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**Unemployment
Insurance
in Europe**

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Editorial¹

Most unemployment insurance systems share common features, including how their financing is structured, the mandatory nature of employee affiliation and the definition of how long benefits are paid and the amount of those benefits. This study comparing the unemployment insurance systems of 12 Member States of the European Union, the United Kingdom, Norway, and Switzerland reveals that:

- **Access to unemployment benefits varies widely**, ranging from a three-month minimum affiliation condition in Italy, compared to six months or 12 months in other countries.
- **Belgium, with a non-predetermined benefit duration, has the longest benefit period.**
- **In France, the maximum duration varies according to the jobseeker's age** and, since February 2023, according to the state of the labour market. The maximum benefit duration has been reduced by 25% for all jobseekers, and an additional period may be granted if the unemployment rate rises.
- **Italy has the shortest minimum benefit payment duration (1.5 months).**
- **The amount of the benefit is always capped** (with the exception of Finland) and can, depending on the country, take into account the jobseeker's family situation or age, and can even evolve over time.

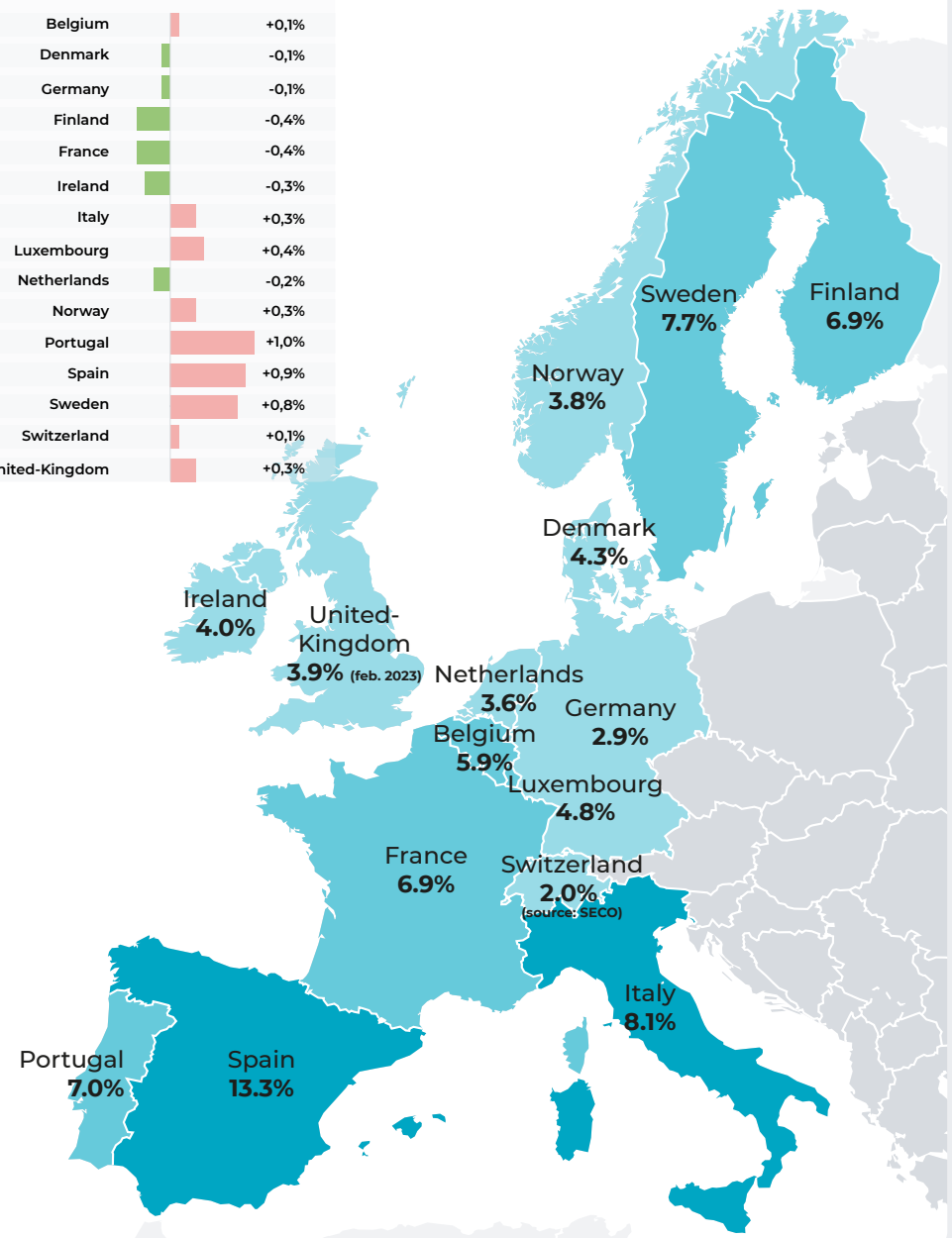
¹ Unédic aims to provide accurate and up-to-date information and will rectify, as far as possible, any errors that are brought to its attention. However, Unédic cannot be held responsible for the use and interpretation of the information contained in this publication (data as of May 1, 2023).

Unemployment rate

(Source: Eurostat, March 2023)

Trend between August 2022 - March 2023

Belgium	+0,1%
Denmark	-0,1%
Germany	-0,1%
Finland	-0,4%
France	-0,4%
Ireland	-0,3%
Italy	+0,3%
Luxembourg	+0,4%
Netherlands	-0,2%
Norway	+0,3%
Portugal	+1,0%
Spain	+0,9%
Sweden	+0,8%
Switzerland	+0,1%
United-Kingdom	+0,3%



How are unemployment insurance systems financed in Europe?

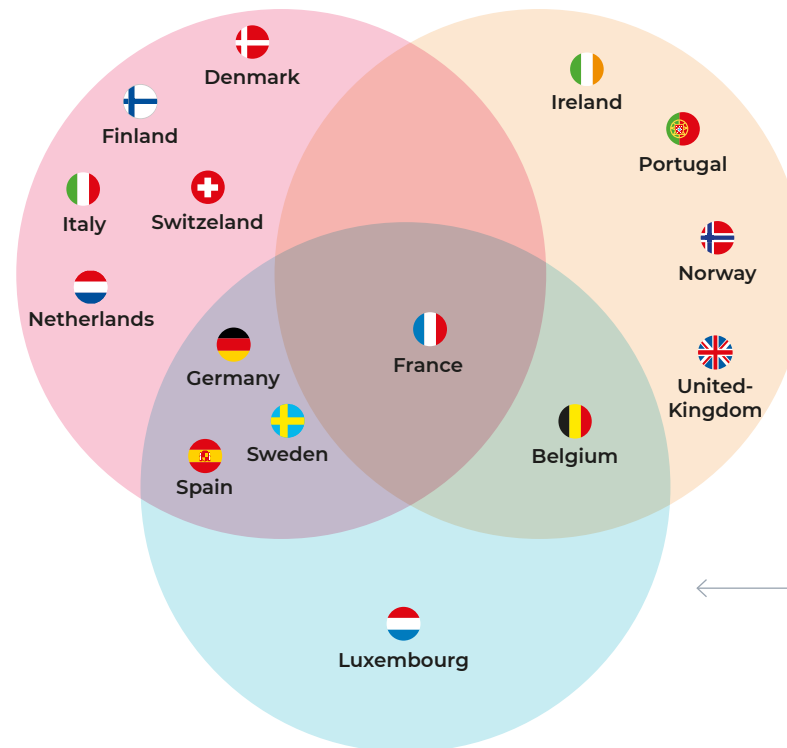
In Europe, unemployment insurance is financed primarily by three types of resources: specific employer and/or employee contributions to the unemployment insurance system, social security contributions, and public contributions.

Contributions specifically dedicated to the unemployment insurance schemes

Contributions specifically dedicated to the unemployment insurance scheme (or, in certain cases, more broadly dedicated to the labour market) are, depending on the country, **paid in by the employer and the employee equally (Germany, Switzerland), by the employer and the employee at a higher rate for the employer (Spain), by the employer alone (France, Italy, Sweden), or by the employee only (Denmark).** The contribution rates and caps vary widely among countries.

In countries that have a basic system and a **voluntary unemployment insurance system (Finland, Sweden)**, employee contributions that finance the unemployment insurance regime take the form of **enrolment fees, which complement other sources of financing for unemployment benefits.**

It should be noted that **some of the countries mentioned above may adjust the contribution rate according to the type of employment contract (Italy, the Netherlands, Spain) or the company's wage bill (Finland).**



Social security contributions

In principle, social security contributions **are paid by employers and employees (Belgium, Ireland, Norway, Portugal, United Kingdom).** In all countries reviewed, the employer contribution rate is higher than the employee's contribution rate.

The proceeds from these contributions finance social security as a whole. In most cases, proceeds are not specifically earmarked to finance the unemployment insurance system.

