



IPSE

Europe facing
the challenges
of the health and
solidarity crisis

COVID-19 health crisis



Summary

The COVID-19 epidemic, which appeared at the end of 2019 in China, then in January 2020 on the European continent, puts the whole world to the test, in health, social and economic terms, what the UN has called the worst crisis since 1945.

With more than 200,000 deaths at the end of April, more than four out of five workers affected by the partial or total shutdown of workplaces, a global recession estimated at 3% in 2020, this unprecedented health crisis will have lasting repercussions.

Whether it is the confinement of their citizens, measures to support the economic fabric, increase in socio-health capacities, the coronavirus is forcing states to adopt new positions in peacetime, in a context already marked by strong social inequalities, that it has, obviously, strongly accentuated. Faced with a recession of considerable magnitude, the EU member states have taken urgent measures to limit the economic shock and to contain the slide into extreme poverty of the most vulnerable populations (Part 1).

Faced with measures taken in dispersed order, faced with issues that fall under the sovereignty of the States, Europe has been able to mobilize a financial response and the necessary budgetary easing. Nevertheless, the collective powerlessness, reflected in the deleterious divisions between the EU member-states on the very nature of the community project, entails, according to many experts, a major risk for the European project and questions more than ever the necessary strengthening of its social, solidarity and federal dimension. Initial thoughts emerge around the creation of new mechanisms to fight extreme poverty, such as the universal basic income supported by the Spanish government or the European Commission's unemployment reinsurance project (Part 2).

This health crisis is also the silent denouncer of a deregulated globalization, at the service of the economies before being at the service of the people, which highlights the strong interdependence of world economies and the damage caused by intensive productivism. Economic models and social alternatives must be developed as a response to the post-crisis period but also as daily actors of a counter-crisis social economy. This is what the social solidarity protection actors have once again shown. Our members and partners have done us the honour to come back to these issues on our behalf, testifying to the solidarity inherent in the way of doing business and the action of non-profit actors for the protection of the people (Part 3).

Good reading!

The IPSE team



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Strengthening and creating new solidarities

Europe faces a challenge

After its appearance in China, in the Hubei province, at the end of 2019, the pandemic linked to the spread of COVID-19 virus confronts humanity with an unprecedented health crisis in recent contemporary history.

At the beginning of April, more than half of the world's population was living under confinement. The world's main economies were highly impacted and face a risk of considerable recession.

Through its very rapid dissemination, its impact on economic and social systems and on the environment, the pandemic has highlighted the limits of the globalized economic model (from generalized free trade, to productivist agriculture, the decline of the Welfare State in favour of capital only, and the financial and accounting logics) which will inevitably be aggravated by a social crisis of a dramatic magnitude, a fortiori in countries where weak social protection regimes do not provide crisis cushioning tools.

To prevent the spread of the epidemic that appeared at the end of January on the European continent, the EU member-states have since taken drastic health measures similar to those observed in Hubei province, in China, at the height of the epidemic (population lockdown, quarantine of highly affected epidemic foci, etc.).

On the economic front, emergency measures have also been adopted both at the EU and national levels to contain the effects of an economic crisis the intensity of which will be at least as important as the financial crisis of 1929.

In the short and medium terms, the impact of this crisis on the EU social systems – and consequently on the social protection organizations – is also raises the risk of a generalized social crisis, especially in the countries most affected by the pandemic. It is clear that the many challenges the Europeans face today, highlight the divisions and heterogeneity of approaches between the 27 member states. From the most convinced Europeans to historical sovereignists, many experts believe that the situation could end in one of the most detrimental political crisis to the future of the European project; the former calling for a social leap in Europe to avoid the risk of implosion.

The purpose of this note is to:

- Present the situation and the various health, economic and social measures adopted in the EU member states
- Review the way in which Europe is facing the crisis and supporting its member states, as well as the questions raised about the "post-crisis" construction
- Through the voice of our members and partners, discuss the consequences on the complementary social protection organizations and the role that social solidarity protection actors can play as social shock absorbers to contain the effects of the health crisis.

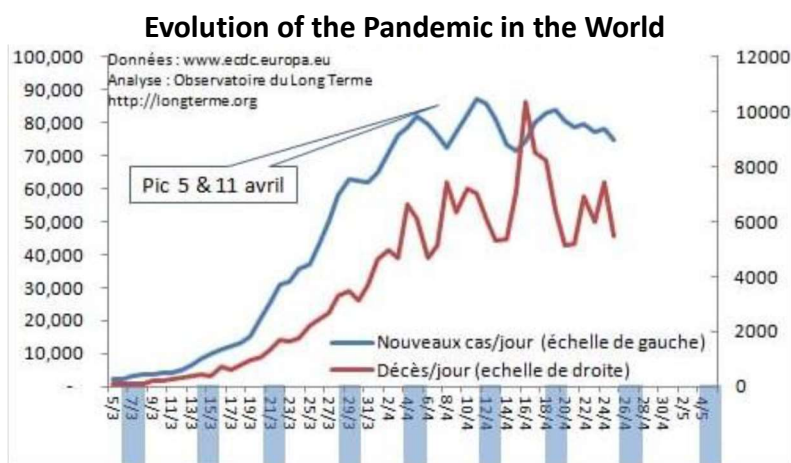


I. An unprecedented response to an unprecedented health crisis

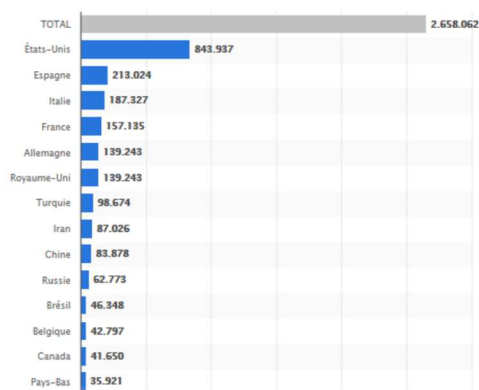
A. Europe : main focus of the pandemic. From health emergency to a continent under quarantine

A défaut d'une réponse sanitaire commune, la santé ne faisant pas partie des compétences communautaires de l'UE, les Etats membres ont adopté à des échéances différées, des mesures pour limiter la propagation du virus COVID-19, en s'inspirant notamment de la gestion de l'épidémie dans la province chinoise du Hubei.

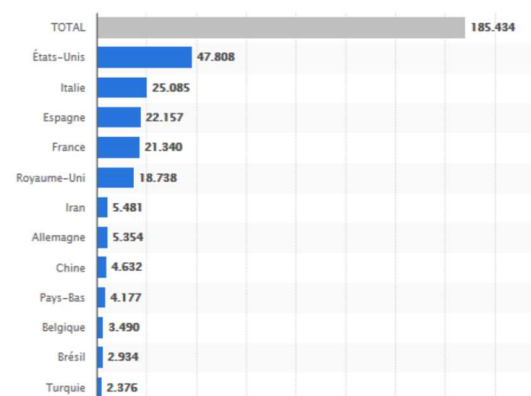
Si l'Organisation mondiale de la santé a indiqué dès la mi-mars que l'Union européenne était désormais après la Chine le principal foyer de l'épidémie de COVID-19, l'ensemble des pays du monde sont touchés, à des niveaux qui varient en fonction de la rapidité et de la nature des choix stratégiques opérés (immunité collective, confinement partiel, généralisé...), des capacités des Etats en termes de prévention (tests, volume de masques...), des capacités des systèmes hospitaliers et de la qualité des systèmes de protection sociale, de la résilience des populations aux mesures, etc.



