



UNÉDIC,
AT THE
HEART OF
UNEMPLOYMENT
INSURANCE

UNÉDIC, AT THE HEART OF UNEMPLOYMENT INSURANCE

The social partners are responsible for the negotiation and management of Unemployment Insurance regime. They steer this social protection regime from within Unédic in order to adapt the system to economic and social realities and to the job market. Unédic helps the persons responsible for negotiating the regime and ensures that their decisions are properly applied.

In 1958, employer and employee representative organisations created a system for protecting against the involuntary loss of employment. Following negotiations, they signed the first unemployment insurance convention. The law tasked the social partners with ensuring that this insurance regime, which the social partners are responsible for managing and financing, functions properly.

Since then, the social partners regularly negotiate in order to reach a political agreement. They set the objectives and principles of the unemployment insurance regime for two- to three-year periods, by factoring in the job market and the economic/social climate so that Unemployment Insurance may play a role as a social buffer.

The agreement thus obtained serves as the basis of a convention drafted by Unédic's legal department before being approved by the State. The state renders these rules mandatory and applicable.

The convention and the unemployment insurance regulation detail the rules for compensating jobseekers, employee and employer contribution rates, the conditions under which beneficiaries' entitlements are commenced, the amount and duration of benefits, the nature of assistance for returning to work, etc.

AUTONOMOUS JOINT MANAGEMENT

In order to manage the Unemployment Insurance regime, Unédic was founded in 1958 by the social partners in accordance with law. Unédic is a joint association governed by private law and an association under the 1901 law.

Eight union and employer organisations manage Unemployment Insurance within Unédic:

✿ for employees:

CFDT, CFTC, CFE-CGC and FO

✿ for employers:

CPME, Medef and U2P.

During negotiations, Unédic advises the social partners in order to inform their decisions and implement them once made. This notably requires monitoring of the application of the rules and the quality of services provided to jobseekers, employees and employers; the financing of benefits at the best cost in the event of a deficit; guaranteeing intelligibility and transparency; providing access to information for all; evaluating the measures that were negotiated. This set of missions contributes to informing deliberations and the public debate so that the unemployment insurance system evolves in such a way that it is always in line with the times.

To manage Unemployment Insurance, Unédic acts at the heart of the public service of employment, as it steers the various operators' implementation of the rules. Indeed, the law delegates the operational activities of the collection of contributions and jobseeker registration and compensation to two principal operators: Acoff (Central agency of social security organisations, national Urssaf network fund) and Pôle emploi.

With respect to their negotiation and management missions, the social partners pay close attention to the principles of rigorousness and transparency so that Unemployment Insurance is steered in an exemplary and responsible way, in accordance with the 2012 agreement on the modernisation of joint management.



CLARITY AND ENSURING EFFICIENCY DRIVE US EACH DAY

**Alexandre
Saubot,**
President
of Unédic



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Unemployment Insurance is an indispensable element of social cohesion: it reassures the French people in the face of the risk of loss of employment. As social partners, our responsibility is to adapt this social protection regime to meet social and economic changes in the country and to ensure that compensation works well. These regular modifications translate into unemployment insurance agreements which periodically define compensation rules, via negotiations that are based on a shared assessment and through a constructive and responsible social dialogue. Unédic plays a decisive role in the effectiveness and transparency of the system. Advising, legally and financially securing Unemployment Insurance, helping jobseekers understand the rules, steering the system as a whole and evaluating the effects of the decisions made by the social partners: these missions are essential to having an unemployment insurance system that is in line with its times. These missions are carried out while respecting the values that drive us each day: sincerity, clarity, openness, attentiveness and ensuring efficiency. These are the best guarantees for informed and responsible negotiations, useful contributions to the public debate and rigorous joint-management at the service of a modern social democracy.

