened a couple of hours earlier or later all our backup files would have been perfectly fine…"

Looking at the incident, we had 3x Fail-saves in place, where one of those are storing data off-site:

PROVIDED THAT:

duplicate records of such documents are maintained away from the insured premises described in the Schedule.

This is our Google drive. And as explained in my notification email everything was set in place and working fine.
We also have corrospondance with Google support in effort to retrieve data that was stored on our Google drive.

Moving on to your recent feedback, below is a insert from your wording policy for reference:

SPECIFIC EXCEPTION FOR DOCUMENTS:
This Sub-Section does not cover:
1. loss or damage caused by:
- electric or electronic or magnetic injury, disturbance, or erasure of electronic or magnetic recordings except by lightning.

A. The loss of documents did not occur due to us accidently erasing all our data, or from electric, electronic or magnetic injury.
There was an unknown incident that caused physical damage to the harddrives, rendering the data unreadable.
Looking at the time of the incident this could well have been server software related causing an unplanned shutdown during the backup window.

B. You also make specific mention of "lightning" in your clause, which draws the parallel to an "Act of God (Force Majure)".
I ask you guys, looking at how the incident happened. How do we plan for something like this?
How do you plan for 3 different backup systems to fail at the same time.

This incident is causing a business interruption and will continue to cause a lot of time and energy in recreating these documents that was stored on the harddrive.

The claim has also been ongoing since March 2024, and we continuously pay our instalments each month.
Our last claim was for our Inverter in April/May 2023 and before that we never had a claim.

All we ask for here is for the funds that is allocated to this section of our policy, which we are paying for each month, to be paid to us so that we can replace the damaged harddrives and to cover some of the cost in recreating these documents.

Kind regards

From: Lindy Scheepers <Lindy.Scheepers@rbs.co.za>
Sent: Thursday, July 11, 2024 3:53 PM
To: Hannes | Blackhound <hannes@blackhoundenterprises.com>

Cc: 'Dewald | Blackhound Architecture & Rendering' <dewald@blackhoundenterprises.com>; Fredelene Augustus <Fredelene.Augustus@rbs.co.za>; Andy Wesson (FIISA) <Andy.Wesson@rbs.co.za>
Subject: FW: Insurer Claim Feedback

Dear Hannes, below email from Hollard refers.

Based on the damage report provided by Intratec, the cause of the loss or damage is not covered by this section, and the burden of providing the contrary proof shall rest on the insured.

Below is an extract from the policy wording from Office Contents, under the Documents section noting that loss or damage caused by erasure of electronic or magnetic recordings is an exclusion.

SPECIFIC EXCEPTION FOR DOCUMENTS:
This Sub-Section **does not cover:**

1. loss or damage caused by:
   - electric or electronic or magnetic injury, disturbance or erasure of electronic or magnetic recordings except by lightning;
   - vermin or inherent defect or by processing, copying or other work upon the documents;
   - the dishonesty of any principal, partner or director of the Insured whether acting alone or in collusion with others. This Exception shall not apply to any director who is also an employee of the Insured and whom the Insured have the right at all times to govern, control and direct in the performance of his/her work in the service of the Insured and in the course of the business;
2. wear and tear or gradual deterioration

Please also take note of the following provision noted under Office Contents Documents when saving your records/documents.

PROVIDED THAT:

duplicate records of such documents are maintained away from the insured premises described in the Schedule.

Our recommendation is that you accept the R10 000 Reinstatement of Data offered, kindly let us know if we can forward the Agreement of loss for your signature.

Please do not hesitate to contact us with any enquiries herein.

Best Regards

Lindy Scheepers
Commercial Underwriter

Lindy.Scheepers@rbs.co.za
+27 41 585 9933
Harbour View 19 Oakworth Road
Harbour View, 19 Oakworth Road, Humerail, Humerail Port Elizabeth 6001

From: Charl Swarts CharlS@hollard.co.za
Sent: Wednesday, July 10, 2024 1:37 PM
To: Fredelene Augustus Fredelene.Augustus@rbs.co.za; Lindy Scheepers Lindy.Scheepers@rbs.co.za
Cc: Lynne Auld LynneA@hollard.co.za
Subject: FW: PEBCLCP000852906/BLACKHOUND ENTERPRISE - RBS01-HIEC-00032932

Hi ladies

The insured has submitted a claim in respect of the office contents section of the policy, specifically sub-section C.

The exclusion we rely on is 1.1, but not the part the insured is quoting.

disturbance or erasure of electronic or magnetic recordings except by lightning;

The copied part of the exclusion excludes loss or damage caused by disturbance or erasure of electronic or magnetic recordings except by lightning.

I submit that this covers the circumstances in question.

Regards, Charl

From: Hannes | Blackhound <hannes@blackhoundenterprises.com>
Sent: Monday, June 24, 2024 1:05 PM
To: Andy Wesson (FIISA) <Andy.Wesson@rbs.co.za>; Lindy Scheepers <Lindy.Scheepers@rbs.co.za>; Samantha Porter <Samantha.Porter@rbs.co.za>
Cc: 'Dewald | Blackhound Architecture & Rendering' <dewald@blackhoundenterprises.com>
Subject: Insurer Claim Feedback

Good afternoon Andrew.

Thank you for your feedback via. Whatsapp and for your help with this so far.
I saw your mail come through about cc'ing Lindy and Samantha in emails, so I copied them in here as well.

It is obviously a disappointing response from the insurer given the duration to resolve this. It has been ongoing since March 2024.

Has RBS or the insurer spoken to Intratec yet? The company who gave multiple reports on this and who mentioned they can contact them directly as well.

I would very much like to know how the insurer concluded that the “cause of the incident” is tied to “electronic / mechanical” breakdown since Intratect can’t even determine that this is the cause of the incident.
Again, the insurer’s wording in their policy for exclusions regarding this matter states: “Electronic / Magnetic Injury” and does not state “Mechanical Injury.”

I want to know in their words from their wording policy what do they see as “Electronic or Magnetic injury.”
My reason for asking this, is they are denying our claim based on a “electronic / mechanical incident”, but they are covering documentation in electronic format. How does one save electronic documentation? Again, contradicting.
The incident of denying our claim is not being justified.

Feedback given from the guys at Intratec is clear that the loss of data(documents) happened due to a mechanical part of the harddrive that stopped working. Not that this is the cause of the incident.

As an example there are a couple of scenarios that can cause mechanical failure in devices:

1. Un-planned System restart / Reboot: Mechanical components such as hard drives, fans, and optical drives have specific shutdown procedures to ensure they stop safely. An unexpected restart can interrupt these procedures, potentially causing physical damage.

2. Data Corruption: If the mechanical part relies on software for its operation, an unexpected restart can lead to data corruption. For example, firmware or software that controls a mechanical part might become corrupted, leading to malfunction.

Given the information provided, I would like to know your thoughts on this.

Kind regards