Number of people infected in the world on 04/23/20



Number of people who died in the world on 04/23/20





As of April 28, 2020, out of a total of approximately 2.9 million virus-related infections worldwide, there have been 205,923 deaths.

In mid-April, it was the United States, which became the major focus of the pandemic's progression.

At the end of April, the European data are as follows (source ECDC):

- **Cases in Europe: 1,087,272**
- **Deaths in Europe: 120,144**

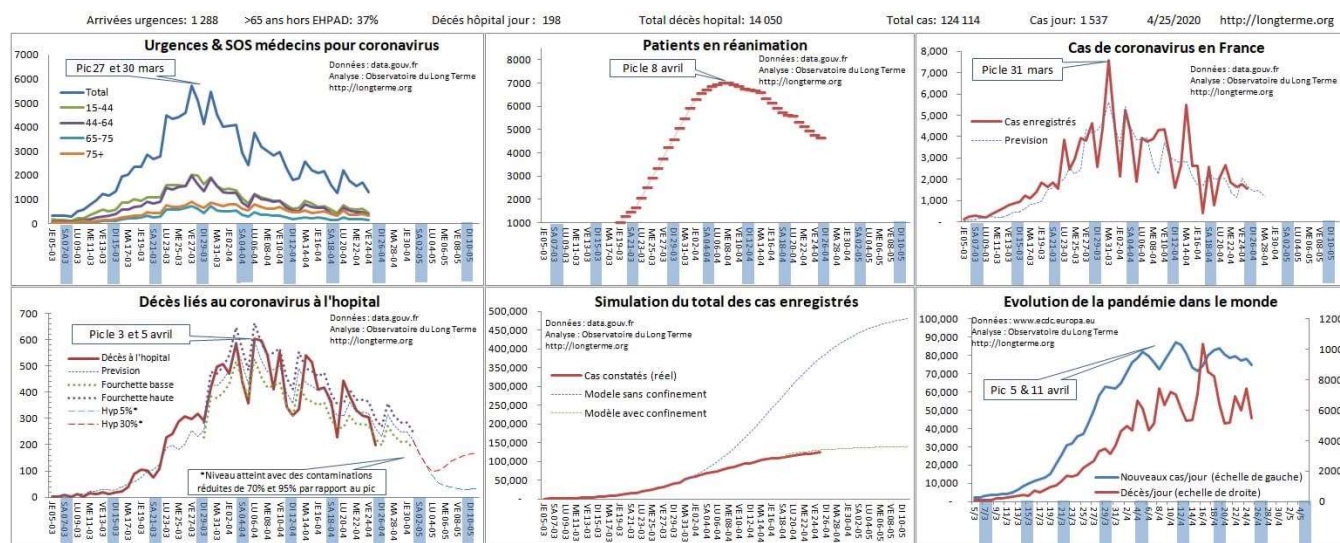
As of March 3, the European Union raised the alert level from "moderate" to "high" due to the worrying spread of the number of infected people in Italy.

In fact, from the end of February, Italy was the most affected country, and various measures to limit the spread of the virus such as the quarantine of some towns in the north of the peninsula since February 23 had already been pronounced, in particular by the authorities of the Lombardy region, before enacting national confinement from March 9, 2020 with regard to dazzling progression of the epidemic correlated with the dramatic saturation of hospital services.

For a long time unthinkable for many European governments, the introduction of a general population lockdown has become, upon recommendations by national health authorities, the WHO and European Union experts (including the European Centre for Disease Prevention and Control), the only viable and essential solution to limit the spread of the epidemic and thus contain the influx of patients into hospitals.

Most European countries based their health measures to stop the rapid progression of the virus on the Italian model. Different approaches remain, in particular in Sweden and the Netherlands.

French data (www.longterme.org)



**MAIN SANITARY MEASURES ENACTED IN THE COUNTRIES MOST AFFECTED BY THE EPIDEMIC**

Country	Confinement	Restrictions	Screening practices
Germany <i>Coalition government (Centre-right and social-democrats)</i>	Bavaria and Saarland have been confined since 20 March. Closure of non-essential businesses, as well as schools. Gradual lifting of prohibition measures from April 19;	Gatherings of more than 2 people prohibited. "Large gatherings" (festivals, concerts, sports events) prohibited until August 31.	Tests reserved for people with flu symptoms that, in the previous fourteen days, had been in contact with someone who tested positive, or who have stayed in a "risk area".
Belgium <i>Coalition government (Liberals, centre-right and conservatives)</i>	Containment measures effective on March 18. Deconfinement will be progressive from May 4. Only essential journeys are allowed.	Gatherings of more than two people prohibited. Closure of all educational institutions. Individual journeys supervised	The tests are reserved for healthcare personnel as well as seriously ill people
Spain <i>Coalition government (Socialists, radical left and communists)</i>	Containment measures introduced in March 14, for a period of 15 days. They have subsequently been extended until April 11 and finally until May 11. Total shutdown of many sectors of activity judged non-essential.	Schools, bars, restaurants and cafes are closed. Gatherings prohibited;	Tests are reserved for sick people with severe symptoms.
	State of emergency planned to last two months. Containment measures have been announced on March 16 for an initial period of 15 days, subsequently extended until April 15, then until May 11. Strictly supervised journeys on presentation of a duly completed attestation	Closure of all public establishments decreed on 14 April. All types of gatherings prohibited.	Tests only for seriously ill people in hospitals as well as to nursing staff.



Italy <i>Coalition government</i>	Containment measures entered into force on March 10. On March 22, confinement was further hardened: closure of green spaces, and production of non-essential goods halted. Deconfinement starts on May 4.	All types of gatherings forbidden	Tests reserved for people with symptoms.
Netherlands <i>Coalition government</i>	One of the few European governments to have bet on common immunity before gradual turnaround at the end of March. Schools, nurseries and restaurants, as well as sports halls were closed from the March 15 to April 6, then until May 11.	Establishment of "smart containment" according to the government where the population is encouraged and not compelled to stay at home. Reopening of schools from May 11.	Tests reserved for hospitalized patients with respiratory disorders and people over 70 years of age.
Portugal <i>Socialist government</i>	General confinement decreed on March 18. Journeys authorized for people having to go to work, telework being however strongly encouraged. Containment will be gradually lifted from May 4.	Decreed on March 18, the state of emergency goes until April 2 and will be extended thereafter for a period fifteen days.	Tests reserved for hospitalized patients with respiratory disorders.
Sweden <i>Centre-left government</i>	No containment measure decreed for cause of collective immunity strategy. Government is betting on the population self-discipline to stop the spread of the epidemic. Swedes are strongly encouraged to stay at home.	Government has banned all gatherings of more than 500 people, at first, later 50. Social distancing is suggested, telework is encouraged and people over 70 years are encouraged to isolate themselves.	

