



# Inception Impact Assessment on the Initiative “Access to Social Protection”: Public consultation by the European Commission

Comments by the German Social Insurance from May 2017

The German Federal Pension Insurance (DRV Bund), the German Social Accident Insurance (DGUV), the National Association of Statutory Health Insurance Funds (GKV-Spitzenverband) and the federal associations of the statutory health and long-term health insurance funds have come together because of their common European policy interests to form the “German Social Insurance – Working Group Europe e.V.” (Deutsche Sozialversicherung – Arbeitsgemeinschaft Europa e.V., DSVAE).

The DSVAE represents its members when dealing with the bodies of the European Union and other European institutions. It advises relevant stakeholders within the framework of current legislative proposals and initiatives.

Health and long-term care insurance, pension insurance and accident insurance, as part of the German statutory insurance system, provide effective protection against the consequences of significant life risks.

## I. Preliminary Remarks

Germany’s social insurance systems are financed mainly on a pay-as-you-go (PAYG) basis. This means they are influenced significantly by the labour market situation and the number of workers with compulsory social insurance. The umbrella associations of the German social insurance system share the opinion that access to social protection is essential for a well-functioning labour market, the social protection of different forms of employment and the sustainability of the social security systems.

Massive changes in the world of work, particularly new forms of work resulting from digitalisation, have created challenges for the social protection of various forms of employment. This raises the issue of the need to adapt the social security systems.



The umbrella associations of the German social insurance system support the discussions initiated by the European Commission on ensuring that all workers have social protection. They view the consultation, with its focus on non-standard employment and self-employment, as the first step towards achieving this. Even though the world of work and traditional employment relationships have changed, people's need for protection remains the same.

Therefore, the Member States are being called upon to develop sustainable solutions within their social security systems at national level. In a European single market with free movement of workers, challenges should be tackled together, where possible, but within the framework of the division of competences. Thus, the German Social Insurance welcomes the European Commission's recommendation for 'access to social protection' as part of its European Pillar of Social Rights. This can assist the Member States with developing social protection systems that are adapted to the challenges being faced.

## II. In Detail

### 1 Context

Many self-employed workers are not adequately protected by the social security systems because they are either not covered by these systems or only have limited coverage. This is particularly true for low-income earners who are self-employed or in 'bogus' self-employment. The same can apply to forms of employment which have resulted from technological changes and which lie in the grey area between self-employment and salaried worker status. As a result, gaps in protection for those affected could occur and there could be additional burden on public welfare systems.

### 2 On the Division of Competences

Due to the division of competences and the principle of subsidiarity, Member States are being called upon to find sustainable solutions within their social security systems at national level. There are already many good approaches and ideas which can be exchanged among the Member States.



In a Europe with open borders, where the free movement of workers is guaranteed, problems and challenges for social security in the Member States cannot be solved completely in isolation. This is demonstrated, among other things, by the long-standing Regulation on the coordination of social security systems. As part of its Pillar of Social Rights, the European Commission has recommended that the Member States ensure that workers, regardless of the nature and duration of their employment relationship, and self-employed when they work under similar conditions to 'standard' workers, have the right to adequate social protection.

However, the actual implementation of this general objective must remain reserved to the Member States themselves, particularly given the diverse nature of their systems. The exchange of best practices (for example, via the open method of communication) and peer-reviews at European level can help the Member States to achieve this objective.

It is vital that the set of legislative and non-legislative proposals mentioned by the European Commission in its Inception Impact Assessment take into consideration the existing division of competences.

### 3 On the Objectives and Options

With regard to the objective of 'similar rights for similar work', it must be noted that compulsory statutory insurance in Germany is predominately linked to the traditional employment relationship and not to forms of self-employment, with the exception of self-employed workers in the special agricultural insurance scheme. Therefore, self-employed workers are often advised to take out private insurance in the event that they have not taken advantage of partial access to statutory insurance.