RESPONSIBLY DEMANDING, AT THE SERVICE OF SOLIDARITY

**Patricia
Ferrand,**
Vice-President
of Unédic



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Unemployment Insurance plays a fundamental role for individuals, companies, and more generally, the French economy. Unemployment Insurance is a social and economic buffer, working at the service of the return to employment. While steering the Unemployment Insurance regime, we have intense debates, but the essentials unite us: being responsibly demanding at the service of solidarity between working people, the unemployed and employers. How do we best respond to the needs of jobseekers, the employed and employers? The social partners are preoccupied with this question, which requires an astute analysis to better understand how the job market works. Thanks to Unédic's departments, we benefit from analyses of evolutions in the job market and of the way the rules are applied on the ground. These are essential pieces of information when negotiating and managing the Unemployment Insurance regime. Day-to-day, Unédic plays an advisory role and guarantees that our decisions are properly applied. Unédic exemplifies the values of joint management, fosters its credibility and enlightens public debate. Every day, we carry out our duty with a desire for progress and adaptability so that Unédic remains an observant, attentive, effective and demanding player at the service of a solidarity that is indispensable.

1. UNEMPLOYMENT INSURANCE IN FRANCE

The Unemployment Insurance system in France meets a dual objective: compensating people who have involuntarily lost their jobs and promoting their return to work.

Unemployment Insurance protects employees who lose their jobs by paying them an **unemployment benefit** (Allocation d'aide au retour à l'emploi, or ARE). The amount of this benefit depends on the employee's prior salary and the length of the benefit depends on prior employment. The benefit allows its beneficiary to accrue rights to additional retirement benefits during the term of compensation.

At the same time, Unemployment Insurance **encourages the return to work** and supports skills development. On the one hand, the combination of benefits with salary and renewable benefits allows jobseekers who return to work during their entitlement period, even for a short period, to improve their revenues and extend the duration of their compensation. On the other hand, Unemployment Insurance participates in assistance and guidance measures



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to promote retraining of employees that have been made redundant. It should be noted that beneficiaries who create or take over a company can receive part of their benefits in the form of capital, and that unemployment benefits are maintained during training.

A MANDATORY REGIME FOR PRIVATE SECTOR EMPLOYEES

The Unemployment Insurance regime is founded on solidarity and mutualising risks between employers and employees in all sectors and professions. Unemployment Insurance applies to all **employees that have employment contracts with private sector companies**. It also applies to certain public sector employers that voluntarily adhere to the Unemployment Insurance regime for their contract employees.

A CONTRIBUTORY REGIME

Unemployment Insurance is financed by **social contributions** paid by employees and employers, not through taxes. All jobs that are affiliated with the Unemployment Insurance system are subject to contributions that are proportional to salaries. The contribution rate is 6.40% of the gross salary, of which 4% is paid by the employer (a temporary exceptional contribution of 0.05% also applies for a maximum of three years following the agreement of 28 March 2017) and 2.4% is paid by the employee.

UNEMPLOYMENT BENEFITS SUBJECT TO CONDITIONS

All beneficiaries of unemployment benefits must be registered with Pôle emploi as a jobseeker and **have worked** as a salaried employee for at least 88 days or 610 hours over the course of the preceding 28 months, with respect to persons aged less than 50 years, or over the preceding 36 months, for persons aged 50 years and older. The beneficiary must not have reached the statutory retirement age, nor have made contributions for the number of quarters necessary for retirement, and must reside in the territory that is covered by the Unemployment Insurance system: metropolitan France, the overseas departments, the overseas communities of Saint-Pierre-et-Miquelon, Saint-Barthélemy and Saint-Martin, the principality of Monaco or Mayotte (where specific unemployment insurance rules apply). **The loss of employment must be involuntary**, and resignations do not give rise to Unemployment Insurance coverage except in certain cases deemed to be legitimate.

GOOD TO KNOW As is the case with social security contributions, the portion of salary that is subject to contributions is limited to four times the social security cap. This cap also applies to the salary used to calculate the amount of benefits. A jobseeker whose latest salary exceeds four times the Social Security cap will receive benefits that will be calculated on the basis of that cap.