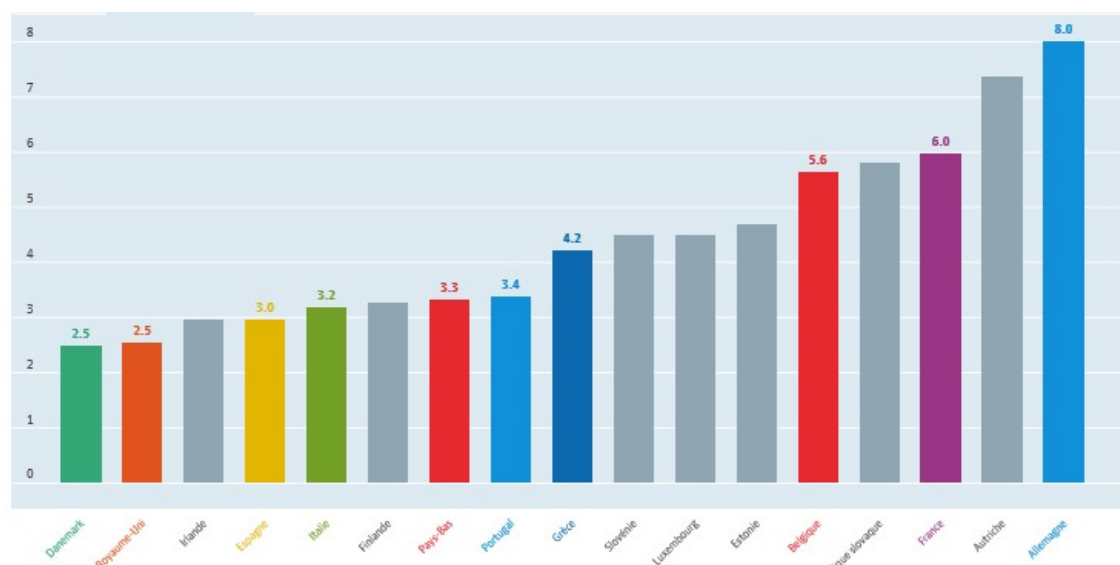
(Source: Robert Schuman Foundation)

In addition to measures of social distancing, confinement, screening, etc. one of the key determinants to government decisions lies in the capacity of hospital systems to absorb the flow of patients to emergency rooms as well as intensive care units, under safety conditions to prevent the hundred or so deaths among hospital staff, as has been the case in **Italy**.

The following chart shows the heterogeneity of hospital capacities in Europe and explains in part the effectiveness of the German response.

HOSPITAL CAPACITIES IN EUROPEAN COUNTRIES (2018)

No. of beds per 1,000 inhabitants



Source : OECD Health Statistics

In fact, unlike its neighbours and all other European countries, **Germany** is experiencing a relatively low mortality rate of infected persons (0.26% compared to 8% in Italy).

Though this is explained, among other things, by a particularly active screening policy, in application of the WHO recommendations, it must be stressed that Germany has 28,000 beds available in intensive care.

Considering the total population, this represents 6 beds per 1,000 inhabitants, that is to say one of the highest rates in OECD countries, after Japan and Korea and twice as high as that of Italy.



By the end of April, a second wave was already foreseen, anticipating an increase in infections due to deconfinement, and further mobilising the already much stressed health capacities.

France is almost at the same level as Italy, with 5,500 beds in intensive care (5,100 beds in Italy in normal times, increased to 7,500 with the coronavirus crisis).

In the richest regions of the north, the infrastructure is cutting edge, but it is not sized for the crisis. In the south, under equipped, we fear disaster.

In Europe, the rate of equipment in intensive care varies from simple to triple.

B. Civil liberties and social dialogue under constraint

Pour endiguer la propagation du COVID-19, les Etats membres de l'Union européenne ont été contraints d'adopter des mesures exceptionnelles, limitées dans le temps, restreignant de facto les libertés publiques. Prévues par le droit international pour des situations exceptionnelles, ces mesures inédites, comme la restriction de la liberté de circuler ou de se rassembler, seront ainsi graduellement levées au sortir de la crise sanitaire.

To stop the spread of COVID-19, member states of the European Union have been forced to adopt exceptional measures, limited in time, de facto restricting the public freedoms. Provided for by international law for exceptional situations, these unprecedented measures, such as the restriction of the freedom of movement or assembly, will thus be gradually lifted at the end of the health crisis.

However, human rights NGOs, legal practitioners and parliamentarians call for the greatest vigilance in the face of the possibility, envisaged by certain States, of having recourse to “tracking” devices, i.e. the digital tracking of citizens through their portable phones. Established in particular in Asian countries ([South Korea](#), [Singapore](#)) in order to monitor virus circulation, tracking supposes downloading an application established by the governments, making it possible to identify those who have been infected as well as the places where they have been. Intended to inform citizens showing symptoms of the infection in order to encourage them to place themselves in quarantine, the tracking was not free of abuses, leading in particular to the stigmatization of sick people or certain public places perceived to be rightly or wrongly as foci of the epidemic's spread. Finally, it raises the problem of sharing personal data with the authorities, or the management of this data by public authorities.

In [France](#), many experts, lawyers, digital specialists, warn about the **risk of a commodification of health**.

After having ruled out the possibility of using the geo-tracing of populations in order to defend individual freedoms, many European governments are now considering the establishment of this system, in particular to speed up the deconfinement schedule or prevent the arrival of a second epidemic wave. Indeed, the [French and German governments](#) are working on the introduction of less intrusive digital tracing, drawing on the Singaporean example, and on a voluntary basis for all people wishing to download the application. More restrictively, [Poland](#) already uses digital tracing to ensure that infected persons who reported on a dedicated application comply with their lockdown modalities and duration.

Article 6 of the European Data Protection Regulation makes it possible to establish geo-tracing under conditions here again exceptional and limited in time. To be efficient, it would still be necessary that such an application be used by more than 60% of the population and that screening tests are carried out on a very large scale, which few European countries apart from [Germany](#) are now able to accomplish. For this main reason, [Belgium](#) has announced in the second half of April to give up using a tracking application.

The possibility for States to resort to rulings on a large number of aspects of their legislation, temporarily puts the ordinary course of social democracy on hold.

In [Italy](#), however, the implementation of good practices for the health of workers in still active sectors of the economy was the subject of a national inter-professional agreement on 15 March. In [France](#), professional and trade union organizations, in a joint press release published on March 19, called "public authorities and businesses to implement all means essential for the

protection of the health and safety of workers scheduled to work”.

On this occasion, the French social partners also underlined “the major role of our collective social protection systems” in order to signal to the government that the crisis should not, however, limit the expression of social dialogue to nothing.

