

COUNCIL RECOMMENDATION OF 8 NOVEMBER 2019 ON ACCESS TO SOCIAL PROTECTION FOR WORKERS AND THE SELF-EMPLOYED (2019/C 387/01)

NATIONAL IMPLEMENTATION PLAN

The French social security system, which was set up in 1945, 'is a guarantee conferred on every citizen that, regardless of their circumstances, they will have the necessary resources to ensure a decent living for them and their family' (explanatory memorandum to the order of 4 October 1945 establishing the social security system).

Social security is based on the principle of solidarity, whereby every citizen is guaranteed financial protection against the vagaries of life. It encompasses sickness insurance, compensation for accidents at work and occupational diseases, pensions and family benefits. In addition to these four branches, social security also includes welfare contributions and cash-flow management, and a branch devoted to the self-employed was set up in 2020.

The social security system is founded on three principles: single organisation managed by the social partners and funded by contributions from both employers and employees. A single social security system - general scheme for all contributors - was supposed to be set up in 1945. However, a number of professions or welfare bodies that had set up their own social protection systems wanted to keep them.

The current system comprises three major schemes. Apart from the general scheme, which covers almost 90% of the population, there are also sector-based schemes, covering the same risks but in some cases with different rules (including pension pay-outs and daily allowances):

- General scheme: This covers all employees and their dependants for sickness, workplace accidents and occupational diseases, the family and retirement;
- Agricultural scheme: This covers farmers and farm employees. The agricultural scheme covers sickness insurance, accidents at work and occupational diseases, retirement and family benefits;
- Special schemes: civil servants, public-sector institutions and schemes specific to a particular profession or undertaking. Such schemes may handle sickness benefits, pensions and workplace accidents and occupational diseases, with pensions being the only risk.

The general scheme has since proved its worth. The trend now is towards **convergence**, whereby, on the one hand, benefits are aligned between schemes and, on the other, financial solidarity mechanisms are set up. Hence, in 2018 and 2019, the social security scheme for *students* was gradually brought closer to the general scheme, and students are now covered by the general scheme.

Similarly, the *Régime social des indépendants* - RSI (Social Scheme for the Self-Employed), which covered craftsmen, traders, industrialists and the liberal professions, was brought into the general scheme between 2018 and 2020, a transfer of administration that had no effect on the substance of benefits and contributions. This integration process makes it easier for the insured to pursue their careers with greater flexibility. Many people now alternate between employment and self-employment during their career. Over 80% of entrepreneurs, for example, used to be employees. Some insured people even accumulate several statuses at once. The integration of the RSI has reduced the formalities to be completed when changing employment status.

Since 1945 the social security system has always adapted to economic and societal challenges. Over the years social protection has become increasingly universal, covering sections of the population other than workers and their families and putting solidarity mechanisms into action. Risk coverage and access to social protection have been expanded and made more comprehensive.

An illustration of this flexibility has emerged during the COVID-19 health crisis: State authorities have implemented a series of far-reaching emergency measures intended both to prevent the spread of the

epidemic at work and, in particular, to mitigate the impact on household incomes and on the economic situation of companies from the time when their businesses closed and the lockdown began.

I - SICKNESS BRANCH

I-A Universal health protection

Sickness insurance works on **two** levels: compulsory basic health insurance provided by social security and optional supplementary health insurance provided by insurers (provident societies, mutual societies and insurance companies). In 2019, compulsory basic health insurance covered 78.2% of health expenditure, with 13.4% covered by supplementary bodies. The amount to be paid by households has continued its downward trend and now stands at 6.9%, one of the lowest in the Organisation for Economic Cooperation and Development (OECD)¹.

In the 1990s consideration was given to introducing universal health insurance aimed at **expanding sickness insurance and at ensuring effective access to care for people in precarious situations**. Apart from the proposal to expand health insurance and to bring it under one umbrella, we consider that the key factor in ensuring access for people in precarious situations is supplementary health cover. Although it was gradually expanded, some 10% of insured people did not have access to it, primarily for financial reasons. Altogether, a quarter of the population was unable to finance the supplementary part of its health expenditure or to take out mutual insurance, and for financial reasons had no choice but to be without access to care. Against this backdrop, the law of 27 July 1999 establishing universal health cover was aimed at meeting two objectives:

- to allow any person residing in mainland France or in an overseas *département* on a consistent and regular basis to be covered by the general scheme where they are not otherwise entitled to benefits under a basic sickness and maternity insurance scheme (CMU);
- to ensure that people on low incomes have access to care by providing them with free supplementary health insurance, provided that their financial resources do not reach a certain ceiling and that they reside on French territory on a consistent and regular basis (CMU-c).

Since 1 January 2016, **universal health protection (PUMa)** has given tangible form to the ideas put forward in the basic CMU, by providing for health costs to be covered - individually and without affecting rights - for all those working or residing in France on a consistent and regular basis. Accordingly, entitlement conditions have been simplified:

- employees (and similar) no longer have to prove any minimum level of work; the mere fact of exercising an employment activity is taken into account;
- self-employed workers (such as craftsmen, traders, those in the liberal professions and sole proprietors) are also entitled to coverage of their health costs from the very start of their work.

