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## 57% of UAE workforce will not survive financially for three months in event of critical illness

- Over half UAE employees won't survive financially if laid off due to critical illness
- A quarter would not last a month
- Critical illness cover – replacing income lost due to illness – is the responsible thing to do
- Small monthly premium with a regulated insurer pays the bills when you can't work

Results of a Financial Survival survey commissioned by Friends Provident International (FPIL), a global provider of protection, savings and investment solutions operating out of the UAE, Isle of Man and across Asia, reveals that 57% percent of the UAE workforce are insufficiently financially prepared to survive three months in the event of contracting a critical illness requiring them to leave their jobs. Startlingly, over a quarter of respondents report that they would not even survive a month.

The survey which received responses from over 1,000 UAE employees from across gender, age, income, nationality, Emirate, and relationship status segments, “shines a light on the average UAE employees’ unpreparedness for critical illness – especially the impact that debilitating illness can have on earnings and financial survival,” says Stuart Shilcock, Head of Sales, Middle East at Friends Provident International.

### Why worry about critical illness?

Statistically, employees are more likely to be diagnosed with a critical illness than die during their working life. A non-smoking man aged 40 is over four times more likely to be diagnosed with a critical illness than he is to die before the age of 65 (Source: Pacific Life Re March 2018). A life-changing illness significantly impacts the ability to work, reducing – or stopping altogether – the ability to earn.

And, as FPIL survey results shows, “all employees in the UAE are woefully unprepared to survive financially if they can't work,” says Shilcock.

While women were marginally more confident than men that they could survive financially for three months in the event of becoming seriously ill and losing their jobs, only 12% of men and 14% of women believed they could survive a full 12 months. Somewhat counterintuitively, older employees, in the 45+ age group, “whom one would expect to be better financially prepared or at least have more savings, were less confident of surviving the first six months than younger employees,” observes Shilcock. That said, older employees made up the largest group, 17%, of those who believed they could survive up to 12 months. This indicates “a slightly higher level of financial preparedness amongst a nonetheless still very small segment of older employees,” says Shilcock. However one looks at the data, the vast majority of employees of all ages remained unprepared for critical illness.

Two thirds of those earning less than AED 10 000 per month did not believe they would survive financially for even one month in the event of contracting a critical illness and losing their job. And even amongst higher income earners, earning more than AED 10 000 per month, only slightly more than a quarter believed they would survive financially for six months.

Over two thirds of Emirati, Arab Expat and Asian workers didn't believe they could survive financially for three months if they fell ill and lost their jobs. Western employees were even less confident of surviving financially “with a full 71% believing that they could not last three months if they became ill and couldn't work,” says Shilcock. These numbers are particularly worrying when one considers that expats in the UAE

don't have the same statutory benefits that exist in many of their home countries. In Dubai, for example, there is very little statutory sick pay and no free schooling.

Cut across other demographics, the picture painted by the FPIL survey doesn't improve.

Employees in Abu Dhabi, for example, were more confident that they would make it financially for three months if they became ill and lost their jobs compared with employees in Dubai, Sharjah and the other Emirates. Though more confident of surviving financially for three months without a job than other Emirates, at 39% "this still means that 61% of Abu Dhabi employees don't believe they could survive financially for three months if they fell ill and lost their jobs," reports Shilcock.

Similarly, single people were more confident that they could survive financially for three months compared with either married employees, or employees married with kids. Though more confident than other groups, since a full 66% of single people believed that they could not survive for three months financially if they fell ill and lost their jobs shows "the high level of financial unpreparedness even amongst single people with few dependents," says Shilcock.

The overwhelming message from this data is that regardless of gender, age, income, nationality, Emirate or relationship status, "critical illness cover is the responsible thing to do if you live and work in the UAE, especially in these very uncertain times," advises Shilcock.

#### **Only available through regulated financial advisory firms**

Following the recent introduction of the UAE Insurance Authority's BOD-49 regulations, promoting fee and product transparency "FPIL recently re-launched its critical illness cover to be fully BOD49 compliant," reports Shilcock, who further added "Our critical illness plan is available to expats across the GCC, as it's an advice led solution it is only available through regulated financial advisers".

**- ENDS -**

#### **What is critical illness cover?**

Offered as part of a protection product, critical illness cover promises a financial pay-out in the event of being diagnosed with a critical illness during the term of the product. This means you can concentrate on recovering, rather than worrying about whether you can pay your bills. In fact, unlike medical cover, critical illness cover is specifically designed to cover things like rent, mortgage payments, utility bills, loans and debt, food, school fees, home modifications (addition of stairlift, ramps etc) and many other daily living expenses not covered by either medical or life policies.

What critical illness cover does, however, share with life insurance is that a very small premium buys a lot of income replacement cover in the event falling ill means having to give up your job

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## **Notes to editor**

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