



شعبة الترجمة الرسمية  
Official Translation Department

## **Unemployment Insurance Law**

Royal Decree No. M/18  
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**NOTE:**

The translation of Saudi laws takes the following into consideration:

- Words used in the singular form include the plural and vice versa.
- Words used in the masculine form include the feminine.
- Words used in the present tense include the present as well as the future.
- The word “person” or “persons” and their related pronouns (he, his, him, they, their, them) refer to a natural and legal person.



## Unemployment Insurance Law

### Article 1

The following words and expressions, wherever mentioned in this Law, shall have the meanings assigned thereto, unless the context requires otherwise:

**Ministry:** Ministry of Labor.

**Minister:** Minister of Labor.

**Law:** Unemployment Insurance Law.

**GOSI:** General Organization for Social Insurance.

**Board of Directors:** The Board of Directors of GOSI.

**Regulations:** Implementing Regulations of this Law.

**Unemployment:** A worker's loss of employment through no fault of his own despite being able and willing to work and actively seeking work.

**Compensation:** Financial benefits provided under this Law.

**Employer:** Any natural or corporate person covered by this Law who employs one or more workers satisfying conditions set forth herein.

**Subscriber:** Any person, male or female, covered by this Law.

**Beneficiary:** An unemployed subscriber satisfying the requirements for receiving compensation in accordance with this Law.

### Article 2

Unemployment insurance shall be deemed a branch of social insurance and shall guarantee payment of compensation to unemployed subscribers in accordance with the provisions stipulated thereunder.

### Article 3

1. This Law shall apply to all Saudi workers without discrimination on the basis of gender, provided that the worker is under the age of fifty nine at the time this Law enters into force.
2. A worker's subscription shall terminate upon reaching the age of sixty.
3. Subject to paragraphs 1 and 2 of this Article, this Law shall apply to any person covered by the Annuities Branch under the Social Insurance Law.



#### **Article 4**

1. Employers shall comply with this Law and its Regulations. The application of the Law and the Regulations shall commence on the date the conditions provided for therein are satisfied by the subscriber.
2. The Regulations shall specify the manner of registration with GOSI for employers and subscribers covered by this Law.

#### **Article 5**

GOSI shall coordinate with the Ministry in applying this Law. The coordination shall be as follows:

1. GOSI shall have the following responsibilities:
  - a) Register subscribers and collect subscription fees.
  - b) Pay compensation to beneficiaries.
  - c) Manage and invest the account designated by this Law.
  - d) Verify satisfaction of the conditions provided for in Article 8(1)(a, b, d, and g) and Article 15(1)(a, b, h and i) of this Law.
2. The Ministry, or any public or private entity assigned thereby, shall have the following responsibilities:
  - a) Register unemployed subscribers.
  - b) Provide necessary training.
  - c) Verify satisfaction of the conditions provided for in Article 8(1)(c, e, f, h, i, j and k) and Article 15(1)(c, d, e, f and g) of this Law.

#### **Article 6**

Pursuant to a decision by the Minister, a committee comprising representatives of the Ministry and GOSI shall be formed to coordinate between both parties in implementing the provisions of this Law. The Regulations shall specify the rules governing the work of said committee.

#### **Article 7**

Subscriptions under this Law shall be two percent of the wage subject to subscription. Said percentage shall be distributed as follows:

1. One percent to be paid by the employer per month.
2. One percent to be paid by the subscriber per month.



### **Article 8**

1. A subscriber may receive the compensation provided for herein upon satisfaction of the following:
  - a) Be a Saudi citizen;
  - b) Complete the period specified in Article 14 hereof.
  - c) Not have been dismissed from work due to a fault of his own.
  - d) Does not have any income from private business.
  - e) Not to have willingly left employment.
  - f) Be able to work.
  - g) Not to have reached the age of sixty.
  - h) Be registered with the Ministry.
  - i) Be actively seeking employment.
  - j) Be committed to the training specified by the Ministry.
  - k) Comply with instructions and directions issued by the Ministry.
2. The Regulations shall specify the application of the preceding paragraph.

