



THE SOCIAL SECURITY OF FARMERS IN POLAND AND IN SELECTED EU MEMBER STATES

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Abstract

The subject of the present article is the social security of farmers. The main aim of this research paper is characterizing the functioning of the social security system for Polish farmers in comparison to such systems in selected member states of the European Union. The research investigated social security systems in Finland, France, Austria, Germany and Poland.

The research involved a review of the literature on social security systems for farmers, provisions of law regulating the principles of such systems and the information furnished by the Agricultural Social Insurance Fund (KRUS), as well as statistical data provided by KRUS and Eurostat.

The following research methods have been applied: descriptive analysis of the documents in order to verify the diversity of agricultural security systems, a critical review of the literature and online data concerning social security, and a comparative analysis.

Each of the investigated countries has its own, distinct social and historical conditions, which has led to the development of independent institutions of social security for farmers. One factor which all these systems have in common is significant support from the national budget. In the future, financial inefficiency may pose the most significant risk to security systems in agriculture. Except for their social role, the social security systems presented below also participate in the management of agricultural policy, the aim of which is the development of rural areas and the welfare of the natural environment.

UBEZPIECZENIA SPOŁECZNE ROLNIKÓW W POLSCE I WYBRANYCH PAŃSTWACH UNII EUROPEJSKIEJ

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Abstrakt

Przedmiotem artykułu są ubezpieczenia społeczne rolników. Głównym celem opracowania jest charakterystyka ubezpieczeń społecznych polskich rolników na tle ubezpieczeń społecznych rolników w wybranych państwach Unii Europejskiej. W badaniach wzięto pod uwagę systemy ubezpieczeń w Finlandii, Francji, Austrii, Niemczech oraz Polsce. Przeanalizowano literaturę poświęconą zagadnieniom związanym z systemem ubezpieczeń społecznych rolników, przepisy regulujące zasady ubezpieczenia społecznego rolników oraz informacje udostępnione przez Kasę Rolniczego Ubezpieczenia Społecznego. Ponadto wykorzystano dane statystyczne publikowane przez KRUS i Eurostat.

Zastosowano następujące metody badawcze: analizę opisową dokumentów w celu zweryfikowania zróżnicowania systemu ubezpieczenia społecznego rolników, przegląd piśmiennictwa oraz danych internetowych dotyczących systemów ubezpieczeń, analizę porównawczą.

Wszystkie z omawianych państw mają różne uwarunkowania społeczne oraz historyczne, które doprowadziły do powstania niezależnych instytucji zajmujących się ubezpieczeniem rolników. Czynnikiem łączącym wszystkie te systemy jest znaczna pomoc finansowa z budżetu państwa. W przyszłości niewydolność finansowa może być największym zagrożeniem rolniczych ubezpieczeń. Przedstawione systemy ubezpieczeń rolników, oprócz realizowania funkcji społecznej, prowadzą politykę rolną, która ma na celu rozwój terenów wiejskich oraz utrzymanie dobrostanu środowiska naturalnego.

Introduction

Agriculture is a sector of the national economy which produces and provides bare necessities. The stability of its operation depends on many factors, including a properly managed system of social security, providing protection to farm owners. The Polish system of social security in agriculture is autonomous and specific, as it also pursues the aims set by the national social and agricultural policies. As farm work differs from other occupations, separate principles for its operation have been applied.

After nearly 30 years of operation, the Polish system of social security addressed to farmers calls for reflection on what it means for the farmers themselves and how it stimulates the development of rural areas. The issue of farmers' social security has been disputed and misunderstood over the last several years. This has mostly followed from the growing interest in this issue after Poland's accession to the European Union and the significant financial support for farmers offered under the umbrella of Common Agricultural Policy.

