



Employer Provided Life Cover

Why Your Company
Life Cover Is Worth Less
Than You Think





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Let's be honest, Life Insurance is a discussion that no one wants to have. And embarking on a new life overseas only pushes this conversation further down your list of priorities.

However, when it comes to securing the well-being of your loved ones, it's a conversation that if ignored, could turn your expat dream into a nightmare.

As an international worker, the risks you face are markedly different. And the importance of having relevant and sufficient cover can't be underestimated, especially if you are relying on this to protect your family should the worst happen.

In this e-book our international protection specialists have pooled together their knowledge and many years of first-hand experience to detail the different types of life cover available, the often-overlooked shortfalls of employee-subsidised schemes and the importance of having cover that is tailored to your specific circumstances.

Why Your Company Life Cover Is Worth Less Than You Think

For many expats, life cover is included in their employee benefits package. Known as Death in Service benefit, this type of insurance policy is designed to provide benefits to your family. However, to assume this cover is adequate for all, could prove to be very costly and leave your loved ones with an avoidable burden if you were to die suddenly.

Unfortunately with life cover, it's often the case that you don't realise its inadequacies until it's too late. The following are some very important points you must consider to ensure your family are protected adequately.



Changing Jobs

On average, the typical person will have 12 different jobs in their lifetime so it's important to understand what happens to your cover when the time comes to move on again.

In some cases, your life insurance policy may be portable, meaning you can take it with you into your new job. However, this tends to be the exception rather than the rule and your life cover will terminate automatically. This means that once you have left your previous employer, you have to ensure there are no gaps in your life insurance coverage. **A stand-alone policy which isn't employee sponsored takes this potential banana skin out of the equation.**

Falling Ill On The Job

While the 'Death In Service' element of many company policies will pay out should you die, if you were to leave your job through a health problem, you may lose your coverage and find that it's either too late or too expensive to take out a new policy.

Death in service isn't as literal as it sounds! A claim isn't reliant upon you being at work, it means you must be on the payroll at the time. However, the lump sum is often paid at the employers discretion.

Cover A Debt

The world is littered with heart breaking stories of people passing away leaving loved ones with credit commitments they simply can't afford as a result of having no cover at all, or perhaps even worse; less cover than they thought they had. And whilst shortfalls do occur with private policies due to people simply not understanding how much cover they needed, this is more common with company cover as you may not even be able to buy as much cover as you need even if you want to.

Lack Of Spousal Cover

The majority of company life cover packages that are offered to employees only cover the employee and very rarely will they provide cover for your spouse. There are policies that do provide such cover, but these are often few and far between. And when they do it's typically a lesser amount.

A common misconception held by many is that as a family you would only suffer financially if the sole or main earner were to die. But in reality, any death will cause hardship either directly or through unexpected costs that will arise due to the change in your circumstances. **If your partner were to pass away today, would you be going in to work tomorrow? Would you be able to support your families lifestyle on a single income?**

What Is The Difference Between Term And Whole Of Life Cover?

Term life insurance provides an individual with coverage for a set period of time. This is usually anywhere between 10 and 30 years and is typically the more flexible and affordable out of the two for families. This type of policy will only provide you with cash value when you were to pass away.

Level Term Life Insurance policies allow you to have the same premiums, pay-outs, and benefits at the time of your death all the way through the policy. With a level term life insurance, no matter whether your personal situation or your health changes the cost of your premium will remain the same.