Those without work benefit from coverage of their health costs solely by residing in France on a consistent and regular basis. Such protection means that they can remain in the sickness insurance scheme, and that they are protected against loss of rights in the event of job loss or a change in personal circumstances. Entitlement to sickness insurance

¹ Health expenditure in 2019 – DREES éditions 2020

is arranged on an individual basis. Adults are insured on an individual basis and no longer as dependants of an active insured person. They are therefore personally liable to pay the PUMa contribution.

With 95% of the population covered by supplementary cover, France is among the highest-ranking OECD countries in terms of having the broadest private coverage. Several steps have led to this point: Since January 2016 employers have had to provide all employees with supplementary health cover (**collective supplementary health insurance**), regardless of their length of service. Two schemes to assist those on lowest incomes have helped to achieve this level of coverage, namely Supplementary Universal Health Coverage (CMU-C) in 2000 and Supplementary Health Assistance (ACS) in 2005, which were merged in 2019 into **Solidarity-based Supplementary Health Cover (CSS)**.

All employees, regardless of the company's workforce, have since 1 January 2016 (Law No 2013-504 of 14 June 2013 on securing employment) benefited from collective supplementary health insurance. The health cover provided by the company is underpinned by minimum guarantees. Employees are thus entitled to reimbursement of the amount of the co-payment (amount borne by the insured, after reimbursement by the social security system, based on the agreed rate) on consultations, acts and services reimbursable by the sickness insurance scheme. The company covers 50% of the contribution.

To facilitate access to healthcare, the State has made provision for financial support to assist people on low incomes in obtaining supplementary health cover.

However, the complexity of the procedures and the low uptake of CMU-C and ASC has led the public authorities to reform and merge the schemes, enabling beneficiaries to enjoy a complete range of healthcare cover. This Solidarity-based Supplementary Health Cover (CSS) is free for households whose income does not exceed EUR 752 per month (single individual). For households whose income does not exceed EUR 1 016 per month (single individual) there is a contribution of between EUR 8 and 30 per month depending on the person's age (not exceeding EUR 1 per day). The average cost of supplementary health insurance is EUR 36 per month for students and EUR 112 for the over-65s. The CSS thus enables beneficiaries to have no advance fees to pay (full paying agent) and to benefit from rates with no excess fees for doctors and most healthcare professionals. In the case of hospitalisation, the daily flat-rate fee is covered with no time limit. Beneficiaries are also exempt from any flat-rate contribution of EUR 1 for medical consultations or procedures, x-rays, medical tests and charges for medicines, paramedical services and medical transport.

I-B How the branch is organised

The sickness branch of the general scheme is managed by the *Caisse nationale de l'Assurance maladie* - Cnam (National Sickness Insurance Fund) and its network consisting of the *caisses primaires d'assurance maladie* - Cnam (Primary Sickness Insurance Funds), *caisses générales de sécurité sociale* - CGSS (General Social Security Funds) in France's overseas *départements*, the *directions régionales du service médical* - DRSM (Regional Directorates of the Medical Service), the *caisses d'assurance retraite et de la santé au travail* - Carsat (Regional Network of Occupational Health and Pension Insurance Funds), responsible for the costing of workplace accidents and the prevention of occupational risks, and the *unions de gestion des établissements de caisse d'assurance maladie* - Ugecam (administration of health insurance funds), health, medical and social structures managed in their own right by the sickness insurance scheme.

I-C Coverage of daily allowances

The sickness branch of the general scheme covers the healthcare costs of both employed and self-employed insured people. It thus reimburses more than three quarters of the healthcare costs incurred by those insured people², thereby contributing to equal access to care. It compensates for loss of income in the form of daily allowances for those who need to stop working for reasons of sickness, maternity, disability and death. Lastly, through its welfare activity, it also ensures access to healthcare for those on lowest incomes and contributes to the functioning of medical and social institutions.

In 2019 the sickness branch spent EUR 216.6 billion, i.e. 40% of all social security expenditure³. It received EUR 215.2 billion in contributions from employment income, taxes and the general social-security contribution, approximately one third each⁴. More specifically, EUR 14.6 billion was spent on daily allowances, broken down as follows: EUR 7.9 billion under the heading of sickness, EUR 3.4 billion under workplace accidents and occupational diseases (AT-MP) and EUR 3.3 billion on maternity. Before the health crisis, cash benefits rose sharply: +5% and +2% between 2018 and 2019 for sickness/AT-MP and maternity respectively⁵.

The granting of daily allowances depends on how long the person has been a member of the scheme and on eligibility conditions expressed in contribution hours⁶ or in hours worked⁷. Where employees meet those conditions, they are entitled to receive daily allowances on the basis of gross salary for the three calendar months before they stop work (12 months in the case of non-continuous work). The amount of the daily allowance is thus commensurate with income but there is a ceiling it must not exceed⁸. The same principle applies to the self-employed⁹. However, in their case the daily allowance is calculated on the basis of the last three years' income. For employees and the self-employed these periods of sickness benefit run from the third day of absence and may be paid up to a maximum of 360 days over a period of three years. We would point out that since February 2021 the waiting period has gone down from seven to three days for farmers. Lastly, civil servants receive their allowances from the second day of absence.