The new jobseeker compensation rules arising from the 28 March 2017 agreement of the social partners and included in the 14 April 2017 Unemployment Insurance convention apply to all persons who lost their jobs starting 1 November 2017. The former rules continue to apply to persons who lost their jobs before that date.



For more information
unedic.fr



2016 FIGURES

16.7M

employees affiliated with Unemployment Insurance.

2.7M

jobseekers compensated by Unemployment Insurance each month.

1.8M

employers contribute to Unemployment Insurance.

59.6%

of jobseekers are covered by Unemployment Insurance.

€34.8B

amount of contributions collected.

The net benefit paid represents

€33.9B

amount of benefits paid in 2016.

72%

of the former net salary on average. The average benefit is

€0.7B

allowances paid by Unemployment Insurance.

€1,010

net per month.

€3.4B

amount paid to supplementary pension funds in 2016 (of which €1.4B were withheld from benefits paid).

€3.3B

Unédic's endowment to Pôle emploi's budget (64% of Pôle emploi's budget).

1. UNEMPLOYMENT INSURANCE IN FRANCE

A jobseeker must also be physically able to work and must actually seek employment on an ongoing basis. Specific rules exist for certain professions, such as casual workers in the entertainment industry. When individuals do not, or no longer, meet the conditions on benefiting from Unemployment Insurance, the solidarity regime, which is financed by the State, may take over via the special solidarity allowance (*Allocation de solidarité spécifique*) or active solidarity income (*Revenu de solidarité active*), which have eligibility conditions that are separate from Unemployment Insurance conditions.

COMPENSATION BASED UPON AN APPROACH OF INSURANCE AND REDISTRIBUTION

Compensation by the Unemployment Insurance regime is based on dual principles: an insurance principle and a redistributive approach. The amount of the benefit paid to a jobseeker and the period the jobseeker receives compensation is based upon the jobs he/she had before being unemployed and the salaries that serve as the basis for calculating his/her contributions. The benefit is **proportional to the prior salary and the period of the lost employment**. The compensation period is calculated on the basis of the principle of “one day worked = one day compensated”, with five months of work giving rise to the right to five months’ compensation, nine months’ work to nine months’ compensation, etc., up to a maximum period depending on the persons’ age at the end of the employment agreement (from 24 to 36 months). Unemployment Insurance also operates according to a redistributive approach, such that lower incomes benefit from reinforced protection. The relationship between compensation and the lost salary is higher for a lower salary than for a higher salary.

GOOD TO KNOW For a person who loses a full-time job paid at minimum wage, the net benefit represents 79% of his/her former net salary. A person who lost a full-time job paid €3,000 net per month receives a net benefit corresponding to 64% of his/her former net salary. Gross benefits cannot exceed 75% of the lost gross salary.

MEASURES TO PROMOTE THE RETURN TO WORK

Individuals who return to work, even for a short time, while they are being compensated can **combine their salary with part of their benefit** under certain conditions. This measure gives them the possibility of extending the term of their compensation, improves their total revenue as compared to the benefit alone (without exceeding the lost salary) and keeps them close to the job market. Since 2014, a beneficiary who has worked at least 150 hours while



2016 FIGURES

📦 The unemployment benefit (*ARE*) granted to employees who lost their jobs

2.6M
beneficiaries each month.
€30.9B
paid.

📦 The unemployment professional training benefit (*ARE – Formation*), corresponding to maintaining unemployment benefits during job training

472,600
beneficiaries during the year (at least one day in the year).

€1.4B
paid.

📦 Combination of benefits and salary

854,600
persons benefit from the combination of benefits and salary each month, i.e., 53% of working beneficiaries.

📦 Renewable rights

668,800
rights renewed (each month, 56,400 jobseekers renew their rights; 640,000 beneficiaries with at least one renewal of benefit entitlements in 2016).

📦 Improved job security contract (*Contrat de sécurisation professionnelle, or CSP*)

74,000
beneficiaries each month.
€2B
paid.