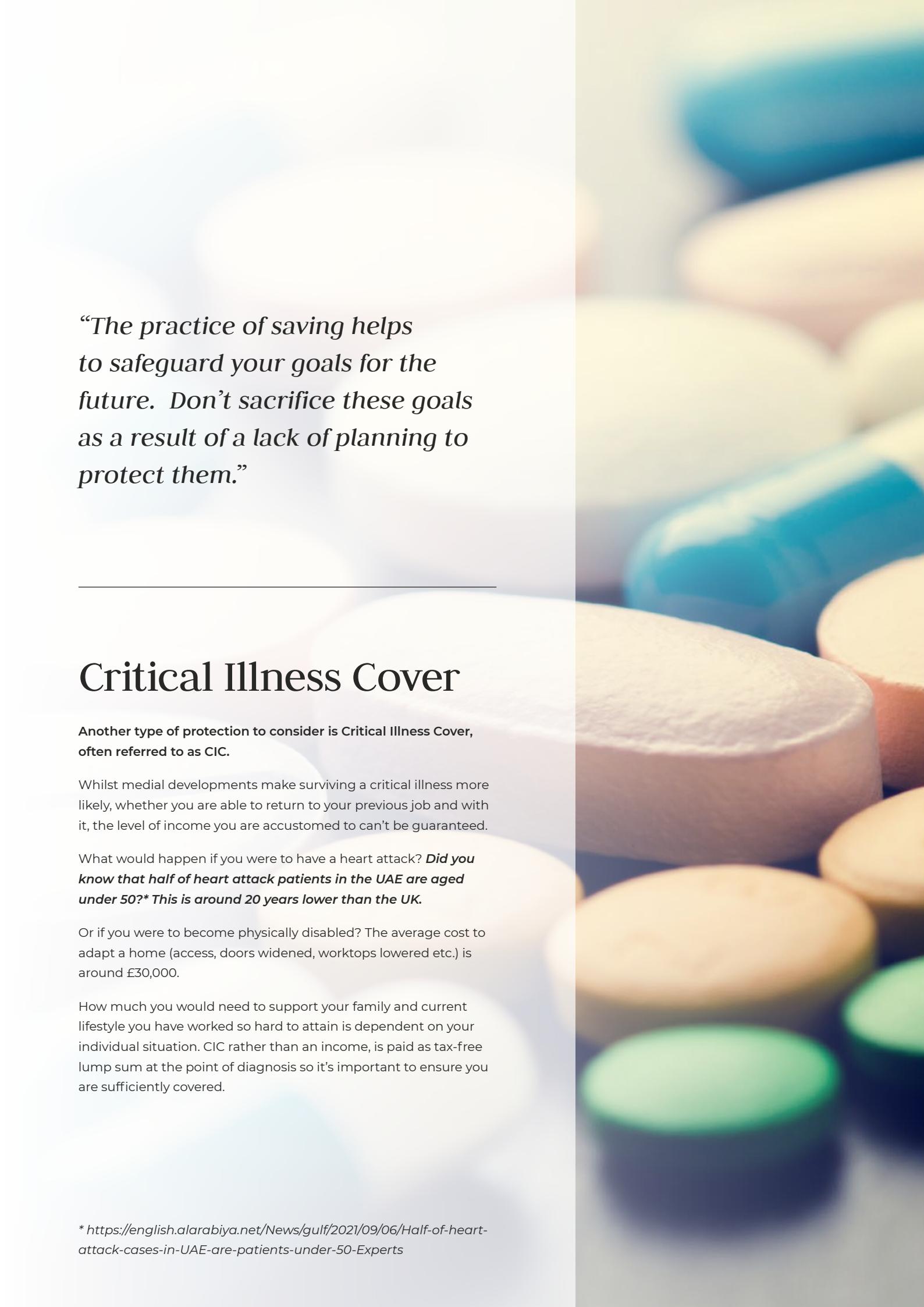
Decreasing Term Life Insurance Often used to cover a mortgage, the amount of cover decreases over time. Typically premiums for Decreasing Term cover are cheaper than level term as a result.

Whole Life Insurance is a type of cover with the ability to build cash value, and death benefits. After several years of holding a Whole Life Insurance policy you will start to build up cash value as well as sometimes even paying out dividends which can then be reinvested into the same policy so that you can increase your death benefits.

Cash Value Life Insurance: This will include any permanent life insurance policy with cash value. When you make a payment into a cash value policy you will be sending a portion of this money to build up a cash fund in which you can use during your lifetime.

Final Expense Insurance: This is intended for people who are aged between 50-85 years old and wish for their pay-out to cover their funeral or other such expenses. This type of policy has an easy application process and can be inexpensive due to a lower death benefit amount.

All policies can be written in to trust meaning that they will pay out straight away rather than your family having to wait for the outcome of the probate process.



“The practice of saving helps to safeguard your goals for the future. Don’t sacrifice these goals as a result of a lack of planning to protect them.”

Critical Illness Cover

Another type of protection to consider is Critical Illness Cover, often referred to as CIC.

Whilst medical developments make surviving a critical illness more likely, whether you are able to return to your previous job and with it, the level of income you are accustomed to can't be guaranteed.

What would happen if you were to have a heart attack? *Did you know that half of heart attack patients in the UAE are aged under 50?* This is around 20 years lower than the UK.*

Or if you were to become physically disabled? The average cost to adapt a home (access, doors widened, worktops lowered etc.) is around £30,000.

How much you would need to support your family and current lifestyle you have worked so hard to attain is dependent on your individual situation. CIC rather than an income, is paid as tax-free lump sum at the point of diagnosis so it's important to ensure you are sufficiently covered.

