

Unédic

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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.

The study comparing the French unemployment insurance system to those of 11 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 in France, Finland, Luxembourg, the Netherlands and Sweden, and at least 12 months in other countries.

- **Belgium has the longest benefit period**, with a coverage period of up to 48 months during which the benefit amount is proportional to the prior salary. There is also a second benefit period whose duration is not predetermined and during which the benefit paid is a flat-rate amount.

In France, the maximum duration varies depending on the jobseeker's age: 24 months for individuals less than 53 years of age, 30 months for individuals between 53 and 54 and 36 months for individuals aged 55 years and over.

Italy has the shortest benefit payment period (1.5 months), followed by the Netherlands (3 months), Spain (4 months) and France (6 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 January 1, 2022).



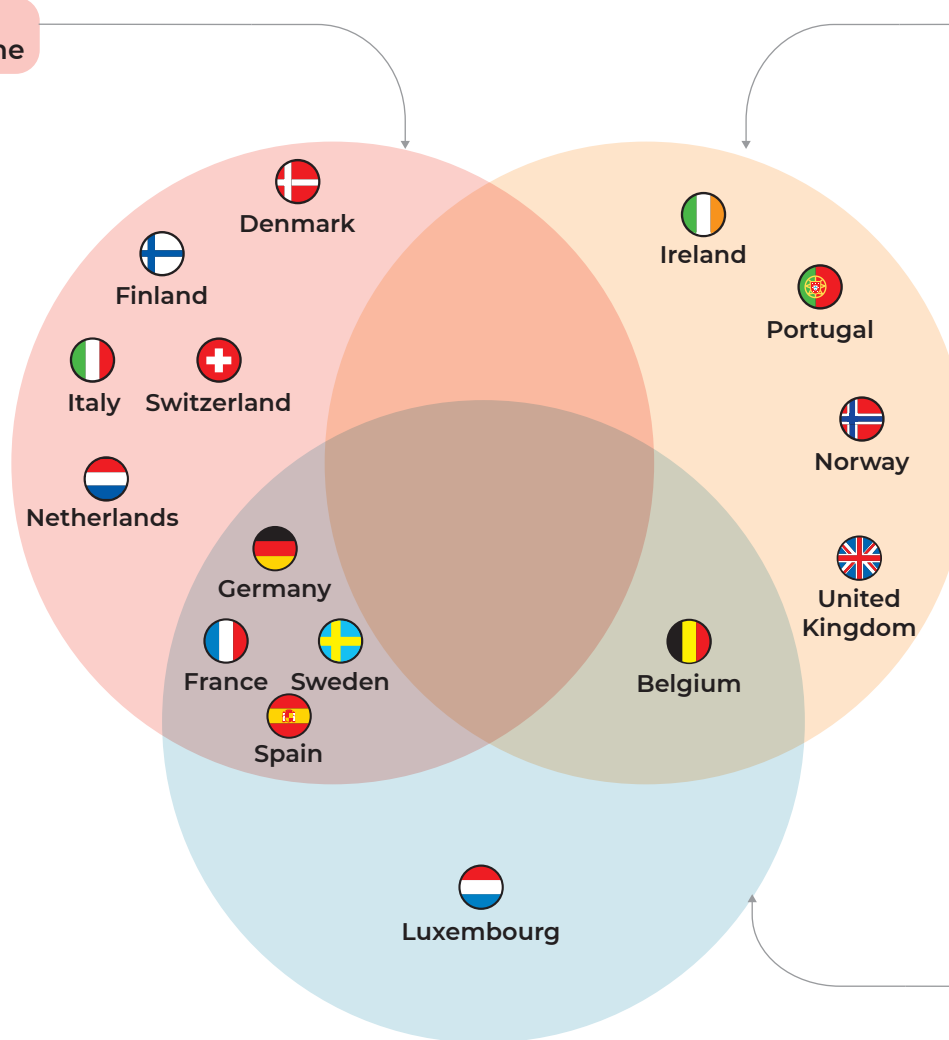
In Europe, unemployment insurance is financed primarily by three types of resources: specific employer and/or employee contributions to the unemployment insurance system, social security contributions, and public contributions.

Contributions specifically dedicated to the unemployment insurance regime

Contributions specifically dedicated to the unemployment insurance regime (or, in certain cases, more broadly dedicated to the job 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 for financing the unemployment insurance regime takes 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), salary amount (Switzerland) 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 under review, the employer contribution rate is higher than the employee's contribution rate.

The proceeds from these contributions pay for the overall financing of social security. In most cases, proceeds are not specifically earmarked for financing the unemployment insurance system.

Public contributions

As for public contributions, these can take the form of **specially earmarked tax revenues or budgetary endowments 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 the case of changes in economic circumstances (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 earned 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' affiliation².

