

Policy Brief 1

Date: August 2020

Review of international experience in social insurance sickness benefits for gig workers

- ▶ Sickness benefits are usually paid by a mix of direct employer responsibility (called employer liability) and based on social insurance pools.
- ▶ Most European countries provide statutory sickness benefits for self-employed workers.
- ▶ Social insurance based cash sickness benefits provide a mechanism to support employers in times of financial stress.
- ▶ They also help extend coverage to workers in non-standard forms of employment, workers with no employers and in platform industries.

▶ Introduction

As COVID-19 pandemic unfolds, sickness benefits have been suddenly put under the spotlight as a major measure to mitigate the spread of the disease, and ensure income protection of those who fell sick. Developed in the light of the current context, this note outlines three major priorities on sickness benefits: (i) importance of organizing and financing sickness benefits through social insurance, building from an international review of experiences; (ii) the importance and policy options for sickness benefits to mitigate the impact of the COVID-19 crisis, (iii) extension of such benefits for workers in non-standards forms of employment, such as gig workers. Finally, it provides analysis and recommendations on the administrative and economic feasibility of extending sickness benefits to workers in non-standard forms of employment through social insurance.

▶ What are sickness benefits?

Sickness benefit schemes provide cash payments to persons who are temporarily incapable to work due to illness, accident or another health condition.¹ In this way, they provide income replacement, contribute to preventing poverty and, accompanied by the necessary health care, enable the worker to properly recover before returning to work.



Source: 123rf.com

¹ As defined in the ILO standards, and notably in the Medical Care and Sickness Benefits Convention, 1969 (No. 130) and the Social Security (Minimum Standards) Convention, 1952 (No.102), Part III.

Sickness benefits are integral part of a comprehensive social security system. However, sickness benefits, as referred to in this paper, are distinct from other social security benefits, which cover similar or related, yet different, social risks. More particularly, sickness cash benefits are to be distinguished from medical care benefits, which include care and treatment of a curative and preventive nature, or provide cash payments that enable access to such care in the event of, inter alia, sickness. Sickness benefits are distinct from maternity benefits. These refer to income protection (or paid leave) and maternal health care. Sickness benefits should not be confused either with employment or work injury benefits which cover occupational accidents and diseases contracted in relation to work. Finally sickness benefits are usually aligned to other long-term benefits. Invalidity or disability (long-term) benefits are granted in case of inability to engage in gainful activity, when it is permanent or persists after the exhaustion of sickness benefits. In certain cases, a reintegration benefit is available after a period of long-term illness.

The right to take sick leave is recognized as an entitlement separated from other types of leave such as holidays in both ILO Holidays with Pay Recommendation, 1954 (No. 98) and Convention (Revised), 1970 (No. 132). Sick leave periods should be defined in a way that ensures they are not counted as holidays and workers accumulate holiday entitlements during sick leave (R.98 paras. 6-8, C.132, art. 6); that is reflected within contracts (for everyone and for specific occupations²).

² Part-Time Work Convention, 1994 (No. 175), article 7. Labour Clauses (Public Contracts) Recommendation, 1949 (No. 84), paragraph 2 (c). Nursing Personnel Recommendation, 1977 (No. 157), paragraph 41. Home Work Recommendation, 1996 (No. 184), paragraphs 23 and 24. Domestic Workers Recommendation, 2011 (No. 201), paragraph 6.

► Advantages of social insurance sickness benefits



Source: ILO

Income security during sickness is provided, worldwide, through a variety of means and approaches. Historically, the first provisions put in place at national level for this purpose established the responsibility of the employer to keep paying salaries during sick leave. In these conditions, statutory paid sick leave is a responsibility of individual employers (also called “employer liability”). In some cases, this liability must be insured through public or private insurance carriers, which generally come under State regulation. However, **employer liability systems present a certain number of limitations:**

- **Exclusions of coverage.** The provisions are generally set out in labour law for specific categories of salaried workers. They often exclude part-time, temporary or casual workers and workers paid hourly wages and the self-employed. If enterprises are responsible for directly bearing the costs of workers’ sickness, they may be encouraged to terminate the employment of workers who fall sick, or not hiring workers with chronic diseases.

- **Health care delays and complications.** In addition to discrimination, direct employer liability funding of sickness benefits may exert management pressures on workers not to take sick leave. In worse scenario, this may lead to aggravated medical conditions of the worker – and hence increased costs of care. It may also cause increased risk of employment injury, and spread of infectious diseases to colleagues and clients.
- **Direct impact on companies' financial bottom line and affects economic and labour market recovery.** Small enterprises may struggle with the financial implications of paying both for the continuation of wages of the sick worker and the wages for the worker's replacement. They may thus be encouraged to employ workers in forms of employment that are not subject to statutory sick leave. Sick pay that is reliant on employer liability may result in the inability of companies to pay workers to stay out of work in order to stay 'afloat'.
- **Difficult enforcement.** Despite legal entitlements, enforcement of paid sick benefits paid directly by employers is difficult, particularly in the context where labor and social security inspection capacities are weak, and workers not well represented in labour unions.



Source: 123rf.com

On the contrary, when sickness benefits are paid by a social insurance pool

- **Exclusions are limited.** Most countries with social insurance sickness benefits also cover workers in non-standard forms of employment and include the self-employed on a mandatory or voluntary basis.
- **There is reduced pressure on workers to take shorter-duration absences from work than needed and to avoid adequate rest and treatment,** as companies know that they do not have to take the cost of wages during that absence. This is beneficial for the individual worker, as well as for the whole workforce in cases of communicable diseases. Productivity is enhanced through prompt recovery.
- **Sickness benefits funded through social insurance help release pressure on companies' cash flows balance.** Replacement wages are paid by social insurance.
- **It allows to preserve the workers attachment to the labour market.** In particular, during precedent epidemiological crises in Asia it was found that retaining workers through extended sick leave or partial unemployment measures (compensation of wages) ensured greater capacity to kick start the economy once the crisis is over, than losing talents and undergoing a lengthy process of recruiting, matching new hires to companies' skills set and learning on the job.