Social security is one of the most important instruments of social policy and the basic form of the social safety net. It is also an issue of great importance to farmers. As Poland is a 20% agricultural economy, and was even more so in the past, the government decided in 1991 to create a separate system of social security for farmers and formed an institution responsible for the system called the Agricultural Social Insurance Fund (KRUS). The main responsibilities of the Fund include the collection of contributions towards the insurance, administration of payments, implementation of preventive policies and medical rehabilitation. The Social Security in Agriculture Act, to keep up to date with the needs and expectations of farmers, has had to be amended several times.

The main aim of the present article is to describe the operation of the social security system dedicated to Polish farmers in comparison to such systems in selected member states of the European Union.

The research investigates social security systems in the EU countries and presents security systems in Finland, France, Austria, Germany and Poland.

The author reviewed the literature regarding the issues of social security systems for farmers, provisions of law regulating the principles of such systems and the information furnished by the Agricultural Social Insurance Fund (KRUS), as well as statistical data provided by KRUS and Eurostat.

The following research methods have been applied: a descriptive analysis of the documents in order to verify the diversity of the agricultural security systems, a review of the literature and internet data concerning social security, and a comparative analysis.

Social Security System for farmers in Finland

The Finnish equivalent of the Polish Agricultural Social Insurance Fund is Maatalousyrittäjien eläkelaitos (MELA – Maatalousyrittäjien Eläkelaitos), formed in 1969. The institution was set up so early because Finland used to be a typical rural country with very low population density (16 people/km²). MELA is a classic example of the Scandinavian model in social security (Czyżewski & Matuszczak, 2014). As a matter of principle, the Scandinavian model treats every citizen in the same way. No matter if an individual is elderly or young, disabled, sick or incapacitated, MELA ensures that they are part of the particular community they live in. This means that no support is given to offset the existing

shortcomings or inadequacies. This is probably why no separate professional institution was formed to address the farmers exclusively (Musiał, 2014).

The insurance of farmers in Finland is mandatory, even in the case of the family members who are on salary jobs. Social security may cover individual farmers, woodland owners, fishermen or reindeer breeders. Since 2009, the system has also covered artists or scientists who earn income on land. Beside these individuals, the mandatory insurance also covers their family members. The minimum acreage of farmland is 5 hectares and the annual value of labour cannot be lower than EUR 3000. The system also covers part-time farmers (Jedynak, 2017).

The Finnish system of social security provides insurance to 84 thousand farmers, which includes 59 thousand farming households and 160 thousand individuals in total.

Mutual Social Support Fund in France

The system of social security has a long tradition in France, based on the national community and intergenerational continuity. Since the end of WW2, the system has been operated by Mutualite Social Agricole (MSA), a non-public, decentralized institution, which manages public funds. The institution was formed mainly to service the obligatory social insurance for farmers and all employers and employees in the agricultural sector, including their families (Pawłowska-Tyszko, 2011). Besides, Mutualite Social Agricole, as the first institution in France, offered the largest specialized system of a social safety net, providing both regional and national services. Over the years, the system has invariably proven to have excellent adaptability to the current needs of its environment (*Rolnicze systemy...*, 2006)

The social security in France covers not only individual farmers and their family members, but also people employed in the agricultural sector, including those in seasonal employment. These employees can also apply for social security for their family members. To qualify for this insurance, one must be employed in agriculture, fishery, forestry, animal husbandry, animal training, professional agricultural organizations, agrotourism and business activities in agriculture, or in private vocational schools for farmers. To be covered by the social security for farmers, one must own at least 0.25 hectares of farmland. However, this minimum area varies between regions and depends on the type of business activity. If no precise area can be established, the criterion is then based on the amount of labour needed to manage the land – no less than 1200 hours annually (Jedynak, 2017).

Social Security Fund for Farmers in Austria

Austria is one of the five countries assessed which joined the European Union before 2004 and which possesses a purpose-built system for social security for farmers, known as the Social Security System (SVB – Sozialversicherungsanstalt Der Bauern).