Public contributions

As for public contributions, these can take the form of **specifically earmarked tax revenues or budget allocations from the State.** Public contributions may constitute **the bulk of the system's financing (Luxembourg), be a component of the overall financing structure (Belgium, France, Sweden) or be paid after the fact to ensure the system's financial equilibrium** in cases when economic circumstances change (e.g., zero interest loan granted by the **German state**, balancing injection by the **Spanish state**).

France, which since 2019 has combined resources originating from employer contributions that are specifically paid to finance the unemployment insurance system and a share of the income based general social contribution, is no exception in this widely varied financing landscape.

How much time does one need to work or how much does one need to earn to benefit from unemployment insurance?

In most of the countries studied, access to unemployment insurance is subject to having been employed for a minimum amount of time over a defined reference period.

This condition is the shortest in Italy: only the Italian system allows one to become entitled to unemployment benefits after three months of affiliation over the 48 months that preceded the loss of employment.

The **French system** allows one to become entitled to benefits after 6 months' affiliation over the 24 months that preceded the loss of employment.

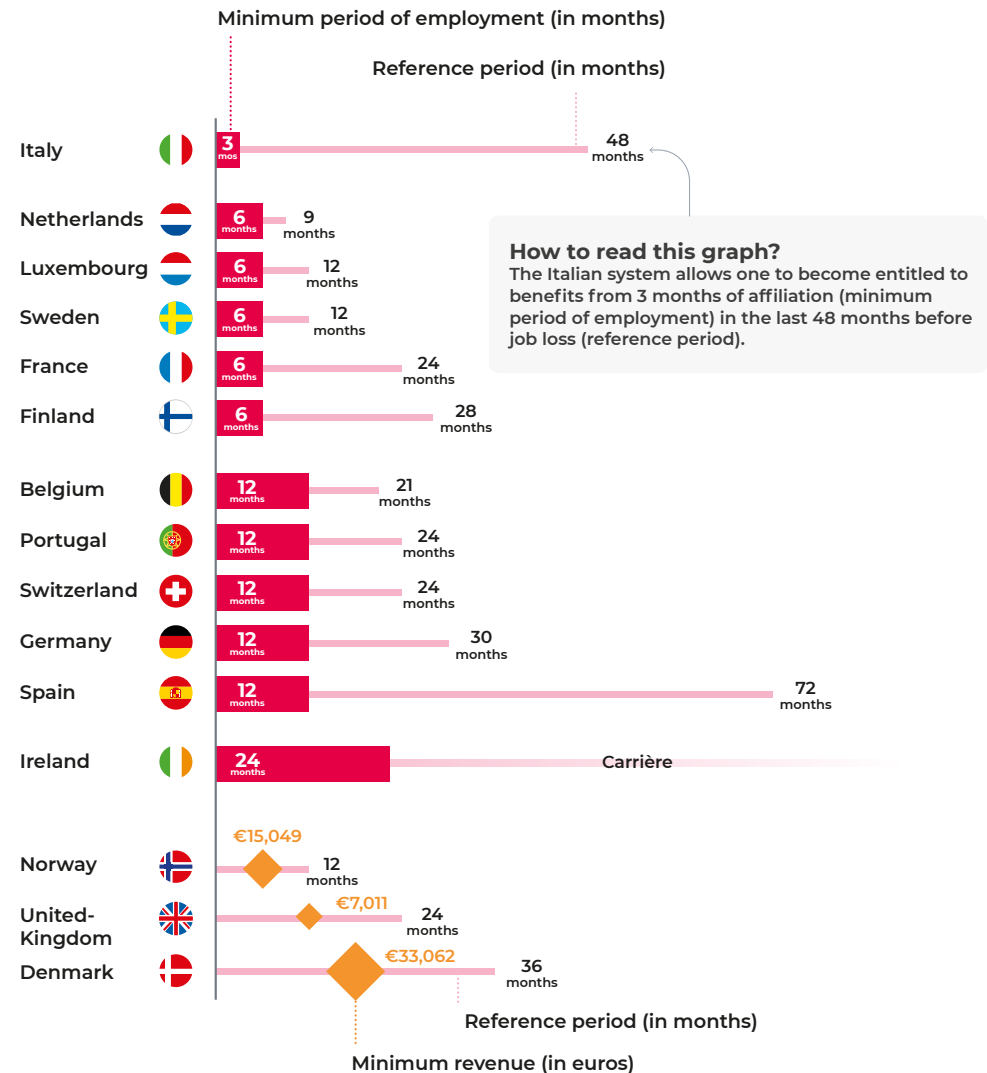
The rules that apply in **Finland, Luxembourg, the Netherlands and Sweden** allow individuals to become entitled for benefits after 6 months' affiliation (over a 28-month reference period in Finland, 12-month reference period in Luxembourg and Sweden and 9 months in the Netherlands). All the other systems reviewed require at least 12-months' affiliation.

Note that certain countries impose **additional conditions** on entitlement to benefits: **Sweden** requires a minimum volume of hours in addition to a certain number of months worked. **Ireland** takes into account a worker's entire employment history, starting back at the beginning of their salaried employment.

The **British and Irish systems** do not require a minimum affiliation period but rather a **minimum amount of contributions paid over the two fiscal years** that preceded the year in which benefits are applied for².

For their part, the **Danish and Norwegian systems** require a **certain amount of employment-based revenue** to be earned over a reference period.

²Whereas the UK system requires the person to have paid contributions on a certain amount of earnings, the Irish system requires the person to have paid contributions for a certain number of weeks. For this reason, the UK and Ireland are not represented in the same way in the graph.



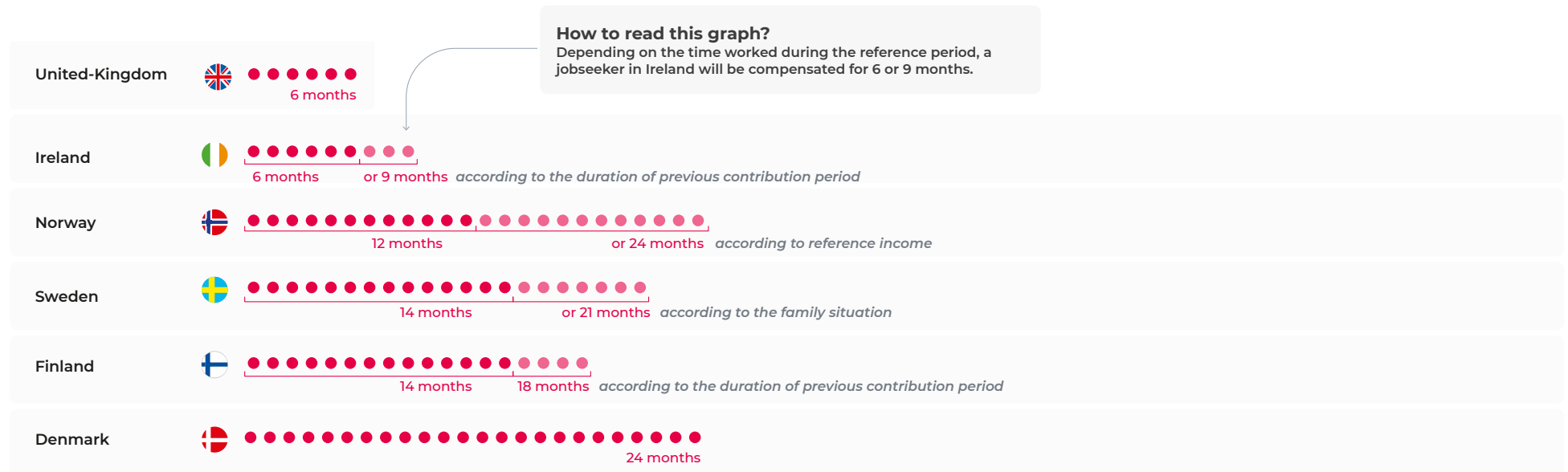
What are the minimum and the maximum benefits' durations?

The period during which benefits are paid can be uniform, i.e., benefits can be paid for a pre-defined period regardless of prior affiliation or, on the contrary, can vary depending on the length of such prior affiliation.

Fixed benefit periods

In six of the 15 countries reviewed, the unemployment insurance system provides for **fixed benefit periods** that are independent of the prior employment duration:

- 6 months in the **United Kingdom**, 6 or 9 months in **Ireland**,
- 12 or 24 months in **Norway**, 14 or 21 months in **Sweden**, 14 or 18 months in **Finland** (23 months for jobseekers aged 58 and over),
- 24 months in **Denmark**.



