

Market and Benchmark Insight Report for the United Arab Emirates – 2022

Competitive benefit norms for mid-market employers in the UAE

Introduction

Established in 2006 by Nexus' Founder and Chairman Mahmoud Nodjoui through a management buy-out of the distribution arm of Zurich International Life in the Middle East (in the region since 1989). With over thirty years of experience in the Gulf Cooperation Council (GCC), Nexus Group operations are located in Dubai, Abu Dhabi, Bahrain, Qatar, Kuwait, and Jordan to deliver professional and high-quality service to our clients.

Nexus has over 300 qualified professional consultants and is actively supported by over 160 dedicated and skilled management and support staff. Offices are located in Dubai, Abu Dhabi, Bahrain, Qatar, Kuwait, and Jordan.

This document considers:

- The UAE's Benefits Landscape
- Typical Benefit Plan Design and Cost
- Policy Set-Up
- Onboarding and Communication

We are proud to be an Asinta Partner, and hope this document is of use to you.

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1. UAE Benefits Landscape

Employee benefits help recruit and retain employees and shape an employers' brand. In the UAE, benefit levels vary by sector and salary levels and vary substantially based on a company's attraction and retention goals, benefits philosophy, and corporate culture. However, considering the variability of practices, a few objective factors do help map out some patterns.

Sector and Profession

Benefits employers offer vary widely according to industry type. For example, we see more generous benefits for 'professionals' such as lawyers, consultants, bankers, and other lucrative professions. On the other hand, benefits for employees in non-professional services such as labor, retail, and hospitality sectors are more limited.

Salary and Position

While most companies offer the same level of benefits to all employees (ex-pats notwithstanding), some provide a higher tier of benefits to senior executives and technical professionals.

2. Insurance in the UAE

While health insurance in the UAE is mandatory, you can purchase private insurance voluntarily elsewhere if you live in Dubai or Abu Dhabi (the two primary emirates within the UAE). In Dubai and Abu Dhabi, employers must arrange health insurance coverage for their staff. Coverage typically includes basic GP treatment and hospital care.

Other mandatory benefits include:

- Insurance covering disability and death
- Insurance covering injuries incurred at work
- Insurance for temporary disability due to illness or maternity
- Other branches of insurance that fall within the scope of social security
- Gratuity savings/Pension





3. Insured Benefit – Typical Plan Design

The information below highlights the most popular insured employee benefits in the UAE and their typical levels of cover.

Benefit	Comment/Cost	Lower Quartiles Approach	Medium Approach	Upper Quartile Approach
Medical Insurance	<p>Medical insurance plan encompassing inpatient hospitalization and outpatient clinical care.</p> <ul style="list-style-type: none"> Plan limits can vary, usually according to sector and salary levels. Lower plan limits would not cover fully private rooms during hospitalization. Common to have supplementary major medical to reimburse additional hospitalization and surgical expense above the plan limits. Usually 80% reimbursement / 20% co-pay. Approx. costs are 2.5% salary. 	Basic insurance covered by mandate or low-cost primary health care plans from insurers	All staff covered. (ward and/or semi-private rooms for hospitalization)	All staff and dependents covered (private rooms for hospitalization)
Accidental Death & Disability	Lump-sum benefit for death and disability coverage due to an accident. Typically includes emergency medical treatment expenses. Repatriation cover and costs are approximately 0.5% of salary.	Not covered, or only senior staff covered. (Covered by SIO if accidental)	All staff covered at a limit equal to 24 months average salary.	All staff covered. Sum insured equal to 36 months average salary.
Life and Total Permanent Disability Insurance	Lump-sum benefit in case of death, accidental death, critical illness, and disability. Usually amounts to a multiple of each employee's salary. Costs are approximately 1.5% of salary.	Not covered, or only senior staff covered.	All staff covered at a limit equal to 24 months average salary.	All staff covered. Sum insured equal to 36 months average salary.
Gratuity & Savings	<p>Under the UAE Labor Law, an expatriate employee who has completed at least one year of continuous service is entitled to an end of service gratuity payment on termination of employment.</p> <p>How are end of service gratuity payments calculated?</p> <p>End of service gratuity is calculated by reference to an employee's final basic salary at the time of termination of their employment (excluding any applicable allowances) as follows:</p> <ul style="list-style-type: none"> 21 calendar days basic pay for each year of service for the first 5 years 	Applies to all employees.	Applies to all employees.	Applies to all employees.