In the case of maternity, the daily allowance is also calculated on the basis of previous earnings and an amount commensurate with income up to a certain ceiling¹⁰. Self-employed female workers also receive a flat-rate maternity allowance¹¹. Lastly, maternity leave (for a standard birth) lasts up to 16 weeks with no waiting period, i.e. the same as for employees.

Law No 2020-1576 of 14 December 2020 on the funding of social security for 2021 provides for daily allowances for the liberal professions as from 1 July 2021, in return for a new contribution. The health crisis has highlighted the need to protect this particular group, which is highly mobile in the case of healthcare professionals and which could only be compensated after 90 days of sick leave via welfare schemes.

² Report assessing social security policies - sickness, LFSS 2021, p.5

³ *Ibid.*

⁴ Report assessing social security policies - funding, LFSS 2021, p.31

⁵ Social security accounts, June 2020

⁶ Contribution on the basis of a salary equal to at least 1 015 times the amount of the minimum hourly wage in the six months prior to the end of work.

⁷ 150 hours out of a period of three months prior to the end of work.

⁸ Gross ceiling of EUR 46 per day. We would point out that for employees, daily allowances are supplemented by the employer to reach 90% of remuneration in the first month of cessation.

⁹ Gross ceiling of EUR 56.35 per day.

¹⁰ Gross ceiling of EUR 89.03 per day for employees; EUR 56.35 per day for the self-employed.

¹¹ EUR 3 428.00

I-D Measures put in place during the Covid-19 crisis

Since the start of the COVID-19 health crisis (end of January 2020) provision has been made for derogating conditions concerning the payment of daily social security allowances to insured people who are forced to self-isolate (in accordance with health instructions to limit the risk of spreading the virus) and are unable to pursue their work activities remotely.

Daily allowances have also been able to be paid - without verification of the eligibility conditions, without a waiting period and without taking account of the maximum payment periods for daily allowances - to insured people who have been unable to telework and to whom the following situations apply:

- insured people who have to look after a child at home (employees governed by private law were covered by daily allowances and, as of 1 May 2020, were placed in part-time work under this heading);
- insured people at risk of COVID-19 (employees governed by private law were covered by daily allowances and, as of 1 May 2020, were placed in partial employment under this heading) and until 31 August 2020 in the case of insured people living with an at-risk person;
- insured people identified as 'contact at risk of contamination';
- insured people required to isolate on arrival abroad or on their return from a country outside the European Union;
- insured people suffering from COVID itself;
- insured people with COVID symptoms, who are isolating pending the result of tests (RT-PCR or TAG) to be taken within 48 hours;
- as of 12 April 2021, insured people having tested positive using a self-test, isolating pending the result of tests (RT-PCR or TAG) to be taken within 48 hours.

Such daily allowances are available to both employees and the self-employed. They have also, as an exception, been granted by the general scheme to liberal professionals awaiting the creation of a daily allowance scheme specific to them.

I-E The weakness of daily allowances paid to trainees and the self-employed

- **Sickness and maternity daily allowances for trainees**

Student trainees are not excluded from receiving daily allowances for which they must meet the same eligibility requirements as employees. Their eligibility for daily allowances therefore depends primarily on the length of their traineeship; the requirement of having worked 150 hours in the past three months is not difficult to meet for long-term traineeships.

That being said, even if they are eligible this does not guarantee a minimum daily allowance. For the record, this is tied to income. Employers are not required to pay trainees for traineeships of less than 308 hours or two months; above that length of time, the amount is usually set at EUR 3.90 per hour of traineeship. Daily allowances will therefore be calculated in proportion to this amount.

- **Sickness daily allowances for the self-employed**

Self-employed workers enjoy daily allowances with eligibility conditions and calculations adapted to their circumstances. That being the case, in order to iron out income fluctuations, account is taken of the income of the past three years in relation to the past three months for employees (twelve months in the case of work no longer taking place). These arrangements also apply to sole proprietors, provided a work income threshold is reached, set at 10% of the annual social security ceiling (EUR 4 114 of income per year), whereby it can be verified that a sufficient contribution has been paid for the eligibility requirements to be met.

As mentioned above, although the liberal professions did not previously have daily allowances, even if occupational schemes were able to create one, this gap will be filled as of 1 July with the creation of a daily allowance scheme in proportion to income. All self-employed people will thus be covered as of that date.

I I - OLD AGE BRANCH

II-A Starting from the person's first job

The architecture of the French pension system is the legacy of a long history of welfare. It remains structured on a social and professional basis and is characterised by more than 42 schemes running alongside each other. Each category of work **must be affiliated** to a pension scheme applying its own set of rules concerning the acquisition and exercise of rights.

The active population has been fully covered by a basic pension since the creation of the general scheme for employees in 1945, to which other schemes were subsequently added:

- for the liberal professions (doctors, dental surgeons and lawyers) and craftsmen and traders between 1945 and 1950; and
- for farmers in the 1950s.

The payable amount of the pensions was increased by the addition of a *supplementary pension* for managerial employees from 1947 onwards and for non-managerial employees from 1961 onwards. This supplementary pension gradually spread and in 1972 was made *compulsory* for employees in all sectors of work and then for self-employed workers (craftsmen from 1973, farmers in 2002, traders in 2004). Some liberal professions (including doctors, dental surgeons and medical assistants) have also introduced compulsory supplementary old-age benefit schemes.