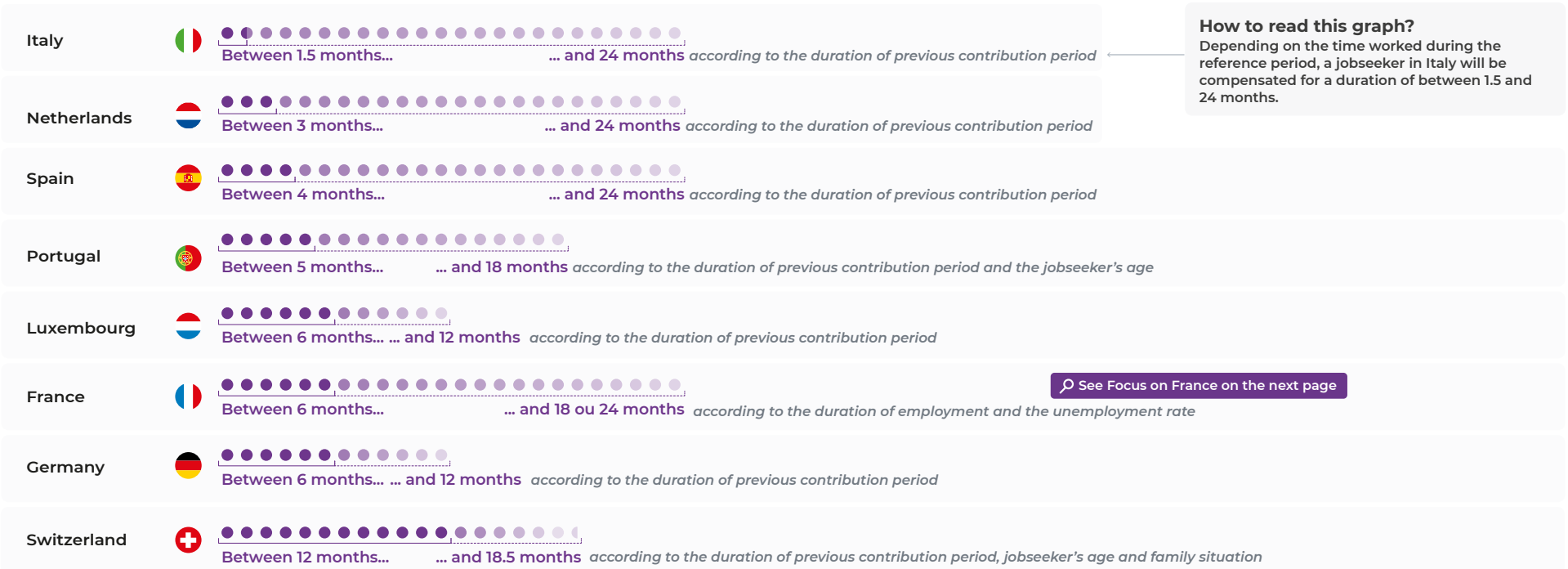
What are the minimum and the maximum benefits' durations?

Benefit durations based on time worked before unemployment

In the other countries, the unemployment insurance systems provide for benefit durations that are calculated based on time worked before becoming unemployed.

Therefore, these periods are “customised” and vary for all beneficiaries:

- between 6 and 12 months in **Luxembourg** (24 months for jobseekers aged over 50 and who worked for 30 years),
- between 3 and 24 months in the **Netherlands**,
- between 5 and 18 months in **Portugal** (26 months for jobseekers who are 50 and up who have continuously contributed over the past 20 years),
- between 12 and 18.5 months in **Switzerland** (the minimum duration of compensation is 9 months for jobseekers under 25 years of age, the maximum duration is increased to 24 months for jobseekers aged 55 and over, it is increased to 30 months for people who have been unemployed during the 4 years preceding retirement age and whose return to employment is difficult).
- between 6 and 12 months in **Germany** (15 months for jobseekers aged 50 and over, 18 months for jobseekers aged 55 and over, 24 months for jobseekers aged 58 and over),
- between 1.5 and 24 months in **Italy**,
- between 4 and 24 months in **Spain**,



How to read this graph?
Depending on the time worked during the reference period, a jobseeker in Italy will be compensated for a duration of between 1.5 and 24 months.

See Focus on France on the next page

Focus on France : The variation of the benefit duration according to the economic context

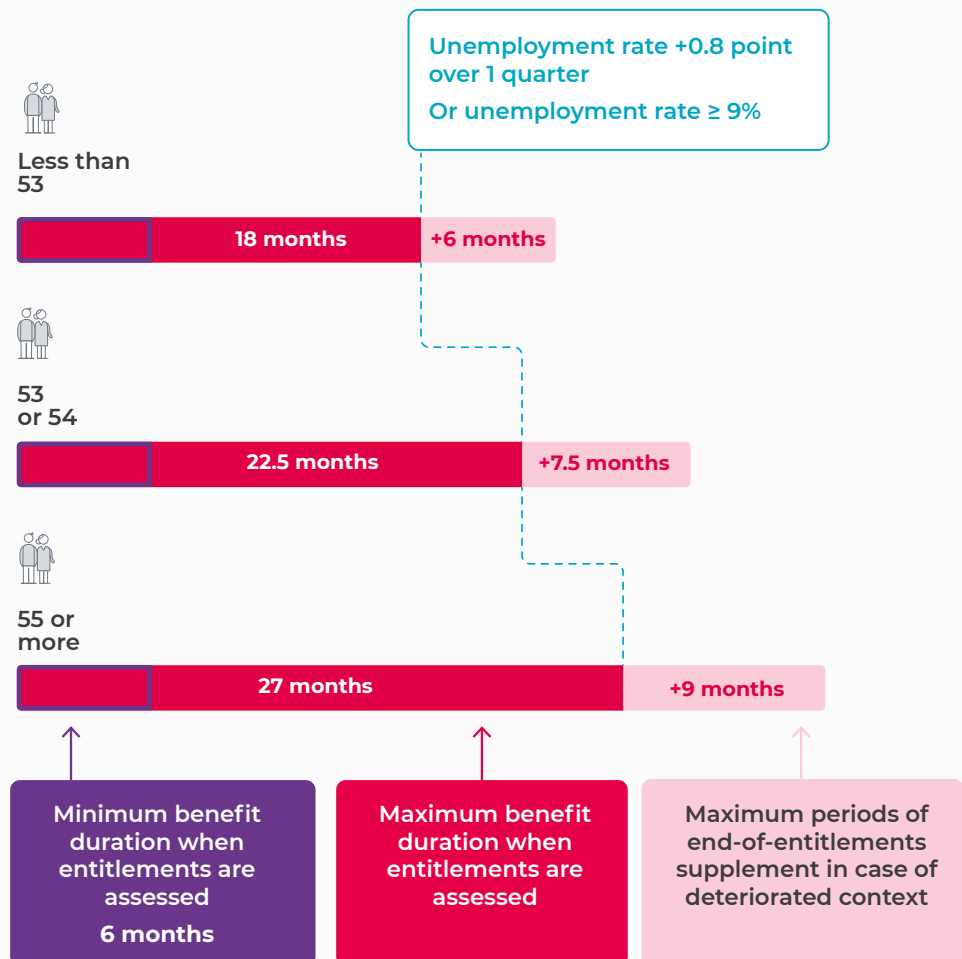
In France, on 1st February 2023, a mechanism allowing for the variation of the benefit duration according to labour market conditions entered into force. The benefit duration is reduced to 25% for jobseekers whose employment contract ends on or after this date.

In practice, the benefit duration in France is determined according to two steps: initially, the number of calendar days included between the first day of employment and the last day of employment identified over a period of 24 or 36 months, whether these days were worked or not, are counted. Then, a coefficient of 0.75 is applied to this value, allowing to obtain the period notified to the jobseeker.

This new calculation method does not change the minimum benefit duration, which remains 6 months.

In times when the economic context deteriorates, i.e., a significant increase in the national unemployment rate of +0.8 points over 1 quarter or a national unemployment rate of 9%, an additional period equal to 25% of the period initially calculated may be granted to jobseekers whose entitlements have been used up.

Extension of the maximum benefit duration in case of an unfavourable economic context

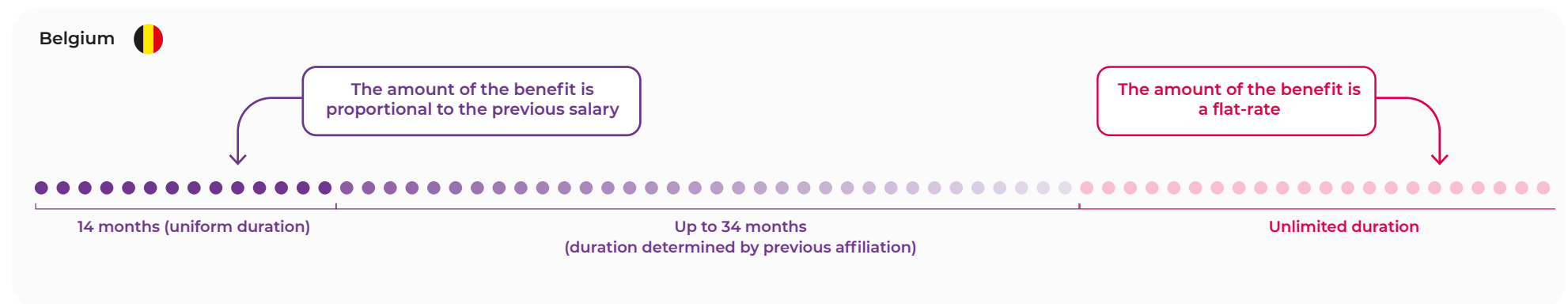


What are the minimum and the maximum benefits' durations?