📦 Assistance for the creation or takeover of a company (*Aide à la reprise ou à la création d'entreprise, or ARCE*)

40,900
ARCE beneficiaries in 2016 (1st instalment).
€542B
paid.



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being compensated can benefit from a new right to unemployment benefits once his/her initial rights have been exhausted – the so-called **renewable rights** – which is calculated on the basis of the employment taken during the compensation period. Unemployment Insurance takes actions in other ways to encourage the return to work, the **improved job security contract (CSP)**, for example. The CSP is co-financed by the State and Unédic, and is intended for employees made redundant for economic reasons in companies with fewer than 1,000 employees or companies that are the subject of judicial liquidation or reorganisation proceedings. It proposes special guidance to the jobseeker for one year, the payment of a benefit without any waiting period or deferral, assistance with returning to work and training opportunities. Unemployment Insurance also encourages the **creation of companies by jobseekers**: they can receive assistance for jobseekers taking over or creating a company (*Aide à la reprise ou à la création d'entreprise, or ARCE*), i.e., the payment in two instalments, in the form of capital, of 45% of the benefits remaining due to them, instead of receiving their monthly benefit.

GOOD TO KNOW Unemployment Insurance also participates in the financing of partial activity, a measure that allows employees to keep their employment in the event of a decrease in activities due to economic difficulties (temporary reduction or suspension of work).

WHO DOES WHAT IN UNEMPLOYMENT INSURANCE COMPENSATION?



2. UNÉDIC STEERS UNEMPLOYMENT INSURANCE

Unédic ensures that the system works properly, helps finance the system and controls the application of the regulations. It manages relations between operators and guarantees the quality of the services provided to jobseekers, employees and employers.

Unédic is a **joint association** governed by private law (association under the 1901 law) which carries out a public interest mission. The social partners collectively manage Unemployment Insurance, and do so with full legal and financial independence.

UNÉDIC'S BODIES

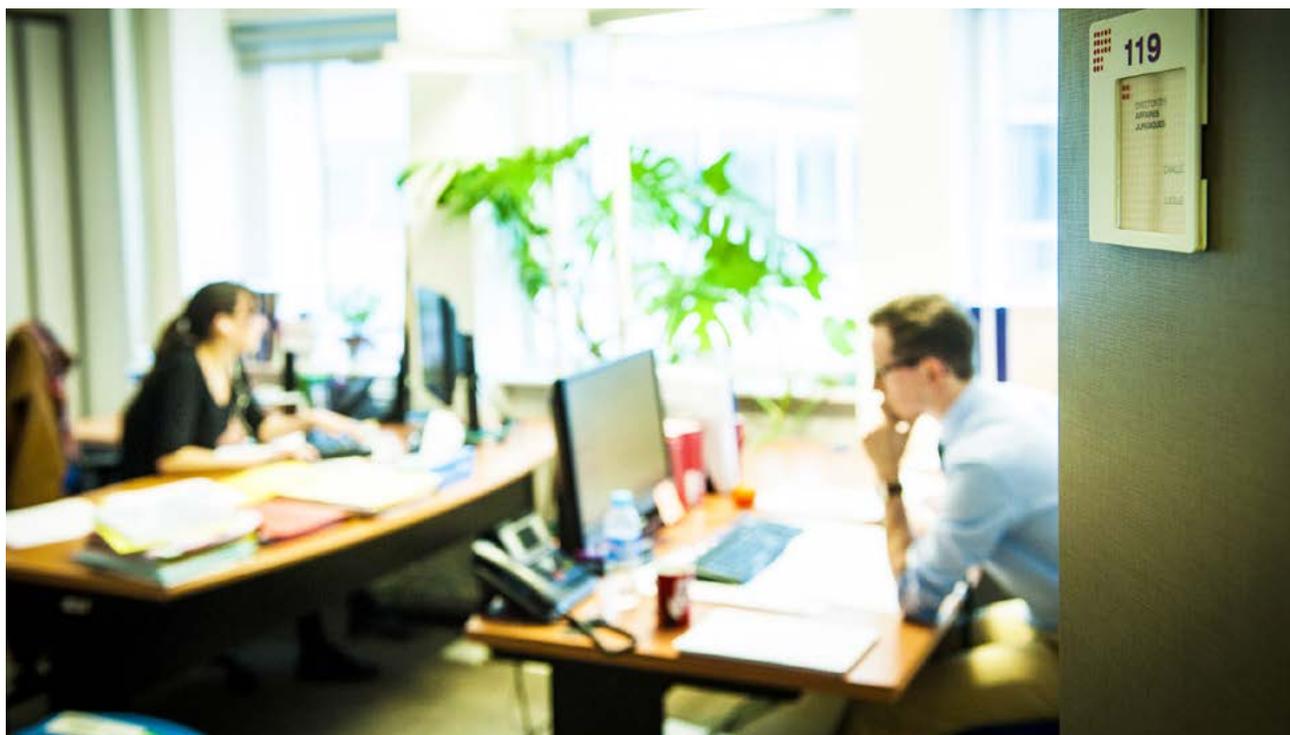
Employer representatives (CPME, Medef, U2P) and employee representatives (CFDT, CFTC, CFE-CGC, CGT, FO) are equally represented on the Board of Directors and the Bureau.