4. Setting Up Policies

Smaller schemes (fewer than 20 employees) might have a restriction applied to cover pre-existing conditions. However, it is common for international plans to cover pre-existing conditions if the employee headcount is 10 or more.

Domestic plans typically have an AED 150,000 for pre-existing conditions and permanently exclude cover for outpatient cancer treatment and kidney dialysis.

The standard employer-sponsored medical policy covers:

- GP visits and prescription medication
- Specialist visits and prescription medication
- Lab tests
- Physio
- Traditional Chinese Medicine

Employer-sponsored domestic plans typically exclude:

- Vitamins and supplements
- Organ transplants and associated costs (covered on international plans)
- Weight loss and sleep apnea (covered on some international plans)
- Cosmetic surgery
- Alternative treatments such as chiropractic treatment, osteopathy, and homeopathy (covered on international plans)

The following factors are the basis for premiums:

- Claims history
- Eligibility
- Scheme size
- Employee contributions (if any)
- Locations
- Employee age profile

5. Onboarding and Policy Administration

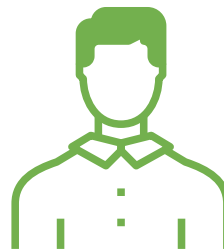
Onboarding & Communication

A key element in implementing a new benefits plan is ensuring that employees know what is available. Nexus provides:

- Staff Presentations
- Benefit Communication Packets, including Employee Handbooks
- Access to benefits and claims via some insurers' portals, giving employees access to their plan via the internet and mobile apps

Policy Administration

Nexus provides full policy administration support, including answering any queries raised, ensuring policies are up to date, and claims. Administration is based on an in-house developed IT platform, which gives us the current status of any process at any given moment.





6. Nexus Overview

With Nexus UAE, you interact with highly experienced insurance specialists who understand the best local practices and insurance solutions and customize your service experience.

Nexus also offers the following value-added services:

- Benchmarking
- Consulting and benefit design
- Program setups/implementations/gathering and processing application documentation
- Communication of benefits and coverage to all members
- Processing and claims monitoring, managing census additions/deletions, and any plan endorsements
- Managing any form of dispute or servicing issues with providers
- Individual advising and private solutions for employees (where top-ups and/or other needs are identified outside of the corporate benefit)
- Providing periodic status reports on the program performance (claims analysis if appropriate/available)
 - Advising on claim management issues and cost containment
 - Access and introductions to third-party experts in a wide variety of disciplines (will writing, critical illness, wealth creation, health checks/wellness programs, diet, exercise)

7. About Nexus

The company was established in 2006 by Nexus' Founder and Chairman Mahmoud Nodjoumi through a management buy-out of the distribution arm of Zurich International Life in the Middle East (in the region since 1989). With over thirty years of experience in the Gulf Cooperation Council (GCC), Nexus Group operations are located in Dubai, Abu Dhabi, Bahrain, Qatar, Kuwait, and Jordan to deliver professional and high-quality service to our clients.

Each member of the Nexus Group is appropriately regulated by the relevant regulator for the provision of life insurance, savings plans, employee benefits, general insurance, and various classes of commercial insurance.

Nexus Financial Advisers LLC (NFA) is also part of the Nexus Group. NFA is an investment advisory firm regulated in the UAE by the Securities and Commodities Authority (SCA), offering a suite of products to corporate and individual clients from a broad range of international and domestic product providers.

The Nexus group of companies (Nexus Group) includes:

- Nexus Insurance Brokers LLC (UAE)
- Nexus Financial Services WLL (Bahrain)
- Nexus Financial Services WLL, QFC Branch (Qatar)
- Nexus Financial Services (Insurance Brokers) LLC (Kuwait)
- Nexus Insurance Brokers LLC (Jordan)

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