Mixed benefit period

In **Belgium**, the benefit period is unlimited in principle. It includes a first phase of between 14 and 48 months during which the benefit amount is proportional to the prior salary and then a second unlimited phase during which the benefit amount is a flat-rate amount.

The first benefit period (up to 48 months maximum) includes a first benefit period lasting a uniform period (14 months) and a second period (34 months maximum) whose duration is determined based on prior affiliation.



Is the jobseeker's personal situation considered when determining the duration of the benefit period?

Regardless of whether the duration of the benefit period depends on the duration of prior affiliation, the benefit period can also vary depending on age (Finland, France, Germany, Luxembourg, Portugal, Switzerland), the total period during which contributions were paid beyond the reference period (Belgium, Ireland, Luxembourg, Portugal) and/or the jobseeker's family situation (Sweden, Switzerland).

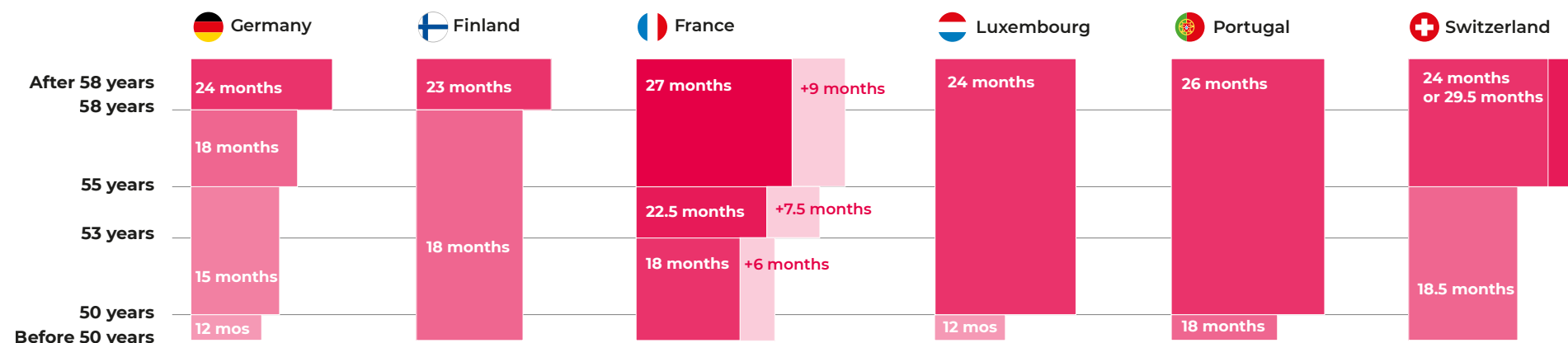
Which countries extend the benefit period according to the jobseeker's age?

In **Germany**, the maximum benefit duration is 15 months for beneficiaries aged between 50 and 54, 18 months for beneficiaries aged 55 to 57, and 24 months for beneficiaries aged 58 and above. The maximum benefit duration is 12 months below 50 years of age.

In **France**, the maximum duration is 18 months for people under 53, 22.5 months for people aged 53 or 54, and 27 months for people aged 55 and over. It can be extended by 6 months for people under 53, 7.5 months for people aged 53 or 54, or 9 months for people aged 55 and over, bringing the maximum benefit period to 24, 30 or 36 months.

In **Portugal**, the duration of benefits varies according to age and previous affiliation. For jobseekers aged 50 and over, the maximum benefit duration is 18 months. This duration may be extended by 2 additional months of benefits per 5-year contribution period over the past 20 years, increasing the maximum benefit duration to 26 months.

In **Switzerland**, the maximum benefit period is 18.5 months for individuals less than 55 years of age, and 24 months for individuals who are 55 and over (individuals who are jobless over the past 4 years preceding retirement age and who are difficult to place back into employment are entitled to 120 additional benefit days, increasing the maximum benefit duration to 29.5 months).



Which countries extend the benefit period according to the jobseeker's family situation?

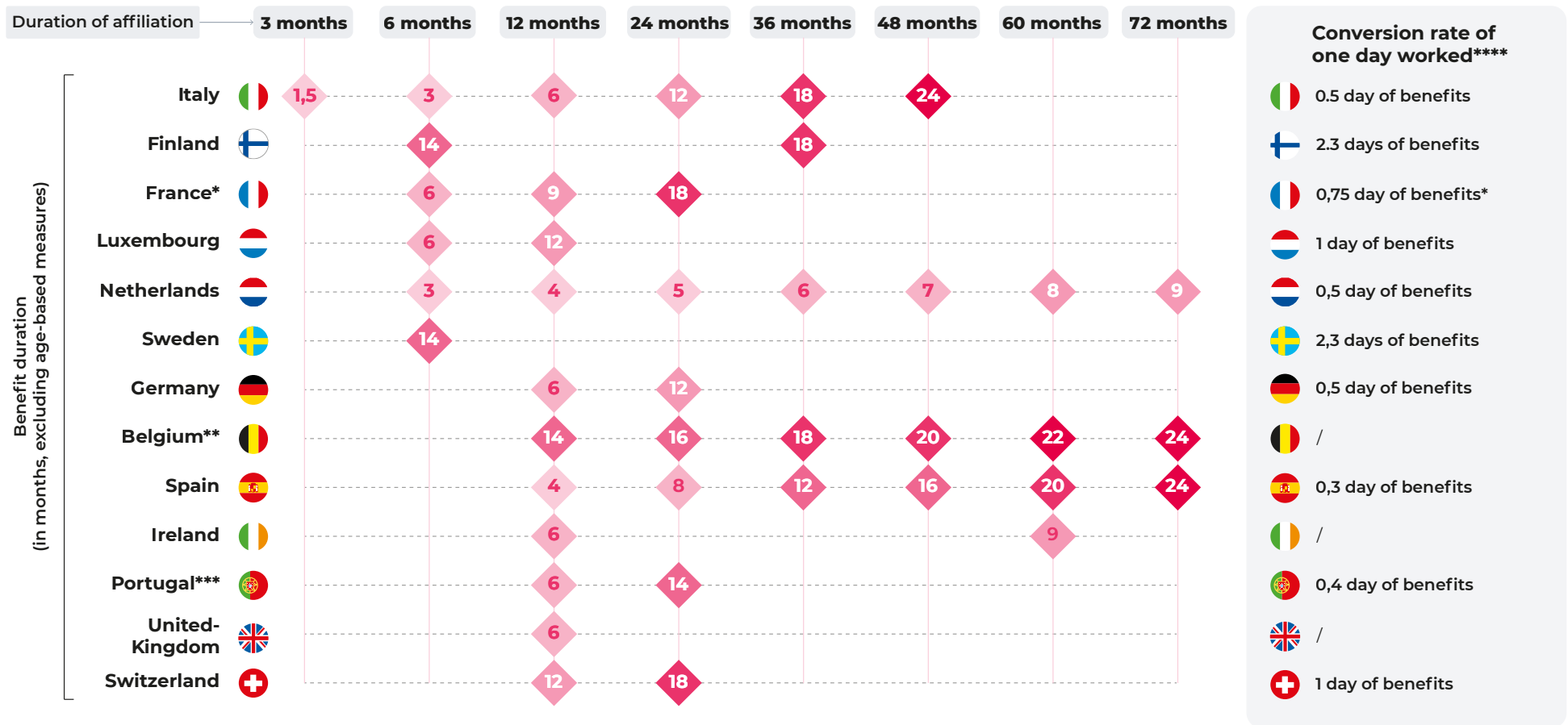
In **Switzerland**, the maximum benefit period of 18.5 months is extended to 24 months for jobseekers with dependents (under certain conditions).

In **Sweden**, the maximum benefit period of 14 months is extended to 21 months for jobseekers with a child.

What is the relationship between previous employment duration and benefits' time length?

In most countries, the duration of prior affiliation determines the duration of benefits. However, the affiliation period the jobseeker must demonstrate to be entitled to one day of benefits varies widely from one country to another.
