### **Article 9**

A beneficiary shall be entitled to compensation from the first day of the month following the date on which the conditions provided for in Article 8 hereof are satisfied, provided that his registration is within the period set forth in Article 10 of this Law.

### **Article 10**

1. A subscriber must register with the Ministry within 90 days from the date on which an employment covered by this Law is terminated.
2. A beneficiary must notify the Ministry within a period not exceeding seven days from the date of any of the following:
  - a) Not satisfying any of the conditions for compensation.
  - b) Any change in the data and information provided to the Ministry.
3. The employer shall provide the Ministry with the requested information concerning the subscriber's employment and reasons for termination thereof.

### **Article 11**

1. The compensation provided for in this Law shall be equal to 60 percent of the average monthly wage covered by subscription for each month of the first three months and 50



percent of said average for each additional month.

2. The average monthly wage shall be equal to one twenty-fourth of the total wages for the last twenty four months of subscription.

### **Article 12**

1. The maximum amount of compensation shall be nine thousand riyals for each of the first three months and seven thousand and five hundred riyals for each additional month.
2. If the amount of compensation provided for in Article 11 is less than the benefit paid to job seekers – under the Law – it shall be increased to be equivalent to said amount, provided that the compensation does not exceed 100 percent of the average monthly wage subject to subscription.

### **Article 13**

The maximum period for payment of compensation shall be twelve consecutive or non-consecutive months per each eligible case, provided that said period does not exceed twelve months during each twenty four consecutive months from the date of first payment of compensation made within said period.

### **Article 14**

A beneficiary shall be eligible for compensation if employed in a job covered by this Law, in accordance with the following:

1. First-time compensation if the beneficiary is employed for a period not less than twelve months within the thirty-six-month period preceding the first claim.
2. Second-time compensation if the beneficiary is employed again for a period not less than eighteen months within the thirty-six-month period preceding the second claim.
3. Third-time compensation if the beneficiary is employed again for a period not less than twenty four months within the thirty-six-month period preceding the third claim.
4. Further compensation if the beneficiary is employed again for a period not less than thirty six months within the forty-eight-month period preceding the last claim.

For purposes of this Article, a compensation claim shall be deemed anew if the beneficiary receives a compensation for the maximum period stipulated in Article 13 of this Law.

### **Article 15**

1. Compensation shall be immediately suspended in any of the following cases:
  - a) Upon death of the beneficiary.
  - b) If the beneficiary has a monthly income from employment.



- c) If the beneficiary becomes unable to work.
  - d) If the beneficiary ceases to be registered with the Ministry.
  - e) If the beneficiary ceases to actively seek employment.
  - f) If the beneficiary fails to commit to training without an acceptable justification.
  - g) If the beneficiary fails to comply with instructions and directives issued by the Ministry.
  - h) If the beneficiary leaves the Kingdom of Saudi Arabia.
  - i) If the beneficiary reaches the age of sixty and is eligible to receive pension under the Social Insurance Law.
  - j) If any of the eligibility conditions provided for in Article 8 of this Law ceases to be satisfied.
2. If, after suspending the compensation in any of the cases specified in paragraph 1 of this Article, the ground for such suspension ceases to exist, compensation payments shall be resumed from the beginning of the month subsequent to the date of notifying the Ministry of the same, provided such notification is made within 90 days from the date the ground for suspension ceases to exist.

The necessary provisions for applying the two preceding paragraphs shall be stipulated by the Regulations.

#### **Article 16**

The Regulations shall specify the method for calculating subscription months registered for the benefit of the subscriber.

#### **Article 17**

Subscriber's age shall be determined by his birth certificate or a certificate issued by the component authority in accordance with the law.

#### **Article 18**

Employer's failure to pay the relevant subscription fees shall not prejudice the beneficiary's entitlement to compensation under this Law.

#### **Article 19**

A beneficiary may combine the compensation provided for in this Law with the following compensations under the Social Insurance Law:

1. Lump sum or one-time compensation payable to the beneficiary under the Occupational Hazards and Annuities Branches.
2. Benefits payable to the beneficiary under the Occupational Hazards Branch.



