

Act today, protect what matters

Life changes. Be prepared. Be protected.



Say 'Yes' to Life and Critical illness cover

If someone is likely to suffer financially if you fall seriously ill or die, you'll probably need Life insurance and Critical illness cover. To help you understand how Life insurance and Critical illness cover might help your particular situation, we have outlined a number of different scenarios below.

If you're...

...single

Many single people probably think they don't need Life or Critical illness insurance, but there are exceptions. For example if you have significant debt – such as a mortgage – you would want it repaid if anything were to happen to you. If you provide financial support for your family, and would like that to continue should you die or become seriously ill, you need life and critical illness insurance.

...married

When you're building your life with your spouse, the foundations you are laying need the protection that life insurance provides. You and your spouse may use your combined incomes to take on more financial obligations, such as renting a larger apartment, buying a home or new cars and possibly having children. A surviving spouse's income may not be enough to pay off debts such as a home loan, credit card balances and car loans, let alone cover daily living expenses.

...a parent

If you are a single or married parent, with children of any age, you have a responsibility to ensure that you have enough Life and Critical illness insurance to safeguard your children's future.

Think about whether your family would be able to maintain its current standard of living if a parent – or both parents – were to die prematurely, suffer an accident or were diagnosed with a serious illness. Could the family continue to meet its financial obligations – from paying rent to meeting the cost of education, or even daily living expenses?

...retired

A Life insurance policy can help to reduce the stress on loved ones in the event of your death. The proceeds of a Life insurance policy are payable immediately, allowing your heirs to take care of taxes, funeral costs and other debts without having to hastily liquidate other assets.

...a business owner

Apart from taking care of your family, Life and Critical illness insurance can also protect your business against the death or serious illness of your key personnel. In most businesses, the loss of a key person would have a devastating impact, and in the worst case scenario the business may have to close down. Having a protection plan in place will reduce the financial impact that a death or serious illness would have on your business.

What if?

As much as we'd all like to think that "it'll never happen to me," the reality is that none of us knows what the future holds. We encourage you to think about how your family would manage financially if faced with your sudden death or serious illness.

If your spouse relies on your income, how would they survive financially if you were to fall seriously ill or die?

If you have children, would they be able to complete their education if your earnings were lost?

Think about the implications for your family.

Let's have a look at what Richard's family might go through if he were to die suddenly.

Meet the Henderson family

Richard Henderson

- An expat, 42 years old, has lived in Dubai for the past 10 years.
- Works as a General Manager at a manufacturing company.
- Married to Sarah, 37 years old, a homemaker.
- Two children – Jonathan, 13 years old and Jessica, 9 years old, both studying at school. Jonathan wants to be a lawyer and Jessica, a doctor.
- Richard is a smoker, loves fine dining and likes to go for long walks with Sarah.



Richard's financial Situation:

Income:

Salary: USD230,000 p.a.

Liabilities:

Mortgage: USD600,000

Car loan: USD60,000

School fees: USD32,000 p.a.

Other expenses: USD5,000

Savings:

USD25,000

Let's imagine Richard was able to support his family's needs and meet his liabilities easily with his annual income until he suddenly suffered a heart attack and died at the age of 42 years, leaving behind his wife and children.

Richard had no Life Insurance policy:



Naturally, Richard's death caused heavy grieving and emotional trauma for Sarah and the children. Sarah was worried how she would cope financially without Richard, adding to the stress of her loss. She managed the funeral cost and other daily expenses from savings that Richard had left for them, but the long term financial burden – the continuity of the children's education, the mortgage and maintaining their standard of living – fell on her shoulders.

As Sarah was on Richard's visa, she had to return to work, teaching at a primary school, within thirty days of Richard's death.

As there was no mortgage protection policy, the family were forced to sell their home and move into a smaller rented apartment. Income from Sarah's job was insufficient to cover the school fees and the children had to move to a new school.

Eventually, unable to manage the mounting living costs, Sarah and the children had no choice but to move back to their home country to seek support from their extended family.

Richard had a Life Insurance policy:



Richard's death was a difficult time for Sarah and the children. However, smart insurance planning ensured that emotional struggles weren't compounded by financial hardship. Richard's life insurance policy paid out a lump sum to his family. This helped Sarah to clear the mortgage, school fees and plan for the children's long term education, and her retirement. She was able to manage the family's finances without needing support from her extended family and maintained the same standard of living as Richard would have liked them to continue to enjoy.

Sarah and her family continue to live in Dubai. Sarah has returned to work, teaching at a primary school, but this decision was primarily for resident visa purposes. She has purchased a Life and Critical illness insurance policy so that her children are protected in the event of her death or serious illness.

The importance of having a life insurance policy can't be ignored. Your loved ones will be grateful that you took a Life and Critical illness insurance policy to enable them to continue their life even though you may not be around to share it with them.

You will never be younger than you are today

Many people start thinking about cover only when they have responsibilities, such as a mortgage or a family to look after. This is a serious risk. The time to buy Life and Critical illness insurance is always now – for three good reasons:

1

As you get older, the premiums you would pay for term Life and Critical illness insurance increase with every birthday.

Once you've taken out a term policy, the premiums are fixed* and will never increase. Put simply, the earlier you start a protection plan, the less it will cost you on a monthly or annual basis.

2

You are almost certainly going to need life insurance at some point.

Even if you have no responsibilities at the moment, one day you are likely to want to settle down, buy a property, perhaps raise a family and educate children. Someone is likely to depend on your livelihood at some stage. You need to ensure that they are taken care of should you die or fall seriously ill.

3

You cannot guarantee your health.

You should buy Life insurance now while your health is good. Once you buy a policy, the premium you pay is fixed*, even if your health deteriorates. Wait and you could pay substantially more or worse still, you may be unable to get cover at all.

Today you are the youngest – and probably the healthiest – you are ever likely to be, so now is the time to act.

*Premiums for Critical illness plans are guaranteed for the first five years after which they are reviewed to ensure they can continue to support the sum insured. Subsequent reviews are carried out every five years thereafter. At any review, premiums may be increased or decreased, depending on our claims experience.

We give 30 days notice before making any proposed changes to premiums.

It's not as expensive as you might think

Term insurance is the most cost effective way of providing life insurance and cover against a serious illness. While it will never acquire a surrender or maturity value, it does provide invaluable peace of mind.

For example, a 34 year old, non-smoking male could secure life cover of **USD1 million** for a monthly premium of **USD106.79*** and a critical illness cover of **USD200,000** for a monthly premium of **USD70.66***.

The total cost would be **USD177.45** per month – or to put it another way...

*Policy term: 20 years

equivalent to

1 coffee
a day





Next steps

01 Think

about whether you have the Life and Critical illness cover you and your family need, and consider the peace of mind you would gain from having a Life and Critical illness policy in place.

02 Remember

Life and Critical illness policies pay out a lump sum in the event of your death or if you suffer one or more of a range of serious illnesses. The policy proceeds can help your family to maintain their standard of living, even if you are not around.

03 Speak

with your financial adviser to see how our protection products could help you protect your family's future.

Find out more by visiting:

www.fpinternational.ae/protect

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