Thus, while in certain countries such as France and Luxembourg, one day of affiliation equals one day of benefits, most of the countries reviewed require several days of affiliation to be entitled to the same duration of benefits. It should be noted that in northern European countries (Denmark, Finland, Sweden), one day's affiliation grants entitlement to several days of benefits.



* See Focus on France. ** Consideration of the 1st benefit period proportional to the previous period of affiliation. *** For a person aged 30 to 39. **** The conversion rate is the ratio of the duration of affiliation to the benefits' duration (as at the beginning of the benefit period).

How is the benefit amount determined?

Most often, the unemployment insurance benefit amount is determined based on the prior salary, with the exception of the British, Irish, Finnish and Swedish systems, which provide a flat-rate benefit.

	What income is taken into account?	Is the reference income or the benefit amount capped?	Is the family situation taken into account?	Is the age taken into account?
Denmark 	Income from salaried and non-salaried employment	Benefit amount	<p>In these five countries, former income is the only factor used to calculate the benefit amount.</p>	<p>Exception to degressivity from age of 57</p>
France 	Income from salaried employment	Reference income and benefit amount		
Italy 	Income from salaried employment	Benefit amount		
Netherlands 	Income from salaried employment	Reference income and benefit amount		
Sweden* 	Income from salaried employment + social security payments	Reference income and benefit amount		
Norway 	Income from salaried employment + social security payments	Reference income and benefit amount	Flat-rate supplement	
Luxembourg 	Income from salaried employment + social security payments	Benefit amount	Increase in replacement rate	
Germany 	Income from salaried employment	Reference income and benefit amount	Increase in replacement rate	
Belgium 	Income from salaried employment	Reference income and benefit amount	Increase in replacement rate	Exception to degressivity from age of 55
Portugal 	Income from salaried employment	Benefit amount	Increase in replacement rate	
Switzerland 	Income from salaried employment	Reference income and benefit amount	Increase in replacement rate	
Spain 	Income from salaried employment	Reference income and benefit amount	Minimum and maximum amount depending on the number of children	
Finland* 	Income from salaried employment		Flat-rate supplement	
United-Kingdom 	<p>In these countries, the benefit amount is a flat-rate: the former income is not taken into account.</p>			Increase in the benefit amount for jobseekers over 25
Ireland 			Flat-rate supplement	

*In Finland and Sweden, jobseekers can benefit from a basic allowance if they do not voluntarily join an unemployment insurance fund or an allowance that is proportional to the former salary if they chose to voluntarily join an unemployment insurance fund.

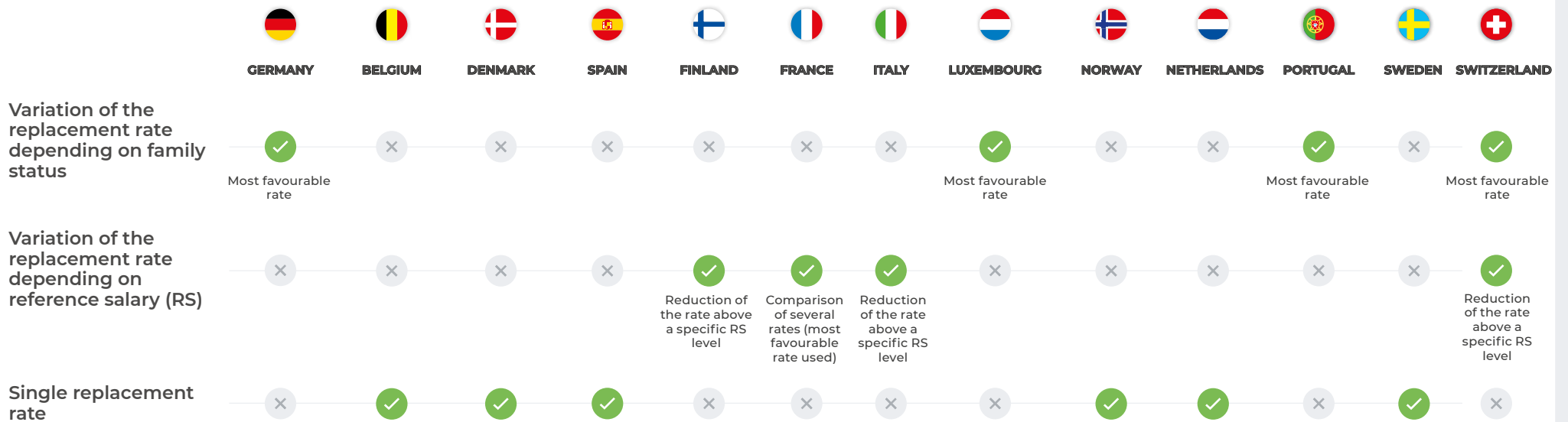
What replacement rate is applied to the former income?

With the exception of the British and Irish systems and the basic schemes in Sweden and Finland, in which the amount of benefits does not depend on the previous salary of the jobseeker, unemployment benefits generally correspond to a fraction of the reference income, called the replacement rate.

Applied to a gross or net reference salary, this normal ("notional") replacement rate may, according to the systems, vary depending on various criteria, such as family status, the age of the person concerned, the previous duration of contributions or the reference salary level.

When the amount of benefits depends on the reference salary, the applicable replacement rate is either:

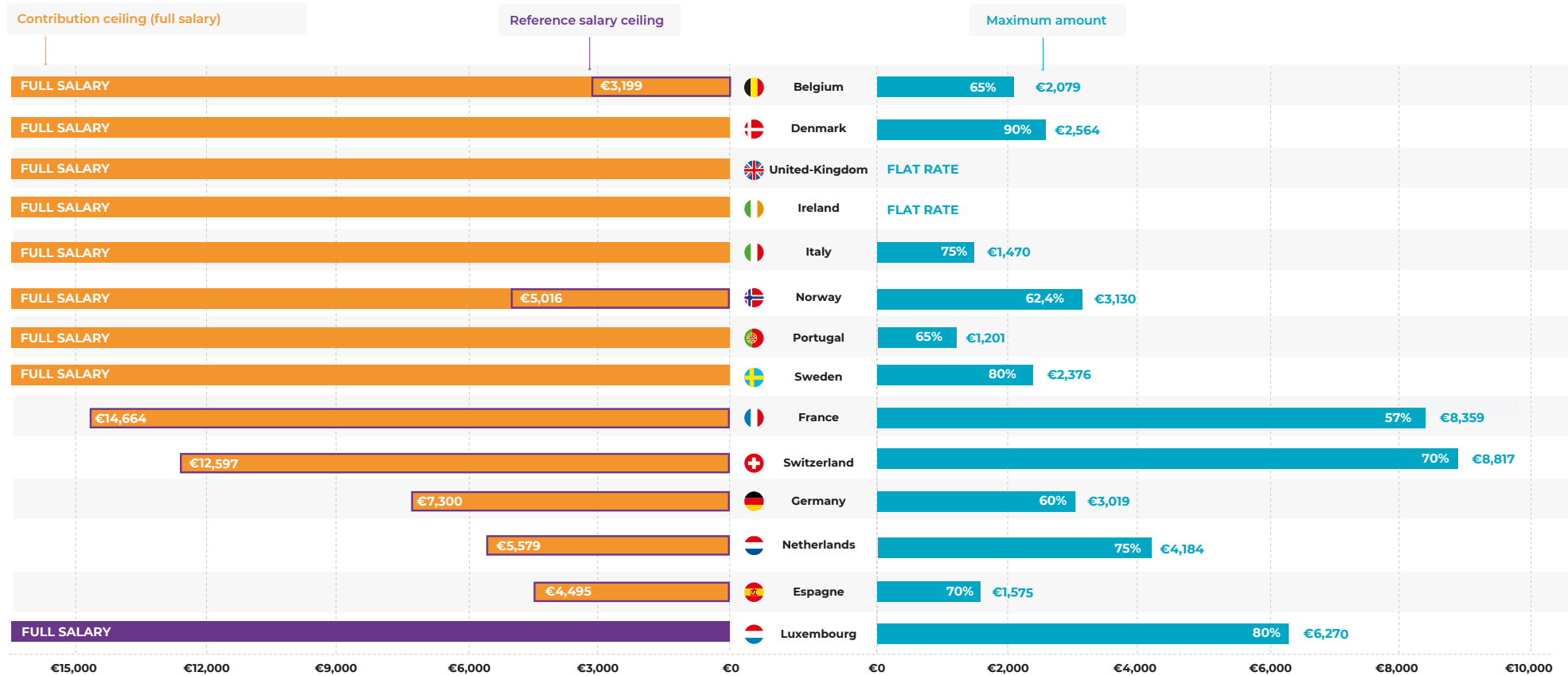
- A **single rate** for all (Spain, the Netherlands, Denmark, etc.);
- A **variable rate**, depending on different redistribution factors according to the systems (reference salary level, family status).