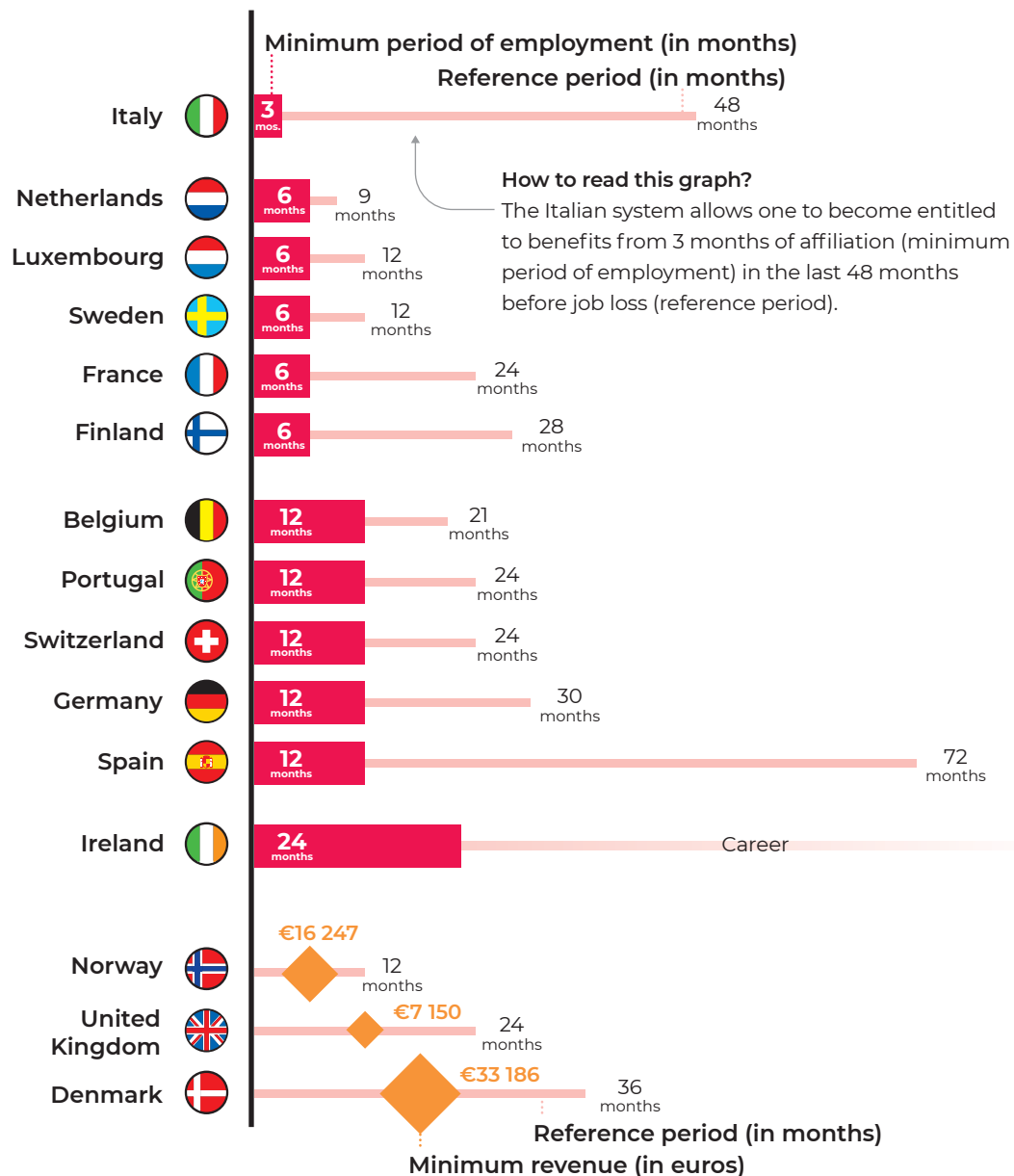
Note that certain countries impose **additional conditions** on entitlement to benefits: **Sweden** requires a minimum volume of hours in addition to a certain number of months worked. **Ireland** takes into account a worker's entire employment history, starting back at the beginning of their salaried 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 for³.

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

² Germany provides, subject to certain conditions, that affiliation periods that are shorter than those required for the ALG I unemployment benefit can lead to entitlements to benefits.

³ Whereas 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.