3. Pensions payable to the beneficiary as a family member under the Annuities Branch.

#### **Article 20**

The Regulations shall specify procedures and schedule of compensation payments.

#### **Article 21**

The compensation provided for in this Law may not be garnished nor assigned except under the same conditions applicable to wages stipulated in the Labor Law.

#### **Article 22**

1. Inspectors from GOSI and the Ministry, according to their jurisdictions, shall oversee the implementation of this Law as stipulated herein. Employers and their representatives shall provide access to such inspectors to obtain information and documents necessary for the performance of their duties, as well as access to records relating to the nature of work, number of workers, their wages and method of calculation and payment of such wages. Obstructing or hindering inspectors from performing their duties shall be subject to penalties provided for under the Labor Law.
2. Inspectors shall report violations, if any, to GOSI or the Ministry who shall take all necessary measures to verify and investigate such violations and act accordingly.
3. Inspectors and other employees of GOSI and the Ministry shall observe proper conduct and maintain confidentiality of information they become privy to in the course of their employment. They may not, under any circumstances, disclose or disseminate such information to parties other than the competent departments of GOSI or the Ministry. GOSI or the Ministry shall impose necessary penalties, in accordance with the law, against any of their respective employees in violation of this provision.

#### **Article 23**

1. Employers, subscribers and anyone acting on their behalf may object to any decision issued by any competent department at GOSI with regard to its duties under this Law. Objections shall be filed with the following:
  - a) The Governor of GOSI with regard to decisions made by directors of any of its branch offices.
  - b) The Board of Directors with regard to decisions made by the Governor.
2. Employers, subscribers and anyone acting on their behalf, whose objections are dismissed, may file a complaint with the judicial authority having jurisdiction to consider labor disputes.





#### **Article 24**

1. Employers, subscribers and anyone acting on their behalf may, in accordance with objection procedures applicable in the Ministry, object to any decision issued by any competent department at the Ministry regarding the application of this Law.
2. Employers, subscribers and anyone acting on their behalf, whose objections filed with the Ministry are dismissed, may file an appeal with the component judicial authority.

#### **Article 25**

1. A fine not exceeding ten thousand riyals shall be imposed on employers violating any provision of this Law and the Regulations. The fine shall be doubled in the case of repeated violations and shall be multiplied by the number of subscribers against whom an employer commits one or more violations.
2. Without prejudice to any harsher penalty provided for in any other law, a fine not exceeding two thousand riyals shall be imposed on anyone who willfully provides false information in order to unlawfully obtain compensation for a third party. The fine shall be doubled in the case of repetition.
3. Without prejudice to any harsher penalty provided for in any other law, a fine not exceeding the amount of compensation unlawfully obtained shall be imposed on anyone who provides false information in order to obtain compensation. In addition, the offender shall repay the compensation paid to him.
4. Investigation committees shall be formed in the branch offices of GOSI or the Ministry to review violations and determine penalties.
5. A decision imposing the fine provided for in the preceding paragraphs shall be issued by the Minister of Labor or Governor of GOSI, according to their jurisdictions. The aggrieved party may appeal said decision within thirty days from the date of notification, pursuant to Articles 23 and 24 of this Law, as the case may be.
6. Fines provided for in this Article may not be imposed for violations dating back five or more years.
7. Proceeds from fines provided for in this Article shall be deposited in the account designated by this Law.

#### **Article 26**

Any agreement or settlement conflicting with the provisions of this Law made by parties covered thereby shall be deemed void if detrimental to the rights of subscribers or if it imposes additional obligations thereon.



**Article 27**

Matters not covered by this Law shall be subject to the Social Insurance Law, to the extent that it is consistent with this Law.

**Article 28**

Upon approval by the Board of Directors, the Minister shall issue the Regulations within sixty days from the date of publication of this Law. The Regulations shall be published in the Official Gazette.

**Article 29**

This Law shall enter into force from the first day of the month following the lapse of one hundred and eighty days from the date of its publication in the Official Gazette.