What replacement rate is applied to the former income?

Contribution ceiling and reference salary ceiling

Replacement rate at the beginning of entitlement and maximum amount



What are the minimum and the maximum amounts?

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Maximum gross monthly amount

In most cases, unemployment insurance contributions are based on income from salaried employment up to a certain limit. This limit usually determines the maximum monthly amount of the benefit that can be paid to beneficiaries. In other cases, the cap is set on the benefit itself.

The maximum monthly amount of the benefit is less than €1 600:

- **In Spain : €1,575**, benefit capped according to a percentage of the IPREM⁴ that may be paid on the basis of a reference salary of up to €4,495 with two or more dependent children;
- **In Italy : € 1,470** (benefit capped);
- **In Portugal : €1,201** (2.5 times the IAS)⁴ ;

It is higher in the following countries:

- **In Belgium : €2,079** (on the basis of a monthly reference salary capped at €3,199);
- **In Germany : €3,104** in the new Länder - ex GDR (based on a monthly reference salary capped at €7,100) or €3,172 in the former Länder - ex FRG (based on a monthly reference salary capped at €7,300);
- **In Denmark : €2,564** (benefit capped) ;
- **In Sweden : €2,376** (benefit capped).

For informational purposes⁵, the maximum monthly amount stands at **€3,130 in Norway** (calculated based on an annual reference salary capped at €64,988), **€4,184 in the Netherlands** (calculated based on a monthly reference salary capped at €4,858), **€6,260 in Luxembourg** (benefit capped) and **€8,817 in Switzerland** (calculated based on a monthly reference salary capped at €12,166).

⁴ IAS (Indexante dos apoios sociais) in Portugal, IPREM (Indicador publico de renta de efectos multiples) in Spain

⁵ Unédic calculation

⁶ In France, in 2022, 0.14% of unemployment insurance beneficiaries receive the maximum benefit amount. The average monthly benefit amount is €1 106 for unemployed jobseekers (Unédic, 2022 Activity Report)

France has the highest cap on the reference salary⁶, resulting in the maximum monthly benefit being amongst the highest in the panel of systems reviewed. The benefit amount can reach **€8,359** per month⁶ (calculated based on a monthly reference salary capped at €14,664). Note that the method used to calculate the unemployment benefit in France is based on a redistribution objective: the replacement rate is proportionally higher when a lower paying job is lost than in the case when a higher paying job is lost.

Note also that the **Finnish system** is the only system in the panel that does not cap the benefit amount.

Minimum gross monthly amount

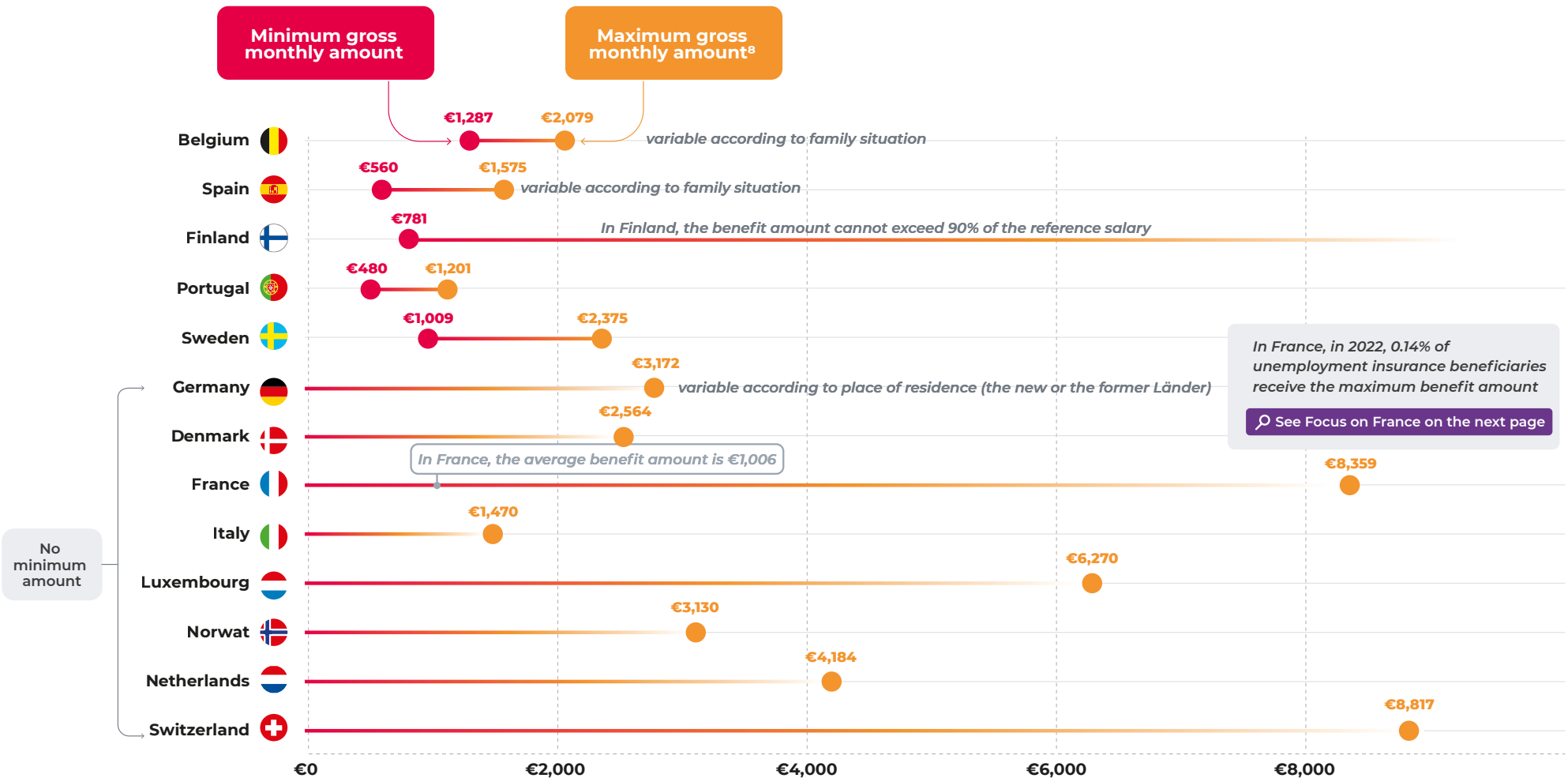
Seven of the 15 unemployment insurance systems reviewed provide for a minimum unemployment insurance benefit amount (Belgium, Finland, Portugal, Spain and Sweden).

This floor on benefits can be determined based on a benchmark social index, such as in **Portugal** and **Spain**, or set as a minimum daily benefit such as in **Belgium**, **Finland** and **Sweden**. In Belgium and Spain, the minimum unemployment benefit amount varies depending on the relevant person's family situation. In certain cases, for individuals who previously worked part-time, this minimal amount is reduced in proportion to the time worked. This is notably the case in Spain.

In the **United Kingdom**, **Ireland**, **Finland** and **Sweden**, the minimum benefit amount corresponds to the flat-rate benefit⁷, plus additional benefits arising from the jobseeker's family situation. Regarding Finland and Sweden, this flat-rate basic allowance is paid to jobseekers that did not choose to join a voluntary unemployment insurance fund.

⁷ The flat-rate benefit amount corresponds to €95 per week in the United Kingdom, to €220 per week in Ireland, to €37 per day in Finland and to €45 per day in Sweden