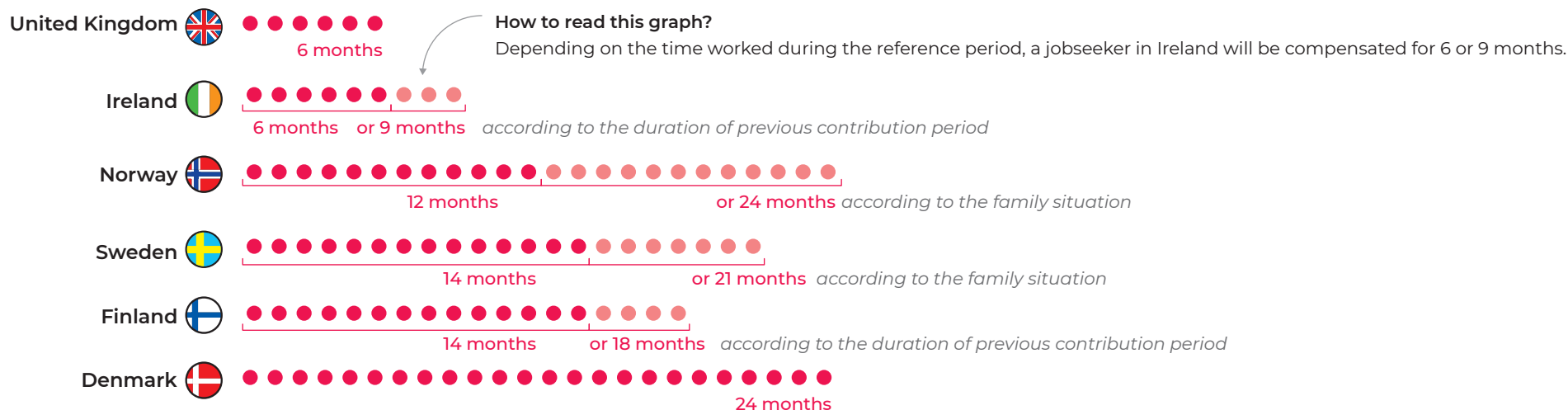
What are the minimum and the maximum benefit periods?

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 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 period of employment:

- 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 benefit periods?

Benefit periods based on time worked before unemployment

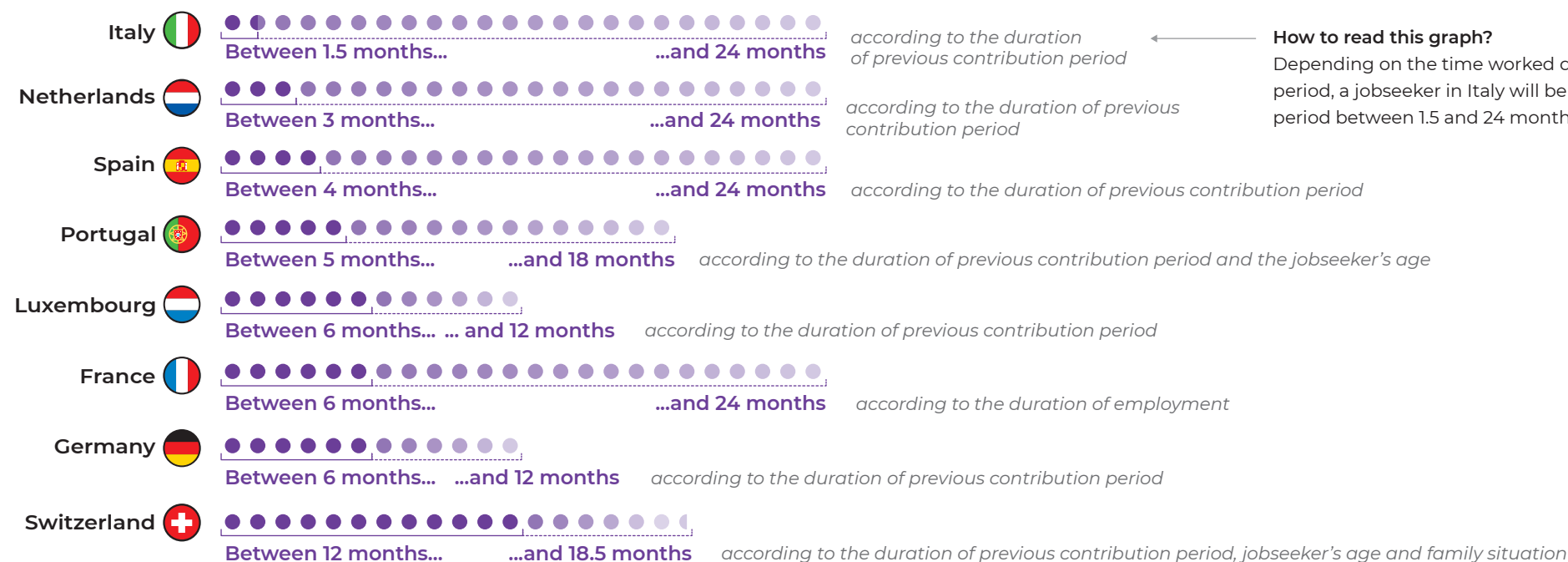
In the other countries, the unemployment insurance systems provide for benefit periods that are calculated based on time worked before becoming unemployed.