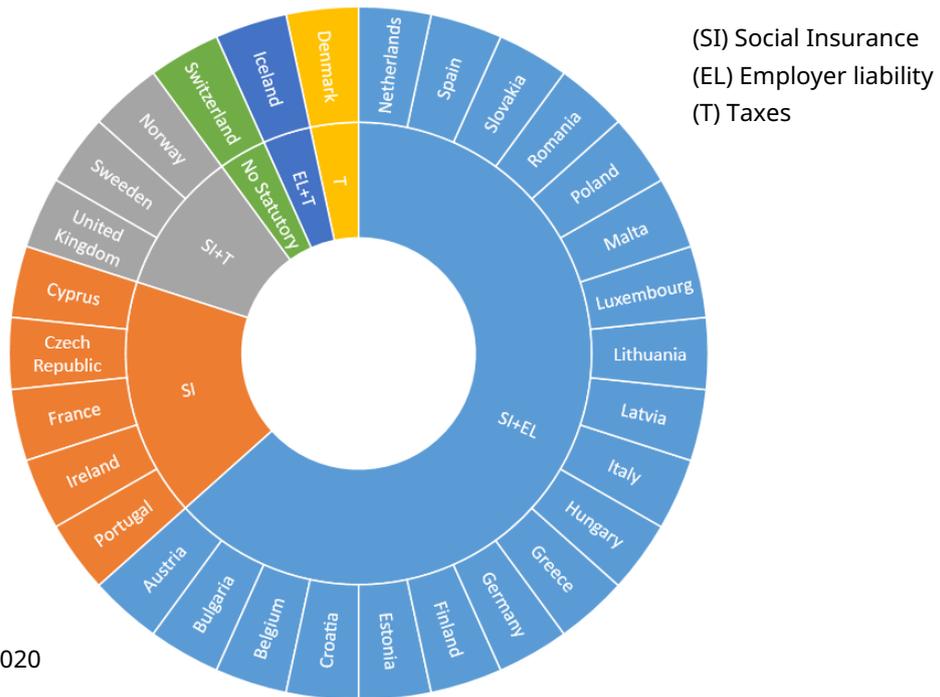
For these reasons, a majority of countries are organizing and financing at least part of sickness benefits through social insurance, as illustrated by the international review below.

► **International review of sickness benefit schemes**

The following overview of international law and practice draws on MISSOC, OECD, US Social Security Administration (SSA), ISSA and ILO data and web sites from official and media referenced sources.

sickness cash benefit. The majority of countries (57 per cent) provide sickness benefits through social insurance and/or social assistance; often combined with the obligation that the employer covers the first days or weeks of sickness. One third of countries (34 per cent) pay sickness cash benefits through an employer’s liability and

Figure 1. Countries in Europe, Forms of organizing sickness cash benefits



Source: MISSOC, 2020

Nature of programs. *In Europe, social insurance is the predominant form of organizing sickness benefits.* Nineteen countries (19) typically have employer liability for initial short duration periods followed by social insurance covering for longer duration. Five (5) countries provide coverage through social insurance alone. Three (3) countries provide social insurance in combination with tax based benefits (Figure 1).

In the OECD as a whole, 32 of 34 countries guarantee sickness cash benefits in some form. The United States, the Republic of Korea and Switzerland do not have statutory

the remaining countries (9%) do not have legal provisions.

Coverage. *Self-employed are usually covered in Europe* (see page 10 for detail), either compulsorily, or voluntarily. Denmark covers self-employed under tax funded earnings related scheme. In some cases, the unemployed are covered (Belgium, Denmark). Disabled people usually have special access conditions.

Qualifying periods. Requirements for work prior to claiming benefits vary from no qualifying periods (Austria, Finland), to twelve months (Belgium). In Croatia, if tenure conditions are not fulfilled, the

insured person is entitled to a minimum sickness benefit. In Estonia, qualifying periods do not apply except for people who were not insured and who started work for at least one month (14 days).

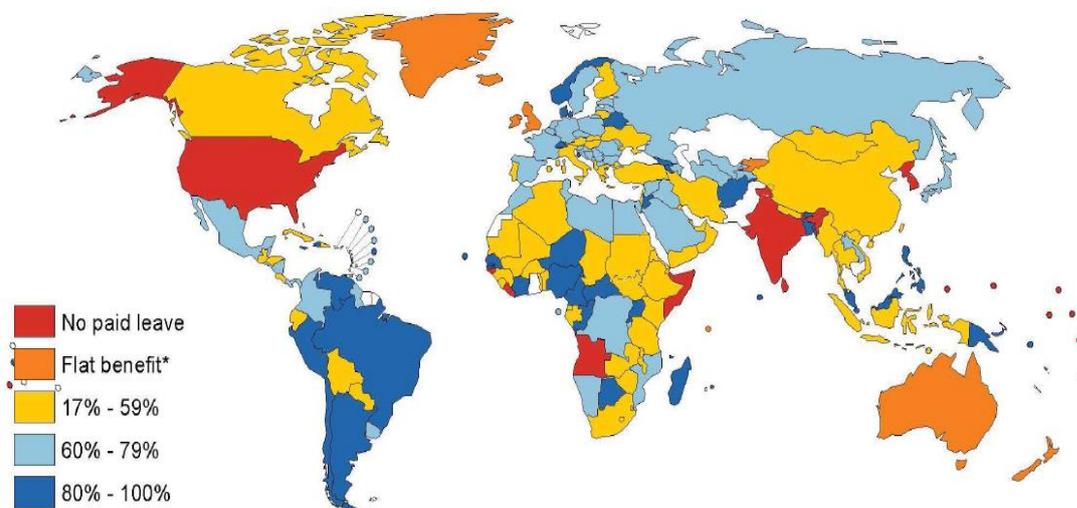
Waiting periods. A waiting period reduces administrative and benefit costs by excluding many claims for short illnesses or injuries during which relatively little income is lost and can also help reduce the potential for the inappropriate use of the system by workers. **A waiting period of two to seven days is imposed under most cash sickness benefits programs.** In several schemes, employers are required to pay benefits for a certain number of days before social insurance payments begin. As a result, benefits may not be payable if an illness or injury lasts for only a few days. Similarly, in the case of a prolonged inability to work, benefits may not be payable for the first few days. Under some programs, however, benefits are retroactively paid for the waiting period when the disability continues beyond a specified time, commonly two to three weeks.

Duration of benefits. The period during which a worker may receive benefits for a

single illness or injury, or in a given 12-month period, is **ordinarily limited to 26 weeks**. In some instances, however, benefits may be drawn for considerably longer and even for an unlimited duration. A number of countries permit to extend maximum entitlement period to 39 or 52 weeks in specific cases. In most countries, **when cash sickness benefits are exhausted, the recipient is paid a disability benefit if the incapacity continues.** For example, in Thailand sickness benefit is paid for 50% of past wages a maximum of 180 days, with the exception of persons suffering from a chronic disease, who are entitled to the benefit for 365 days.

Replacement of income. Level of replacement of wages determines the adequacy of protection of the benefit. The cash sickness benefit is **usually 50 percent to 75 percent of current average earnings, sometimes with supplements for dependents** (see figure 2). In case of Cyprus, benefits amount to 60% income replacement, increased by 20% for the first dependent and by 10% for other dependents (maximum of three dependants). In France, social security grants higher benefits (66.66% of daily basic earnings instead of 50%) from 31st day if beneficiary has 3

Figure 2. Minimum wage replacement



Source: OECD, in World Policy Centre, 2018

dependent children. Greece provides supplement of 10% for each dependent. Most programs fix a maximum benefit amount or do so implicitly through a general earnings ceiling for contributions and benefits. Benefits may be reduced when beneficiaries are hospitalized at the expense of the social insurance system. Few countries pay flat benefits - all workers receive the same amount while taking paid leave, regardless of previous salary.