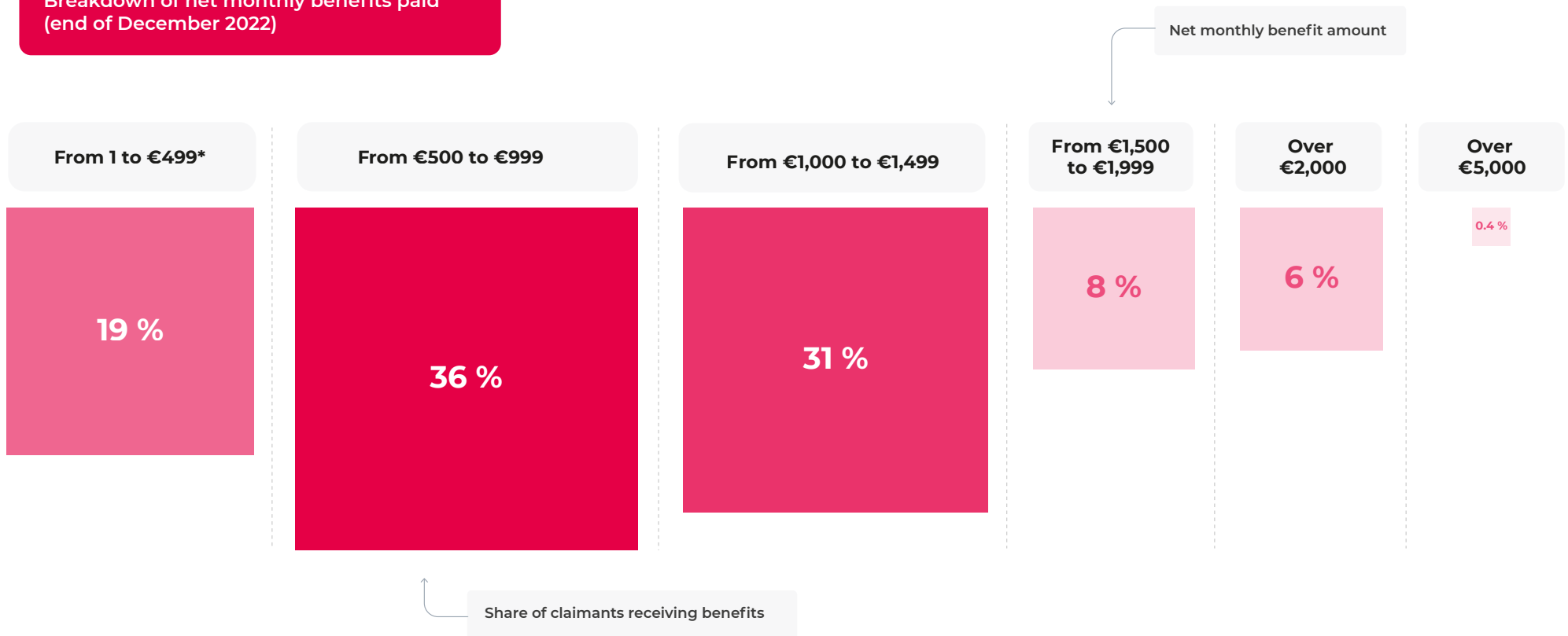
What are the minimum and the maximum amounts?



⁸ The amount of the benefit may, depending on the country, be increased by supplementary voluntary insurance (e.g. Sweden).

Focus on France : What are the minimum and the maximum amounts?

Breakdown of net monthly benefits paid
(end of December 2022)



* French unemployment insurance regulations provide for a minimum allowance, which does not constitute a minimum level of compensation.

In which countries does the benefit go down with time?

Six of the 15 countries reviewed reduce the benefit amount with time:

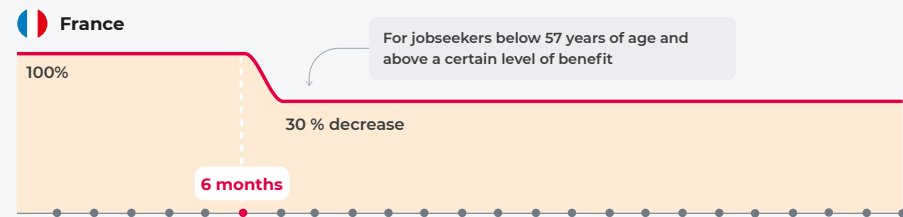
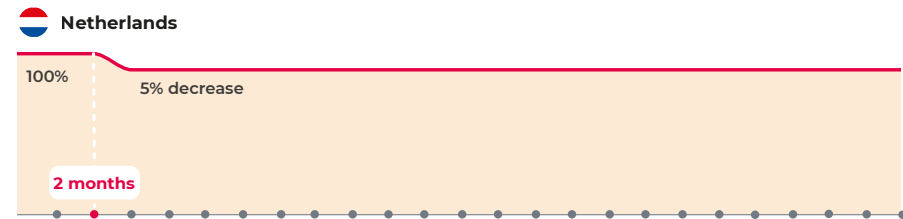
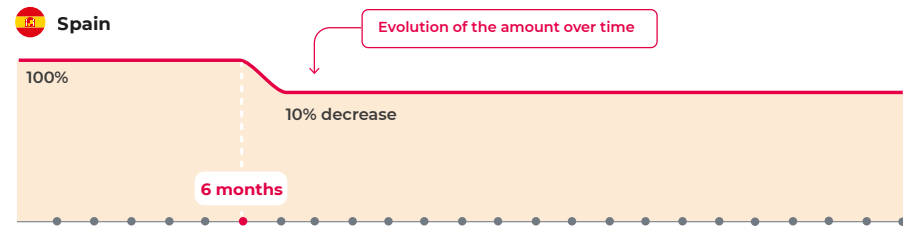
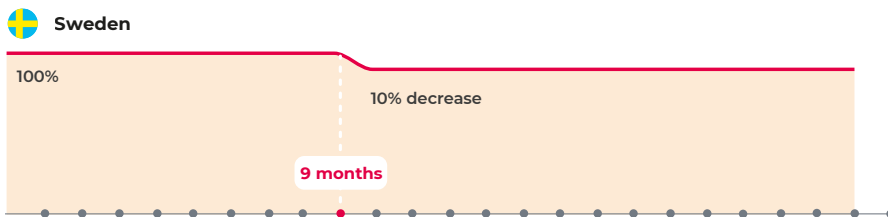
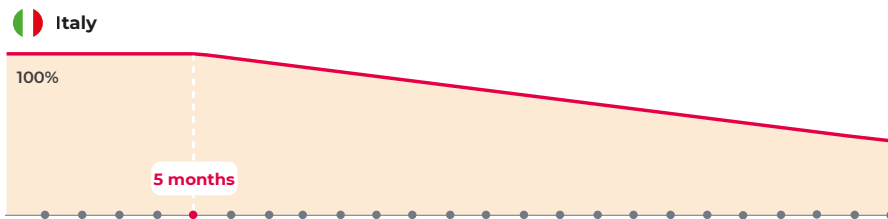
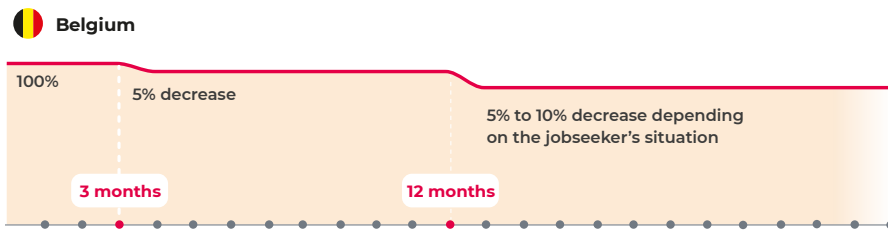
Belgium reduces the benefit level in several steps in time.

In **Spain**, the replacement rate is reduced by 10% starting the 7th month, by 5% in the **Netherlands** starting the 3rd month, and by 3% each month in Italy starting the 6th month.

As for the **Swedish system**, the replacement rate is reduced by 10% starting on the 201st day benefits are payable.

In **France**, the benefit can be reduced by up to 30% for workers who are less than 57 years old on the date their employment contract ended if the daily benefit amount defined at the beginning of the benefit period is more than €87.65. This reduced benefit starts on the 7th month benefits are payable.

In Belgium, Spain and Sweden, there is a floor below which the benefit amount cannot be reduced.



What happens when an employed worker moves in Europe?

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The purpose of the European law rules regarding the coordination of the social security systems is to guarantee and facilitate the free movement of employed workers on the territory of a European Union (EU) State, of the European Economic Area (EEA) or Switzerland.

In particular, they allow the benefits of the jobseeker going to another Member State to be maintained (exportability of the unemployment benefits), for a Member State to take into account periods of activity carried out in another Member State (aggregation of insurance periods) as well as the compensation of frontier workers who do not reside in their State of employment.



