S&K CONSULTING

UNEMPLOYMENT INSURANCE

Inside You Will Find

Frequently Asked Questions
- FAQs about UAE's Unemployment Insurance Scheme

About Unemployment Insurance

The scheme provides financial support as a result of termination of employment. It comes as part of the implementation of Federal Decree - Law No. 13 of 2022 and is an essential part of legislature that the government has developed in response to priorities of the country's economy.

It aims to provide to the continuity of income and decent lifestyle in the unforeseen circumstances. This initiative further reinforces UAE's position as ideal destination to live and work.

In this document, you will find FAQs pertaining to the newly launched Unemployment Insurance Scheme to assist employers and employees understand their process, rights and obligation under the scheme.

This document answers question as per information available in the public domain. For more detailed information, visit the official UAE website by clicking here.

SCHEME DETAILS

1 What is ILOE?

The unemployment insurance scheme is called the Involuntary Loss of Employment (ILOE). It provides financial security to terminated employees other than for disciplinary or resignation reasons.

2 What is the compensation provided?

Under the scheme, eligible employees will be provided a cash compensation of 60% of their average basic wage in the last 6 months prior to termination.

3 How long is the compensation provided?

The compensation shall be provided for 3 months for those terminated employees that have subscribed to the insurance scheme for a minimum period of 12 months.

4 What is the process of enrolment?

There are 2 categories defined in the scheme.

- Category A are employees earning basic salary below AED 16,000 per month.
- Category B are for employees earning basic salary above AED 16,000 per month.

5 What is the insurance premium cost?

The insurance cost vary based on the employee's category

- Category A - Insurance cost is AED 5 per month or AED 60 annually
- Category B Insurance cost is AED 10 per month or AED 120 annually

6 Do employers have to pay for the insurance premium.

No. Employers are not required to pay any costs or fees. This is cost to be borne by the Employee.

ELGIBILITY

7 Who can sign up for the scheme?

All Emiratis and residents working in the federal government and private sector are eligible.

8 What are the documents needed to subscribe?

Employee will need the following documents;

- Emirates Id
- Unified Number
- Valid UAE Mobile Number

SUBSCRIPTION

9 What is the process of subscribtion?

There are 7 different ways to subscribe and can be found by clicking here.

10 What are the payment options offered?

Employees have the option to pay either monthly, quarterly, semi-annual or make a full annual payment. Additional payment, terms and conditions can be found by clicking here.

11 Are the premiums refundable?

No, the paid premiums are non-refundable.

COMPENSATION

11 When can employees expect a payment under the scheme?

There are a few conditions applicable for employees to be compensated under the scheme. They are:

- They have subscribed to the scheme for at atleast 12 consecutive months.
- They have not been dismissed from work for disciplinary reasons or due to resignation.

12 What is the payment expected for Category A employees?

If the Employee's basic salary is less than AED 16,000, they may receive a monthly compensation of up to AED 10,000 for a maximum period of 3 months.

13 What is the payment expected for Category B employees?

If the Employee's basic salary is more than AED 16,000, they may receive a monthly compensation of up to AED 20,000 for a maximum period of 3 months.

14 Is there a maximum period of benefits?

Yes, As per the ILOE scheme, the aggregate claim payment over the entire work life of the insured employee in UAE, the aggregate payment shall not exceed 12 months regardless of the number of claims submitted.

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