Partial sickness and rehabilitation benefits. In Denmark, partial sickness benefits are possible if the person is partially absent from work. The absence must be at least 4 hours per week, which includes transportation and waiting time (e.g. at the hospital). In Finland, partial sickness allowance (osasairauspäiväraha) is intended to make it easier for an employee or self-employed person who is incapacitated for work to return to work on a part-time basis (40-60% of previous working time). In Denmark it is also possible to combine sickness benefits and earning from work in certain circumstances (e.g. when the person is partially sick). The amount of sickness benefit is then reduced. In Germany, as part of occupational integration management (betriebliches Eingliederungsmanagement, BEM) and gradual reintegration (stufenweise Wiedereingliederung), employees signed off for sickness can work part-time. During the BEM process and the gradual reintegration, the insured persons continue to be paid their salary, or receive a partial salary, sickness benefit or transitional benefit.

Benefits for taking care of sick dependents. In Estonia, 80% of wages are replaced for taking care of sick children. In France, The Labour Code provides for the payment of an additional allowance by the employer for workers who have been working for more than a year to take care of sick dependents (see additional cases in

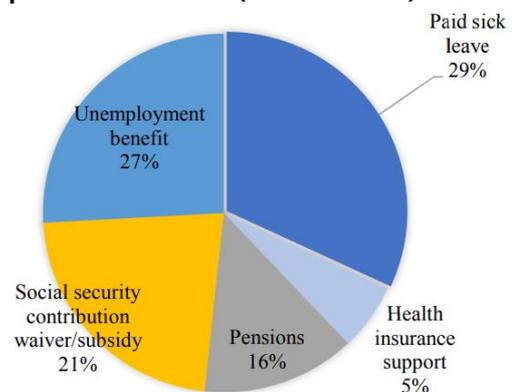
responses to COVID-19 below).

In conclusion, Europe – and OECD countries - has overall, a wide ranging protection in case of sickness which includes special conditions in case of unemployment, disability and care for children. In a considerable number of countries the protection in law is also extended to self-employed and casual workers. However in Europe and worldwide, the Committee of Experts on the Application of Conventions and Recommendations (CEACR) noted that where legislation exists, coverage continues to usually favour in practice wage workers in the formal economy. In most countries workers in the informal economy remain excluded from sickness benefits. It emphasized that sickness benefits and sick leave are crucial to address deteriorating health and health-related poverty and loss of productivity. This has become an evidence in the light of the COVID-19 crisis.

► **Sickness benefits, a major policy response in the context of COVID-19**

The COVID-19 crisis drew major attention to the relevance of sickness benefits. Reviews of current practice show that sickness cash benefits have been **among the measures most widely used by Governments to address the impact of COVID-19 on workers and their families** (OECD, 2020)

Figure 3. Social Security Measures taken in response to COVID-19 (126 countries)



Source: Ugo Gentilini et al, 2020, 10th April, 2020.

▶ **The relevance of sickness benefits in the current pandemic**

The main reasons invoked by workers for not taking leave as needed, before confinement measures were put in place, were because they had too much work, feared negative repercussions or, found themselves unable to afford a day off³. ***Without access to sickness benefits, workers may be forced to return to work to keep their jobs or maintain their salary, thereby potentially passing on the virus to colleagues and clients.***



Source: 123rf.com

Sickness benefits provide multiple solutions to **mitigate the impact of an epidemic such as COVID-19**:

- Sickness benefits **delay the spread** of the virus by financially enabling persons to stay at home in case of a coronavirus infection, quarantine or flu-like symptoms;
- Sickness benefits **protect household income**, ensure household can meet basic needs when sick, prevents poverty and job losses due to absence from work, hence contribute to cushion the adverse economic impacts of the crisis;
- Sickness benefits **compensate side-effects of society-wide restrictions**, for instance by ensuring continued income when in mandatory quarantine, caring for sick relatives or for parents with

caring responsibilities related to school closures;

- By injecting cash in local economy, sickness benefits protect (or maintain) household consumption, hence contribute to **boosting aggregate demand** and charting a solid path to recovery;
- Sickness benefits **support companies** by reducing their financial obligations and human resource expenditures, as a complementary measure to unemployment benefits and wage subsidies to retain jobs;
- Sickness benefits ensure that workers can **seek care and rest** when sick, thereby ensuring a quicker and full recovery.

▶ **How countries are adjusting sickness benefits**

In addition to ensuring the provision of benefits to workers who have contracted the illness, a number of countries have extended such provision to cover workers in quarantine or caring for sick relatives. Some countries have also lifted certain requirements for entitlement to benefits, reduced waiting periods, increased benefit levels or extended benefits payment duration to ensure a broader coverage and a better protection (OECD, 2020, ILO 2020b).

Extension of statutory coverage

- Special measures aim at extending coverage to self-employed and other workers previously not covered by sickness benefits. (see page 10 for detail)
- In France, special sick leave is granted for people in quarantine or those who have to take care of children

Waiting periods. Some countries waved waiting periods to allow workers to access sickness benefits from the moment they have to be absent from work due to illness.

³ <https://www.nytimes.com/2020/03/01/upshot/coronavirus-sick-days-service-workers.html>

- During the crisis, in Ireland, the waiting period was waived for persons who are infected by the coronavirus or medically required to self-isolate.
- Other countries that waived waiting periods include France, Denmark, Canada, Sweden, the US and the UK.
- In Sweden, ***the state rather than employers will cover the cost of the first day of leave***. This lifted a barrier to suspending work at a time when people may be highly contagious. These measures are not specific to self-employed or platform workers but contribute to increasing the take-up of benefits amongst flexible mobile workforce.

Sick leave to take care for children

- Again in Sweden, sick leave is normally paid at the rate of 60-80% salary depending on the employment history. For the duration of quarantine, it was increased to 100% of the salary for everyone and covers parents whose child is in quarantine.
- The Families First Coronavirus Response Act in the US allows parents who are caring for children whose schools have closed to have a maximum of 12 weeks of paid family leave.

Administrative measures

- Measures in Japan include waiving the requirement for obtaining a medical certificate for claiming sickness benefits.
- Express Plus Centrelink mobile APP in Australia allows to submit claims digitally.⁴
- Province of Zhejiang ***launched the first blockchain e-bill platform in China***. Doctor visits online were reimbursed. After seeing the doctor, the patient can directly check the medical bills through the "Zheliban" app, and make reimbursement online as well.