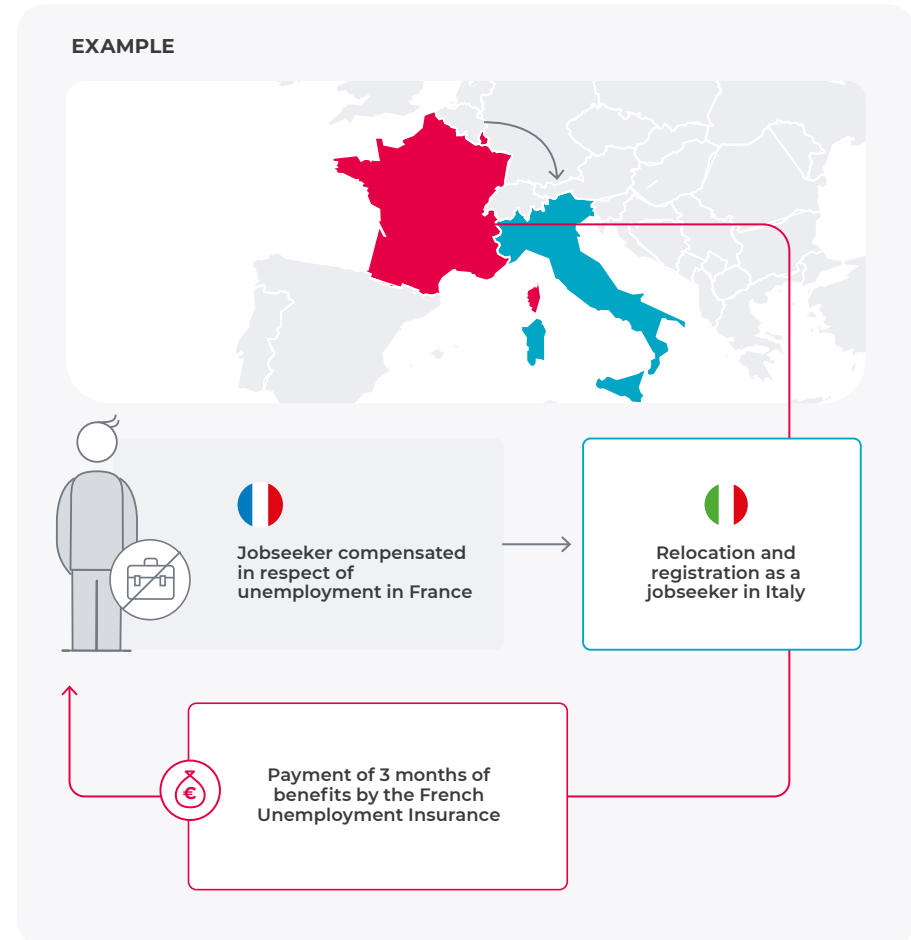
What happens when a jobseeker compensated in respect of unemployment in a Member State seeks work in another member State?

What happens when a jobseeker compensated in respect of unemployment in a Member State seeks work in another Member State?

The exportability of benefits allows to seek work in a Member State while receiving unemployment benefits from another Member State (article 64, Regulation EC no. 883/2004).

Therefore, a jobseeker receiving unemployment benefits in a Member State of the EEA or in Switzerland and going to another Member State (or to Switzerland) to seek work, may continue to receive his unemployment benefits for a period of three to six months depending on the States (and to the extent of the remaining duration of the entitlements).

The benefits are paid directly to the jobseeker by the institution of the State he left to seek work.



What happens when an employed worker carried out periods of employment in several Member States?

What happens when an employed worker carried out periods of employment in several Member States?

The **aggregation of periods** of employment allows the employed worker who worked in one or more Member States to use these employment periods to create entitlements in another Member State (article 61, Regulation EC no. 883/2004).

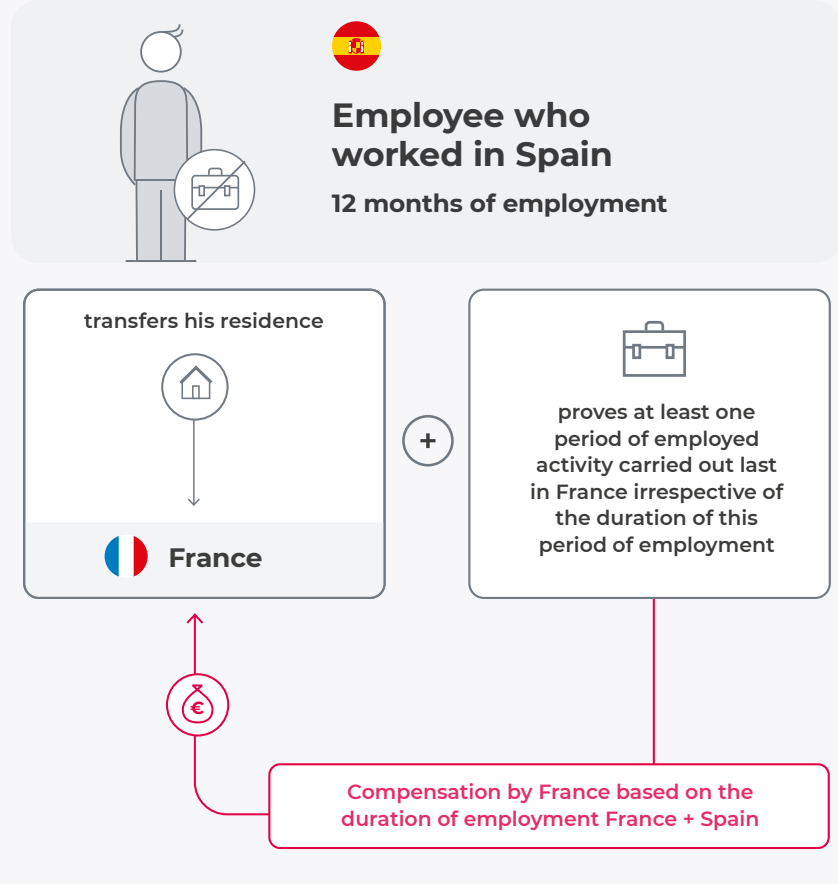
This principle of aggregation applies in particular in France when:

- The jobseeker transfers his residence there,
- The jobseeker proves at least one period of employed activity carried out last in that State, irrespective of the duration of this period of employment.

The unemployment insurance benefit is then allocated according to the unemployment insurance rules which apply in the new State of residence (all the periods of employed activity are taken into account to meet the minimum condition of membership and to determine the duration of the entitlement, however, only income received last in the State of residence is taken into account to define the amount of the benefit).

* The European Economic Area includes the 27 Member States of the European Union plus Iceland, Norway and Liechtenstein.

EXAMPLE



To what unemployment insurance regulation are frontier workers subject?

To what unemployment insurance regulation are frontier workers subject?

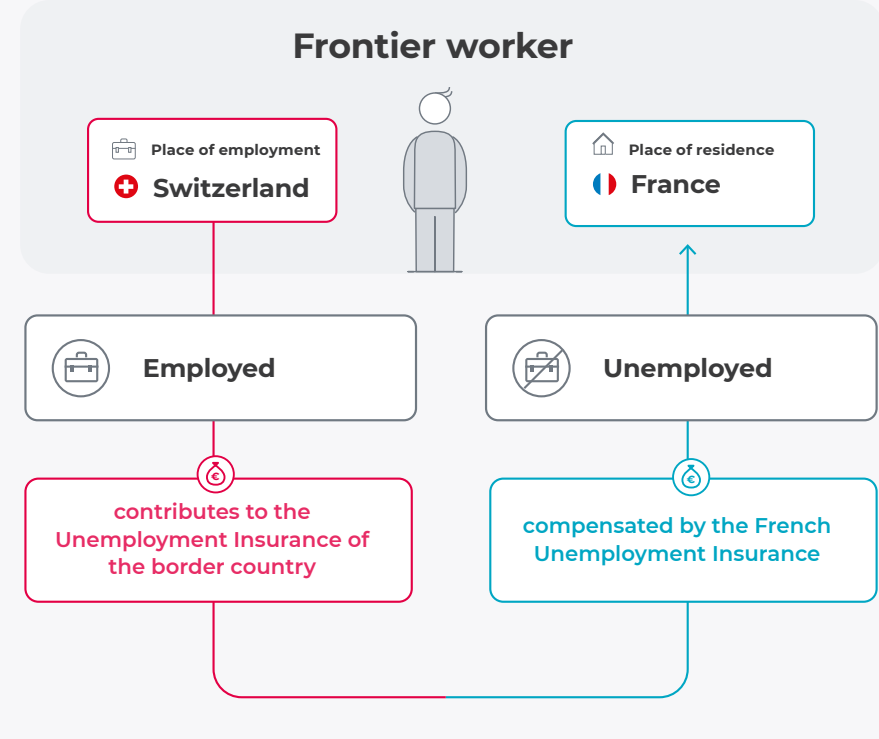
The term “**frontier worker**” refers to any person pursuing an activity, whether employed or not, in a Member State and who resides in another Member State where he theoretically returns each day or at least once a week (Reg. (EC) no. 883/2004, art. 1(f)).

The frontier worker, if he involuntarily becomes unemployed, is then compensated by his State of residence, provided that he meets the conditions of eligibility for the compensation, in particular the membership fee required to create entitlements (Reg. (EC) no. 883/2004, art. 65).

Therefore, a frontier worker residing in France and pursuing an activity in another Member State or in Switzerland benefits from the same entitlements as those he would have received had he carried out his activity in France. It is not necessary for this person to prove a period of activity carried out last in France to take into account the periods of activity carried out on the territory of the State of employment.

In this case, the State of residence in charge of the compensation is entitled to claim the partial repayment of benefits paid from the State of employment (3 or 5 months depending on the situations).

EXAMPLE



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**Unemployment
Insurance
in Europe**

September 2023

<https://www.unedic.org>