The Board of Directors decides upon Unédic's policy directions, approves its financial strategy, votes upon benefit reassessments and elects the

Bureau and the president for a term of two years. The president is chosen from among the employer and employee colleges on an alternating basis. The president presides over the meetings of the Board of Directors and the Bureau. The Board of Directors meets twice per year and approves the Unemployment Insurance regime's accounts.

The Bureau, which meets once a month, monitors the proper application of Unemployment Insurance regulations. The Bureau takes all decisions relating to the management of Unemployment Insurance, ensures the proper functioning of Unédic and appoints Unédic's chief executive. It also adopts Unédic's income and expense forecasts in order to foresee its financing needs.

A general, economic and financial controller participates in the meetings of the Board of



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UNÉDIC'S
BUREAU
MEMBERS
JUNE
2017



1



2



3



4



5



6



7



8



9



10

1 PRESIDENT
Alexandre
Saubot
Medef

**2 FIRST VICE-
PRESIDENT**
Patricia
Ferrand
CFDT

**3 SECOND
VICE-
PRESIDENT**
Jean-Michel
Pottier
CPME

**4 THIRD
VICE-
PRESIDENT**
Éric Courpotin,
CFTC

5 TREASURER
Jean-François
Foucard
CFE-CGC

**6 DEPUTY
TREASURER**
Patrick Liébus
U2P

7 ASSESSOR
Michel Beaugas
FO

8 ASSESSOR
Denis Gravouil
CGT

9 ASSESSOR
Michel
Guilbaud
Medef

10 ASSESSOR
Éric Le Jaouen
Medef

Directors and the Bureau on an advisory basis: the controller is the liaison with the public authorities.

JOINT REGIONAL BODIES

In the regions, the social partners, who are responsible for Unemployment Insurance, participate from within the **joint regional bodies**, which meet at Pôle emploi. Unédic and Pôle emploi are jointly responsible for steering and supporting the joint regional bodies within each regional management unit of Pôle emploi.

The joint regional bodies ensure that the Unemployment Insurance convention is properly applied; they monitor the implementation of the convention and provide information for the reports on regulations that are prepared by Unédic and addressed to the social partners. If there is a difficulty in the interpretation of Unemployment Insurance regulations, the joint regional bodies play a monitoring role and alert Unédic.

The joint regional bodies also decide upon individual cases that require a special review (voluntary resignation, assessment of increased salaries, or certain conditions for the commencement of entitlements, for example). There are 17 joint regional bodies, and two special joint bodies (in

Mayotte and Saint-Pierre-et-Miquelon), set up within Pôle emploi's regional management units. They are made up of an equal number of employer and employee representatives. Their mandates last three years and are renewable. Each year, the role of president and vice-president alternates between the two colleges.