All workers on sick leave whose salary is suspended need such income support. The

current crisis exacerbates the inequality in social protection of a rising part of the global workforce. Of particular concern is the plight of **workers in digital platform industries**, particularly in areas of service, logistics and transport, who carried on working during the pandemic.



Source: 123rf.com

► Extension of sickness benefits for workers in non-standards forms of employment

► Pre-existing needs for sickness benefits exacerbated by COVID-19

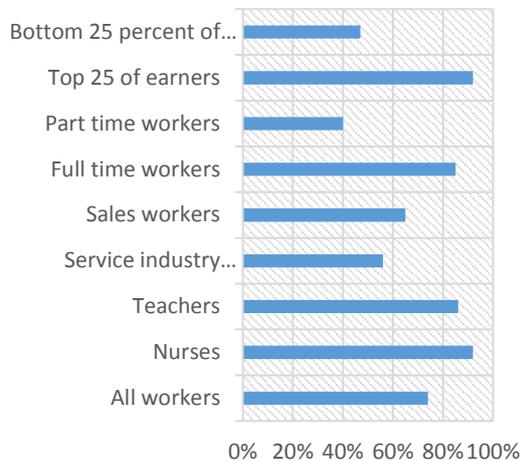
Sickness affects all people irrespective of type of employment contract, whether dependently or self-employed and irrespective of whether they are employed, unemployed or inactive. Still the access to and the quality of sick pay/benefits often differ for people in these categories.

Anecdotal evidence from the US shows the limitation and inequities of a system that does not provide publicly organized sickness benefits in the context of a crisis such as COVID-19. As evidenced by the graphs below, less than half of the bottom 25% of earners have access to sickness benefits while 90% of top 25% earners do have access to sickness benefits. At the same time, less than 10% of bottom 25% of earners have employment that allow them to work from

⁴ <https://www.youtube.com/watch?v=9SB35Uc3Ap4>

home (against more than 60% of top 25% earners).

Figure 4. Availability of sick leave (US)



Source: Bureau of Labour Statistics, Employee Benefits Survey, 2020

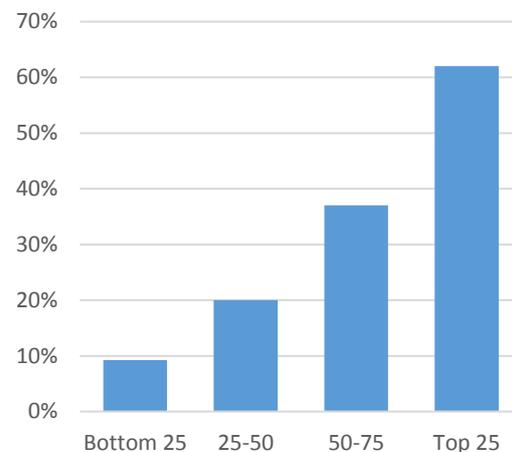
The inequality in access to sick cash benefits defeats prevention in the case of epidemiological crises where all people are exposed by the lack of protection of any one single individual.

This is particularly the case for workers in non-standards forms of employment. Worldwide, many gig workers in platform industries continue to work throughout the epidemic. In some instances the demand for their services has increased with the boost in demand for services online such as delivery services. This introduced several problems. First, many of these workers were simply not able to quarantine either because of their type of work or the absence of cash sickness benefits. Secondly, by continuing to work, many did not enjoy social security benefits at a moment when they were more exposed to risk of sickness⁵. Finally, because those who cannot afford work in physical isolation tend to be in the lower end of the income distribution, they tend to be less able to

⁵ <https://economictimes.indiatimes.com/small-biz/startups/newsbuzz/gig-economy-weighs-impact-of-social-security-for-workers/articleshow/71875167.cms?from=mdr>

purchase private insurance by themselves.

Figure 5. Ability to work from home by percentile (US)



The COVID-19 outbreak has severe consequences for platform workers relying on voluntary employer initiatives for protection, in light of forced work stoppages due to self-isolation and lack of sick pay in many cases.

As the relationship between platform, client and platform worker is usually not based on a traditional employment contract, questions have arisen for example around cash sickness benefits for drivers directly or indirectly affected by the virus. Platform workers in the transport sector (ride hailing and food delivery) are amongst the most affected.

As a result, in the course of the past months, governments extended sickness benefits in consideration to the vulnerability of specific groups of workers during the pandemic and the negative repercussions on spread of the virus.

► **International experience in extending sickness benefits to self-employed and workers in non-standard form of employment in the context of COVID-19**

In “normal time”, countries are already gradually expanding sickness benefits to workers in non-standards forms of employment, as presented in the review of international experience in Annex II. ***With the advent of COVID-19, new cash sickness benefit measures for self-employed were also implemented as a mitigation measure to the crisis, as follows*** (consult OECD, 2020, ILO 2020b for systematic analysis).

Extension of statutory coverage

- Portugal established additional temporary income support for sick leave for self-employed casual workers. Workers who are decreed by the health authority, the need for prophylactic isolation were granted the payment of 100% of the reference remuneration.
- Sweden presented additional measures for self-employed persons by having the government assuming the entire cost of the standardised sick pay for days 1–14 during April and May.
- In Ireland, an extension of sick leave was decided to all workers currently excluded.
- In Spain, special measures have also been taken for independent workers to ensure income replacement in the case of coronavirus infection or quarantine.

Responses in countries with no statutory cash sickness benefits. Unfortunately, some countries did not have a system of social insurance cash sickness benefits in place, and had to expedite measures to sustain incomes during sickness through other schemes.

- Malaysia implemented a new employee benefit for workers who are forced to

take leave without pay that will be delivered through the Employment Insurance System.

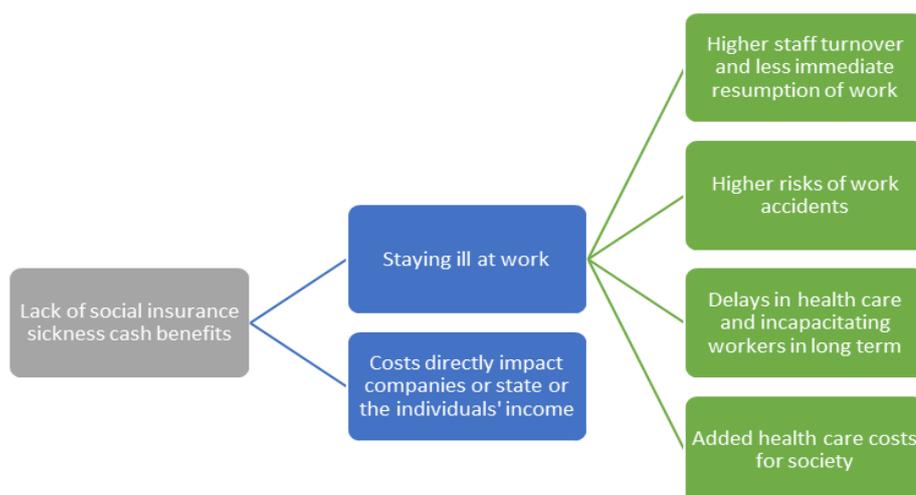
- Korea does not have statutory sickness benefit. The Korean social insurance agency will allow for payout of industrial accident insurance to workers who are tested COVID-19 positive.
- In the United States of America, another country without federal cash sickness benefit laws, gig and self-employed workers will also get sickness cash benefits using the tax system, through tax credit system.