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

between 6 and 24 months in **France** (30 months for jobseekers aged 53 and 54, 36 months for jobseekers aged 55 and over),

- 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 6 and 12 months in **Luxembourg** (24 months for jobseekers aged over 50 and who worked for 30 years),
- between 3 and 24 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 4 and 24 months in **Spain**,
- 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 placement is difficult).



What are the minimum and the maximum benefit periods?

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.

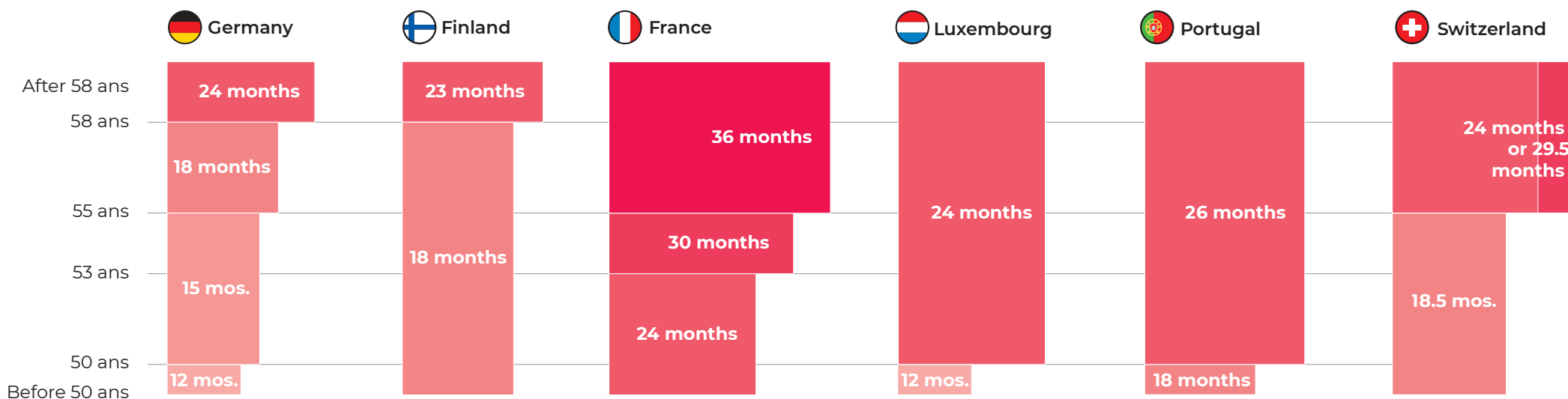


Is the jobseeker's personal situation considered in determining the duration of the benefit period?

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 period lasts 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 up. The maximum benefit period is 12 months below 50 years of age.



In **France**, the maximum period is 24 months for individuals less than 53 years of age, 30 months for individuals aged 53 and 54, and 36 months for individuals 55 and up.

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



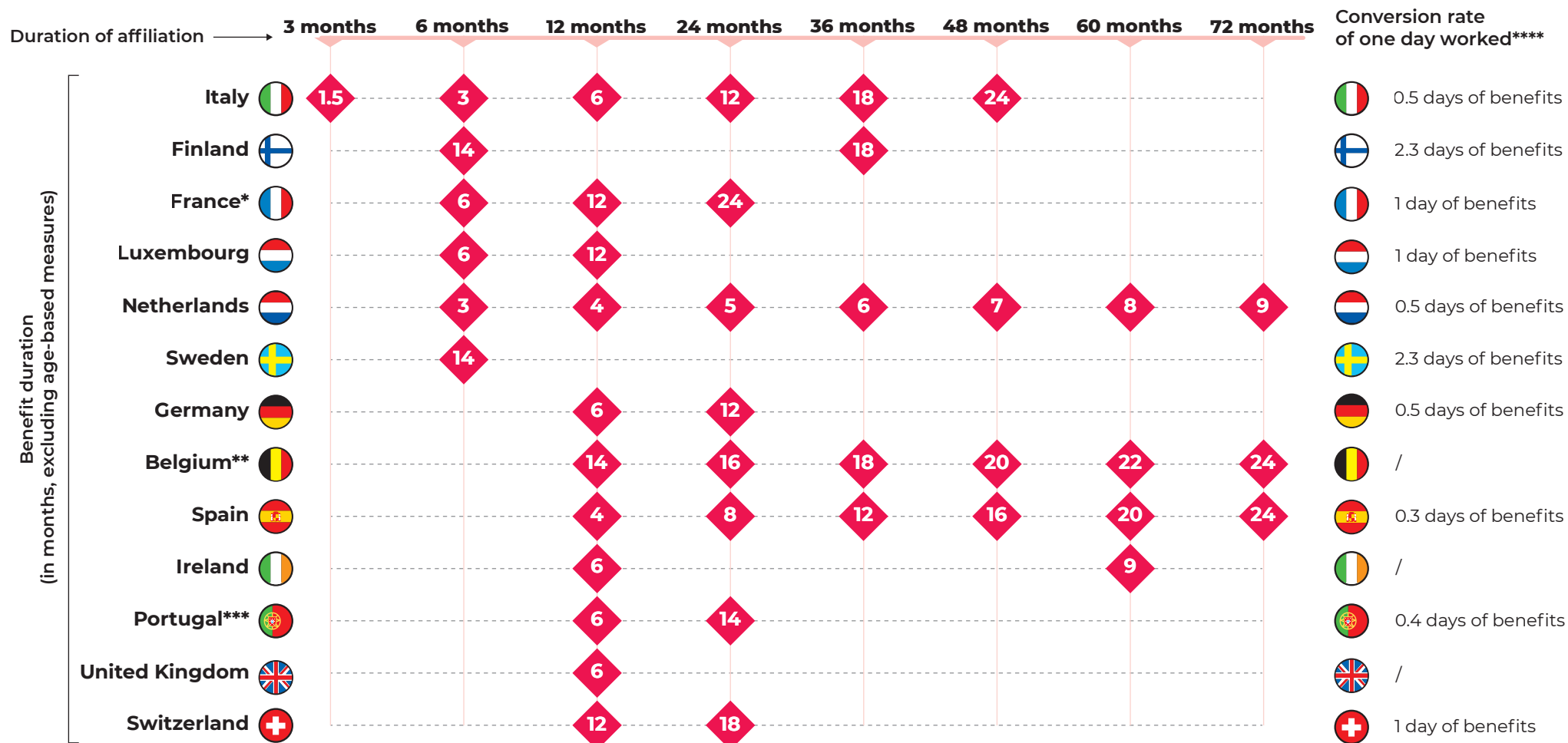
In Sweden, the maximum benefit period of 14 months is extended to 21 months for jobseekers with a dependent child.

