



Forth Study Commission

Public and Social Law 2011

Unemployment benefits

Re.: 1:

Denmark for many years has had a well-designed unemployment insurance system. Membership of an unemployment insurance fund is voluntary for the individual employee. There is a large number of unemployment insurance funds, and the individual employee is free to choose between the various unemployment insurance funds. A majority of employees are members of an unemployment insurance fund attached to the trade union of which they are members.

Employees may choose to be a member of an unemployment insurance fund only, and choose not to be a member of a trade union. In that situation there is no difference in the amount of unemployment benefits.

As the membership of an unemployment insurance fund is not compulsory, an employee, who is not member of an unemployment insurance fund, may in case of unemployment seek cash benefits. Cash benefits are paid by the municipality of residence.

There are considerable differences between the rules relating to receipt of cash benefits and those relating to receipt of unemployment benefits. There is a big difference between the maximum amounts of benefits that can be paid within these 2 categories.

Re 2:

An unemployed person must actively look for work, regardless of whether she/he receives unemployment benefits or cash benefits. All unemployed persons receiving unemployment benefits or cash benefits are assigned a job centre of their municipality of residence. The unemployed persons are registered as unemployed and offered work through the job centre, if assignment of work is possible. They are also offered various courses, and after long-term unemployment also activation with a public or private employer.

Furthermore, various meetings will be held for the unemployed persons, but these meetings are of informative and social nature.

Some unemployed persons are also offered a professional training according to their wish. This is most often the case when the person in question has no professional training, or when the person in question needs rehabilitation due to her/his health condition.

Experience shows that many unemployed persons get a job again through their own job search or through prior activation with an employer. .

After en long period of unemployment, an employee may be employed with wage subsidy with a private or public employer. This implies that the employee is paid an ordinary salary; but the employer will receive subsidies to the employee's salary from the government authorities.

In Denmark there is no formal system taking care of employees prior to dismissal or in connection with dismissal of a large number of employees due to general retrenchments.

Re.: 3:

As mentioned above, membership of an unemployment insurance fund is not compulsory.

The individual employee decides for herself/himself, whether she/he wishes to become a member of an unemployment insurance fund.

Regardless of the unemployment insurance funds not being public funds, uniform guidelines apply to payment of membership fees, rules for payment of benefits etc.

Unemployed persons are not entitled to receive unemployment benefits beyond the benefit period of 2 consecutive years.

In order to qualify for payment of unemployment benefits, the recipient of benefits must have been a member of an unemployment insurance fund for at least 1 year, and within the preceding 3 years she/he must have worked as an employee for 1924 hours for full-time insured persons, and 1258 hours for part-time insured persons.

Re.: 4:

The unemployment insurance fund membership fee is paid by the members of the unemployment insurance fund themselves. The membership fee represents only a small part of the unemployment benefits which the employee may receive in case of unemployment. The remaining part of the unemployment benefits is paid by the State. The State's share of expenditure on unemployment benefits is approximately 80 % of the total expenditures.

Employees who are not members of unemployment insurance fund, or do not qualify for unemployment benefits, may apply for cash benefits. Cash benefits are paid by the municipality of residence. Rules governing payment of unemployment benefits are provided by law, and the set of rules is uniformly applicable for all municipalities. The municipalities receive a so-called block grant from the State to cover the cash benefits expenditures etc.

Re.: 5:

The unemployment insurance fund membership fee amounts to approximately 400 DKK per month equals approximately 52 Euro for full-time insured persons, and approximately 290 DKK per month for part-time insured persons equals approximately 38 Euro.

The amount of the unemployment insurance fund membership fee is the same for all unemployment insurance funds. However, the amount of the administration fee charged by the individual unemployment insurance funds may vary, but this fee only represent a minor part of the total membership fee.

The membership fee is tax deductible; thus, the actual amount paid will be lower.

Re.: 6:

Members of an unemployment insurance fund who wish to receive unemployment benefits must show evidence of unemployment such as notice of dismissal, and entitlement to unemployment benefits payments must be substantiated by evidence of pay slips

If the employee gave notice herself/himself, she/he will still be entitled to unemployment benefits, but, however, not for a period of 3 weeks from the date of termination of employment. This quarantine period may, however, be cancelled depending on the reasons for giving notice. In the first instance, the unemployment insurance fund shall decide whether notice given by the employee herself/himself shall result in a quarantine period. An appeal against any such decision may be filed in a public system, where the final decision is made by the Labour Market Administration.

If incorrect information on unemployment is given, or benefits are received on a false basis, the case shall be treated as an ordinary criminal matter, and shall typically result in expulsion from the unemployment insurance fund.

Re.: 7:

Maximum unemployment benefit payment per month for full-time insured persons amounts to approximately 16,600 DKK equals approximately 2,185 Euro.

For part-time insured persons the unemployment benefit payment per month amounts to approximately 11,000 DKK equals approximately 1,450 Euro.

Unemployment benefit payment is an ordinary taxable income, and payment is made after deduction of tax.

The amount of unemployment benefit payments is therefore individual, and shall depend on other taxable elements of the recipient.

In addition, any unemployed person may take out a supplementary insurance to the unemployment insurance. This supplementary insurance will enable her/him to receive payments up to 40,000 DKK for a period of up to 2 years. Payments can, however, not exceed the recipient's initial salary. This supplementary insurance must be taken out 1 year prior to the occurrence of unemployment, and recipients must have worked for the preceding 9 months. This supplementary insurance is also voluntary and relatively new. Therefore it is not widely used.

Cash benefit payment amounts to approximately 9,000 per month equals approximately 1,180 Euro. The entitlement to receive cash benefits payments depends on the financial situation of the recipients, income earned by a spouse, and children under the age of 18 living at home. Some unemployed persons may therefore not be entitled to receive cash benefits payments.

Karen Thegen