Social security in Austria covers individual farmers and their families, including spouses, children, stepchildren, adopted children, in-laws and grandchildren. The farming social security is mandatory for anyone who undertakes business activity in agriculture, understood as farming, fruit-growing, horticulture, grape-growing, hunting and fishing. The Austrian law provides that social security for farmers covers the individuals whose value of production exceeds EUR 150 in the case of emergency insurance, and EUR 1,500 for pension and health insurance. If a farm is smaller, social security contributions are only obligatory when the income earned by the farmer comes mainly from agricultural activity (Jedynak, 2017). Austria has implemented a contribution scheme, and the amount of contributions paid by the farmer depends on the value of his farm and the estimated income from the farm. The value of the farm is calculated by the tax office every 10 years. The evaluation takes into account the size of the farm, its geographic location and the soil quality. The farmer who engages in business activities other than in agriculture has more than one insurance policy, which guarantees higher pensions (Czyżewski & Matuszczak, 2014). It is estimated that the number of farmers in Austria exceeds 270 thousand, half of whom are actively engaged in business agricultural activity (Musiał, 2014).

Each farmer is obliged to pay a contribution towards social security once per quarter throughout the year, regardless of the number of insured persons. The contribution amounts to approximately 25% of the farmer's income, reduced by the amount of ground rent if the farmer cultivates rented land. The Social Security System is financed from the national budget by 70%. Every type of insurance has a different share in the contributions and obtains a different level of financial support from the national budget. In 2009, the total state expenditure on subsidies reached nearly EUR 3 billion (Pawłowska-Tyszko, 2011).

If a farmer, any individual permanently employed on his farm or a family member cannot work on the farm due to sickness for a period longer than two weeks, the cost incurred by the absence of this person can be borne by the SVB. The owner of the farm may take advantage of the so-called farmer's technical assistance for a period of up to 6 months, with no obligation to pay their insurance contributions (*Rolnicze systemy...*, 2009).

For pregnant women and young mothers, all the medical expenses as well as medical assistance, midwife service and rehabilitation will be paid from the health insurance. In addition, maternity allowance and child care allowance are also covered by the policy (*Rolnicze systemy...*, 2009).

Insurance Institution for Agriculture, Forestry and Horticulture in Germany

The beginnings of social security in Germany date back to the second half of the 19th century, or 1883 to be precise, when Chancellor Otto von Bismarck introduced an act of law concerning sickness insurance. A year later, another act introduced insurance against occupational accidents and in 1889 an act on insurance for the elderly was issued. All these acts of law included farmers. Although these acts have been amended several times since then, they still constitute the foundation of the current system (Bochińska, 2007).

In many ways, the social security for farmers stands out against the principles and rules of the general system of social security. Due to the distinct character of the farming work, the policy makers in Germany decided to create a separate system of social security for farmers. The system of social security is a synthesis of social, economic and environmental aspects.

In Germany, the institution responsible for the management of social security for farmers is Die Landwirtschaft lichen Sozialversicherung (LSV). Pension and health insurance covers individual farmers and their families. Furthermore, their permanent or seasonal employees can also be covered with accident, sickness and supportive insurance. Accident insurance is mandatory for owners of farms larger than 0.25 hectares of acreage. In the case of pension and health insurance, the minimum area of a farm is 6 ha, and the exact size depends on the region. The range of business activities of the insured includes agriculture and forestry, animal husbandry, environmental protection and landscape management; as well as agricultural education and vocational training (Jedynak, 2017). Every farmer, whether individual or not, is obliged to pay identical contributions towards social security. If a farmer manages more than one farm, they pay only one contribution. If both spouses are covered by the insurance, only one pays the contribution. Depending on the financial condition, every farmer may apply for a subsidy to the contributions; these subsidies may reach 80% of the contributed amount (Strzelecka, 2004). The amount of the contribution is calculated proportionally to the size of the farmland and the estimated income.

