



VELFERÐARRÁÐUNEYTIÐ

Ministry of Welfare

Unemployment Insurance Act, No. 54/2006, as amended by Act No. 88/2008, No. 112/2008, No. 131/2008, No. 37/2009, No. 134/2009, No. 70/2010, No. 153/2010, No. 162/2010, No. 103/2011, No. 126/2011, No. 178/2011, No. 142/2012, No. 125/2014, No. 85/2015 and No. 88/2015.

SECTION I

Scope, aim and definitions.

Article 1

Scope.

This Act provides for unemployment insurance covering wage-earners and self-employed individuals on the domestic labour market in the event of their becoming unemployed.

Article 2

Aim.

The aim of this Act is to guarantee wage-earners and self-employed individuals temporary financial assistance while they are seeking new employment after losing their previous job.

Article 3

Definitions.

- a. *Wage-earner*: Any person who engages in paid employment in the service of others in at least 25% of full job capacity (full-time employment) each month, and for whom social security tax is paid according to the Social Security Tax Act.
- [b. *Self-employed individual*: Any person who works at his/her own business or independent activity to the extent that he himself/she herself is obliged to pay tax deductions at source in respect of calculated wages and social insurance tax in respect of his/her work, either every month or in another regular manner according to rules set by [the Director of Internal Revenue on calculated remuneration.]¹⁾
- c. *Studies*: Continuous studies, practical or theoretical, in a recognised educational institution within the ordinary educational system in Iceland, lasting at least six months. The term also refers to studies at university level and other studies for which comparable demands are made regarding preparatory education as are made for university-level studies. Individual short courses do not qualify as studies.]²⁾

¹⁾ Act No. 142/2012, Article 1. ²⁾ Act No. 37/2009, Article 1.

SECTION II

Administration.

Article 4

Overall supervision.

[The Minister]¹⁾ shall exercise overall supervision of unemployment insurance under this Act.

¹⁾ Act No. 126/2011, Article 423. ²⁾ Act No. 126/2011, Art. 423.

Article 5

The Unemployment Insurance Fund.

Unemployment benefit shall be paid from the Unemployment Insurance Fund, which is financed by the employment insurance tax (*cf.* the Social Security Tax Act) and interest on the balance held in the fund.

The Directorate of Labour shall manage the assets of the Unemployment Insurance Fund and be in charge of the application of this Act on the basis of a service agreement made with the board of the Unemployment Insurance Fund. However, [the Minister]¹⁾ may decide on another arrangement, after receiving the comments of the board of the fund.

The board of the Directorate of Labour shall appoint a five-man allocation committee, after receiving nominations, for terms of four years at a time. One member of the committee shall be nominated by the Icelandic Confederation of Labour; one shall be nominated jointly by the Federation of State and Municipal Employees and the Alliance of University Graduates; one shall be nominated by [the Minister]¹⁾; one shall be nominated jointly by [the Ministry in charge of the employment affairs of the State]²⁾ and the Union of Local Authorities in Iceland and one shall be nominated by the Confederation of Icelandic Employers. The same number of alternates shall be nominated. The board of the Directorate of Labour shall appoint the chairman and deputy chairman of the allocation committee from among the persons nominated as principals. One of the roles of the committee shall be to ensure consistency in decisions concerning entitlements and penalties under this Act and to attend to the processing of cases. Committee members may not divulge to unauthorised parties personal data of which they become aware in the course of their committee work and which should be kept secret. This non-disclosure obligation shall remain in force even after they stop working for the committee.

The accounts of the Unemployment Insurance Fund shall be audited by the Auditor-General.

The fund's operating expenses shall be met from its income.

¹⁾ Act No. 162/2010, Article 32. ²⁾ Act No. 126/2011, Article 423.

Article 6

The board of the Unemployment Insurance Fund.

[The Minister]¹⁾ shall appoint a nine-man board of the Unemployment Insurance Fund after receiving nominations, for terms of four years at a time. Two directors (members of the board) shall be nominated by the Icelandic Confederation of Labour; one shall be nominated by the Federation of State and Municipal Employees; one shall be nominated by the Alliance of University Graduates; one shall be nominated by [the Ministry in charge of the employment affairs of the State];²⁾ one shall be nominated by the Union of Local Authorities in Iceland and two shall be nominated by the Confederation of Icelandic Employers. The same number of alternates shall be nominated. The Minister shall appoint one director, without nomination, who shall be the chairman of the board of the fund. The alternate for the chairman of the board shall be appointed in the same way, and shall be the deputy chairman.

The board of the Unemployment Insurance Fund is intended to supervise the application of this Act. The board shall ensure that the fund has sufficient resources to meet its obligations. It shall draw up budgets covering the operation of, and payments made by, the Unemployment Insurance Fund, after receiving proposals from the board of the Directorate of Labour. Furthermore, it shall submit proposals concerning the fund's financial requirements to [the Minister]¹⁾ in January each year, together with a report on the fund's accounts. [The Minister]¹⁾ shall adopt a position on this information and inform [the Minister in charge of public finances]²⁾ of the contents when the national budget legislation is being prepared. The board of the fund shall take a decision on the investment of the fund's credit balance in consultation with [the Minister].¹⁾

The board of the Unemployment Insurance Fund shall also make a service agreement with the Directorate of Labour on the administration of the fund (*cf.* the second paragraph of Article 5) which shall be approved by [the Minister].¹⁾ The board shall maintain regular supervision of the application of the service agreement in consultation with [the Minister].¹⁾

Members of the board may not divulge to unauthorised parties personal data of which they become aware in the course of their work and which should be kept secret. This non-disclosure obligation shall remain in force even after they stop working for the board.