Source: 123rf.com

Hermes, in the United Kingdom, which usually pays its 15,000 platform workers only per completed delivery, has set aside a support fund worth £1 million (€1.13 million) to support workers who have to self-isolate due to symptoms of the virus. The company said it would help couriers to find someone to deliver on their behalf if needed and has guaranteed that they can return to their delivery rounds when the self-isolation period ends. In Belgium, Deliveroo announced that it would exceptionally offer paid sick leave to workers who cannot deliver food due to self-isolation or illness. However, there are also reports that in some cases workers in platform industries are simply dismissed when they fall ill.

Figure 6. Consequences for economy and workers of lack of cash sickness benefits



Source: Authors

As they sought to expand protection in the case of sickness to all workers, governments found practical regulatory and implementation challenges in using traditional channels of social security. This was due to the inexistence of cash sickness benefits laws, administrative or financing mechanisms notably in the form of social insurance, their restricted legal coverage, or strict requirements they establish for entitlement to benefits⁶ (Behrendt and Nguyen, 2018; OECD, 2018).

► Economic and administrative feasibility of social insurance sickness benefits

Based on International Labour Standards, the ILO Member States should guarantee at least a basic level of social security in case of sickness (R.202, para. 9). But how feasible is the introduction of sickness cash benefits?

► The cost of not providing sickness benefits is usually very high

The costs for individual companies and for whole economies can be substantial in case

workers are affected by an epidemic and there is no protection available. ***In France and Germany, the cost of lost productivity due to influenza, which accounts for about 10 percent of all sickness absences, is in the range of USD 9.3 billion to 14.1 billion per year (OECD 2011 Health at a Glance).*** The financial consequences of work days lost will have to be borne by individuals, companies, or the government. In case social insurance benefits are pre funded, the financial shock may be fully or partially absorbed by the fund.

Firms are insured against their workers' sicknesses because they do not pay the full wage continuation of the absentee worker. There are significant business costs to replacing employees⁷. The availability of sickness cash benefits **reduces turnover** as companies are not obliged to lay off and recruit talent again that matches the skills needs which takes considerable time.

Paid sick leave may also **enhance productivity**. One study estimated that the lower productivity of sick workers costs employers as much as their medical care. Many workers globally are affected by the

⁶<https://www.cnbc.com/2020/03/19/unemployment-insurance-is-flawed-coronavirus-relief-plan-wont-fix-it.html>

⁷<https://www.nationalpartnership.org/our-work/resources/economic-justice/paid-sick-days/paid-sick-days-good-for-business-and-workers.pdf>

phenomenon of going to work while being in poor health. This phenomenon is higher for workers with temporary contracts⁸. It results in costs related to increased risk of work accidents. Sicker workers may be more prone to job-related injuries. One study found that even within industries in which accidents and injuries are relatively more likely — like forestry, mining and construction — workers with paid sick leave experienced fewer of them than workers without it.

If a worker is **not be fully recovered** but regained her/his normal working activity, it may result in **a high risk of deteriorated health and sickness absence**.

This can lead to development of **chronic diseases and incapacity to work**. A study found that employees who work while sick are more likely to have heart attacks than those who take time off.⁹ Lack of cash

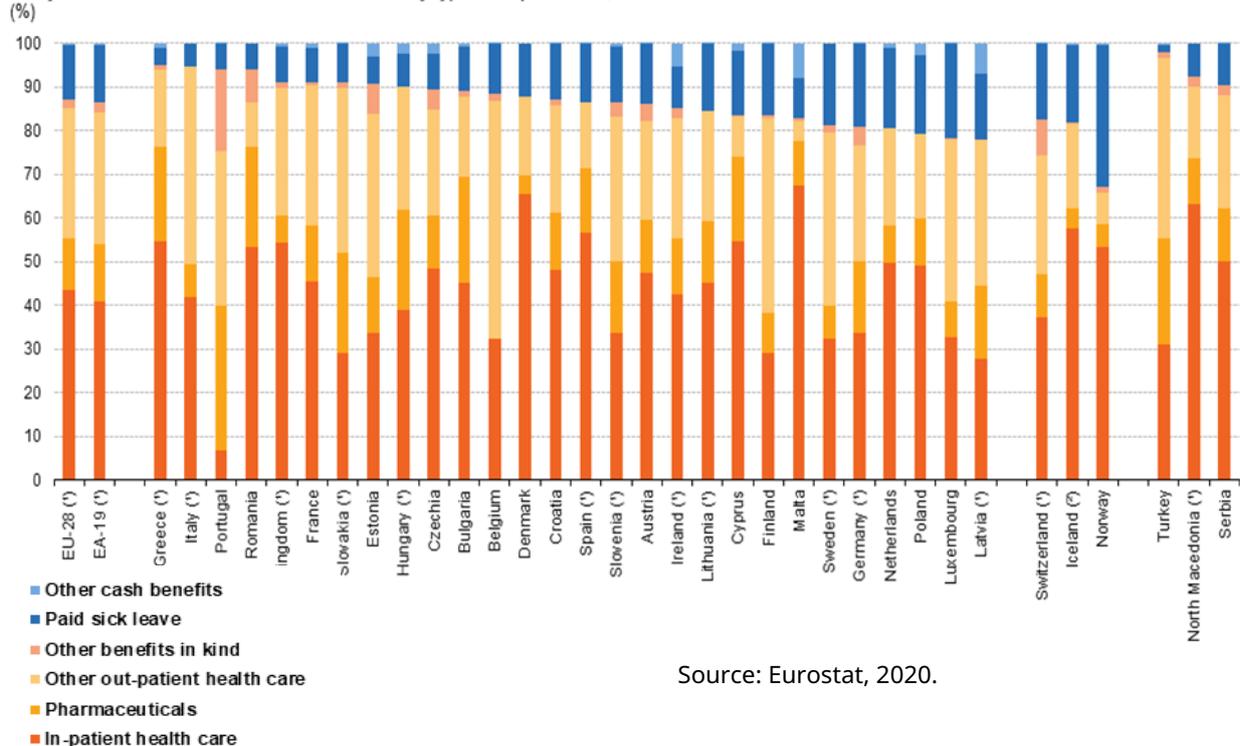
sickness benefits causes delays in access to care, which leads to worsened health conditions, and possible increased cost of necessary health services to treat the aggravated conditions, and longer and recurrent sick leaves required in medium and longer term.