Which affiliation period corresponds to which benefit period?

In most countries, the duration of prior affiliation determines the duration of the benefit period. 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 under review 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.



* Conversion rate for France corresponds to a continuous period of employment during the reference period.

** 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 benefit 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 for a flat-rate benefit amount.

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?

	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		
France 	Income from salaried employment	Reference income and benefit amount		Exception to degressivity from age of 57
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 	In these countries, the benefit amount is flat-rate: the former income is not taken into account.			Increase in the benefit amount for jobseekers over 25
Ireland 			Flat-rate supplement	

In these five countries, former income is the only factor used to calculate the benefit amount.

*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 elected to voluntarily join an unemployment insurance fund.

Minimum 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. The result obtained after applying the benefit rate can also be capped.

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

- in **Italy**: €1 360 (benefit capped);
- in **Portugal**: €1 108 (2.5 times the IAS)⁴;
- in **Spain**: €1 519, benefit capped according to a percentage of the IPREM⁴ that may be paid on the basis of a reference salary of up to €4 139 with two or more dependent children.

It is higher in the following countries:

- in **Belgium**: €1 921 (on the basis of a monthly reference salary capped at €2 995);
- in **Denmark**: €2 600 (benefit capped);
- in **Germany**: €2 918 in the new Länder - ex GDR (based on a monthly reference salary capped at €6 700) or €3 109 in the former Länder - ex FRG (based on a monthly reference salary capped at €7 100);
- in **Sweden**: €1 899 (benefit capped).

For informational purposes⁵, the maximum monthly amount stands at €3 379 in **Norway** (calculated based on an annual reference salary capped at €64 988), €3 731 in **the Netherlands** (calculated based on a monthly reference salary capped at €4 858), €5 782 in **Luxembourg** (benefit capped) and €9 732 in **Switzerland** (calculated based on a monthly reference salary capped at €12 166).

France has the highest cap on the reference salary, resulting in the maximum monthly amount that may be paid to also be among the highest in the panel of systems reviewed. The benefit amount can reach €7 708 per month⁶ (calculated

based on a monthly reference salary capped at €13 712). 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 is 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

Six of the 15 unemployment insurance systems reviewed provide for a minimum unemployment insurance benefit (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 pro rata to 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, as the case may be, any supplements arising from the jobseeker's family situation. Regarding Finland and Sweden, this flat-rate basic allowance is paid to jobseekers that did not elect to voluntarily join an unemployment insurance fund.