TRANSPARENCY IN GOVERNANCE: REPORT AND DISCLOSE

In 2013, Unédic transposed within its rules of operation and governance the principles of the **national inter-professional agreement on the modernisation of joint management** of 17 February 2012. This agreement crystallises the social partners' desire to generalise the application of the joint organisations' governance and management rules, which are thorough, demanding and transparent. The agreement reaffirms the mission of joint management: to **guarantee service quality** to beneficiaries and to **facilitate collective negotiation**, all while respecting the principles of transparency and evaluation.

At Unédic, the application of these principles is materialised by:

- the existence of an audit and account preparation

2. UNÉDIC STEERS UNEMPLOYMENT INSURANCE

committee, with two qualified professionals from outside Unédic;

- ✿ the performance of an external audit at the end of each mandate of the Board of Directors to review the conditions in which the social partners' decisions were implemented and the operations of Unédic's bodies;
- ✿ the existence of a remuneration committee;
- ✿ the certification of the annual accounts by statutory auditors;
- ✿ technical and legal training for the members of the Board of Directors;
- ✿ publicly available summaries of the decisions of and work performed by the Bureau and the Board of Directors;
- ✿ indicators on quality of compensation and the collection of contributions handled by various organisations on behalf of Unédic;
- ✿ reports on regulations and the manner they are applied;
- ✿ the publication of studies, financial forecasts, reference files upon the commencement of negotiations and annual reports (activity, financial, control and audit).

ADVISE THE NEGOTIATORS AND IMPLEMENT THEIR DECISIONS

Unédic supports the social partners in the steering of Unemployment Insurance regime and seeks to preserve **their independence and their management capacity**, from negotiations up through the implementation of the rules. To create value, Unédic acts in accordance with three principles of action: share information, be neutral and be attentive.

Unédic collects and **shares its information** in order to assure the social partners that their decisions are properly applied - by passing on the operators' results, by reporting on its actions through its publications (annual reports, public summaries of the Bureau and the Board of Directors, negotiation files, etc.).

Unédic remains **neutral and objective** so that it may help the social partners make good decisions. It is determined to examine each issue from every angle and always bases itself on facts and neutral and balanced analyses, with no bias.

Finally, Unédic is **attentive and open to discussions**. It maintains a constant relationship with jobseekers so that it can take into account their experiences and assess the impacts of the rules. In surveys, it asks jobseekers about the way they experienced various measures. Unédic consults regularly with a group of 2,000 individuals on-line to gather their views and their expectations via discussion threads and surveys.

Sitting at the heart of the public service of employment, Unédic builds a permanent relationship with its environment, notably by establishing research partnerships. Its scientific committee helps it with its evaluation projects. Moreover, Unédic partners with its operators to help the social partners evaluate the feasibility of a measure during negotiations. In this way, Unédic can always take a step further in its analyses and assessments.

"Unédic's profile has changed significantly since 2009. It has become a centre of expertise that is refocused and aims to serve the social partners," explains Isabelle Thiébaud-Corbé, Director of Human Resources. "Unédic transformed itself so as to play a role as regulator in the network of the players in the Unemployment Insurance system, with a group of competencies commensurate with the missions that the social partners defined after Pôle emploi was created."

In this way, each day, Unédic mobilises approximately 100 employees with complementary expertise and skills (legal, statistics, financial, IT, audit, communications, etc.) to fulfil its missions. These teams, which are organised around **seven departments**, analyse changes in the

2016 FIGURES

107

employees at the end of 2016; about 90 under permanent contracts.

43 years

average age (from 24 to 65 years).

81%

are managers or senior executives.

11 years

with Unédic, on average.



64%
are women.

36%
are men.

About

64%

of employees have had training during the year.

