

# Dubai Health Insurance: A Status Update

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As previously reported the aim of the Law is to create an integrated health system for Dubai, based on a sustainable financing system that supports the competitiveness of Dubai and protects the rights of all participants.

The Law phased in the requirement for all employers in Dubai to have in place compliant health insurance cover for their employees. It applies to all participants in the health insurance arena including health service providers, insurance companies, insurance brokers, claims administration companies, employers, sponsors and beneficiaries.

## **Roll Out**

Whilst the Law came into effect on 1 January 2014, the provision of health insurance cover only become mandatory for:

- companies with more than 1,000 employees, from 31 October 2014;
- companies with 100-999 employees, from 31 July 2015; and
- companies with less than 100 employees, from 30 June 2016.

The roll out phase provided that dependents of sponsors, including domestic workers, must also be covered for the basic health coverage by 30 June 2016. However a grace period was granted for companies with less than 1,000 employees, members under individual sponsorship and for dependents until the 31 December 2016.

## **What Next?**

Given that the grace period has now elapsed it is necessary to consider the practical ramifications of non compliance with the Law.

Compliance with the Law will be enforced via a partnership between the Dubai Health Authority ('DHA') and the General Directorate of Residency and Foreign Affairs ('GDRFA'). Together the DHA and GDRFA are aiming to ensure that no residence visa is issued until and unless the individual concerned has health insurance in place at the time of visa stamping or renewal.

As of 1 January 2017, the real-time system linking the DHA's Member Register with the GDRFA was due to be activated and in full effect. The system was developed to monitor and ensure compliance with the Law and will result in fines (and other sanctions) for non-compliance.

However, in the meantime, the DHA and GDRFA has in place a mutual agreement whereby fines are not currently being issued against all employers (regardless of company size) who have not yet provided their employees with medical insurance pursuant to the Law. We believe the reasoning behind this lenient approach is to allow insurance companies to cope with the increasing and fairly sudden demand on policies.

However, in a further development, on 19 February 2017 the DHA announced that fines will immediately start accruing against all non compliant employers from 31 March 2017 although it has allowed itself the scope to further extend the deadline. Fines will only be payable at the time of renewing or cancelling a visa.

As part of the visa renewal or cancellation process the GDRFA will check with the DHA to confirm when a resident started their medical insurance plan. If it is found that the individual did not have insurance during any period over the course of their residency visa, a fine of AED 500 for every month they are uninsured, will be levied out to the sponsor.

Further, for the avoidance of doubt, medical insurance is to be in place from the time of visa stamping only i.e. where an employee enters on an entry permit, they do not require medical insurance. Medical insurance is a necessity for the visa to be accepted and stamped in the individual's passport.

Employers are required to ensure medical insurance coverage is in place for their employees in compliance with the Law. In early course, the failure to do so will involve DHA implementation of fines and non compliant employers should not be lulled into a false sense of security by the current 'lenient' approach by the authorities to enforcement.

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