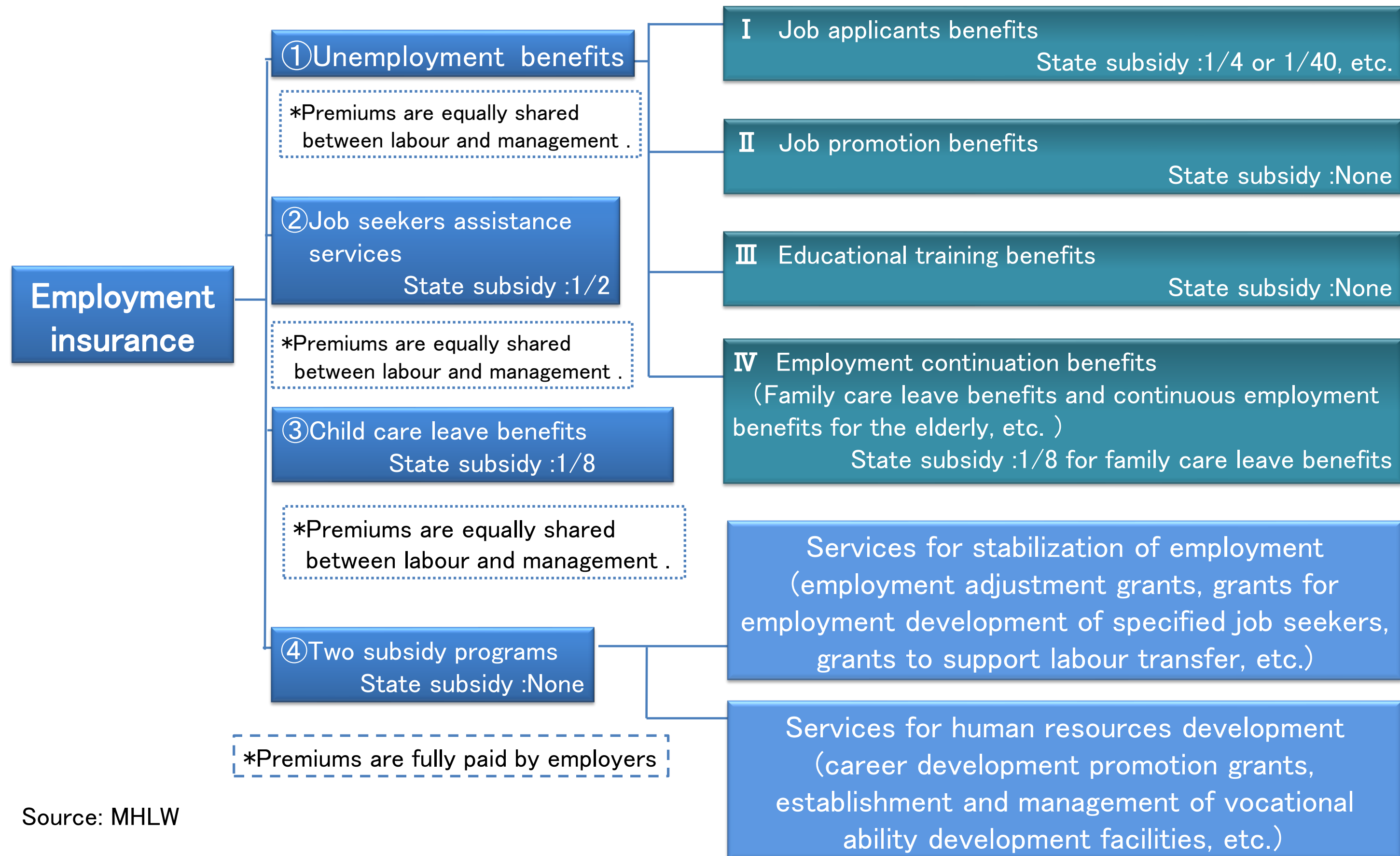


# **Employment Insurance System in Japan -Updates and Extension Strategy-**

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# Outline of Current Employment Insurance System