Remuneration to members of the board shall be paid from the Unemployment Insurance Fund in accordance with a decision by [the Minister].¹⁾

¹⁾ Act No. 162/2010, Article 32.

Article 7

The Self-Employed Individuals' Insurance Fund.

Unemployment benefit payments to farmers, small fishing-vessel owners and lorry-drivers shall be paid from a special fund, the Self-Employed Individuals' Insurance Fund, which shall be financed by the unemployment insurance tax contributions paid by persons in these occupations (*cf.* the Social Security Tax Act) in addition to interest on the credit balance of the fund.

The Directorate of Labour shall attend to the management of the Self-Employed Individuals' Insurance Fund and the application of this Act under a service agreement with the board of the Self-Employed Individuals' Insurance Fund. [The Minister]¹⁾ may, however, decide on another arrangement after receiving the comments of the board of the fund.

The allocation committee provided for under the third paragraph of Article 5 shall also ensure consistency in decisions concerning entitlements and penalties under this Act and deal with matters concerning the Self-Employed Individuals' Insurance Fund.

The accounts of the Self-Employed Individuals' Insurance Fund shall be audited by the Auditor-General.

The fund's operating expenses shall be met from its income.

¹⁾ Act No. 162/2010, Article 32.

Article 8

Board of the Self-Employed Individuals' Insurance Fund.

[The Minister]¹⁾ shall appoint a four-man board of the Self-Employed Individuals' Insurance Fund for periods of four years at a time after receiving nominations. One director (member of the board) shall be nominated by the Icelandic Farmers' Association, one by the Union of Small Fishing Vessel Owners and one by the National Federation of Lorry-Drivers. The same number of alternates shall be nominated. The Minister shall appoint one director, without nomination, who shall be the chairman of the board of the fund. The alternate for the chairman of the board shall be appointed in the same way, and shall be the deputy chairman.

The board of the Self-Employed Individuals' Insurance Fund shall ensure that the fund has sufficient resources to meet its obligations. It shall draw up budgets covering the operation of, and payments made by, the Self-Employed Individuals' Insurance Fund after receiving proposals from the board of the Directorate of Labour. Furthermore, it shall submit proposals concerning the fund's financial requirements to [the Minister]¹⁾ in January each year, together with a report on the fund's accounts. [The Minister]¹⁾ shall adopt a position on this information and inform [the Minister in charge of public finances]²⁾ of the substance of the information when the national budget legislation is being prepared. The board of the fund shall take a decision on the investment of the fund's credit balance in consultation with [the Minister].¹⁾

The board of the Self-Employed Individuals' Insurance Fund shall also make a service agreement with the Directorate of Labour on the administration of the fund (*cf.* the second paragraph of Article 7) which shall be approved by [the Minister].¹⁾ The board shall maintain regular supervision of the application of the service agreement in consultation with [the Minister].¹⁾

Members of the board may not divulge to unauthorised parties personal data of which they become aware in the course of their work and which should be kept secret. This non-disclosure obligation shall remain in force even after they stop working for the board.

Remuneration to members of the board shall be paid from the Self-Employed Individuals' Insurance Fund in accordance with a decision by [the Minister].¹⁾

¹⁾ Act No. 162/2010, Article 32. ²⁾ Act No. 126/2011, Article 423.

Article 9

Applications for unemployment benefit.

Wage-earners and self-employed individuals may apply to the Directorate of Labour for unemployment benefit when they become unemployed. Applications shall be submitted in writing on

special forms, and shall be accompanied by documents including a certificate from the applicant's former employer, a certificate of cessation of operations and other materials considered necessary by the Directorate of Labour. Applications shall include full details regarding the applicant's capacity for work, and this shall be supported by satisfactory materials. ...¹⁾

An application for unemployment benefit shall automatically constitute an application to participate in labour market measures (*cf.* the Labour Market Measures Act).

[Persons who are regarded as insured under this Act shall inform the Directorate of Labour of all changes that may occur in their personal circumstances during the time they receive unemployment benefit or are made to wait or are subjected to penalties under this Act, or any other matters that may affect their entitlements according to this Act, such as participation in studies, income they receive for occasional work and how long such work lasts.]²⁾

[The tax authorities, the Social Insurance Administration, Icelandic Health Insurance, the Child Support Collection Centre, the relevant pension funds, [the relevant trade unions and associations and federations of trade unions that operate sick-pay funds or grant funds for wage-earners on the domestic labour market],¹⁾ [the Prison and Probation Administration],²⁾ [the customs authorities, the inspectors from the social partners (*cf.* Act No. 42/2010, on Workplace ID Cards and Workplace Inspection), the Icelandic Road Administration, the Icelandic Student Loan Fund],³⁾ recognised educational institutions within the ordinary educational system and third-level (university-level) institutions shall provide the Directorate of Labour with the information necessary for the application of this Act.]⁴⁾

The Directorate of Labour may request comments from other parties in connection with individual applications when it considers necessary.