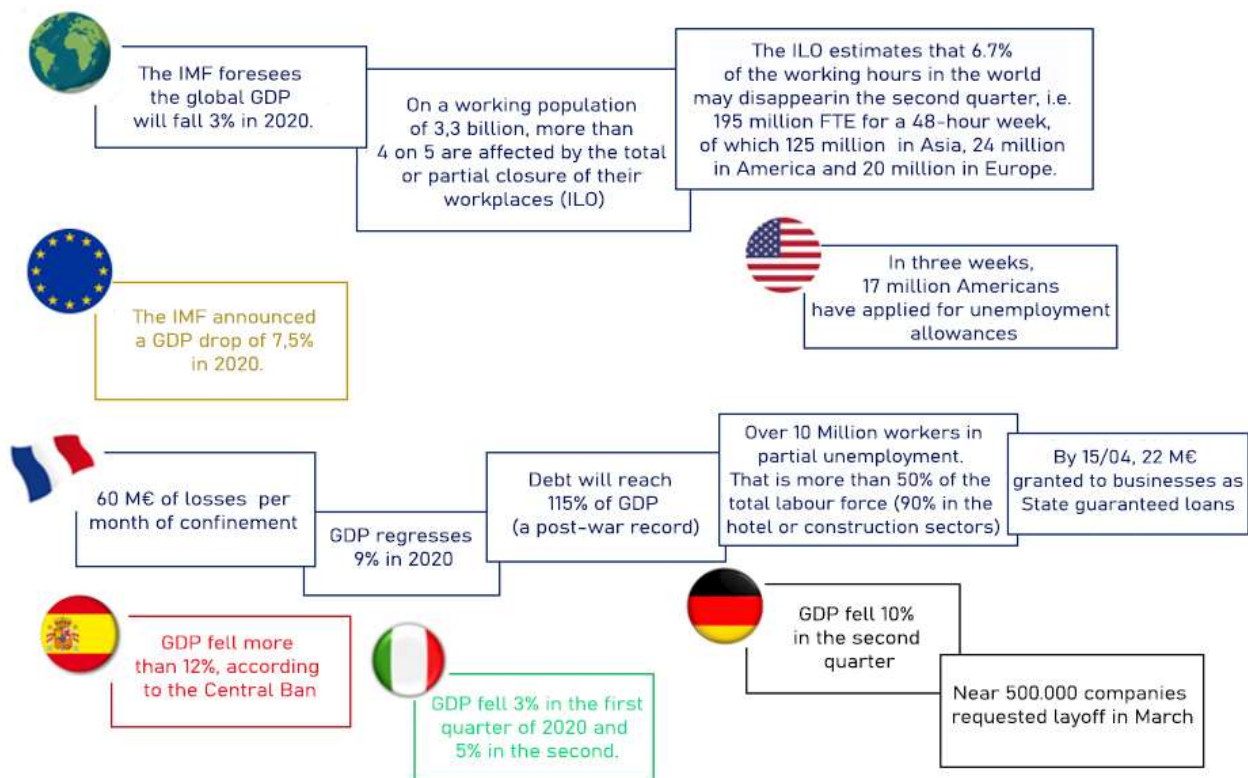


The authoritarian slippage in Hungary is of particular concern to European authorities. Under the pretext of taking exceptional measures to face the health crisis, in March 27 prime minister Victor Orban was granted full powers from the Hungarian parliament, allowing to legislate by rulings for an unlimited time. Reacting to this, the European Council warned Hungary that “an indefinite and uncontrolled state of emergency cannot guarantee that the basic principles of democracy will be observed”. Already known for his many distortions of fundamental liberties after he came back to power in 2010, Victor Orban takes also advantage of this crisis to stigmatise the migrants in Hungary that he considers “the main vectors of the epidemic”. Many European NGOs and trade unions call for a firm European response to this unprecedented autocratic drift at the heart of the European Union.

c. Responses to the economic and social emergency

To limit the extent of the coming economic recession, the European governments have put in place massive plans to support the businesses and households most affected by the coronavirus health crisis.

As a whole, these measures are striking because of their novelty in peacetime, but the stakes are enormous, as evidenced by following data on the international and European levels:



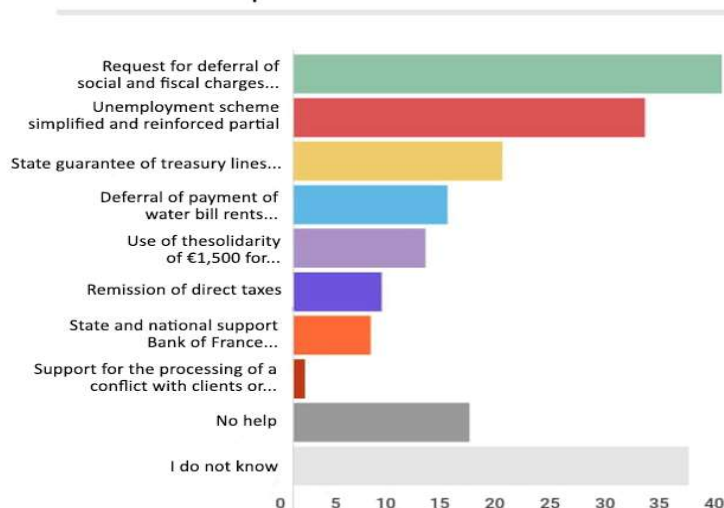
Faced with the crisis, the sectors of activity and the businesses have acted at several levels, from the evolution of their production chain to the total cessation of their activity, from partial unemployment to teleworking, the consequences on the economic activity, on work and on its organization are significant.

The sectors most affected by the pandemic are the hotel and catering industry, transport, transport materials, business and household services, trade and construction.

According to the OFCE, in **France**, 7 out of 17 sectors reviewed represent 20% of the actual household consumption but took around 80% of the shock.

According to a survey by the Journal du Net at the beginning of April carried out among around a hundred business leaders, the recourse to state aid was distributed as follows (the deferral of social charges being the most requested):

State aid requested

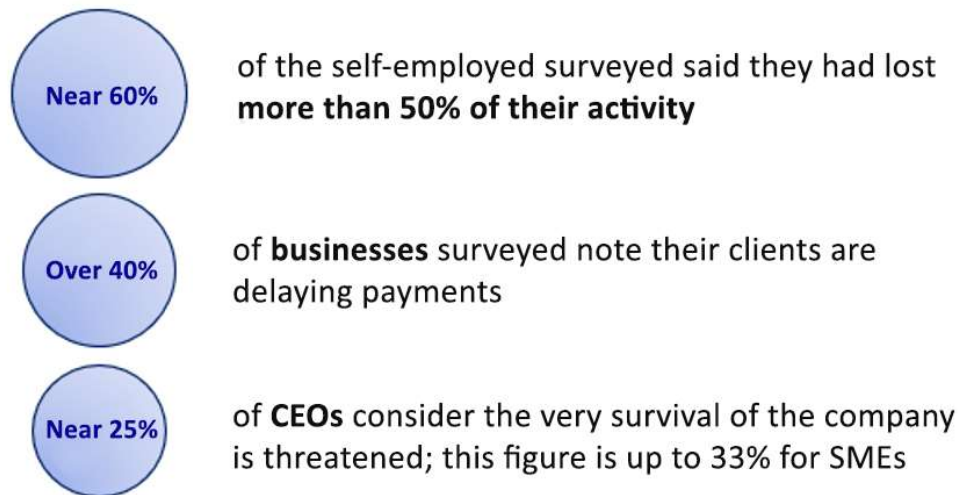


During the crisis, the companies that benefit from state aid, whether by deferring social or fiscal charges, or through a loan guaranteed by the state, are **prohibited from paying dividends**. The idea was gaining ground in France like abroad, notably driven by a forum signed by eighteen trade unions, associations and environmental organizations that demanded its establishment.

However, resorting to state aid alone will not limit the announced scale of business closures, according to economists' forecasts.

Coface, the credit insurer subsidiary of the Natixis group, estimates that there will be 25% of business bankruptcies **worldwide**. This rate should be around 18% in **Western Europe**, including 15% in **France**, compared to 11% in **Germany**, 18% in **Italy** and 22% in **Spain**, Coface anticipates.

In **France**, at the beginning of April, 450,000 companies had already applied for the solidarity fund set up by the Government. Paradoxically, economists believe that bankruptcies could increase in the fall, especially after the end of the measures to postpone the payment of social and fiscal charges.



State aid and the “world after”?

State aid also raises a problem of conditionality.

The fact that States are massively helping some of the most pollutant sectors (air transport, fossile energies) worries environmental NGOs.

Likewise, aid has been paid to companies whose head offices are based in tax havens, even to certain countries of the European Union known for their advanced practices of fiscal dumping.

Can the European Union intervene so that these practices, which are extremely harmful to the financing of health systems, will disappear in the world after?