In terms of the spectrum of new forms of self-employment and employment in the grey area between self-employment and dependent employment, the question arises as to whether each individual person's income and living situation allows them to have adequate protection. An increase in the number of people moving from dependent employment with obligatory social insurance to self-employment with no obligation for social insurance, or an increase in the number of people who cannot afford to pay for social insurance because of their personal economic situation, could result in social security gaps which threaten the social security systems.



In order to protect the public welfare system from the burden caused by a lack of social security, it would be possible, in principle, to make insurance compulsory across all branches of social insurance. Adequate personal provision could be made compulsory to prevent affected persons from becoming permanently dependent on public welfare benefits. However, a crucial issue will be the funding of this additional social protection. On the one hand, it must not financially overburden the people concerned. On the other hand, it must not lead to unsustainable business models being subsidised at the expense of the community of solidarity.

The German Social Insurance is of the opinion that this affects the structuring of social security systems at national level and how they are financed. Decisions on how to adapt national social systems must take place at Member State level and must take into account mature systems, different traditions and preferences, as well as respective economic performance.

### 3.1 Statutory health and long-term care insurance

The principle of 'insurance for all' is largely realised in Germany by compulsory participation in statutory health insurance which covers more than 90 percent of the German population. This is supplemented by obligatory private insurance and the fact that health care funds are obliged to accept applicants. This applies equally to long-term care insurance. The Member States are responsible for structuring and financing their health and long-term care systems.

### 3.2 Statutory accident insurance

The rights of insured persons in the event of a workplace accident or occupational disease are sufficiently regulated by national legislation. In principle, self-employed persons can also take out accident insurance. In addition, there are a few groups of self-employed persons who, by law, are covered by statutory accident insurance. Adjustments may be necessary to provide insurance cover to the group of persons who work in non-standard employment as a result of digitalisation.



### 3.3 Statutory pension insurance

Only certain groups of self-employed persons in Germany have compulsory pension insurance (e.g. tradespeople, teachers, self-employed persons with only one client, artists and publicists); for the remaining self-employed workers, there are voluntary options for pension insurance. The need to adapt to new forms of employment and modernisation have led to a detailed reform discussion in the pension insurance system. The German Pension Insurance advocates compulsory pension insurance for all self-employed persons, specifically the inclusion of all self-employed persons who are not currently covered by statutory pension insurance.

## 4 Summary

The umbrella associations of the German social insurance system welcome the discussion initiated by the European Commission on ensuring social protection for all workers. They also welcome the European Commission's recommendation to the Member States that workers, regardless of the nature and duration of their employment relationship, and self-employed when they work under similar conditions to 'standard' workers, have the right to adequate social protection.

The way the social security systems are structured and adapted to the changing world of work is the responsibility of the Member States, especially given the diversity and varying economic performance of the systems, as well as differing preferences in social policy. The European Commission's recommendation of promoting cooperation between the Member States via the exchange of best practices can help the Member States to develop social security systems that are adapted to the challenges being faced.



**This opinion has the support of all members of the Deutsche Sozialversicherung Arbeitsgemeinschaft Europa e.V.**

### Statutory health and long-term care insurance

- GKV-Spitzenverband
- AOK-Bundesverband (AOK-BV)
- BKK Dachverband (BKK DV)
- Gemeinsame Vertretung der Innungskrankenkassen e.V. (IKK e.V.)
- Sozialversicherung für Landwirtschaft, Forsten und Gartenbau (SVLFG)
- Verband der Ersatzkassen e.V. (vdek)
- Knappschaft

### Statutory pension insurance

- Deutsche Rentenversicherung Bund (DRV Bund)
- Sozialversicherung für Landwirtschaft, Forsten und Gartenbau (SVLFG)

### Statutory accident insurance

- Deutsche Gesetzliche Unfallversicherung e.V. (DGUV)
- Sozialversicherung für Landwirtschaft, Forsten und Gartenbau (SVLFG)