In addition to these basic and supplementary pension schemes, further 'supplementary' pension savings schemes have appeared. The Law of 22 March 2019 on growth and business transformation (PACTE) streamlined the system and facilitated access, with a two-fold objective of helping people boost purchasing power and build up future savings. Lastly, supplementary pensions funded by capitalisation in all pension schemes (whether or not legally compulsory) are still uncommon. The proportion of contributions paid under this heading in relation to all contributions paid was 4.5% in 2018 and the benefits provided accounted for only 2.4% of all pension benefits paid.

The French national pension system upholds the principles guiding it since its inception in 1945. Its *pay-as-you-go operation* - whereby the pensions of a particular year are funded by contributions made by the working population in a given year - ensures solidarity between generations, an idea that France holds dear, and that lies at the very heart of the social pact that brings generations together.

Entitlement to appropriate, predictable benefits is underpinned by the *contributory nature* of the pension system: every pensioner is entitled to a pension commensurate with income from their work, in a context that respects equal treatment in terms of the length of time for which the pension is paid and the payable amount of the pension, which makes no distinction between sex, status, schemes or age.

Solidarity mechanisms have also been set up to cover periods of reduced or suspended activity. The old-age branch is committed to encouraging the most economically disadvantaged to exercise their rights. The French pension system provides for strong inter-generational solidarity by means of family and marital rights, the fact that account is taken of periods of reduced or interrupted activity and the guarantee of a decent standard of living for all pensioners, regardless of the schemes to which they belong, including in particular the minimum old-age pension:

- pension rights have been allocated since the 1980s to insured people receiving benefits covering various risks such as unemployment, sickness, maternity, workplace accidents and occupational diseases, and disability;
- since the 1970s quarterly periods of insurance have been allocated to parents with a child, for childbirth and raising the child, and there is a pension bonus for large families. There is also an 'old-age pension insurance for parents at home', having had their work suspended or reduced. Carers who suspend their careers can also benefit from this pension insurance. Membership is free of charge. The contributions (statutory fixed amount) are transferred from the 'family' branch to the 'old-age' branch.
- 'Pension minima' make it possible to raise low pensions (minimum contributions for those employed in the private sector, minimum reference pension in the agricultural sector, etc.). They must be distinguishable from the old-age solidarity-based allowance (ASPA, or minimum old-age pension) and paid without contributions; they are intended to supplement the resources of the elderly so as to guarantee a minimum decent standard of living from the age of 65. ASPA is a social minimum.
- In 1945, a mechanism to protect the rights of a surviving spouse of an insured person was set up for employees under the general scheme (a survivor's pension already existed for civil servants) and was subsequently expanded to cover all schemes. The amount concerned corresponds to a percentage of the deceased's pension (between 50% and 60% depending on the schemes). In 2018 the average pension for women was 41% lower than that for men. That gap is steadily decreasing: in 2004 it stood at 50%. Taking account of the survivors' pensions, of which women tend to be the beneficiaries, the gap is gradually closing and is now down to 28%.

II-B The financial aspect of the social benefits granted

As of 31 December 2018, French schemes provided pensions under direct or secondary law to 17.4 million people, 1.6 million of whom live abroad. 16.4 million people receive a direct statutory pension from at least one basic or supplementary French scheme. The French schemes also pay secondary pensions ('survivors' pensions') to insured people whose spouse has died. As of 31 December 2018, 4.4 million people were in receipt of this, 1.1 million of whom did not receive direct statutory pensions. As the largest item of social expenditure (public and private), pensions accounted for EUR 321 billion in 2018, 13.7% of GDP. They essentially comply with the statutory arrangements. Supplementary retirement, which covers all products managed by insurance undertakings, mutual societies or provident societies, accounts for less than 3% of total retirement benefits.

II-C Measures taken to tackle the COVID-19 crisis

Because of the COVID-19 crisis, it has become increasingly common to work part time in many sectors of the economy (such as tourism and catering). This arrangement did not confer any specific rights in terms of the basic pension. To rectify this situation, Law No 2020-734 of 17 June 2020 - on various provisions relating to the health crisis, other urgent measures and the UK's withdrawal from the EU - introduced pension entitlements for employees working part time from 1 March to 31 December 2020.

A retirement quarterly period is thus granted free of charge for 220 hours of part-time work allowance, in tandem with the rules applicable to unemployment benefit. It is funded by the national solidarity scheme via the old-age solidarity fund. The Social Security Financing Law for 2021 has enshrined this measure to protect the employees in question, and it has been applied to employees in certain sectors - such as railway workers, air crew and sailors - covered by special pension schemes.

II- D Absence of pension rights for trainees

Traineeships undertaken during periods of higher-education study may lead to pension rights being acquired, contrary to the European Commission's statements in respect of France.

Where a traineeship in one host organisation lasts more than two months (consecutively or otherwise) in the same academic year, a minimum monthly fee must be paid totalling 15% of the hourly ceiling for social security. Where the fee is set at this minimum, no social security contribution is levied on that amount and therefore no pension entitlement is validated. The insured person may, however, repurchase up to two quarters, provided that their application has been made within two years of the end of the traineeship. The amount of the repurchase of contributions is set at 12% of the monthly social security ceiling in force on 1 January of the year of the application. However where the fee for the traineeship is higher than the minimum amount, social security contributions are levied on the amount above that minimum. Hence, they may allow for quarterly periods of insurance to be validated in accordance with the general rules on old-age applicable in France, i.e. a quarter is validated for 150 hours of contributions at the hourly minimum wage up to four quarters per year.

