

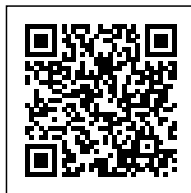
FROM MENA TO THE WORLD: UNEMPLOYMENT INSURANCE WITH MARCO DE LEO

Posted on 30 January 2023



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With Suzan Taha

In this article, LegalcommunityMENA will be discussing the Unemployment Insurance scheme in the UAE. This program is designed to provide financial support for Emiratis and residents working in both the federal and private sectors, in the event that they lose their jobs due to termination by their employers.

LegalcommunityMENA sits down with [Marco De Leo](#) (pictured), Managing Partner at [BonelliErede](#) Dubai office, to shed some light on the matter.

What are the main changes?

Federal Decree-Law No. 13 of 2022 and its implementing regulation, Cabinet Decision No. 97 of 2022 ("New Law"), introduced an unemployment insurance scheme.

The New Law applies to all employees in the private sector and federal government sector except: (a) investors (i.e., owners of the company they work for); (b) domestic workers; (c) employees under temporary contracts; (d) individuals under 18; and (e) retirees who receive a pension but start a new job.

Employees who fall within the scope of the New Law must take out insurance from a provider licensed by the UAE Central Bank. The amount of the premiums depends on the amount of the basic monthly salary:

- Up to AED 16 k: maximum of AED 5/month (AED 60/year).
- Over AED 16 k: maximum of AED 10/month (AED 120/year).

Employees may take out additional benefits with the insurance provider.

To receive the insurance payments, the unemployed insured person must:

- have duly paid the premiums for at least 12 months,
- not have resigned or been dismissed for disciplinary reasons, and
- be lawfully present in the UAE.

Insurance payments will be equal to 60% of the basic salary and will be paid for a maximum of three months. The maximum amount for those with a basic salary of up to AED 16 k is AED 10 k/month, and AED 20 k/month for those with a basic salary over AED 16 k. Payments cease if the person starts a new job during the entitlement period.

How does it impact individuals?

The coronavirus pandemic forced many companies to downsize: the New Law aims to alleviate the burden on those made redundant and their families. Indeed, the enhanced level of social protection provided by the unemployment insurance scheme will be a welcome benefit to employees in exchange for nominal premiums. The scheme is also expected to increase the competitiveness of the labour market and help attract international talent.

What does it mean for companies?

No action is required of employers. The onus is on employees to take out insurance and pay the premiums. But companies may wish to consider holding training sessions for their workforce to explain the scheme.

What happens in the case of non-compliance?

Employees who fail to take out unemployment insurance will be fined AED 400; employees who fail to pay the premiums for more than three months will be fined AED 200. The fines may be deducted from the employee's salary or from their end-of-service gratuity.

About Marco De Leo

The 43-year-old Sicilian father of a 2 year old toddler moved to the UAE in 2017 and currently serves as the Managing Partner at the BonelliErede Dubai Office. His practice primarily focuses on corporate law, including joint ventures, mergers and acquisitions, private law, and corporate litigation. He has experience handling multi-jurisdictional transactions in various industries, including banking, pharmaceuticals, shipping and transportation, and automotive. De Leo is also a holder of a PhD in international law from the Trinity College, Dublin.

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