Some research shows that **this costs more than sickness absence and short-term disability** (Koopmanschap et al, 2013). Recent studies indicate that for 18 different diseases, being at work in ill health contributed between an average 48% of the total direct and indirect costs of enterprises (Koopmanschap et al, 2013).

► **Cash sickness benefits are an essential but limited item in overall health protection expenditure**

Figure 7.

Analysis of sickness and healthcare benefits by type of expenditure, 2016



Source: Eurostat, 2020.

⁸ Employees with short-term contracts of less than one year may be at greater risk of going to work ill. <https://europepmc.org/backend/ptpmcrender.fcgi?accid=PMC6572370&blobtype=pdf>

⁹ <https://www.nytimes.com/2016/11/01/upshot/the-high-costs-of-not-offering-paid-sick-leave.html>

Cash sickness benefits are a relatively small part of overall health protection expenses.

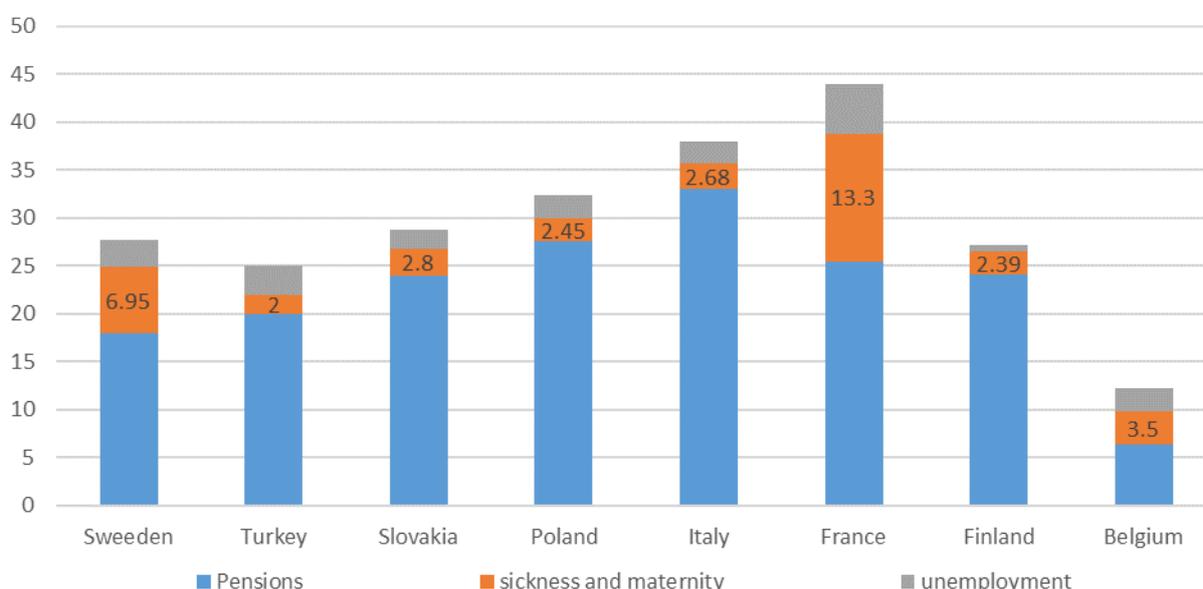
In most EU countries, maternity benefits are administered jointly with the cash sickness program (see MISSOC, 2020). Costs of providing both programs are generally around 3% of insurable wages with some exceptions (Sweden and France, see Fig 8 below).¹⁰

not to use all the duration of statutory leave compared to wage earners.¹¹

► **There are cost effective administrative solutions for covering self-employed and platform workers**

Operationalizing the coverage of workers in new forms of employment under sickness cash benefit schemes may be challenging,

Figure 8. Contribution rates for pensions, sickness/maternity and unemployment benefits



Source: SSA, Database, 2018

► **Cash sickness benefits are compatible with strong national economies**

Countries that provide generous cash sickness benefits are associated with greater ability of workers to take time off work during sickness, but this does not result in reduced labour market participation or unemployment (temporary or discouraged exits of labour force). On the contrary when unemployment rates grow, take up of cash sickness benefits are seen to decrease as pressure to go to work ill increases due to competition in the labour market. Temporary and self-employed workers tend

and requires adapted administrative formalities and good governance. How are national social security administrations responding to this challenge?

Registration. In some cases, self-employed are already identified in social security through mandatory schemes (social security or tax payment systems) or under voluntary coverage. In this case, those that have been making regular contributions may be favoured by new measures such as those adopted under emerging crisis packages. But many who are not may be left out. So the

¹⁰ A discussion on the cross country cost comparisons is provided in Xenia et al (2010)

¹¹ <https://europepmc.org/article/pmc/pmc6572370>

problem is how to reach out to those not in existing systems.

One form of response is the simplification of registration and payment processes by introducing electronic procedures. For example, Italy strengthened online information and communication channels. In France, the National Sickness Insurance Fund took action at an early stage by creating an online application system for sickness benefits. In Saudi Arabia, the Ministry in charge of social security developed a mobile application called “Sehhaty” to register and apply for sick leave.¹² The Brazilian government also recently introduced an app to identify informal workers for social security purposes (2020).¹³ Similarly, in Malaysia and Indonesia, taxi drivers and Uber or Grab drivers can register and undertake their annual pre-payment for the employment injury schemes online (Ismail, 2017; Susanto, 2017).



Source: 123rf.com

Income information and facilitation of payment of contributions. In France, the Social Security Financing Law of 2017 has given internet platforms the opportunity to make turnover (sales) declarations for and instead of the worker. **France introduced in 2018 the obligation for all electronic platforms to transfer to tax authorities complete data on sales transactions.** The tax authorities will pass the information to the Central Agency of Social Security Bodies

(ACOSS). Similarly, in Estonia, Lithuania and Sweden, Uber drivers can ask Uber to share their fare and other information directly with tax authorities on their behalf, facilitating tax payment for individual drivers and tax collection for tax authorities (Uber, 2018).

Certification of illness. In some countries, employees must produce a medical certificate from the first day of absence. In others, short absences can be self-certified. This is for example the case in Sweden and the UK, where a doctor's certificate is needed only after seven days of sick leave. To simplify administration during the crisis, telephone-based or online medical assessments were introduced in Germany and Norway.