I - ACCIDENTS AT WORK AND OCCUPATIONAL DISEASES

III-A Protection during work

The Accidents at Work — Occupational Diseases (AT-MP) branch covers the risks faced by workers: [accidents at work, accidents on the way to and from work and occupational diseases](#). Victims are compensated by this branch, which sets the respective contributions of companies to the funding of the system, and operates a policy to prevent occupational risks.

Compensation for such accidents or illnesses enables the victim to benefit from the full cost of care, rehabilitation and reintegration, which comes out of the social security system's budget. If this causes work to be stopped, daily allowances are paid to compensate for loss of income, the rate of which is higher than that paid for sick leave.

In the case of a permanent reduction in the ability to work, the victim may be entitled to a lump sum or invalidity pension. In the event of death, their dependants (spouse, children and dependent descendants) receive a pension.

Employers will be responsible for paying social security contributions. The contribution rate is calculated on the basis of the cost of accidents at work and occupational diseases, and the wages of the last three years known; this varies according to the professional activity carried out. .

The AT-MP branch is managed by the National Insurance Fund (Cnam) and the regional Occupational Health and Pension Insurance Funds (Carsat).

III-B Measures taken to tackle the COVID-19 crisis

Those infected with COVID-19 at work may receive special occupational-disease coverage.

Decree 2020-1131 of 14 September 2020 on the recognition of diseases associated with a SARS-CoV2 infection provides for **automatic recognition for all carers (with a dedicated chart for the infection) and facilitates compensation for all workers testing positive.**

This applies to workers who have worked either 'on site' - in particular in hospitals and homes for elderly dependent people - or at home. For those who are not part of the chart system, a supplementary arrangement has been set up, whereby their situation is examined by a committee of independent experts.

The automatic presumption of recognition of COVID-19 as an occupational disease applies to the following individuals and situations:

- **those not working in the health sector** may apply for recognition of occupational disease if they have caught COVID-19 in the course of their work and if the disease has caused serious symptoms. Their application is examined by a committee of medical experts.
- **Those working in the healthcare sector** are eligible for recognition if:
 - they have contracted COVID-19 in the course of their work;
 - the disease has caused them to suffer from a serious respiratory condition requiring oxygen therapy or some other form of respiratory assistance. Where these healthcare professionals have been affected by a serious condition other than a respiratory one, their application for recognition is subject to prior analysis by a committee of medical experts.

III-C Coverage of accidents at work and occupational diseases for self-employed workers

Self-employed people do not have compulsory AT-MP cover but they may join the voluntary insurance scheme of the general scheme (Article L. 743-1 of the Social Security Code). They are thus entitled to AT-MP benefits under ordinary law, except for daily allowances, as follows: payment of health costs up to 100% of the social security rate, compensation for permanent incapacity (in the form of a lump sum where the rate of permanent incapacity is less than 10% and in the form of annuity calculated on the basis of the rate of permanent incapacity and on the basis of salary, if above) and compensation for death (with the payment of annuities to those entitled, up to the age of 20 for children and until remarriage or death for spouses, those in civil partnerships and others officially living together).

Under the voluntary insurance scheme, self-employed people may at their discretion declare the income that will form the basis for calculating their contributions and benefits; such income must be between the minimum wage for annuities (EUR 18 705) and the annual social security ceiling (PASS) (EUR 41 136). The contribution rate is that of the sector to which the self-employed person belongs (in other words, the 'collective' contribution rate defined, by annual decree, for undertakings covered by the general scheme in that sector), after applying a 20% reduction (linked to the absence of a daily allowance under the scheme).

As regards the specific case of platform workers, their voluntary insurance contribution under Article L. 7342-2 of the Labour Code is covered by the platform (where they generate a turnover corresponding to at least 13% of the PASS). The platform is under no obligation to reimburse the voluntary insurance contribution if it offers workers a collective contract that provides for 'at least equivalent guarantees' to those of voluntary AT-MP insurance and covers the contribution.

In 2020, 45 000 self-employed people benefited from voluntary AT-MP insurance, most of whom (87%) were private healthcare professionals. As regards sectors to which beneficiaries of voluntary insurance belong, there would appear to be no - or very few - platform workers among them, which would suggest that they are in fact covered by private collective contracts.

We would point out one specific aspect in the context of COVID, regarding certain self-employed workers - private healthcare professionals: Article 73 of the LFR3 (Third Amending Finance Law) of 30 July 2020 entitles them to compensation in the event of a COVID-related occupational disease even if they have not joined the voluntary insurance scheme. In the event of recognition, they are entitled to benefits under the voluntary insurance scheme, i.e. AT-MP ordinary benefits under the general scheme, except for the daily allowances.

IV - UNEMPLOYMENT INSURANCE

IV-A General overview of unemployment insurance in France

Unemployment insurance has, since 1958, provided protection to all employees in the private sector and some in the public sector in the event of job loss. This provides them with an allowance and with assistance to help them return to work. Unemployment insurance is not only an insurance system, it also plays a redistribution role by providing greater compensation for people on low incomes.

