Access to social protection for the self-employed in Europe

Dalila Ghailani and Slavina Spasova
Outline

I. ‘Statutory’ access to social protection for the self-employed

II. ‘Effective’ access to social protection for the self-employed

III. What is changing? Reform trends and policy debates
Wide variation in statutory access to social protection:

• among countries
• within a country, depending
  - on the benefit schemes (contributory vs non-contributory)
  - on the categories of the self-employed

Historical categories (e.g. liberal professions, farmers) newly created statuses (‘auto-entrepreneur’ in France), ‘dependent self-employed’ (e.g. DE, ES, IT, PT)
Main gaps in statutory access to contributory schemes

<table>
<thead>
<tr>
<th></th>
<th>NO statutory access</th>
<th>Statutory access</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Compulsory</td>
</tr>
<tr>
<td><strong>Unemployment</strong></td>
<td>BE, BG, CH, CY, DE, EE, EL, FR, IE, IT, LI, MT, MK, NL, NO, LT, LV, PT, RS, TR, UK</td>
<td>CZ, HR, HU, IS, LU, SI, SK, PL</td>
</tr>
<tr>
<td><strong>Accidents at work &amp; occupational injuries</strong></td>
<td>BE, BG, CY, CZ, DE, DK, IE, LT, LV, NO, NL, SK, UK, LI, CH</td>
<td>EE, EL, HR, HU, IT, IS, LU, MK, MT, RS, SE, SI, PL, TR, IT</td>
</tr>
<tr>
<td><strong>Sickness benefits</strong></td>
<td>EL, CH, IE, IT</td>
<td>AT, BE, CY, DE, DK, ES, FI, FR, HR, HU, IS, LU, LI, LT, LV, MK, MT, NO, PT, RS, SE, SI, SK, TR, UK</td>
</tr>
</tbody>
</table>

a) Access only to means-tested benefits
b) Access only for certain categories of SE
c) OPT-OUT and exemptions
d) Compulsory/voluntary access depending on the category of SE
## Main gaps in statutory access to contributory schemes

<table>
<thead>
<tr>
<th>NO statutory access</th>
<th>Statutory access</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Compulsory</td>
</tr>
<tr>
<td><strong>Unemployment</strong></td>
<td></td>
</tr>
<tr>
<td>BE, BG, CH, CY, DE, EE&lt;sup&gt;a&lt;/sup&gt;, EL&lt;sup&gt;b&lt;/sup&gt;, FR, IE&lt;sup&gt;c&lt;/sup&gt;, IT, LI, MT&lt;sup&gt;a&lt;/sup&gt;, MK, NL, NO&lt;sup&gt;b&lt;/sup&gt;, LT&lt;sup&gt;b&lt;/sup&gt;, LV, PT&lt;sup&gt;b&lt;/sup&gt;, RS&lt;sup&gt;b&lt;/sup&gt;, TR, UK&lt;sup&gt;a&lt;/sup&gt;</td>
<td>CZ, HR, HU, IS, LU, SI, SK&lt;sup&gt;c&lt;/sup&gt;, PL</td>
</tr>
<tr>
<td><strong>Accidents at work &amp; occupational injuries</strong></td>
<td>EE, EL, HR, HU, IT, IS, LU, MK, MT, RS, SE, SI, PL, TR, IT</td>
</tr>
<tr>
<td><strong>Sickness benefits</strong></td>
<td>EL&lt;sup&gt;b&lt;/sup&gt;, CH, IE&lt;sup&gt;a&lt;/sup&gt;, IT</td>
</tr>
</tbody>
</table>

---

a) Access only to means-tested benefits  
b) Access only for certain categories of SE  
c) OPT-OUT and exemptions  
d) Compulsory /voluntary access depending on the category of SE
Differentiation in statutory access to other social risks: voluntary access only, opt-out and exemptions

- Maternity benefits (e.g. BG, CZ, LT, PL, RO)
- Invalidity benefits (e.g. AT, DE, NL, PT, UK)
- Old-age pensions (e.g. AT, DE, IE, NL, RO, UK)
- Occupational pensions (e.g. NL; no access in DK, SE)
# Hybrid social protection for ‘dependent self-employed’