MAIN SOCIO-ECONOMIC SUPPORT MEASURES IN THE MEMBER STATES

Country	Direct aid measures for companies	Tax measures for companies	Partial unemployment	Support measures for low-income families and people in precariousness
Germany <i>Coalition government (Centre-right and social-democrats)</i>	<p>€ 1,100 billion: Total cost, among which:</p> <p>€ 50 billion: Financial support for small enterprises, self-employed</p> <p>Between € 9,000 and € 15,000 will be paid for three months to companies with less than ten workers and to the self-employed</p> <p>Relief fund of € 600bn, including € 400bn of debt guarantees of companies</p> <p>€ 100bn: Creation of an economic stabilization fund, an envelope of unlimited credits guaranteed by the State</p>	<p>Payment of taxes postponed sine die and staggered when the crisis ends</p>	<ul style="list-style-type: none"> - Recourse to very flexible partial unemployment For companies (threshold of 30% during the 2008 crisis, lowered to 10% today). - The federal employment agency supports 60% of the net salary of workers covered by this facility, 67% for those with children. - Refund of all social contributions 	<p>Payment of rent for the most disadvantaged postponed to June 30. Federal state guarantor in the event of non-payment.</p>
Belgium <i>Coalition government (Liberals, centre-right and conservatives)</i>	<p>The federal government level released 10 billion € to support SMEs, and banks according to their needs</p> <p><i>Wallonia:</i></p> <p>€ 350m released, including € 155m for the health sector</p> <p><i>Flanders:</i></p> <p>€ 150 million released, in particular to support SMEs and the self-employed.</p> <p><i>Brussels-Capital:</i></p> <p>€ 29 million released to support the non-profit sector (associations, home helpers, etc.)</p>	<ul style="list-style-type: none"> - Payment of social contributions deferred - "Gateway" devices for self-employed workers (postponement of payment of taxes) 	<p>Unemployment insurance assumes 70% of the gross salary of the temporary unemployed up to a ceiling of 2,500 euros</p>	<p>"Corona" allowance for all the unemployed, up to 150 euros monthly</p>



Country	Direct aid measures for companies	Tax measures for companies	Partial unemployment	Support measures for low-income families and people in precariousness
Spain <i>Coalition government (Socialists, radical left and communists)</i>	€ 300 billion in State guarantees for businesses	<ul style="list-style-type: none"> - State supports 100% of the social contributions of very small businesses and 75% of other companies - Postponement of tax payment deadlines to the end of the health crisis 	Workers in lay-off will have 70% of their gross salary paid by the state (up to 1,400 € for couples with children)	<ul style="list-style-type: none"> - Prohibition of dismissals - Prohibition of rental evictions, water, electricity, And telecommunications cuts - moratorium on the monthly payments of mortgage loans for economically vulnerable households - Parental leave, for parents obliged to look after their children, covered by social security - € 600 million released for financial aid to the elderly and to the most vulnerable
France <i>Centre-right government</i>	€ 100 billion in emergency measures € 345bn in loans guaranteed by the State Small businesses forced to cease all activity will receive aid in the event of significant losses over the past year (at least 70% of losses in income: lump sum of € 1,500, and 2,000 € in possible supplements)	<ul style="list-style-type: none"> - Payment of social contributions deferred - Acceleration of repayment of tax credits - Payment of energy bills and rents of small enterprises can be suspended 	84% of net salary taken into charge by the State and the unemployment allowance; partial activity facility extended to short and seasonal contracts.	<ul style="list-style-type: none"> - Extension of the winter break, rental evictions prohibited. - Several social assistance benefits paid without re-examination of the situation - Unemployment allowance beneficiaries at the end of entitlement will continue to receive it during the crisis - Renewal of the exceptional purchase power premium for workers - Parents forced to stop work to take care for their children will be able to receive at least 90% of their net salary



Country	Direct aid measures for companies	Tax measures for companies	Partial unemployment	Support measures for low-income families and people in precariousness
Italy <i>Coalition government (Centre-left and populists)</i>	<p>€ 25bn urgently released for support VSEs and SMEs</p> <p>Direct financial support to companies producing masks and production equipment</p>	<ul style="list-style-type: none"> - Numerous tax deductions suspended - Suspension of payment of social contributions, insurance premiums, energy bills, VAT - Suspension of rents for small and medium-size enterprises 	<p>80% of gross salary of all workers affected by the State-supported lay-off. Workers whose annual income is less than 40,000 gross will receive a bonus of 100 euros.</p>	<ul style="list-style-type: none"> - Suspension of redundancies during the health crisis - Compensation of 600 euros paid to the self-employed, farmers and seasonal workers - Extraordinary parental leave of 15 days paid at 50% of the salary if they have children of less than 12 years old - coupons of € 600 to cover for care costs - Creation of a "last instance income fund of" for those with very low income
Portugal <i>Socialist government</i>	<p>€ 22.5bn released for support to businesses.</p>	<p>Almost all social and fiscal deadlines deferred</p>	<p>70% of the gross salary of the temporary unemployed taken in charge by the social security</p>	<ul style="list-style-type: none"> - Monthly transport and meals allowance for those obliged to go to work - Suspension of the job search obligation for the unemployed - Suspension of rents for the elderly, precarious workers and students
Netherlands <i>Coalition government</i>	<p>€ 20bn released to help the most severely impacted small and medium enterprises</p>		<p>90% of the net salary guaranteed by the state for the temporary unemployed</p>	
Sweden <i>Centre-left government</i>	<p>€ 28bn released to support SME</p>	<p>Deferral of payment of social security employer contributions until further order</p>	<ul style="list-style-type: none"> - Possible only for those private sector companies, having adopted a convention on partial unemployment. - 90% of the salary maintained by state and unemployment insurance. 	<ul style="list-style-type: none"> - 14-day sick leave payment for the self-employed ensured for 2 months - No more waiting days for workers on sick leave (COVID)

D. Work: never the same again?

The crisis shook up work and its organization in an unprecedented way.

Overall, the work organization measures put in place by companies are as follows:



Almost 95% of companies say they resort to at least one of these measures.

Primary consequence of the pandemic, **teleworking** is the big winner, **present in more than 85% of companies**.

According to a study by App Annie, the number of the mobile Microsoft Teams app downloads has jumped over 300% in France, while the growth for Zoom and Google Hangouts Meet was 155% and 160% respectively.

While the crisis has forced companies to try teleworking on a large scale – sometimes for the most reluctant among them –, allowing a work organization which guaranteed a level of maintenance of the essential business activities in the period, teleworking also discloses inequalities that no one can hide:

- Some jobs remain and will remain excluded from teleworking,
- The digital divide does not put everyone on an equal footing, from one person to another, from one territory to another,
- The psychological consequences linked to insufficient social ties, to living spaces that are inappropriate for working, etc. do not expose individuals in the same way and require future investments which will have to distinguish between work at home and remote work, considering shared workplaces, for example.

II. From a global pandemic to European challenges

A. Deregulated global capitalism in question

Since its appearance in China, the nerve centre of the world economy, the health crisis has caused strong upheavals in the economies of the world.

According to the OECD, the global GDP growth in 2020 will be cut by half, an increase of 1.5% instead 3%; the IMF forecasts a fall of 7.5% of GDP in the euro zone.

On the social level, the consequences are expected to be disastrous, especially for countries whose social systems are among the least advanced. However, the richest countries will not be spared. For example, within three weeks 17 million Americans registered for unemployment allowances.

Through its considerable impact, this crisis underlines the very strong interdependence of the globalized economies and demonstrates the limits of a neo-liberal globalization without regulation and without a global governance able to provide coordinated responses to an unprecedented health emergency.

A definitive victory with a somewhat bitter taste for the apostles of “deglobalization”?

While it is still too early to count on such a scenario, many voices are raised so the crisis may contribute to the emergence of an economy mindful of long-term issues, at the service of the people, not the capital.

In France, the High Commissioner for a Social and Solidarity Economy and Social Innovation is working with all the players and their representatives on a crisis exit and recovery plan via the Social and Solidarity Economy.