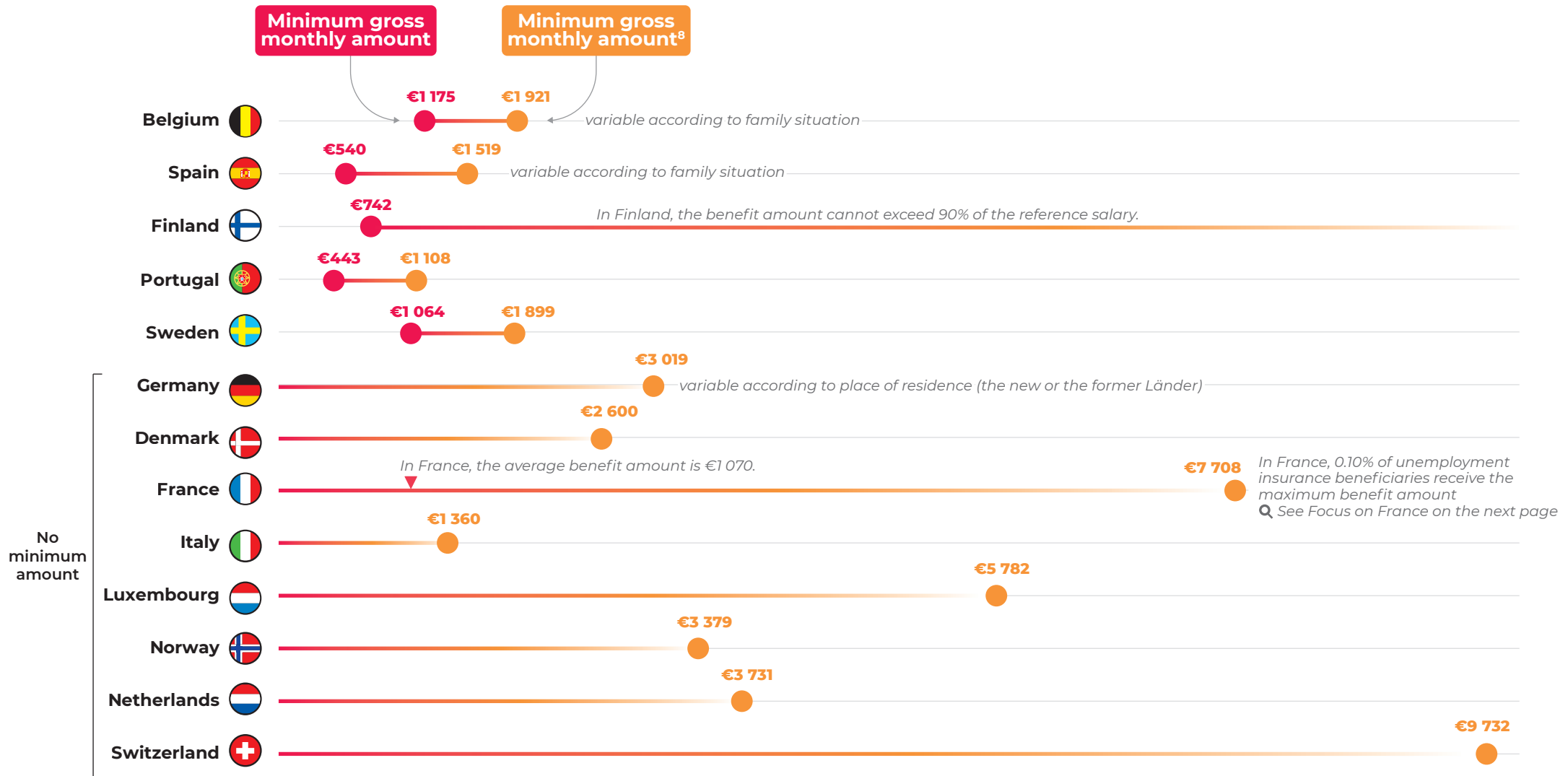
⁴ IAS (Indexante dos apoios sociais) in Portugal, IPREM (Indicador publico de renta de efectos multiples) in Spain

⁵ Unédic calculation

⁶ In France, 0.10% of unemployment insurance beneficiaries receive the maximum benefit amount. The average monthly benefit amount is €1 070 for unemployed jobseekers (Unédic, 2021 Activity Report).