It is a compulsory insurance scheme which all private employers and some public employers pay into in order to protect their employees in the event of job loss.

These contributions account for 4.05% of gross salary, borne by the employer. The State also contributes to the funding of unemployment insurance. Since January 2019, such funding has taken the form of an allocation of a proportion of the CSG (general social-security contribution).

This allowance represents on average 72% of the person's previous net salary. It may last up to two years, or three in the case of the over-55s.

IV-B Detailed description of the unemployment-benefit rules in force

Unemployment insurance was reformed in 2019 and underwent further reform (Decree No 2021-346 of 30 March 2021) following consultation with the social partners between September 2020 and March 2021 to adapt the unemployment-insurance rules laid down in 2019 to the new economic and social situation brought about by the health crisis.

The new rules are aimed at improving the current system by pursuing a twofold objective:

- tackling precariousness linked to the increase in short-term contracts (the number of fixed-term contracts lasting less than one month has gone up 250% in 10 years, whereas work itself increased by only 15%); and
- removing injustices in the benefits system.

New methods for calculating unemployment insurance will apply from 1 July 2021

A new rule has been brought in for calculating the reference daily salary serving as the basis for determining the amount of the benefit; this is with a view to improving equal treatment between workers who, despite having worked the same number of hours over the same period, have not received the same level of compensation depending on whether they worked full time or part time.

Unemployment benefits will from now on be calculated on the basis of average monthly income from work rather than days worked, as before. However, periods of inactivity taken into account for this purpose will now be capped and thus cannot lead to an excessive reduction in the amount of the allowance; the purpose of this is to preserve the situation of employees whose periods of employment are particularly fragmented.

These new rules will apply to employees whose most recent employment contract ends on 1 July 2021 or after. As of 1 July, new benefit calculations will gradually adapt to the new rules. This means that allowances paid before 1 July will not be modified by the reform and that no current jobseeker will have their allowance reduced.

Lastly, these rules do not change the total amount of entitlements for jobseekers: any reduction in benefits due to fragmented periods will be mirrored by an increase in the period of payment.

[The eligibility conditions for the insurance allowance and the rules on gradual decrease in allowance for the highest incomes are relaxed throughout the period of the health crisis.](#)

In view of the impact of the health crisis on the labour market, the minimum period of membership necessary to open or renew an entitlement to unemployment benefit remains at four months, until there is a lasting improvement in the employment situation.

Specifically, that period remains four months until both of the following conditions have been met:

- the total number of preliminary employment declarations for contracts of more than one month is above a certain threshold (set at 2 700 000) over a period of four consecutive months;
- the number of category A jobseekers has decreased by at least 130 000 in the last six months.

Under the reform the Government must, in its calculations, take account of any periods of strict lockdown which could disrupt these indicators.

In order to take account of the economic and social situation, under the Decree of 30 March 2021, the gradual decrease in allowance applicable to employees under the age of 57 with a previous gross monthly income over EUR 4 500 will, on a temporary basis, only take effect after eight months' compensation. This period after which the allowance is reduced will start to run on 1 July 2021. It will be extended to six months as of a date set by decree in the event of a sustained improvement in the labour market situation (measured according to the two indicators above, i.e. reduction in the number of category A jobseekers and the number of preliminary declarations of employment for contracts of more than one month).

[The *bonus-malus* is designed to take account of the crisis](#)

As regards the *bonus-malus* on employers' contributions to unemployment insurance, the Decree aims to encourage companies to limit the excessive use of short-term contracts, taking into account the new economic and social context of the health crisis. It retains the 'good-behaviour incentive' from 1 July while taking into account the unusual nature of the year 2020 and the start of 2021, and excludes the companies worst affected by the crisis (S1 sector). The first adjustment will take place in September 2022.

The observation period, which will start counting the end of the employment contracts of undertakings and restrict their contributions, will thus begin at the same time as the measures concerning jobseekers.

IV-C Measures taken to tackle the COVID-19 crisis

- **Adaptation of Unemployment Insurance**

The lockdown (periods in which people are not allowed to leave their homes) and the impact of the COVID-19 epidemic on the labour market limit the opportunities for the unemployed to return to work. This is why urgent measures have been taken regarding unemployment insurance to protect the most vulnerable.

1. The unemployment benefit entitlements of all those coming to the end of periods of entitlement have been extended during the health crisis.

Those employed in the entertainment sector, such as artists, workers and technicians working on an occasional basis, have had their entitlements extended until 31 August 2021.

2. The reference period for the minimum membership required for eligibility for unemployment insurance has been extended to cover the duration of the health crisis. This measure has been taken to ensure that the measures to restrict movement and work to combat the spread of COVID-19 do not adversely affect the ability of private employees to reach the minimum membership period required for eligibility.

3. The gradual decrease in job support allowance for workers under the age of 57 with a gross monthly income of more than EUR 4 500 has been suspended for the duration of the health crisis.

4. When determining the reference daily salary, periods of inactivity not covered by an employment contract during the health crisis are excluded so as not to affect the amount of allowances.