<table>
<thead>
<tr>
<th>Country</th>
<th>Dependent self-employed</th>
</tr>
</thead>
</table>
| Germany   | • Since 1999, compulsory insurance for old-age pensions  
            • Voluntary for the rest of SE                                                                                                                   |
| Netherlands | • Compulsory covered by occupational and work injury schemes.  
                  • Private insurance for the rest of SE                                                                                                   |
| Spain     | • Compulsory accident at work insurance  
            • Voluntarily for the rest of SE                                                                                                          |
| Portugal  | • Access to unemployment benefits  
            • No access for the rest of SE                                                                                                               |
| Romania   | • Compulsory pension and health insurance  
            • Conditional upon a certain income for the rest of SE                                                                                     |
### Clustering on statutory access to insurance-based schemes

<table>
<thead>
<tr>
<th>Full to High access</th>
<th>High to-Medium access</th>
<th>Low to No access</th>
<th>Patchwork of Medium to Low access</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR, HU, IS, LU, RS, SI</td>
<td>AT, CZ, DK, ES, FI, PL, RO, SE</td>
<td>BE, CH, CY, EL, FR, IT, LI, LT, LV, MK, MT, NO, SK, TR</td>
<td>BG, DE, EE, IE, NL, PT, UK</td>
</tr>
</tbody>
</table>
Self-employed: clustering on statutory access to insurance-based schemes

- Cluster 1 (‘Full to High access’): SE required to be insured under all the insurance-based schemes.
- Cluster 2 (‘High to Medium access’): SE not required to be insured under one or more insurance-based schemes. However: possibility to voluntarily opt into the scheme(s) concerned.
- Cluster 3 (‘Low to No access’): SE cannot access one or more insurance-based schemes and cannot opt in.
- Cluster 4 (‘Patchwork of Medium to Low access’): SE not required to be insured under one or more insurance-based schemes. However: possibility to opt into some schemes, but completely excluded from others.
Outline

I. ‘Statutory’ access to social protection for the self-employed

II. ‘Effective’ access to social protection for the self-employed

III. What is changing? Reform trends and policy debates
• Eligibility conditions tailored to salaried employment
  - contributory periods
  - shorter duration of benefits
    e.g. Sickness benefits in AT, PT; Unemployment in BG, EL
  - waiting periods
    e.g. sickness benefits in BE, EE, HR, LU, PL, SE, SI, PT
  - cessation of activity requirements for unemployment benefits (e.g. DK)

• Voluntary access, opt-out and exemptions

• The way the income assessment base is determined
  – Income paid on long previous periods of earnings, upfront payments (advance social security payments), payments of arrears
<table>
<thead>
<tr>
<th>Voluntary access, opt-outs and exemptions</th>
<th>Low minimum assessment bases</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Romania:</strong> only 10-11 % of self-employed are covered for old-age, invalidity, sickness or maternity benefits.</td>
<td><strong>Latvia:</strong> 85%-90% of self-employed pay contributions based only on a minimum monthly wage.</td>
</tr>
<tr>
<td><strong>Czech Republic:</strong> in September 2017, <strong>15.37% of SE (main economic activity)</strong> contributed to <strong>sickness insurance.</strong></td>
<td><strong>Spain:</strong> average monthly base of self-employed is approximately 36% lower than that of salaried workers. <strong>86.1% of self-employed are insured at minimum contribution base.</strong></td>
</tr>
<tr>
<td><strong>Austria:</strong> coverage of the <strong>voluntary unemployment insurance:</strong> <strong>0.02 % of all self-employed</strong> (117 persons insured in 2015)</td>
<td><strong>Slovenia:</strong> 70% of self-employed pay social security contributions on the minimum insurance base for pensions.</td>
</tr>
<tr>
<td><strong>Finland:</strong> coverage of second-tier <strong>voluntary unemployment insurance:</strong> solo self-employed: <strong>20%</strong> and for self-employed with employees: <strong>10%</strong>.</td>
<td><strong>Estonia:</strong> legal incentive to declare only ‘passive income’ instead of ‘active income’ (the former is not subject to social tax and income tax). Households with business income are estimated to under-report 62% of their actual active income.</td>
</tr>
</tbody>
</table>
- Transferability of entitlements between schemes