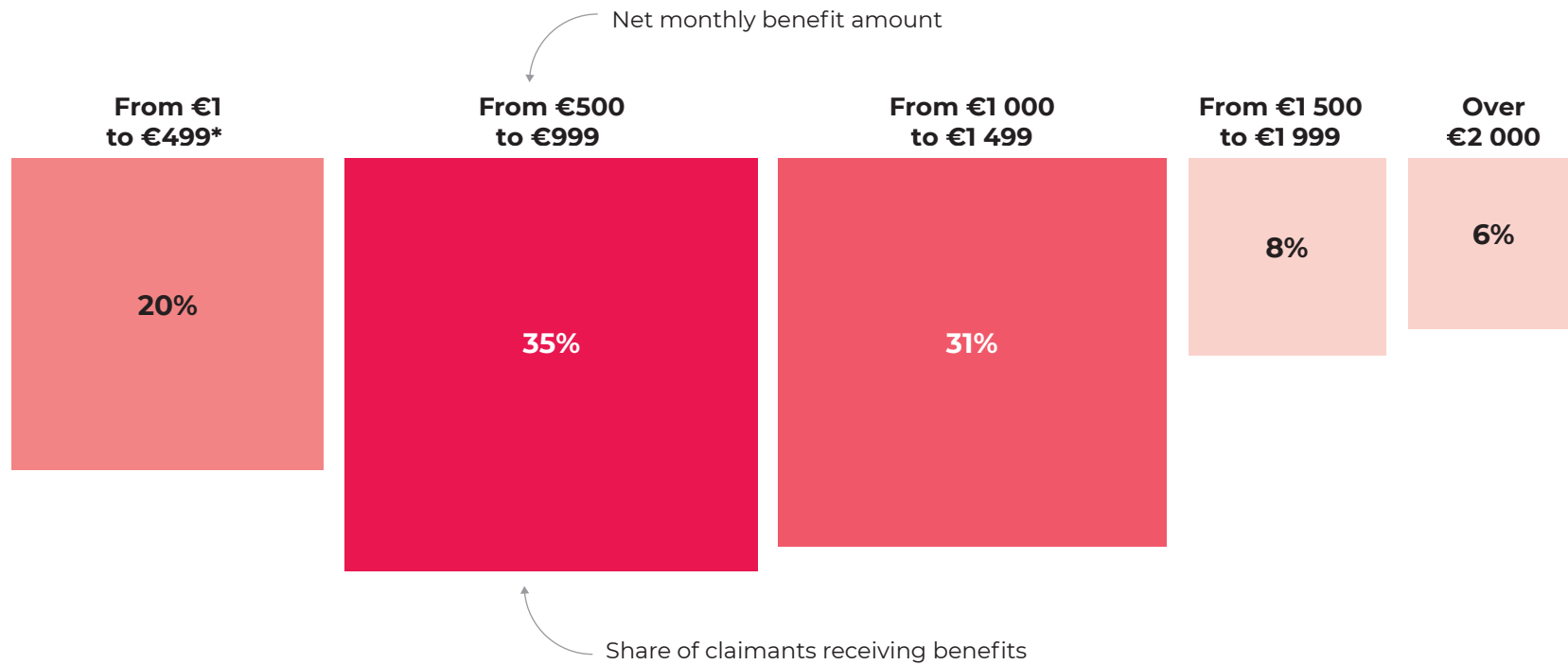
⁷ The flat-rate benefit amount corresponds to €89.30 per week in the United Kingdom, to €208 per week in Ireland, to €34.50 per day in Finland and to €50 per day in Sweden.

What are the minimum and the maximum amounts?



⁸ The amount of the benefit may, depending on the country, increase by a supplementary insurance allowance of the conventional or private type (e.g. Sweden).

Breakdown of net monthly benefits paid
(by the end of December 2021)



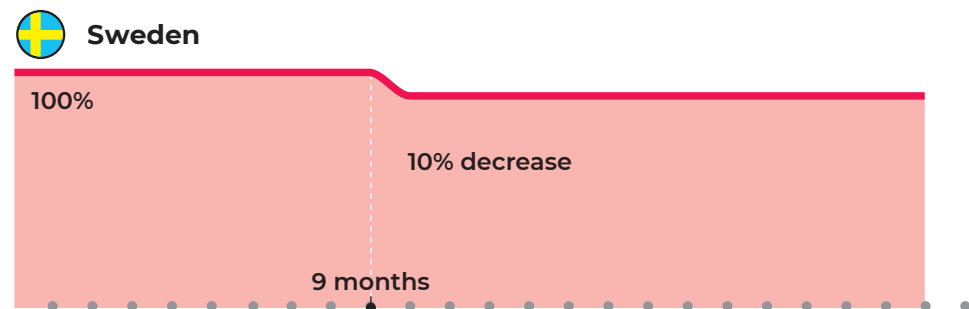
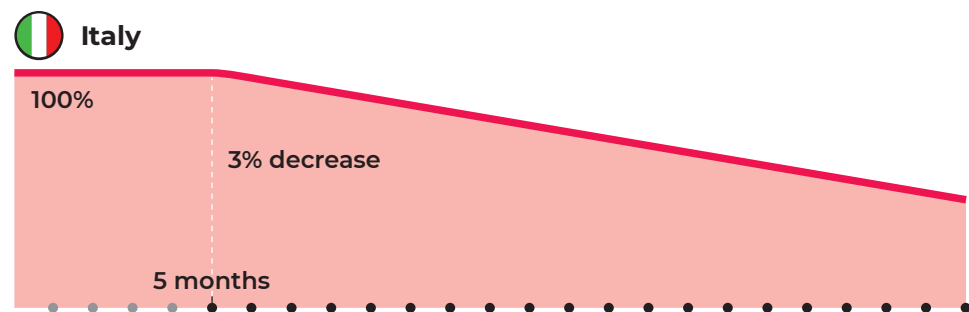
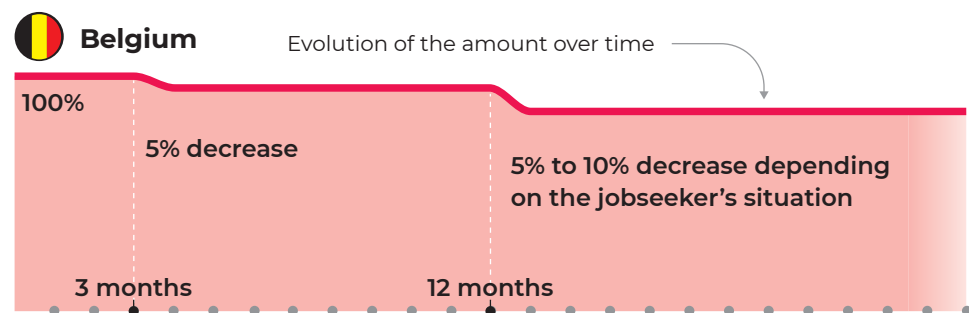
* The French unemployment insurance regulations provide for a minimum benefit amount which does not correspond to the floor on benefits.