This health crisis comes as the year 2019, marked by numerous popular uprisings around social issues (decrease in purchasing power, explosion of inequalities), both in Europe and in the rest of the world, demonstrated, if needed be, that the gap is still growing between the losers and the winners of globalization. Does it mean a rebalancing of globalization towards greater consideration of social, health and environmental issues?



In Europe, some call for a relocation of the production of essential goods, be it medical material or food supplies, given the increase risks of scarcity. For instance, 80% of the active substances that integrate the medicines consumed in France are produced in India or in China, compared to 20% 30 years ago. The fact that many European countries were not able to deliver, nor produce, enough protective equipment for the health care professionals, or screening tests for the population, shows the need to reorient the economies towards a stronger consideration of the well-being of the people.

B. Ecological issues linked to the pandemic

For many years, the link between destruction of biodiversity, intensive farming and explosion of infectious diseases has been established by the scientific community. The COVID-19 health crisis is, in many ways, an ecological crisis.

In addition, with the melting of permafrost linked to global warming, scientists are warning now about the potential release of other pathogens as virulent as COVID-19.

The health victories observed throughout the 20th century against infectious diseases have helped to install the idea – both among leaders and public opinion of developed countries – that these perils were now distant.

However, over the past thirty years, the observed fourfold increase in the number of epidemics linked to the degradation of biodiversity, constitute a danger which should mobilize the efforts of the international community.

In a note published by the Terra Nova Foundation, its secretary general Thierry Pech, delivers an advocacy for the health crisis to be an opportunity to strengthen climate policies at the European level. While recognizing the merits of the policies to revive activity decided by EU member states, Thierry Pech fears that, as with the 2008 financial crisis, environmental policies will tomorrow be overshadowed in favour of the economic emergency. If this crisis brought anything positive, is that the ecological challenge is now even more glaring. Will Europe rise to the challenge?

C. The coronavirus, discloser of inequalities and social divides

As Guillaume Dourou (a sociologist from the University of Alberta) reminds us, the health crisis has highlighted the issue of social determinants of health and, more broadly, divides within and between countries.

Indeed, it is the poor and precarious workers in France and in the world (we will talk about the informal economy in developing countries, in Africa in particular) that are more exposed.

More than ever, accessibility to the health system, standard of living, employment nature and stability, associated protections, access to transport, food, the digital divide, etc. are all factors of exposure to the virus but perhaps even more to its economic and social consequences.

Several studies show that the poorest and most marginalized people are more prone to respiratory and cardiovascular diseases, obesity, cancer and stroke. They are therefore also the most affected by the coronavirus epidemic.

At a time when many governments in the world and in Europe have seen social anger mounting even before the coronavirus crisis, this could lead to social divides more salient than ever, and with cumulative effects.

Those who left, those who stayed, people living in 10m² studios, those who live on the streets, those who telework, those who have been put on layoff or have lost their jobs, workers behind the scenes who find themselves completely in the blind spot of containment measures, countries are fracturing, inequalities between citizens are growing.

In France, as highlighted by Oxfam, Secours Catholique, Uniopss, the Federation of Solidarity Actors, ATD Fourth World and the CDFT, alerted, in a petition alerting to the urgency of the situation, stated that for the most precarious households, confinement not only leads to a reduction in income but also an overconsumption of heating and electricity, an increase in food expenditure given the closure of school canteens, while the food aid circuits themselves are weakened, due to lack of structural support and the age of their volunteers exposed to Covid.

At the same time, mutual aid is organized, sometimes braving confinement, testifying to the strength, resilience and the essential character of local solidarities.

However, faced with the tidal wave announced by some, the States and Europe as a whole, will have to show their capacity to carry strong social ambitions at the risk of growing populism and nationalisms.

The Power to Live Pact, judging that the government plan lacked urgent and essential measures for millions of people, proposed 15 actions to ensure the power to live after the confinement, namely: exceptional solidarity aid, national fund for weakened tenants, revaluation and extension of the Active Solidarity Income, extension of exceptional measures for access to care, implementation of ecological and social conditionality on the granting of public aid to large companies, bonus for workers in the social and health care sectors, support for students in difficulty, setting up an emergency support fund dedicated to associations...



In the United States, the COVID-19 epidemic has caused already more than 40,000 deaths in a few weeks. Not surprisingly, the Americans most affected by this crisis are the poorest minorities. But what is most striking is the impressive number of African-Americans contaminated by the virus. The Washington Post has reported that in the state of Michigan, 40% of deaths due to COVID-19 come from the black community, while it represents no more than 14% of the population. African-Americans are particularly vulnerable to this epidemic because they are more likely to take poorly paid jobs that cannot be carried out in teleworking and do not provide health insurance nor compensations in case of sick leave.

D. The European project under pressure, solidarity and the “post-crisis” in question

1. Opposition around the economic recovery

While national sovereignties have logically prevailed in health matters, the European Union has, however, mobilized various programs to allow better monitoring of the pandemic and thus to better coordinate the Member State efforts.

It is above all on the economic level that the Union's response has been massive in order to better contain the effects of a predicted recession. Certain provisions provided for in the budgetary treaties have even been postponed or suspended – including the 3% deficit rule – in order to allow the Member States to increase their public deficit by injecting liquidity into their economies without incurring financial penalties.

At the end of April, the European Union had mobilized a budget of 50 billion for a common reserve of medical equipment on a European scale (rescEU). The various economic decisions, through the establishment of the European Solidarity Mechanism (ESM), guaranteed loans from the Bank

Investment European or the Aid Fund for the Most Deprived amounted to 550 Billion Euro.

At the level of the European Council, which brings together the governments of the 27 member states, strong differences remain on the measures needed to deal with the economic consequences of the crisis. A line of fracture that appeared during recent sequences (2008 financial crisis, Greek debt crisis 2008-2015) remains between the so-called "frugal" states (Germany, the Netherlands, Sweden) and Southern Europe (Italy, Spain, Greece) on the nature of the economic recovery, between grants and loans and the debt issue.

These divergences and repeated negotiation failures between Europeans could, in the aftermath of the health crisis, precipitate the European Union in a political crisis whose outcome is for the less uncertain. Confronted with a crisis of legitimacy, threatened by the rise of populism, the European Union is facing one of the most important challenges in its history. Out of its usual reserve, the March 27 European Council was marked by strong divisions. Jacques Delors indicated that the EU faces a "mortal danger" if no viable compromise and greater solidarity between Member States did not emerge to face the most important economic crisis since the end of the second world war.

The last European summit on April 24 devoted to economic recovery after the covid-19 crisis resulted in only a "small deal", as many media have described it. The heads of state endorsed the need and the urgency to create a recovery fund, but, to date, there no agreement on the overall amount or on the financing.



After repeated appeals from Italy, the most fervent advocate of the coronabonds, Spain launched the idea of a "perpetual debt", by issuing unlimited duration securities. The interest would be paid, for instance, through new European financial resources, such as green taxes, but the principal would not be reimbursed.

France supports the principle of a European recovery fund, financed by a long term debt, like Spain, that proposes to leverage the common debt for the future e for a limited time, for instance, 5 years reimbursable in 20 years.

To finance the recovery plan, the Northern countries prefer a modified 2021-2027 EU Budget. This option reassures the Northern countries since it provides a legal framework, but it may raise other issues, as complicated, like the priority of these investment expenditures vis-à-vis the Common Agricultural Policy, for example.

While Berlin, like The Hague, still oppose the coronabonds idea, chancel Angela Merkel showed greater openness to the EU multiannual budget.

