

Introduction of a Statutory Unemployment Insurance Scheme in the United Arab Emirates

As a further pillar in the social security system, the United Arab Emirates ("UAE") is now introducing a statutory unemployment insurance scheme in addition to statutory health insurance schemes already existing in Dubai and Abu Dhabi. The aim is to provide financial support for a limited period in the event of losing the job so that the insured can look for new opportunities in the UAE.

Is there an obligation to take out an unemployment insurance?

It is mandatory to subscribe to the unemployment insurance scheme. The new regulations apply in all seven emirates and come into force on 01.01.2023.

Who is obliged to take out an unemployment insurance?

In principle, both Emirati nationals and expatriates residing in the UAE are subject to compulsory insurance. It is irrelevant whether the employee works in the private sector or in the federal government sector of the UAE.

Investors working in their own business, domestic workers, employees under temporary contracts, juveniles under the age of 18 and retirees who receive a retirement pension and have joined a new job are not required to take out an unemployment insurance.

How to subscribe to an unemployment insurance scheme?

Employees can subscribe to an unemployment insurance scheme via smart application, ATMs, kiosk machines, business service centres, money exchange companies, the telecommunications providers Etisalat and du, SMS and the website of the so-called Insurance Pool. The Insurance Pool is a group of UAE-based insurance companies.

Who bears the costs for an unemployment insurance and how much is the premium?

The insurance premium is to be paid by the employee. There are no additional expenses on the employer in this respect.

If the employee receives a monthly basic salary of AED 16,000 or less, the insurance premium amounts to AED 5 per month or AED 60 per year. For employees with a basic monthly salary of more than AED 16,000, the insurance cost is AED 10 per month or AED 120 per year.

What requirements must be met for the insured to be entitled to compensation?

An entitlement to compensation due to unemployment arises if the insured has been insured for at least twelve consecutive months and has paid the monthly premiums to the insurer on time.

When is there no entitlement to compensation?

The employee is not entitled to compensation if he has been dismissed for disciplinary reasons, has resigned or it turns out that he has obtained the compensation by fraud or deception.

The entitlement to compensation ceases as soon as the employee joins a new employer or leaves the UAE.

How and within what period must the claim for compensation be made?

Claims for compensation must be submitted to the Insurance Pool within 30 days from the date of unemployment. Claims can be submitted via the ePortal www.dubins-wpp.ae, a smart application and the call centre at 800 382467.

How is the amount of compensation calculated?

Eligible employees receive a monthly compensation equal to 60% of their monthly basic salary, however no more than AED 20,000 per month.

For how long is the compensation paid?

For each qualifying event, compensation is granted for a maximum period of three months from the date of the respective unemployment.

In addition, compensation arising from an unemployment insurance is limited to a maximum of twelve months in total during the entire insurance period in the UAE.



Do you have questions? – We would be glad to answer them!

From our office located in the heart of Dubai, our team of German attorneys has been advising small and medium-sized companies, corporations and individuals on the laws of the United Arab Emirates for more than 17 years. Our areas of expertise include corporate law (in particular business set-up), commercial agency law, employment law as well as tenancy and real estate law. We would be happy to attend to your questions as well. Contact us!

ANDERS LEGAL CONSULTANCY
Sama Tower, Office 806
Sheikh Zayed Road
PO Box 333 558, Dubai, UAE

Phone: +971 4 327 5888
Fax: +971 4 327 5999
eMail: info@anders.ae
Web: www.anders.ae

Published: 21.11.2022

The information provided in this article has been carefully perused. However, no legal responsibility or liability whatsoever, in particular for completeness, accuracy and topicality, can be assumed. Specialist advice should be sought for any individual case.