Which countries apply degressivity to the benefit amount?

Six of the 15 countries under review provide for a degressive benefit amount:

Belgium pays a degressive benefit by levels corresponding to successive benefit periods.

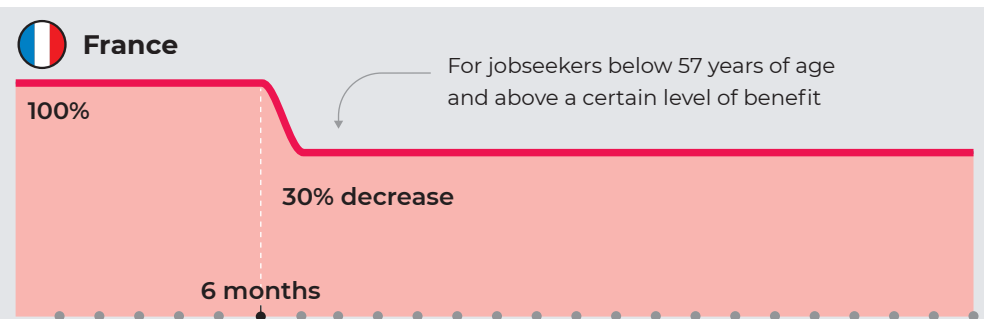
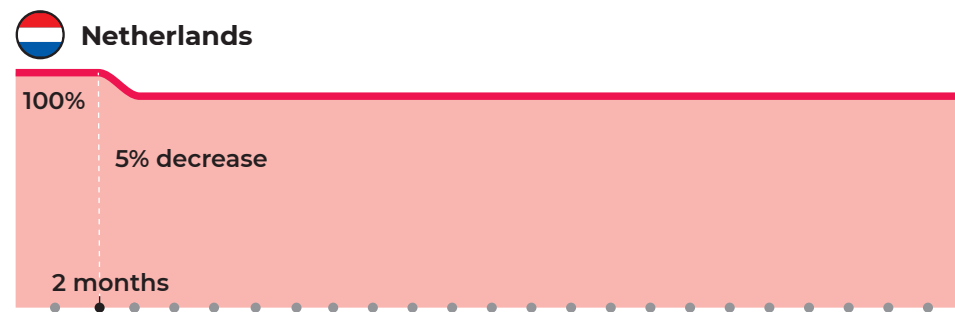
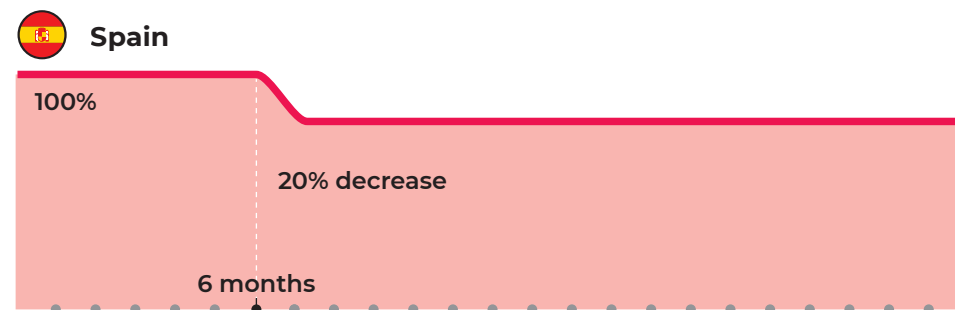
In **Spain**, the replacement rate is reduced by 20% starting the 7th month, by 5% in **the Netherlands** starting the 3rd month, and by 3% each month in Italy starting the 6th month.



As for the **Swedish** system, the replacement rate is reduced by 10% starting on the 20th 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 €85.18. This degressive treatment 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.



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