* <https://english.alarabiya.net/News/gulf/2021/09/06/Half-of-heart-attack-cases-in-UAE-are-patients-under-50-Experts>

How Skybound Protects You

At Skybound, we want to help you protect and preserve the wealth you've worked so hard to build. Our team of experienced advisers will help you every step of the way to financial prosperity and security. Let us guide you in the right direction and we will help you soar towards financial freedom.

Our team of protection specialists will consider things like; your age, your dependants, their ages and the financial security you would hope to provide for them.

We will take the time to understand how any existing policies may work, the value of all your financial commitments and suggest a solution that will provide you with genuine peace of mind that your loved ones will be taken care of. And as part of our ongoing commitment to you, we will naturally review all of these points on a regular basis before making any necessary changes moving forward.

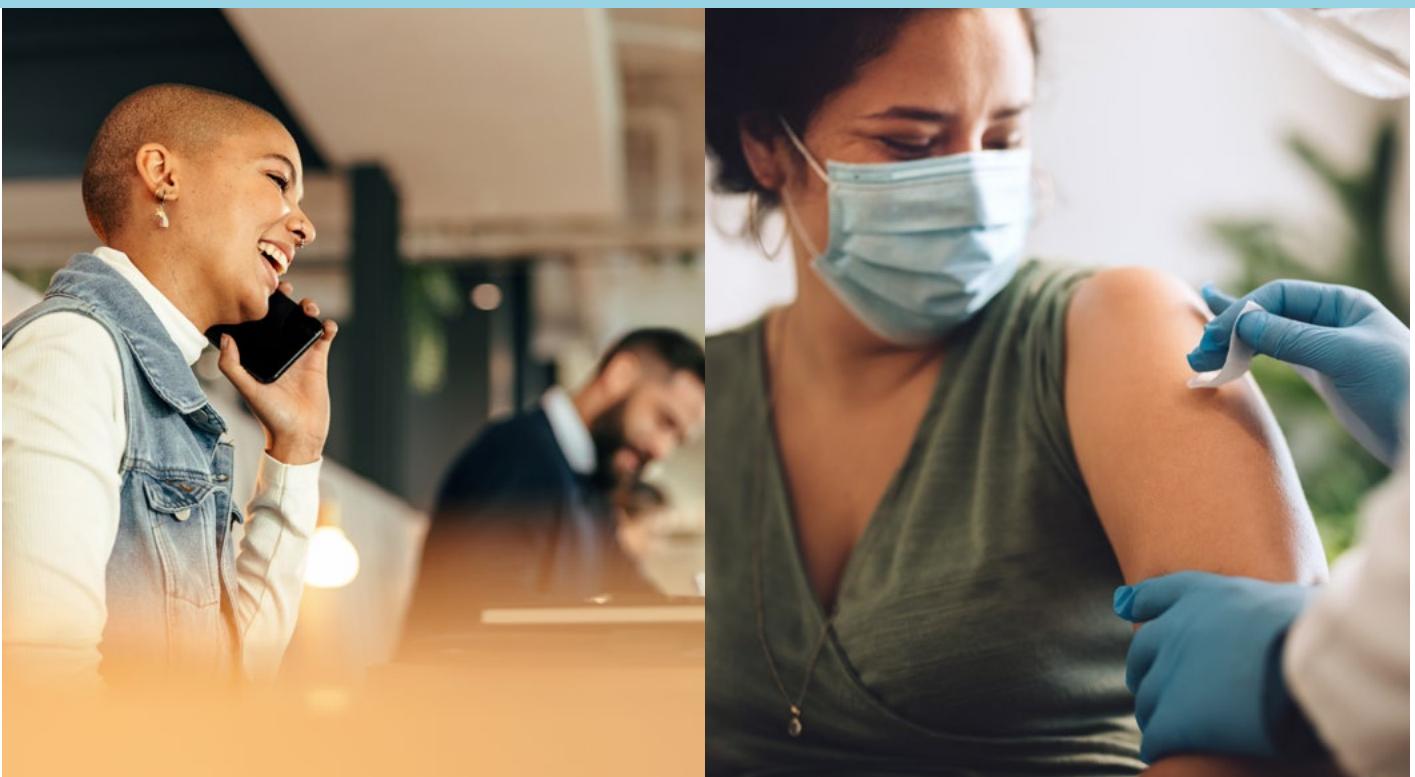
No one can truly predict the future, but with guidance and advice from Skybound, we can help to protect it.

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“...we want to help you protect
& preserve the wealth you've
worked so hard to build.”





Securing Your Future.

Wherever You Are Today.

We exist to educate and guide you through the important decisions required today, to ensure you benefit from the freedom of tomorrow.

