

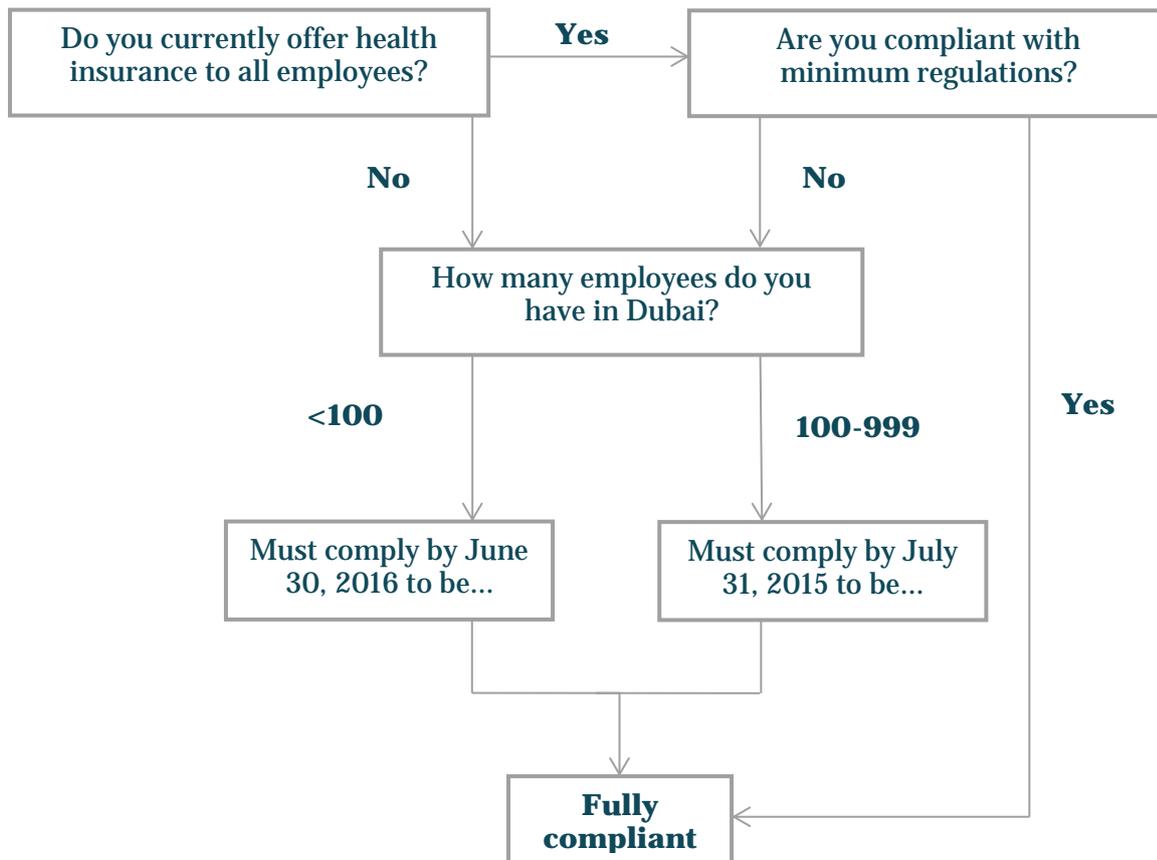
Compulsory Health Insurance in Dubai - Update

April 1, 2015

International Employment

Over a year has passed since the introduction of Dubai's mandatory health insurance law. When the new regime was originally introduced, the scope of its application was unclear and many felt that the timeline for its phased implementation was unrealistic. While the new regime was initially expected to apply only to those companies that did not offer health insurance to employees at all, it soon became apparent that even companies with existing health insurance schemes in place might be affected.

At present, the new regime applies only to companies with 1,000 or more employees (of which there are approximately 300 in Dubai). Companies with 100-999 employees have until July 31, 2015 to comply with the regime's minimum requirements, while those with under 100 employees have until June 30, 2016 to comply. Most international businesses in Dubai will fall into the latter category and should therefore plan to introduce compliant health insurance schemes over the next year. The flow-diagram below gives a helpful illustration.



What are an employer's obligations under the new health insurance law?

- Employers must put in place health cover for their staff that meets the minimum requirements of the new regime. Schemes for both nationals and residents must, as a minimum, cover GP visits, emergency treatments and referrals to specialists, as well as surgical, investigative and maternity procedures.
- As a means of ensuring that cover is put in place and maintained, the renewal of an employee's visa by the Dubai immigration authority will, in future, be subject to the employee having adequate health insurance in place.
- Employers must provide basic health coverage with an annual premium anywhere between dhs 500-700 (approximately USD \$135-190) and a maximum insurance cover per person per annum of dhs 150,000 (approximately USD \$40,000).
- Employers are not obliged to provide coverage for employees' dependents. Employees must arrange cover for their dependents (as their sponsor).
- Employers that fail to comply with the new regime by the applicable staging date could be fined up to dhs 500,000 (USD \$136,000) and may find that they are unable to apply for new, or renew existing, visas following that date.

Look out for...

- Regulations are expected to address in more detail the minimum cover that employers will have to provide for their employees.
- Health service providers, insurers, claim administration companies and insurance brokers must be properly licenced by the Dubai Health Authority to provide the relevant services. Additional regulations are anticipated to address both the licensing and pricing of health insurance services by authorised providers, including the premium charged to policy holders (to avoid any particular sector gaining a disproportionate share of market power).

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