

## BEING HEALTHY IS NOT ENOUGH WHEN IT COMES TO RISK COVER

Being healthy these days is simply not enough assurance that one will never need risk cover.

Hermann Labuschagne, professional market development manager at Old Mutual, says that some 30% of all Old Mutual's death claims are accident related. 'This clearly substantiates the important role that risk planning plays in any financial plan, whether the individual is healthy or not,' he says.

Labuschagne explains that there are two main components to a balanced financial plan – one is the creation of wealth, which includes retirement savings and general investments or savings for short-term goals, and the other is protection or risk planning.

Under risk planning there are different needs that should be met, Labuschagne says. The first need is to ensure that if one dies, there is sufficient capital to provide or replace the income that is lost and that all expenses related to the winding up of one's estate are taken care of. The second need is to ensure that one's earning ability is protected in case of disability, and the third is to cover oneself against any lifestyle adjustments due to illness or impairment.

When planning for the short term, there is a need to cover medical expenses, without which one could be ruined financially when surviving either an accident or a severe illness like cancer. The expected medical costs for treating cancer could be substantial. For instance, it would cost around R120 000 a year for surgery, R30 000 a month for up to 5 years to treat leukaemia, or R5 000 per month per chemotherapy or radiation session (based on information from Old Mutual Healthcare).

Labuschagne says that medical aid is a crucial component of a financial plan, given the high cost of health care. However,

one could opt for a less comprehensive option that is specifically designed to reward healthy individuals.

There are also benefits available that will pay only in the case of an accident, Labuschagne points out. These benefits are not limited to death but also include disability and physical impairment. The benefit is available with limited underwriting and usually requires no HIV test owing to claims being limited to accidents only. These benefits are also suitable for individuals who are uninsurable for medical reasons.

'Although these benefits address some of one's risk protection needs, they should not be seen as a comprehensive solution as they are limited to accidents only. Rather they should be used to supplement existing cover.'

Labuschagne says being young and healthy doesn't necessarily safeguard one against life's unexpected events.

'By making risk protection a key part of one's financial plan, one will be protecting oneself against any financial vulnerability that the future may bring.'

'As the festive season approaches, be mindful of last year's high road accident rate and realise that life is unpredictable and that accidents do happen,' Labuschagne concluded.

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## INFORMATION TECHNOLOGY IN PRACTICE: LIFESTYLE MANAGEMENT AND RESEARCH

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- car price comparisons
- car and other asset financing
- news
- sports equipment information and purchasing
- retail banking
- equity trading
- asset management
- insurance and assurance purchasing
- residential property searching
- accessing and placing classified adverts
- accessing newspapers and magazines
- reserving movie and theatre tickets
- purchasing travel products.

## Research

Being able to do research through the Web makes studying of any sort much easier than it was previously when trips to the library were the order of the day. Most professional associations have a Web presence, as do most journals and scientific and medical publications.

Research also requires dialogue with other interested parties, and the Internet enables one to communicate with people from all over the world, either via e-mail, message boards or chatrooms.

To use e-mail, one must first know who to send e-mail to, and contacts are generally made through the other two means. Chatrooms, such as those run by the South African Medical Association (SAMA), enable one to mix with specialised groups of Web users, having discourse in real time and also being able to initiate private side conversations while the main discussion is continuing.

Message boards are generally found in the same places one finds chatrooms, but provide a forum more useful for questions and answers than for one-to-one dialogue. This is because people come and go to a message board, but they have to be simultaneously present at a chatroom to be able to help each other. SAMA has various message boards.

## Future in information technology

The rules of business are changing. New players are entering markets quickly or creating new ones. They are competing with new strategies and challenging entrenched incumbents. Networks are supplementing hierarchies as the dominant organisational form to respond to unpredictable and unstable market conditions and, for the first time in history, information technology (IT) is being used as a primary medium for human communications as more and more people are becoming connected.

The networked age encompasses several elements:

- Networked enterprises. Participating in broad value nets in

which all employees or members are connected, sharing information in real time and linked externally to other enterprises, partners, suppliers and even customers to deliver on an overall value proposition.

- Networked consumers. Increasingly armed with powerful multimedia and Web-enabled PCs, inexpensive information appliances or intelligent vehicles, they are now able, and increasingly eager, to shop, bank, learn, communicate and be entertained over a network.
- Networked economy. Across every industry, entry barriers are dropping; global competitors are targeting micro-markets, the pace of change is accelerating, and the vertically integrated oligopolies of the industrial era are giving way to de-integrated, multi-firm value nets.
- Networked computing. The incremental improvements in core technologies of processing, memory and storage in combination with breakthroughs in advanced networking, the Internet, Java, natural interfaces, mobility and digitisation are enabling the information flows to support the global networked economy.
- Networked interactive multimedia. The digitisation of telephone, television, publishing, photography, music and video, the integration of these separate forms and the potential for interactivity are redefining the very nature of information with a new generation of cognitively powerful human communication environments with applications in health care, learning, engineering, marketing, entertainment and virtually every aspect of life.

All commercial industries and many aspects of societal industries are moving along the same general transformation path into the networked age, although at different rates.

One of the key forces driving this industry transformation is the explosion of Internet usage. Most dramatically, the amount of commerce conducted on the Web grew from \$1.1 billion in 1995 to \$116.8 billion in 2000, a compound growth rate of 154%. While Web use is dominated by USA activity, non-USA usage will accelerate with 95% growth in Europe, and 122% in Asia and the rest of the world.

Hundreds of millions of individuals will soon be connected to networked services pursuing electronic commerce, knowledge management, self-service, enhanced learning, and entertainment.

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