2

PhD candidates under Cifre contracts (research training industrial agreements).

job market and foreign compensation systems, foresee necessary regulatory amendments, draft regulations and prepare the application of those rules, monitor the implementation of the rules, anticipate the financial position of the Unemployment Insurance system, manage the accounts and financing of benefits, coordinate the operators and facilitate, along with Pôle emploi, relations with the regional social partners. “With the transfer of the payment of benefits and the collection of contributions to Pôle emploi and the Urssafs, the support and network facilitation functions were no longer necessary”, notes Isabelle Thiébaud-Corbé. Unédic therefore had to reinvent certain functions and consolidate strategic know-how so that it could have relevant competencies. “Existing functions evolved so that they could handle the relationship with the regional joint bodies, cooperation with operators and the integration of the rules in their information systems,” explains Ms. Thiébaud-Corbé. “The studies and analysis department was fully reconstituted in a tailor-made way. We increased resources for legal, treasury and audit activities.”

GUARANTEE SERVICE QUALITY AND IMPROVE RESULTS IN PARTNERSHIP WITH OPERATORS

Since 2009, the law has entrusted various operators with the operational implementation of the Unemployment Insurance system, principally Acofs (Central agency of social security organisations) for the collection of contributions through the Urssafs and the CCMSA (Central agricultural social mutual fund) with respect to the agricultural sector, and also Pôle emploi with respect to compensating jobseekers. In order to ensure the continuity and quality of services provided to jobseekers, employees and companies, Unédic organises relationships with its operators through agreements. Along with the operators, Unédic ensures that the services offered are effective and that the rules are properly applied. In concrete terms, each quarter, Unédic monitors the Unemployment Insurance scorecard through **quality indicators** on compensation and the collection of contributions by Pôle emploi and the Urssafs (processing and payment periods, etc.). **Controls and audits** are regularly performed to verify that the implementation of the measures complies with the social partners’ decisions. Unédic pays close attention to the information that is delivered to jobseekers and employers, and seeks to assess jobseekers’ satisfaction with compensation and the assistance with which they are provided.

PÔLE EMPLOI’S STRATEGIC DIRECTION

In accordance with the law, Unédic helps finance Pôle emploi, in the amount of 10% of the contributions that were collected two years prior to the year of financing. As one of Pôle emploi’s

A LEAN MANAGEMENT TEAM

The mission of Unédic’s management team is to implement the Bureau’s decisions by relying upon Unédic’s departments, which are steered by Vincent Destival, chief executive.

UNÉDIC’S SEVEN DEPARTMENTS

Legal Affairs; Studies and Analyses;
Finance and Treasury; Management and Accounting;
Information and Communications;
Risks and Performance Department;
Human Resources & Administrative Services



UNÉDIC’S SIX MISSIONS

- 1. ADVISE** and help decision-making by negotiators.
- 2. TRANSLATE** negotiators’ decisions into legal texts to secure their application.
- 3. FINANCIAL MANAGEMENT** of the regime and guarantee the payment of benefits.
- 4. EXPLAIN** applicable measures, changes to those measures and how the compensation system works.
- 5. STEER** the implementation of the rules with Unemployment Insurance operators, the bodies responsible for collecting contributions and paying benefits. Unédic ensures that the rules are properly applied.
- 6. EVALUATE** the measures created by the social partners, so as to inform their deliberations on how the system should evolve.

principal financers, Unédic also defines, along with the State, operators’ roadmaps and objectives. A multi-year tripartite agreement (2015 – 2018) sets Pôle emploi’s priorities with respect to compensation, providing assistance to jobseekers, offering services to companies, the return to work, etc.

Pôle emploi’s results are the subject of progress reports that are made public. Unédic’s objective: that the assistance provided promotes a sustained and rapid return to employment.

GOOD TO KNOW In 2016, the endowment paid to Pôle emploi was €3.3 billion, i.e. 64% of Pôle emploi’s budget.

See also



2016
Financial Report

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