There is no real Europe of health, because public health is the sole responsibility of the states, according to the Treaty on the Functioning of the EU: it is up to each country to choose its own standards in terms of vaccination or social security.

There is a European health agency, but it can only advise and encourage states to coordinate.

The crisis cruelly highlights that, faced with certain issues of public health, environmental health, common response capacities in a globalized economy and tourism, national strategies can on the one hand have only a limited effectiveness, and on the other hand, generate harmful intra-community inequalities in a European area which should be the vector of social progress project for all.

The crisis also raises the need to redevelop common industrial strategies, sources of social progress.



2. Measures taken by the European Union

Dates and numbers of Covid-19 cases listed in the EU	Community economic and health measures
January 28 4 cases	Activation of the EU crisis response mechanism (IPCR system) in "information sharing" mode.
February 1 21 cases	Mobilization of € 10 million for research against the virus under the Horizon 2020 program.
March 6 5,544 cases	Mobilization of additional € 37.5 million for research into vaccines, treatments and diagnostics, bringing the total to € 47.5 million.
March 10 14,890 cases	Mobilization of 140 M € of public and private funds (Horizon 2020 and pharmaceutical industry) to finance research on vaccines, diagnostics and treatments. Proposal for a € 25 billion investment plan to counter the economic effects of the epidemic.
March 12 22,105 cases	€ 120 billion released by the ECB by the end of the year for asset buybacks to support the economy.
March 13 28,297 cases	Increase in the investment plan to a total of € 37 billion, under the cohesion policy, including € 8 billion in structural funds unspent in 2019. Unblocking access to the EU Solidarity Fund.
March 15 39,768 cases	Restrictions on non-EU exports of personal protective equipment (masks, visors, etc.). Financial support of € 80 million to the German company CureVac for the search for a vaccine. Mobilization by the EIB (European Investment Bank) of up to € 40 billion in potential financing for European companies affected by the crisis Introduction of restrictions on entry into the Union from third countries for non-essential travel for 30 days. Launch of an epidemiologists and virologists advisory committee to formulate guidelines. 1
March 18 71,000 cases	Launch by the ECB of a new Emergency Purchase Program in the face of the pandemic, allowing the repurchase of securities up to 750 Bn € by the end of 2020.
March 19 82,869 cases	Creation of a common reserve of medical equipment at European level (rescEU), dedicated to the acquisition of ventilators and protective masks with a budget of € 50 billion



Dates and numbers of Covid-19 cases listed in the EU	Community economic and health measures
March 23 160,233 cases	Member States approve general derogation clause to suspend Stability and Growth Pact obligations
March 26 232,470 cases	European Parliament vote on the € 37 billion investment plan and the extension of the European Solidarity Fund to € 800 million in 2020.
March 28 265,500 cases	€ 75 million increase in rescEU's budget, taken from the EU budget, which will be used to organize repatriations and to the medical material reserve The President of the European Commission announces that she is preparing a new multiannual budget proposal (financial framework 2021-2027), to take into account the effects of the coronavirus crisis. An announcement intended to close ranks between member states and find a common solution. Ursula von der Leyen did not specify, however, whether these additional expenses would be integrated into the budget proposal to the detriment of other expenditure items or if they would be offset by an increase in the contribution of the States to the budget.
April 10 665,778 cases	Agreement reached at Eurogroup level for the activation of the European Solidarity Mechanism after heated negotiations. Victory for frugal states, the funds released will be released under conditions of structural reforms.
April 23 988,421 cases	Agreement of European heads of state on the need and urgency to create a recovery fund.

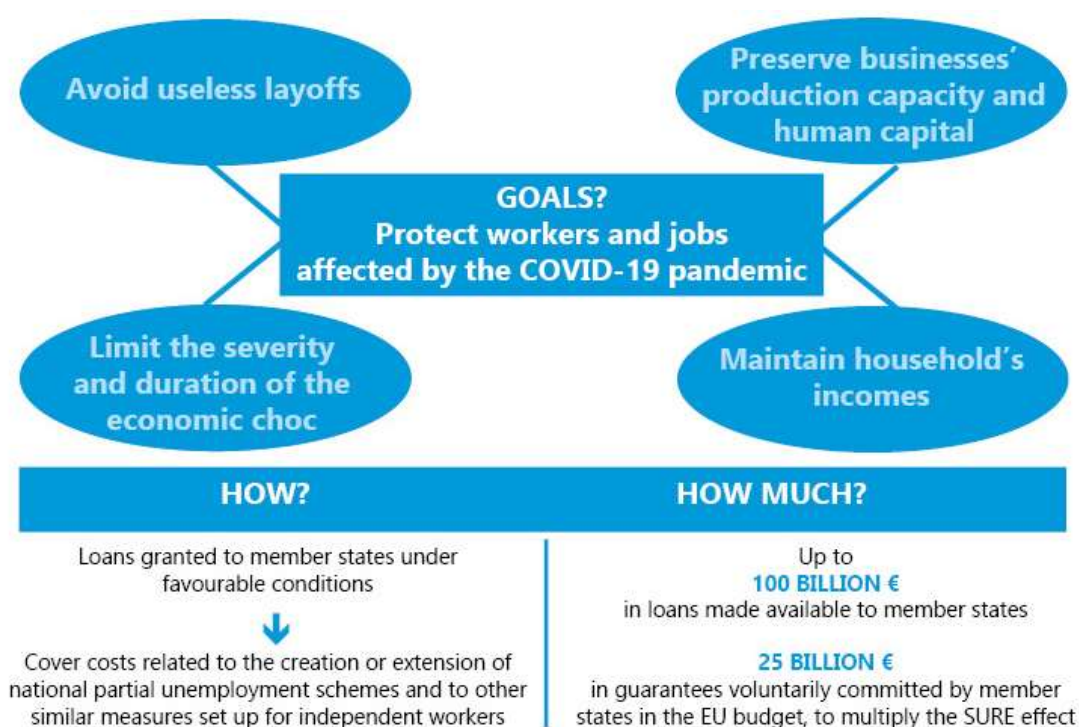
(Source Robert Schuman Foundation, Toutel'europe.eu, Jacques Delors Institute, ETUI)

3. Towards a European unemployment reinsurance system?

Among the flagship measures of the EU Economic and Financial Affairs Council of April 9, an agreement was found in order for the European Commission to finance partial unemployment (layoff) in the Member States up to € 100 billion, in the name of solidarity between the member states.

Long defended by the President of the European Commission, Ursula Von der Leyen, the establishment of an unemployment reinsurance mechanism at European level thus resurfaces within the framework of the health crisis.

Entitled SURE, the mechanism chosen by the Eurogroup differs from the initial Commission project because it will only be put in place during the health crisis. This employment insurance mechanism has yet to be adopted by heads of state and government to come into force.



Source : Institut Jacques Delors

4. Universal income: the solution to economic and social shocks?

The health crisis has reopened the debate on a universal income, seen as a solution to come to the aid of the populations most affected by the deepest recession that **Europe** has known since 1945. For its defenders, the establishment of a universal income would be as much an opportunity to upgrade the less well-paid jobs that are nevertheless essential to continuation of the activity (caregivers, home helpers, cashiers, etc.) as to support the populations that do not have access to partial unemployment (self-employed, intermittent workers, freelancers).

Across Europe, the organized civil society is particularly involved in this debate.

In **Germany**, a petition for the establishment of universal income for an amount of 1,000 € allocated to each citizen gathered in three weeks 5 million signatures.