► Conclusions and Policy recommendations

Sickness benefits have received relatively little attention in recent years worldwide. But they are now key government measures to control the epidemic, and address the health, economic and social impact of COVID-19 crisis.

Countries that had in place social security sickness schemes were able to react fast to emergency situation by extending current benefits, without having to go through longer conceptualization, regulation and implementation processes of new measures.

Ultimately the crisis can be an opportunity to assure efficient systems are ready for the next crisis through appropriate legal frameworks, prepared administrative systems and sustainable financing.

Sickness benefits provided through social insurance reduce employers' financial burden and prevent discrimination against sick workers. Social insurance based cash sickness benefits provide a mechanism to support employers in times of financial

¹² <https://www.moh.gov.sa/en/Ministry/MediaCenter/News/Pages/News-2020-03-14-001.aspx>.

¹³ <https://labs.ebanx.com/en/notes/brazilian-government-will-identify-informal-workers-using-a-mobile-app/>

stress and helps extend coverage to workers with no employer. In case of a pandemic, employers' direct liability for expanded support to workers further depresses their financial situation already stressed due to economic slowdown.

Sickness benefits are part of comprehensive social health protection packages. Historically, cash sickness and maternity benefits as well as health care were often administered under the same branch of social security (SSA, Europe, 2018, p.8).

The absence of sickness benefits for platform workers is partly due to benefits paid by employers instead of social security, and to restrictive regulations under social security. A mix of social insurance and government funding was critical in ensuring extended coverage and further include self-employed and gig workers.

► References

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▶ Pod Cast interview

Access the [pod cast interview](#) about this paper online.



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Annex 1. International standards for sickness benefits

The International Labour Organization defines sickness (in respect of which benefits should be paid) as any "incapacity for work resulting from a morbid condition and involving suspension of earnings" (C.102, art. 14 and C.130, art. 7b).

Article 9 of the International Covenant on Economic, Social and Cultural Rights (ICESCR)¹⁴ establishes the right to social security which includes the right to protection from lack of work-related income caused by sickness. In other words, it calls for income replacement in case of sickness.

ILO Conventions and Recommendations set out minimum standards for all countries to implement, according to their level of development, with a view to progressively ensuring the provision of sickness benefits to all workers in case of need. While their features are applicable to all workers, some are of particular relevance to platform workers.

What are the main ILO instruments dealing with sickness benefits?

- ▶ Social Security (Minimum Standards) Convention, 1952 (No. 102)
- ▶ Medical Care and Sickness Benefits Convention, 1969 (No. 130)
- ▶ Medical Care and Sickness Benefits Recommendation, 1969 (No. 134)
- ▶ Social Protection Floors Recommendation, 2012 (No. 202)

What should be covered?

- ✓ Incapacity for work resulting from illness and involving a suspension of earnings (C.102, art. 14 and C.130, art. 7b).

- ✓ Periods of absence from work involving loss of earnings due to:
 - convalescence,
 - curative or preventative medical care,
 - rehabilitation or
 - quarantine,
 - caring for sick family members (R.134, paras.8 and 10)

Who should be covered? C.130 requires that sickness benefits be provided at least to all employees, or to categories of the economically active population (which constitute no less than 75% of all economically active persons), or to all residents with low means.¹⁵ R.134 calls for the extension of such protection, notably to persons whose employment is of a casual nature and to all economically active persons.¹⁶ According to R.202, all residents in active age who are unable to earn sufficient income due to sickness should be protected.¹⁷ Non-national workers or residents should be guaranteed equality of treatment with citizens as regards the right to sickness benefits.¹⁸



Source: 123rf.com

How long for the right to sickness benefit to be acquired? C.102 allows the right to sickness benefit to be made conditional

¹⁴ General Comment No. 19 of the Committee on Economic, Social and Cultural Rights (CESCR)

¹⁵ Art. 19, C.130. For minimum standards, see Art. 15, C.102.

¹⁶ Para. 11, C.130

¹⁷ Paras. 5(c) and 6, R.202

¹⁸ Art.32, C.130 and Art.68, C.102

upon the completion of a qualifying period insofar as it is deemed necessary to preclude abuse.¹⁹ C.130 requires that the conditions governing the qualifying period, if any, be such so as not to deprive the persons protected of the right to the benefit.²⁰

Qualifying periods of between 3- 6 months are in place in many of the most “advanced” countries and may be justified to ensure sufficient funding and avoid abuses. In view of the exceptional emergency situation we are experiencing with COVID-19, qualifying periods should be waived and as many countries have indeed done. Considering the speed at which the infection spreads, cash sickness should be available as quickly as possible as symptoms develop to reduce contamination (sometimes it is already too late) and reduce productivity losses.

Can there be a waiting period before the benefit is paid? Waiting periods to access sickness benefits should not exceed three days from the initial suspension of earnings.²¹

How long should the benefit be paid for? C.102 and C.130 require the benefit to be paid as long as the person remains unable to engage in gainful employment due to illness. C.102 allows however the benefit payment to be limited to 26 weeks in each case of sickness, and C.130, to 52 weeks in such cases.²² R. 134 calls for the benefit to be paid until recovery, including in case of absence from work justified on the ground of undergoing preventive or curative care and being isolated for the purpose of quarantine.

²³

What should be the level or amount of the

benefit? The benefit should be a periodical payment, corresponding, at a minimum to 45, 60 or 66.66 per cent of past, earnings or of a nationally determined reference wage (C102, C130 and R.134, respectively).²⁴ R. 134 further calls upon States to make “appropriate provision” to help a person protected who is economically active and who has to care for a sick family dependant.²⁵ R.202 states that benefits should be set at least at a level that ensures basic income security, so as to secure effective access to necessary goods and services, prevents or alleviates poverty, vulnerability and social exclusion, and enables life in dignity; higher level of protection should be ensured as soon as possible.²⁶

How should sickness benefits be financed? According to C.102, the cost of benefits and their administration needs to be borne collectively by way of social insurance contributions, taxation or both in a manner which avoids hardship to persons of small means and takes into account national economic situations. R.202 reaffirms the principle of solidarity in financing and calls upon States to consider different approaches with a view to implementing the most effective and efficient combination of benefits and schemes in the national context, while taking into account the contributory capacities of different population groups.²⁷

¹⁹ Art. 17, C.102

²⁰ Art. 25, C.130

²¹ Art. 18, C.102 and Art. 26(3), C.130

²² Art. 18, C.102 and Art. 26(1), C.130

²³ Para. 8(a) and (b), R. 134

²⁴ Art. 16, C.102, Art. 22, C.130, and para. 12 of R.134

²⁵ Para. 10 of R.134

²⁶ Paras.2, 4, 8(b) and 13(1) (b) of R.202

²⁷ Para. 3(h), which also stresses the need to seek to achieve an optimal balance between the responsibilities and interests among those who finance and benefit from social security schemes and paras. 9(1) and 11(1) of R.202.