5. The conditions of 'legitimate resignation' have been modified in order to address the concerns of employees having resigned from their jobs before the health crisis to gain professional mobility, but who have not yet been able to fulfil that aim because of the economic and social consequences of the epidemic.

6. The deadline for registering for *Pôle emploi* (public employment service), in order to become eligible for unemployment insurance, has been extended.

- **Specific exceptional financial assistance**

Specific and exceptional financial assistance has been granted to the most vulnerable members of society and those worst affected by the economic crisis.

1. Financial support is given to workers who alternated between work and unemployment in 2019 and who did not return to a sufficient level of work in 2020 as a result of the health crisis. This support is paid monthly for a period running from November 2020 to May 2021.

2. Financial support is given to young graduates who have completed tertiary education and have had difficulty finding a job as a result of the health crisis. It is intended exclusively for students who have received a grant based on social criteria.

3. Financial assistance is given to young jobseekers under 26 who receive intensive individual support from the public employment service, either the *Pôle emploi* or the APEC

(Association for the Employment of Managerial Staff). This assistance is granted on the basis of the young people's individual needs and situations rather than automatically.

V D - Lack of coverage for trainees and the self-employed

- Coverage for trainees

The unemployment insurance scheme in France is aimed at insuring employees against the risk of redundancy. With the exception of self-employed people covered by the allowance for the self-employed, unemployment benefit is intended for employees who have signed a contract of employment with their employer. The status of trainees is not the same as that of employees: trainees are governed by a traineeship agreement rather than an employment contract. Hence, trainees are not currently included in the scope of the unemployment insurance scheme.

- Coverage for the self-employed

So far, self-employed workers have not been compensated by *Pôle emploi* when forced to stop working. The unemployment insurance scheme previously concerned only employees who had involuntarily lost their job. The Act of 5 September 2018 on the freedom to choose one's professional future provided security for the self-employed in the case of involuntary, definitive cessation of work as of 1 November 2019.

Characteristics of the allowance for self-employed workers

Any worker carrying out work on a self-employed basis is eligible for the self-employed workers' allowance.

Self-employed people do not pay an additional contribution to claim this allowance. The amount of the allowance for self-employed workers is EUR 800 per month, which is the same for everyone.

The allowance for self-employed workers is paid for a limited, non-renewable period of six months.

Prerequisites for self-employed workers to benefit from the self-employed workers' allowance

Such workers must have carried out self-employed work continuously during the two years preceding the date on which the work ceased in a single undertaking.

It must have generated professional income of at least EUR 10 000 per year on average, and must have ceased permanently and unintentionally in judicial proceedings.

Only two grounds for cessation of activity allow for eligibility for the allowance for the self-employed:

- the opening of bankruptcy proceedings,
- removal of the beneficiary from their managerial duties, at a court's request, in the context of the adoption of a receivership plan.

The personal resources of the self-employed person (outside the income from the ceased self-employed activity) must be lower than the monthly amount of the *revenu de solidarité active* - RSA (active solidarity-based income).

V - SOCIAL CONTRIBUTIONS COLLECTION SYSTEM

V-A Social security funding

Social security is funded by social-security contributions paid by employers and employees, via the *contribution sociale généralisée* - CSG (general social-security contribution) and various contributions and taxes.

Set up in 1991, the purpose of the CSG **was to diversify the method of financing social welfare protection**, which was previously based primarily on social contributions. The system had received criticism on account of:

- higher labour costs;
- questionable effectiveness and fairness of payment based solely on income from work; and
- lack of legitimacy because it was only employees who contributed.

Social security has been expanded to cover to all those residing in France and benefits have been made more universal. It is based on the total income of people residing in France:

- income from work (including salaries, bonuses and various allowances) ;
- replacement income (such as retirement pensions, unemployment benefit and daily allowances) ;
- income from wealth (such as from land ownership and life annuities) ;
- investment income (such as capital income and capital gains on immovable property) ;
- bets or sums redistributed via gambling.

The adjustment of contributions makes it possible to reduce the cost of labour and to give members purchasing power. With the introduction of the responsibility pact on 1 January 2015, the rate of family contributions now varies according to gross salary. A reduction of 1.8 points was applied to salaries below 1.6 x the minimum wage; since 1 April 2016 this has been extended to salaries below 3.5 x the minimum wage (a rate of 3.45 points). The rate is maintained at 5.25 points for salaries above this limit.

As of 1 January 2018, the scrapping of sickness pay contributions (0.75 contribution points as at 1 January 2018) and unemployment contributions (via a reduction of 1.45 contribution points as at 1 January and 0.95 as at 1 October) was accompanied by a 1.7 point increase in the CSG. In 2019, tax credit for competitiveness and employment (CICE) was replaced by a reduction in the sickness contribution rate and a reinforcement of the general reductions extended to cover supplementary pensions on 1 January and unemployment contributions on 1 October.

The *Union de recouvrement des cotisations de sécurité sociale et d'allocations familiales* - URSSAF (Union for the Collection of Social Security and Family Allowance Contributions) is a dedicated body responsible for collecting social security contributions and for redistributing them according to the needs of the other branches. It is also responsible for monitoring and supporting undertakings in difficulty (adjustment of payment deadlines).