Social Security for Polish Farmers

For Polish people, agriculture is different in character and plays a different role than in many other countries in Europe. At present, nearly 20% of the working age population in Poland is employed in agriculture. This figure in Germany stands at 4.8% and in Spain at 8.1% of the population. A significant decrease in the number of individuals employed in agriculture, by as many as 1 million, followed the economic transformation and the accession to the EU

(years 1995–2008). At the same time, the rise in the average income in this sector reached 107% in Poland, against 52% in Slovakia and 55% in the Czech Republic (data based on Eurostat reports). Farmers' earnings have long been a controversial issue in Poland. Initially, the creators of the social security system for farmers sought the balance in the living conditions of the agrarian population – the benefits were low, but so were farmers' contributions, and the system was much more heavily subsidized from the national budget than security systems for other social groups (Puślecki, 2015).

Social security for farmers in Poland has a supply character and is maintained by taxpayers. The institution responsible for insuring this group is called the Agricultural Social Insurance Fund. The main obligations of the Fund include: insuring farmers, collecting contributions towards the insurance, granting and servicing payments to pensioners or disabled persons or persons on sick or maternity leave. The Fund also engages in preventive measures and rehabilitation activities. Preventive measures aim at the elimination of risk due to living in the countryside and working on farms, thus reducing the number of accidents or alleviating their negative consequences (Nagel, 2010). The organizational structure of the Fund includes the Central Office, 16 Regional Funds, 256 Field Offices, 1 Training and Rehabilitation Center, and 6 Farmer Rehabilitation Centers.

The social security system is based on such life events as maternity, work-related accidents, disability, or old age. The main objective of the social security system is to insure its clients against poverty. This is not only in the interest of the individuals exposed to that risk, but in the interest of the whole nation, both citizens and authorities, as the main obligation is a just distribution of funds in case any unfortunate events occur, which may result in the loss of employment. Thus, every citizen has a guaranteed income and decent living conditions (Woś, 1998). Social security is then a safety net not only for an employee, but also for family members; it is also a protective measure against the negative consequences of income loss (Kapusta, 2008).

The operation of the Agricultural Social Insurance Fund is regulated by the Act on Social Security for Farmers, of 20 December 1990 (Ustawa z 20 grudnia 1990 r. o ubezpieczeniu społecznym rolników. Dz.U. z 1991 r., nr 7, poz. 24). The fundamental activity of the Fund involves the management of social security for farmers, which includes two types of insurance:

- pension-disability insurance, financed by both farmers' contributions and the national budget;
- accident, sickness and maternity insurance, financed solely by farmers' contributions.

The act envisaged two forms of insurance cover:

- statutory (mandatory), when the size of farmland exceeds 1 conversion hectare;
- on request (voluntary), when the acreage is smaller than 1 conversion hectare (1 ha or less).

Article 5 of the act stipulates that all its provisions concern both farmers and their spouses, on condition that the spouse works on the same farm and household. The legislators distinguished between farm work and work in the household, yet any of these occupations is sufficient for the insurance coverage (Ustawa z 20 grudnia 1990 r. o ubezpieczeniu...).

However, to qualify for farmer social security as a household member, an individual must meet all of the following criteria (Ustawa z 20 grudnia 1990 r. o ubezpieczeniu...):

- at least 16 years of age;
- living with the farmer in the same household or in the close vicinity;
- work in the farm on a permanent basis but with no employment contract.

Farmers, their spouses and household members are entitled to payments from their insurance policy. The pension-disability insurance pays farmer disability allowances for individuals who are unable to work due to disability, family allowances, training allowances, pensions and pension supplements, as well as a funeral allowance. The accident, sickness and maternity insurance pays sickness and maternity allowances as well as work accident compensations.

The following table presents the current data on the number of individuals insured by KRUS.

Table 1

Number of individuals insured by KRUS as of 31 December 2014-2019

Specification	2014	2015	2016	2017	2018	2019
Total number of insured individuals	1,432,725	1,375,462	1,335,198	1,270,525	1,233,685	1,199,285
Including						
Farmers	879,761	839,117	807,983	766,103	739,973	717,213
Spouses	398,575	380,509	365,996	344,436	332,419	320,952
Household members	154,341	154,862	155,712	153,111	152,896	152,054
Farm assistants	–	–	–	–	–	809
Number of persons under mandatory insurance due to farming or non-farming business activity	–	–	–	–	–	75,961 (which constitutes 6.3% of the insured individuals)

Source: own elaborations based on KRUS data.