Policy recommendations on sickness benefits for platform workers based on ILO standards

- Platform workers and workers in the gig economy should enjoy income security during periods of leave due to sickness, as other workers.
- Paid sick leave should be provided in the form of periodical benefits, through social security schemes based on solidarity and collective financing.
- Each country should opt for the most appropriate mechanism(s) to ensure that these workers have effective coverage and access to adequate and sustainable benefits, taking into account their contributory capacity.
- A qualifying period for entitlement to sickness benefits should only be imposed if there are concerns about possible abuse. Where a qualifying period is deemed necessary, it should be kept as short as possible, so as to enable platform workers and workers in the gig economy to effectively access benefits when they need to.
- Effective coverage also calls for eligibility criteria that acknowledge their working time and conditions as well as administrative formalities adapted to their circumstances that facilitate their participation in social security schemes.

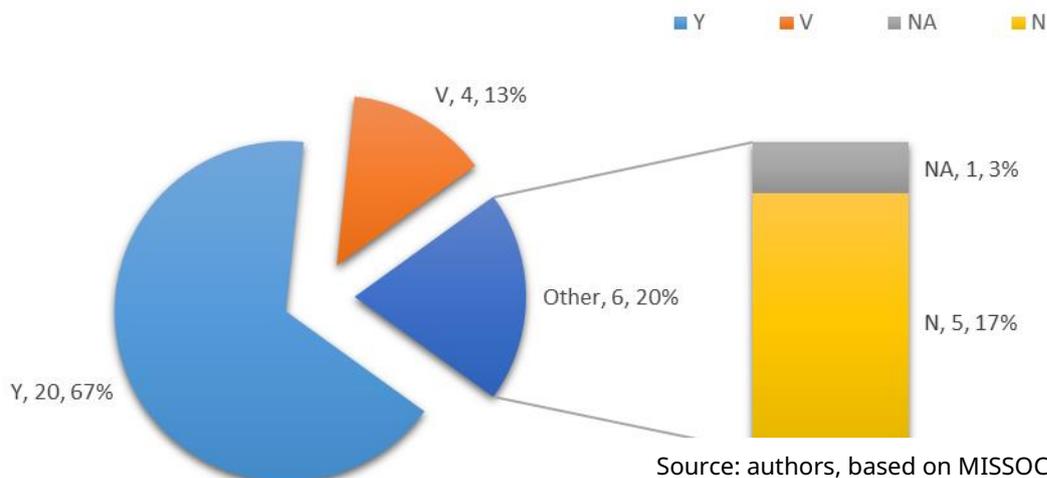
Annex 2. International review of extension of sickness benefits to self-employed

Legal coverage. Countries are gradually expanding sickness benefits to workers in non-standards forms of employment.

In total 24 countries surveyed in Europe (MISSOC, 2020) provide coverage for self-employed workers. For example, in Poland, both employees and self-employed persons

are covered including explicitly platform workers (ESIP, 2019). In 6 countries there is no social security for self-employed workers. In Netherlands, self-employed workers are not entitled to statutory sickness benefits. But some workers without an employment contract are covered (fixed-term contract that has just ended, agency workers, unemployed). In one country (Switzerland) sickness benefits are not statutorily provided.

Figure 9. Number of EU Countries providing self-employed with sickness benefits



Mandatory, statutory voluntary and private voluntary cover. In 20 European countries, self-employed are subject to compulsory insurance. In 4 countries, the self-employed subscribe to voluntary insurance schemes which may be statutory or private. For instance, in Germany, the self-employed can choose between statutory and private sickness insurance. In either case, they pay higher social contribution rates than salaried workers.

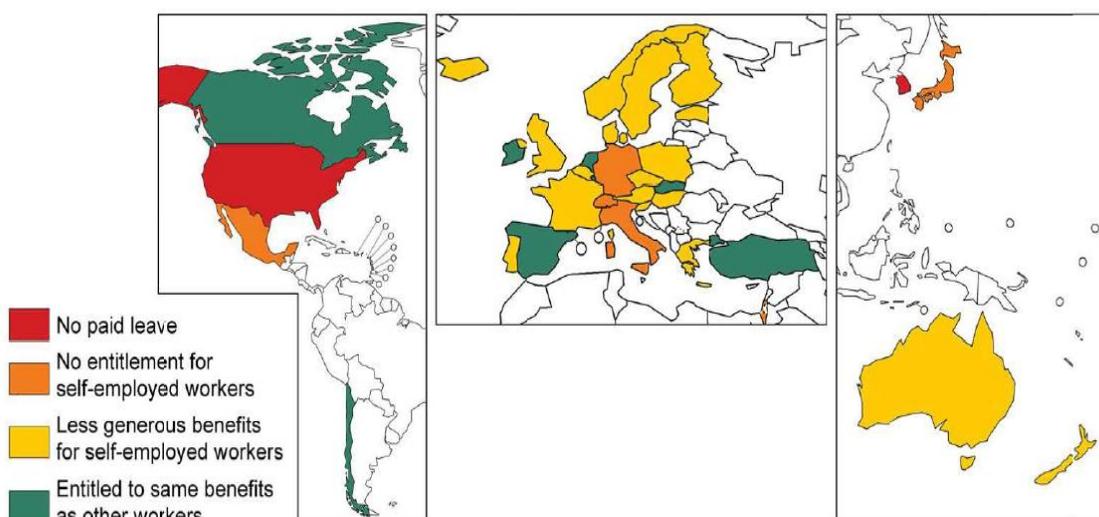
Waiting periods. Slightly less than half of the Member States of the EU do not apply waiting periods. In the other Member States, general waiting periods vary from 1 to 7 days and last on average 3 days. Self-employed do not have the benefit of wage continuation from employers for the initial duration before social insurance becomes available. In addition, they are usually subject to longer waiting periods. In Portugal, the waiting period which applies to the self-employed is 30 days, while it is 3 days for salaried workers.

A notable exception is Finland where waiting period for workers is nine (9) days but only one day (1) for self-employed. Where waiting periods are long, sickness benefits risk leaving most self-employed without any protection for short-term diseases. In Sweden, self-employed can choose the number of waiting days depending on the level of contributions they are willing to pay.

Levels of benefits. In a majority of countries, the level of benefits paid to self-employed is lower than to wage earners (see yellow pictured countries in figure 10 below).

Duration of benefits. In many countries, there are differences between the duration of entitlement to sickness benefits for employed and for self-employed persons. For instance, in Portugal sickness benefit is only guaranteed to the self-employed for a maximum period of 365 days, compared with 1095 days for salaried persons.

Figure 10. Adequacy of cash sickness benefits for self employed



Source: OECD, in World Policy Centre, 2018