V-B Measures taken to overcome the loss of work during the health crisis – Exemption

Exemptions from social contributions and assistance with the payment of welfare contributions

To contain the spread of the COVID-19 epidemic in spring 2020, the French authorities introduced a general lockdown from 18 March 2020, pursuant to Decree No 2020-260 of 16 March 2020 (subsequently extended until 11 May 2020), and set up a health emergency scheme by means of Emergency Law No 2020-290 of 23 March 2020 to deal with the COVID-19 epidemic. Against this backdrop, measures to close and restrict companies' activities were introduced to address the health emergency, which hindered the work of the companies affected.

The sectors worst affected by these measures taken by the French Government are tourism, hospitality, catering, sport, culture, air transport and events, i.e. those worst affected by the economic and financial impact of the spread of the COVID-19 epidemic.

Accordingly, the French authorities decided - by **Article 65 of Law No 2020-935 of 30 July 2020** amending finance for 2020 - to implement a scheme for exemptions from social security contributions and assistance with the payment of social security contributions. The purpose is to help undertakings most likely to have suffered a significant loss of turnover during the period from 15 March to 15 May 2020 while carrying out their main activity. It is intended for undertakings:

- with fewer than 250 employees in the tourism, hospitality, catering, sport, culture, air transport and events sectors;
- with fewer than 250 employees in sectors whose activity depends on the above sectors;
- with fewer than 10 employees in sectors other than those mentioned above whose activity involves direct contact with the public and was suspended by the spread of the COVID-19 epidemic, excluding voluntary closures.

Eligible undertakings benefit for the months in question from total exemption from employers' social security contribution, except supplementary pensions, and assistance with the payment of outstanding social contributions equivalent to 20% of their employees' wage bill.

This was set up on the basis of framework scheme SA.56985 authorised by the Commission on the basis of Section 3.1 of the Temporary Framework, which provides for the award of assistance totalling up to EUR 1.8 million per undertaking (previously set at EUR 800 000).

This initially covered welfare contributions required for the months of March to June 2020 (corresponding to those due in respect of periods of employment from February to May 2020). However, the particularly long duration of the drop in economic activity and the impact of the two lockdowns made it essential to extend the scheme in order to help certain companies operating in the worst-hit sectors.

Hence, Article 9 of Law No 2020-1576 of 14 December 2020 on social security financing for 2021 provided for **a new scheme for exemption from welfare contributions and assistance with the payment of such contributions** in respect of periods of employment running from 1 September 2020 (for employers in the curfew zone) or from 1 October 2020 (for all other employers) subject to the following conditions:

- for undertakings operating in tourism, hospitality, catering, sport, culture, air transport and events sectors or in areas depending on those sectors: they must have fewer than 250 employees and either (i) be closed to the public or (ii) have suffered a 50 % drop in turnover compared with the same period of the previous year (or, in the case of seasonal activity, accounting for at least 15% of the turnover of the previous year); it should be noted that for professional sports, eligibility conditions (administrative closure or drop in turnover) are presumed to be met due to administrative restrictions (limited-attendance or behind-closed-doors events);
- for other undertakings closed to the public: these must employ fewer than 50 employees and the ban on opening to the public must have a highly significant effect on the pursuit of their activities (except for delivery services, collection of orders or takeaways).

The exemptions from social security contributions cost the State several billion euros in 2020 in support for undertakings subject to measures banning them from opening to the public and the other sectors worst affected — EUR 8.2 billion was budgeted by the State in the 2020 financial laws to compensate for the cost of the schemes. Small and micro-enterprises are the main beneficiaries: over 60% of reductions in contributions, excluding the self-employed, cover undertakings with fewer than 20 employees. The scheme was extended for periods of employment running until 30 April 2021.

Article 65 of the Amending Finance Law for 2020 provided for a flat-rate reduction applicable to contributions outstanding for 2020 for **self-employed workers** in the sectors most severely affected by the health crisis. The maximum amount of that reduction, within the limit of the amounts actually due during the year, is set at:

- EUR 2 400 for self-employed people working in Sectors S1 and S1a;
- EUR 1 800 for self-employed people working in Sector S2.

The scheme was renewed under the Social Security Funding Act (LFSS) for 2021 for self-employed workers meeting the sectoral criteria and not allowed to open to the public or suffering from falling turnover. Eligibility for the schemes provided for in the LFSS 2021 is assessed each month; the amount of aid is EUR 600 for each month in which the self-employed worker concerned meets the conditions.

Lastly, since the beginning of the crisis, the URSSAF has also triggered exceptional deferral measures for social contributions to assist self-employed workers suffering serious cash-flow difficulties.

The principles set out in the Recommendation have been broadly implemented by France. The French social security system provides compulsory cover for all employees regardless of the type of employment relationship. It is generally compulsory but for the self-employed it is optional. Since the inception of the social security system in 1945 such coverage has evolved, but has always benefited the whole of the population working and residing in France. Where there are gaps, the public authorities have identified them and regularly take steps to reduce them, in particular during the annual parliamentary review of social security funding laws.

The social protection rules are transparent. Insured people (both employees and employers) have a number of digital tools at their disposal. We would point out that the insured may also receive this information, in particular information on their pension entitlements, by post free of charge, thus enabling them to have a choice and providing for the social inclusion of people who do not have command of digital tools.

France is committed to simplifying the administrative procedures, especially for people who have had different types of status during their working lives.