- Access to Information and administrative procedures

- A general low level of benefits = disincentive to contribute (e.g. HU)

- Under- or non-reporting of income
Outline

I. ‘Statutory’ access to social protection for the self-employed

II. ‘Effective’ access to social protection for the self-employed

III. What is changing? Reform trends and policy debates
Two main types of reforms extending social security for the self-employed

- **Parametric reforms**: changes in some parameters/mechanisms of a scheme

- **Paradigmatic reforms**: extensive integration of self-employment into social security
SE: extension of social protection through ‘parametric’ and ‘paradigmatic’ reforms

<table>
<thead>
<tr>
<th>Parametric reforms</th>
<th>Paradigmatic reforms</th>
</tr>
</thead>
<tbody>
<tr>
<td>DK, EE, ES, HU, NO, NL, PT, RO, SI</td>
<td>AT, BE, CH, EL, ES, IE, FI, FR, LT, LV, NO, PT, TR, UK</td>
</tr>
</tbody>
</table>
Paradigmatic reforms aimed at extending social security to the self-employed

- Austria: new self-employed included in pension, health and work accident schemes since 2000.
- Greece: new pension system (2017) unifying several social insurance funds into one pension fund.
- Latvia: Microenterprise Tax status (2010)
- Ireland: extension of invalidity pensions and the treatment benefit (healthcare) to the self-employed (2017)
- Lithuania: ‘Social Model’ reform
**SE: extension of social protection through parametric and paradigmatic reforms: the ‘movers’**

<table>
<thead>
<tr>
<th>reforms</th>
<th>clusters</th>
<th>Full to High access</th>
<th>High to Medium access</th>
<th>Low to No access</th>
<th>Patchwork of Medium to Low access</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Parametric reforms</strong></td>
<td>HR, HU, IS, LU, RS, SI</td>
<td>AT, CZ, DK, ES, FI, PL, RO, SE</td>
<td>BE, CH, CY, EL, FR, IT, LI, LT, LV, MK, MT, NO, SK, TR</td>
<td>BG, DE, EE, IE, NL, PT, UK</td>
<td></td>
</tr>
<tr>
<td><strong>Paradigmatic reforms</strong></td>
<td>HU</td>
<td>DK, ES, RO, SI</td>
<td>NO</td>
<td>EE, NL, PT,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>AT, ES, FI</td>
<td>BE, CH, EL, FR, LT, LV, NO, TR</td>
<td>IE, PT, UK</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Policy debates on the issue of how to extend coverage and improve the level of benefits for the self-employed: ongoing in many countries

- taxation in CZ, IE, UK
- pensions (NL and DK)
- fight against bogus self-employment (PT)
- paternity and maternity benefits (CZ)
- access to unemployment and sickness benefits (SE and DK)
Initiatives and debates around the ‘digital economy’

- FR: law on digital platforms
- DE: White Paper « Work 4.0 »
- NO: Uber declared illegal; set up of a special commission on the digital economy
- UK: inquiry into self-employment and the gig economy; judgement against Uber

• This Synthesis Report is based on national contributions prepared by the 35 ESPN Country Teams.
  – [Download](#) the Thematic reports (available soon)
Thank you for your feedback!

spasova@ose.be and ghailani@ose.be
The European Social Policy Network (ESPN) was established in 2014 to provide the European Commission with independent information, analysis and expertise on social policies in 35 European countries.

It is managed by LISER (Luxembourg Institute of Socio-Economic Research), Applica and the OSE (European Social Observatory).

More information on the ESPN on the COM website.

Also check out the regular ESPN Flash reports on significant social policy developments in Europe.