An analysis of the statistical data published by the Agricultural Social Insurance Fund shows a systematic decrease in the number of insured individuals. Five years ago, in 2014, this number stood at 1,432,725 persons, while 10 years ago, in 2009, it was 1,570,328. The number of persons under mandatory social insurance of farmers due to agricultural business activity remains steady

(no decreasing or increasing trend); in 2014 this number reached 83,436 individuals, compared to 72,269 persons in 2009.

Table 2 compares the total payments in billion EUR, share of subsidies (in %), the total number of insured individuals, the total number of payment recipients, pension age for men and women, and other types of financial and self-financing benefits in the countries analyzed above.

What follows from the above data is that France allocates the largest support to farmers from the national budget, in total EUR 28 billion, while the value is the lowest in Finland – EUR 1 billion. Therefore, the share of subsidies in the system is also the highest in France. Despite the fact that Finland allocates only EUR 1 billion, the share of subsidies in their system is not the lowest.

Table 2
Comparison of social insurance of farmers in selected states of the European Union

Country	Total financial benefits in bln EUR	Share of subsidies (in %)	Total number of insured individuals	Total number of payment recipients	Retirement age		Types of financial and self-financing benefits
					women	men	
Austria	2.45	74.3	292,000	387,000	65	65	– accidents at work and occupational illnesses – health benefits – pensions – family benefits
Finland	1	75	84,000	162,000	65	65	– accidents at work and occupational illnesses – pensions and family benefits
France	28	80	1,260,000	1,600,000	60	60	– for employees in agriculture – individual farmers
Germany	6.6	75	1,600,000	270,000	65	65	– accidents at work and occupational illnesses – health benefits and pensions
Poland	4.05	67	1,180,000	1,440,000	60	65	– accidents at work and occupational illnesses, health benefits – pensions, disability allowances, maternity allowances

Source: the author, based on ENASP data.

This figure is the lowest in Poland, where it stands at 67%. The largest number of individuals covered by social security for farmers live in Germany, while the fewest are in Finland. The highest number of benefit recipients was noted in France, the lowest in Finland. The retirement age is similar in the analyzed countries; women in France and Poland can retire at the age of 60, in Austria, Germany and Finland not until they turn 65. Men can retire at 60 only in France; in all the other countries, they can apply for pension at the age of 65.

The long-term experience of member states of the European Union, which manage separate systems of social security demonstrates that the system tailored specifically to meet the needs and expectations of citizens may be an effective instrument to guarantee the social security of farmers and an effective instrument of the agricultural policy.

Conclusion

The separate system of social security for farmers in Poland is by no means an exception in the European Union. Other than Poland, 6 other EU countries have decided to maintain an independent system: Austria, Finland, France, Greece, Germany and Luxembourg. These systems have been in operation for a long time, which proves their capability and efficiency. Nevertheless, each of these systems undergoes cyclical reforms to make them better suited to the changing needs of the insured. The Polish system has also been through many modifications, like the reform of the pension scheme, tying the level of contributions towards social security to the size of the farm, or allowing farmers to operate non-agricultural business activities.

The present article investigates the functioning of social insurance systems in selected countries of the European Union, i.e. Austria, Finland, France and Germany. Each of them presents distinct social and historical conditions, which led to the creation of independent institutions managing insurance for farmers. One element that all these systems have in common is the significant financial support from the national budget. In none of these countries, however, the operation of the system is as serious a challenge as it is in Poland, because the number of the insured farmers in these countries is remarkably lower. The financial failure of the system may pose the biggest risk for these systems in the future. It is worth noting, however, that the presented systems, beside their main social function, participate in the management of agricultural policy, the aim of which is the development of rural areas and the proper maintenance of the natural environment, to keep it in good condition.

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