# **Brief History of the Main Schemes in the Unemployment/Employment Insurance System**

**1947: Establishment of unemployment insurance system (Job applicants benefits)**

**1974: Establishment of subsidy programs to stabilize employment**

**Renamed Employment Insurance System**

**(Assistance and promotion of the smooth continuation of workers' professional lives)**

- 1994: Continuous employment benefits for the elderly**

**(income supplement for those aged 60-64)**

- 1994: Child care leave benefits**

**(Become independent from continuation benefits by legal revision in 2020.)**

- 1998: Family care leave benefits**

**1998: Educational training benefits**

**2011: System to assist jobseekers (supplementary program to employment insurance)**

**Note 1: Based on the year in which the relevant law to create new scheme passed.**

**Note 2: Since the establishment of the system, there have been a number of amendments, including benefit level.**

# **Job Applicants Benefits and Job Promotion Benefits**

**Job applicants benefits: Basic allowance for the generally insured, etc.**

- The daily amount of the basic allowance is approximately 45% to 80% of the wage before separation from employment.
- In the case of separation from employment for voluntary reasons, benefits are restricted to two to three months. (⇒ See slide 6 for amendment in 2024)
- Special exceptions for extended benefits (e.g. vocational training, disasters, national unemployment situation, etc.).

**\*Separate schemes for the elderly workers, short-term workers and day labourers.**

**Job promotion benefits: incentive for early re-employment**

- Re-employment allowance: 60% (70%) of the remaining number of days of benefits if the person is re-employed in a stable job before two-thirds (one-third) of the prescribed number of benefit days have elapsed.



# **Insured Persons in the Employment Insurance System**

## **1. General insured persons: Insured persons excluding 2, 3 and 4**

- Those who work "20 hours or more" per week and are expected to be continuously employed for 31 days or more.
- The requirement for the prescribed weekly working hours was expanded to "10 hours or more" by this year's legal amendment, which will be implemented from October 2028.

## **2. Elderly insured persons: Employees aged 65 and over**

- Previously exempted (except those who continued to work for the same company before turning 65).
- In order to achieve a 'lifelong active society', the law was amended in 2016 to make them eligible for coverage.
- Since January 2022, multi-job holders can be insured on a special basis upon application by the individual, if their working hours are combined to 20 hours or more per week.

## **3. Short-term special insured persons: Domestic migrant workers and other seasonally employed persons (employment period of more than 4 months, work 30 hours or more)**

- Agricultural workers and construction workers are mainly assumed. There is a history of abuse of benefits.
- The 1974 law established this new category of insured persons and to provide a special one-time payment.

## **4. Insured day labourers: Employment period of 30 days or less**

- Stamp system since 1949: Employers purchase stamps, paste and postmark them to the daily work insured person's handbook each time when wages are paid to the day labourers.

# **Revised Employment Insurance Law, etc. In 2024 (Outline)**

**Purpose of the amendment:** To establish an employment safety net that effectively supports diverse work styles and strengthens "investment in people".

## **Main contents of the revision:**

1. Expanding employment insurance coverage by expanding from "20 hours or more" to "10 hours or more" per week of prescribed working hours. (Implementation: 1 October 2028)
2. Enhancement of education, training and re-skilling support
  - 1) Enable voluntary separated jobseekers to receive basic allowance without benefit limitation if they receive education and training necessary for promoting employment stability and employment.
  - 2) To strengthen incentives for education and training, increase the benefit rate of educational training benefits from a maximum of 70% of training costs to 80%.
  - 3) For voluntary development of vocational abilities, create a benefit to support the insured's livelihood during the period when he/she takes leave for education and training "while working".  
(Implementation: 1) 1 April 2025, 2) 1 October 2024, and 3) 1 October 2025)
3. Ensure stable financial management on child care leave benefits: Allow premium rates to be flexibly adjusted according to insurance financial situation, etc. (Implementation: 17 May 2024 or 1 April 2025)



# Challenges and Main Lessons from Japan

## Challenges facing Japan

Addressing the declining birthrate, aging population, and labour shortage

⇒ Social support for workers' livelihoods and employment stability

⇒ Employment insurance to support 1) diverse work styles, 2) elderly workers, and 3) not only reemployment but also continued work.

## Main lessons from Japan's unemployment/employment insurance system

1) View the system as a "safety net for work"

2) Analysis and evaluation of the system and the tripartite dialogue process

3) Balance between stability of the system and its flexibility as needed (e.g., response under Covid-19)

4) Sustainability of the financial basis of the system, and proactive in preparing for the future

5) Integrated services (cash benefits, unemployment verification, employment promotion measures, etc.)

6) Effective implementation of integrated services

7) Front-line activities to support the system in providing services to those who need them (insurance participation/enrollment, collection of contributions, payment of benefits, etc.).

# Thank you

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