

New unemployment insurance for self-employed workers in France: innovation and limitations

ESPN Flash Report 2021/21

MICHEL LEGROS & GILLES HUTEAU – EUROPEAN SOCIAL POLICY NETWORK

MARCH 2021

The triple ambition of the act “For the freedom to choose one’s professional future”, adopted in 2018, was to align social protection for employed and self-employed workers, make career paths more secure for the self-employed, and reform the unemployment insurance scheme. The complexity of the scheme coupled with the COVID-19 crisis have led to a non-take-up of unemployment benefits by the self-employed of almost 90%. The end of the crisis should lead to a major adjustment of this scheme to maintain its original objectives.

LEGAL NOTICE

This document has been prepared for the European Commission. However, it reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.



Description

For a long time in France, most self-employed workers were non-salaried farm workers, small retailers or members of the professional class, who possessed sufficient funds to cushion a cessation of activity and were rarely affected by unemployment. Times have changed. The creation of the auto-entrepreneur (one-person business) status in 2009 and the increased provision of services in the form of sub-contracted activities have created a new generation of self-employed people whose work status is often simply the only way to access employment. With an annual growth rate of 2.2% since 2008, self-employed workers make up a heterogeneous group of about 3.3 million people, of whom 2.8 million have a single activity, and who amount to 10% of the labour force. Self-employed people are not protected if their work opportunities are terminated, since affiliation to the unemployment insurance scheme requires the existence of a work contract between an employer and an employee. Except for a minority with private insurance, self-employed people whose activity comes to an end are generally obliged to turn to minimum income schemes.

Established by the act entitled “For the freedom to choose one’s professional future” dated 5 September 2018 and by two decrees dated 26 July and 20 September 2019, the allocation des travailleurs indépendants (self-employment allowance – ATI) was devised to adapt the French system to the diversification of work and employment, to secure the professional

transition of self-employed people by creating a safety net, to encourage entrepreneurship, and to reduce disparities between employed and self-employed workers.

To be eligible for this benefit, which came into force on 1 November 2019, claimants must meet all the following five conditions:

- They must have worked in a self-employed capacity continuously for at least two years in a single company.
- The activity must have ceased following a court decision (liquidation or receivership).
- They must be able to prove that they have actively searched for employment and have signed up at Pôle-emploi (the job centre).
- Their annual income must have been at least €10,000 during the two years preceding the cessation of activity.
- Their personal resources – income and benefits – must amount to less than the active solidarity income benefit (revenu de solidarité active – RSA), or €564.78 per month for a single person.

The lump-sum ATI allowance of €26.30 per day is paid out by Pôle-emploi for a maximum, non-renewable duration of 182 calendar days.

It is allocated with no requirement to have paid in contributions on income from the self-employed activity. The

allowance is financed by all the resources of the unemployment insurance scheme (Unedic): unemployment insurance paid in by all employers on remuneration of employees, and a fraction of the contribution sociale généralisée (general social contribution - CSG).

While estimations prior to the adoption of this measure pointed to a target of 25,000 to 30,000 potential beneficiaries and a take-up rate of 60%, figures discreetly released a year after the measure's implementation report a 10% rate with 800 to 1,000 applications accepted and as many rejections.

On 8 December 2020, the Minister Delegate for Small and Medium-sized Enterprises indicated that he plans to review the criteria for accessing the scheme in 2021. In addition to easing the eligibility criteria for unemployment insurance, the government has initiated discussions with representative employers' organisations in order to develop, in the course of 2021, a comprehensive plan covering the different sectors of self-employment activity. The plan covers legal status, calculation of social contributions, unemployment, training, and transfer and procedures applicable in the event of failure of the business.



Outlook and commentary

There are three possible explanations for the poor outcome of the scheme:

- The level of support provided during the COVID-19 crisis is higher than the ATI, dissuading self-employed people from claiming the allowance. If so, the end of the COVID-19 crisis is likely to lead to a sharp rise in applications.
- Access conditions are highly restrictive, i.e. the need to have filed for bankruptcy and to have earned income of at least €10,000 in the previous two years.
- The low amount of the allowance and its short duration do not make it attractive.

Although this benefit is paid out by Unedic and requires registration with Pôle-emploi, its lump-sum nature, the lack of requirement for prior contributions, and its link with previous income make it closer to a minimum income allowance than a social insurance allowance related to employment. The alignment between the different schemes largely remains to be established.

Further reading

Bill, "Pour la liberté de choisir son avenir professionnel" [*For the freedom to choose one's professional future*], impact assessment study and explanatory statement. http://travail-emploi.gouv.fr/IMG/pdf/projet_de_loi_liberte_de_choisir_son_avenir_professionnel.pdf

Charpin J-M. et al., "Ouverture de l'assurance chômage aux travailleurs indépendants" [*opening up of unemployment insurance to self-employed workers*], Inspection Générale des Finances, Inspection Générale des Affaires Sociales, October 2017, 482 p.

Joly L., "L'élargissement de l'assurance chômage aux travailleurs indépendants" [*extension of unemployment insurance to self-employed workers*], *Droit social*, 2018, p.598.

Author

[Michel Legros](#) & [Gilles Huteau](#) (École des Hautes études en santé publique)

The Flash Reports are produced by the European Social Policy Network (ESPN) established in 2014 to provide the European Commission with independent information, analysis and expertise on social policies in 35 European countries. The topics covered are identified by ESPN experts in the light of significant developments in their countries, or in some cases suggested by the Commission or the Flash Reports' editorial team (Eric Marlier and Slavina Spasova). The ESPN is managed by LISER (Luxembourg Institute of Socio-Economic Research), APPLICA and the OSE (European Social Observatory). More information on the ESPN: <http://ec.europa.eu/social/main.jsp?catId=1135&langId=en>.

Quoting this report: Legros, M., Huteau, G. (2021). *New unemployment insurance for self-employed workers in France: innovation and limitations*, ESPN Flash Report 2021/21, European Social Policy Network (ESPN), Brussels: European Commission.