[Persons who are regarded as insured under this Act shall, after their applications under the first paragraph have been approved and during the time they receive unemployment benefit or are made to wait or are subjected to penalties under this Act, report regularly to the Directorate of Labour in accordance with further arrangements to be decided by the directorate. [When the Directorate of Labour informs applicants that it has approved their applications for unemployment insurance benefits, it shall also inform them of the means by which it will send them information and other messages while they are engaged on job searches. If the Directorate of Labour then sends them information or messages by the means specified, the information or messages shall be considered as having been received in a verifiable manner for the purposes of this Act.]¹⁾

[The Minister]⁵⁾ may issue regulations, after receiving the comments of the board of the Unemployment Insurance Fund, regarding the further application of this provision, including electronic applications and how electronic applications are to be signed and the submission of other materials that are to accompany electronic applications, and also further arrangements concerning how applicants are to report regularly to the directorate.]²⁾

¹⁾ Act No. 142/2012, Article 2. ²⁾ Act No. 134/2009, Article 1. ³⁾ Act No. 103/2011, Article 1. ⁴⁾ Act No. 37/2009, Article 7. ⁵⁾ Act No. 162/2010, Article 32.

Article 10

Notification of cessation of employment searches.

Persons who are regarded as insured under this Act shall inform the Directorate of Labour without unreasonable delay when they stop actively seeking employment. Notification shall be given in a verifiable manner, stating the reason why the employment search was stopped.

Article 11

[Appeals.]¹⁾

...¹⁾
[The Welfare Appeals Committee shall deliver rulings on matters of dispute that may arise in connection with this Act.]¹⁾

...¹⁾
...¹⁾
[Rulings by the complaints committee regarding the recovery of excess payments of unemployment benefit may be enforced.]²⁾

[Costs arising from the work of the Welfare Appeals Committee in connection with disputes referred to it under the second paragraph shall be met by the Unemployment Insurance Fund in accordance with the minister's decision.¹⁾

¹⁾ Act No. 85/2015, Article 13. ²⁾ Act No. 134/2009, Article 2.

Article 12

[Procedure before the Welfare Appeals Committee.]¹⁾

...¹⁾
...¹⁾
...¹⁾

The submission of a complaint concerning an administrative decision shall not defer the legal effect of the decision. [Submission of a complaint concerning an administrative decision shall not defer the execution of enforcement measures under a decision by the Directorate of Labour for the recovery of excess payments of unemployment benefit (*cf.* the sixth paragraph of Article 39).]²⁾

...¹⁾

In other respects, procedure by the committee shall be subject to the provisions of [the Welfare Appeals Committee Act].¹⁾

¹⁾ Act No. 85/2015, Article 13. ²⁾ Act No. 134/2009, Article 3.

SECTION III

Conditions for the unemployment insurance of wage-earners.

Article 13

General conditions for the unemployment insurance of wage-earners.

Wage earners (*cf.* item *a* of Article 3), who meet the following conditions shall be regarded as insured under this Act unless other interpretations follow from individual provisions of this Act:

- a. They must be actively seeking employment (*cf.* Article 14).
- b. They must have reached the age of [18]¹⁾ but be aged under 70.
- c. [They must be resident in Iceland and actually present in the country (*cf.*, however, Section VIII).]²⁾
- d. They must have an unrestricted right to engage in employment in Iceland.
- e. They must have been wage-earners during the entitlement acquisition period according to Article 15, in a job that does not constitute part of special labour-market measures (*cf.*, however, Section V).
- f. They must submit certificates from their former employers (*cf.* Article 16), and, when appropriate, certificates from their educational institutions (*cf.* the third paragraph of Article 15).
- g. They must have been seeking employment for three continuous days from the time when their applications for unemployment benefit are received by the Directorate of Labour.

The provisions of item *g* of the first paragraph shall not apply to workers in fish processing who are not entitled to make wage-guarantee agreements under the collective agreements concluded by the social partners.

[The Directorate of Labour may summon insured persons to the directorate in a verifiable manner during the time they receive unemployment benefit payments or are obliged to wait or are subjected to penalties under this Act, the purpose of this being, amongst other things, to investigate whether changes have occurred in their personal circumstances which may have an effect on their entitlements under this Act. Insured persons shall be prepared to present themselves at the directorate at very short notice.]²⁾

¹⁾ Act No. 142/2012, Article 3. ²⁾ Act No. 134/2009, Article 4.

Article 14

Active employment searches.

Those who meet the following conditions shall be regarded as actively seeking employment:

- a. They must be capable of doing most ordinary jobs;
- [b. they must be in sufficiently good health to accept work or take part in active labour-market measures (*cf.*, however, the fifth paragraph)];¹⁾