

UAE UNEMPLOYMENT INSURANCE SCHEME

Mandatory job insurance starting 1.1.2023



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UAE unemployment insurance scheme:



The Ministry of Human Resources and Emiratisation (MoHRE) announced the launch of the 'Unemployment Insurance Scheme' for government and private sector employees, on October 11, 2022. The new scheme will provide employees with a cash compensation for a limited period not exceeding three months in the event of job termination for reasons beyond their control.

Unemployment Insurance Scheme Subscription:

It is mandatory for employees governed by the provisions of the Federal Decree-Law No.(13) of 2022 to subscribe to the unemployment insurance program within (4) four months of its enactment.

Scope of application:

Government and private sector employees are required to participate in the unemployment insurance scheme by purchasing an insurance policy that provides coverage in case of termination of employment based on eligibility criteria.

Excluded from this scheme are the following categories:

- 1) Investors (self-employed)
- 2) Domestic Workers
- 3) Contractual workers/employees on a temporary basis
- 4) Juveniles under the age of 18
- 5) Pension-receiving retirees who have joined a new employer

*Workers in free zones are not currently covered by the unemployment insurance product (ILOE)

UAE unemployment insurance scheme:



Cost of Subscription:

Based on the subscription salary, the insured shall pay the value of the insurance premium for the basic insurance package as follows:

- a. First Category: Not more than (5) five dirhams per month if the subscription salary (basic) does not exceed (16,000) sixteen thousand dirhams.
- b. Second Category: Not more than (10) ten dirhams per month if the subscription salary (basic) exceeds (16,000) sixteen thousand dirhams.

The payment can be made by the employee monthly, quarterly, half-yearly, or on an annual basis.

Amount of Compensation:

1. Each claim shall be compensated monthly at a rate of (60%) sixty percent of the subscription salary (average basic salary over the most recent 6 months prior to the Involuntary Loss of Employment) for a maximum period of three (3) months from the date of unemployment, provided that the monthly compensation for the first category does not exceed (10,000) ten thousand dirhams, and for the second category does not exceed (20,000) twenty thousand dirhams.
2. There is a (12) twelve-month limit on the period during which an insured may receive compensation during their period of employment on the labor market in the country.

UAE unemployment insurance scheme:

Conditions for Claiming Insurance Benefits:

In accordance with Federal Decree-Law No. (13) of 2022, an insured may benefit from the insurance coverage if the following conditions are fulfilled:

1. The insured period of subscription in the unemployment insurance scheme shall not be less than (12) twelve consecutive months.
2. The insured must be committed to paying all insurance premiums according to the prescribed frequency.
3. Providing evidence of unemployment due to reasons other than resignation of the insured.
4. The insured may not have been dismissed from his/her job for disciplinary reasons according to the applicable laws regulating labor relations in the private sector and human resources in the federal government.
5. A claim must be submitted within (30) thirty days following the termination of the employment relationship, or when the court rules on the labor complaint.
6. The Insured may not be the subject of an existing absconding report.
7. In order to obtain compensation, the claim should not be fraudulent or deceitful. Similarly, the establishment where the employee works should not be fictitious.
8. Loss of employment may not be attributed to strikes or other non-peaceful protests, regardless of the extent of damage caused.
9. During the period of compensation entitlement, the payment of compensation shall cease if a worker/employee is hired by another employer.
10. It is necessary for the insured to have a legal residence in the country.

UAE unemployment insurance scheme:

How to subscribe:

ILOE portal (www.iloe.ae)

ILOE mobile app

Exchange companies

Telecommunication bills

SMS

Bank apps

Business centers

Kiosks & ATMs

Payment of Due Insurance Premiums:

A worker or employee who fails to subscribe to unemployment insurance scheme for a period of three (3) months from the date the premium is due or fails to pay the prescribed insurance premiums may be disqualified from receiving unemployment insurance. The employee will be required to subscribe/resubscribe by purchasing a new insurance policy, effective on the date of purchase. In addition to paying all due amounts resulting from non-subscription, the employee will also be required to pay a fine of 400 dirhams imposed by the Ministry if the employee fails to comply with subscribing to the scheme, and 200 two hundred dirhams in case the insured fails to pay the prescribed insurance premiums for more than (3) three months.

THANK YOU

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