To date, only the **Spanish government** plans to gradually set up a minimum subsistence income, the amount of which has not yet been determined, for any family whose income would be less than 450 €, without any other justification. Its establishment, planned before pandemic, was accelerated in the face of the terrible effects of the economic crisis, Spain having experienced 900,000 job losses between mid-March and mid-April. This minimum income will be paid permanently, including after the health crisis. It is complementary to other social assistance paid by the State or the regions, its amount is, however, below the poverty line for a single individual (750 €).

Since 2019, **Italy** pays a "citizen income" to anyone below the poverty line (€ 780) under very strict conditions.

In **France**, 19 socialist department presidents, in a petition published in the Journal du Dimanche on April 12, called for a basic income, saying that it appears *"as a solution to cushion the social shock that risks tipping many of our fellow citizens into precariousness."* The allowance, as defended by these elected officials, would be *"without consideration but with a reinforced and automatic support to solve the problem of non-use of rights, available from 18 years old, to fight against the precariousness of the youngest, decreasing according to activity income and an amount equal to the poverty line."*

Around the world, **Japan** has integrated the establishment of a universal income in its economic recovery plan. Set at € 780, it will be paid to Japanese citizens as well as to foreign residents, for the duration of the state of emergency.

5. Social dialogue and civil society: first initiatives

The European organized civil society is mobilizing so that this health crisis is an opportunity to reorient policies towards stronger social cohesion in the European Union.

On March 23, the **European Trade Union Confederation (ETUC)** launched an appeal supported by several renowned economists in this sense. Entitled "Make money on value, not on health", the ETUC appeal proposes, among other things, sustainable financing of public hospital services, an easing of budgetary constraints enshrined in European treaties, and the so called "Bazooka" facility of the European Central Bank for strong economic support to the most affected by the economic crisis.

For ETUC, these extraordinary macroeconomic measures are the requisite for a sustainable economic recovery. Finally, the Confederation pleads for real solidarity among Europeans so that the outcome of the economic crisis does not lead to a political crisis that would favour a *"vengeful and petty nationalism."*

On April 2, the **European Economic and Social Committee** published an opinion specifying its recommendations to deal with health and economic crises. Indicating that *"the **health systems of the European Union and the people who work there are on the front line, and should have of all the funding necessary to guarantee their protection and enable them to tackle this crisis in all equality, with efficiency and justice**"*, the European EESC called on the Commission and the European governments to act to protect threatened jobs, mobilizing all European structural funds to protect the well-being of European citizens. Finally, the EESC took the position that the EU *"should pay **more attention to non-profit social enterprises and to civil society organizations** which in many Member States participate in the social and health systems, or are even their backbone, and/or provide*

important social services, experts, networks and a voluntary commitment to prevention and management of emergency situations and disasters."

It is in this spirit that **Social Economy Europe**, an organization representing Social Economy enterprises at European level, addressed in an open letter to the European Commission, published on April 8, a series of recommendations to consider an efficient way out of the crisis. While welcoming the various measures taken at European level to loosen the budget noose on the States or the various devices activated to support the health systems, the SEE also calls on the Commission to ensure that the ***"European action plan for the social economy, that the Commission has announced for the year 2021, offers a unique opportunity to place the social economy at the heart of efforts to restore sustainable growth and social cohesion in Europe. A clear operational concept, at EU level, of what the social economy is, its specific characteristics and concrete needs, will be necessary. Social economy employers' participation in the European intersectoral social dialogue should be encouraged."***

On April 15, **COFACE**, an association representing the interests of families at European level, in addition to asking for the strengthening of emergency measures for the most vulnerable groups, challenged the Commission on the need for rapid implementation of the European Pillar of Social Rights. They defended an 8-point action plan for the transposition into law, by 2030, of the various provisions provided for by the base.

Adopted in November 2017, the European Pillar of Social Rights includes 20 principles in order to guarantee a common framework of social rights for European citizens. While its adoption is non-binding on the Member States, the European Commission nevertheless ensures that it is implemented within the framework of the European Semester, i.e. monitoring of national policies in compliance with EU guidelines.

IPSE and its network have been mobilized for a long time to ensure that this major initiative is transposed into the social law of the European Union. Because of its social impact, the current crisis demands a real response from the EU and Member States to guarantee the European citizens effective social protection.

This response should, as indicated by the European Commissioner for Employment and Social Rights, N. Schmit, in his letter to the Ministers of the 27 member states at the end of April, rely on the actors of the social economy, who show every day, and even more during the crisis, their determining role.

III. Actions by non-profit organizations for the protection of the people

Major players in the responses to the crisis and the inequalities it highlights, the complementary social protection and, more broadly, the social and solidarity economy have shown great solidarity and unfailing responsibility in the context.

From provident institutions and mutual societies – that have been able to adapt their work organization and stay at the forefront to respond to their corporate clients on government measures, support members at home or even mobilize their non-profit hospital structures and, de facto, constitute essential allies alongside public hospitals in healthcare – to cooperative banks that support the sustainability of their business clients – sometimes for more than 75 years of contributions for Crédit Mutuel for example – nobody doubts that the social and solidarity economy will once again have shown its strength, its usefulness, its resilience, its role as a shock absorber, but also as a player in a long term “counter crisis” model.

This observation can and must be made by considering, moreover, that certain effects of the crisis will only materialize in the medium term (see diagram below produced by the Stanwell firm), in particular in health matters (in addition to the immediate increase in hospital expenditure) where the care denied during confinement raises fears of a significant delayed impact on public health, increased morbidity and ultimately more claims for complementary health insurance companies.

Some feedback on the mobilization of large federations and operators before giving the floor to some of our members and partners.



A. Long-term consequences



Impacts of Covid-19 on the Insurance occupations and value chain



Impacts on exploitation and technical performance

Health

More claims (compensations, treatments, hospitalisations, ambulatory care...)

Social security

More claims (work stoppage and Covid-19 deaths)

Car / Multi-risk

Less car and multi-risk claims (lockdown)

Exploitation losses

Cancelled events, deliveries default...: no impact, because epidemic excluded from contracts

Exploitation losses

Cancelled events, deliveries default...: no impact, because epidemic excluded from contracts

Impacts on financial performance

Premiums & fees

Risk of increased overdue and default payments (e.g. recoveries / judicial settlements)

Stock markets

Stock markets plunged (-25,8% for the CAC in 1Q 2020) and dividends fell or cancelled

**Operations**

Increased flows and compensation files

**IT**

IT security under pressure (cyberattacks linked to multiple distant accesses)

**Human Resources**

Work stoppages (care for children and disease), increased teleworking & distance

**Finance**

Budget arbitrations, forecasts revised, shortcuts for accounting closes

**Risk / Actuarial**

BCPs enabled, watch on fraud, adjustment of the risks and commitments supply model

**Mandatory rates**

Low rates maintained throughout Europe / decline in the rest of the world (BoE, Fed...)

**Real Estate**

Stock markets plunged Pause in transactions and impacts on trade real estate: moderate decline expected

Chisel effect: degradation of technical results + decline in financial performance = degradation of solvency



Change acceleration: cost reduction, operational efficacy, digitalisation, more prevention and risk anticipation, adjustment of offers & client services, management by trust, orientation towards a sustainable and responsible growth

B. Federations on a war footing

Solidarity social protection organizations, historical operators in health and pensions, are particularly invested to best meet the expectations of their insured persons and businesses.

Postponements, deferrals, stopping of recovery and termination procedures, the players in the complementary social protection have multiplied initiatives to support the most affected and provide the best possible support to insured persons.

1. The CTIP: Close to insured persons and businesses

The Technical Centre of Provident Institutions (CTIP) informed in a **press** release published on March 22, that "*certain days of deficiency could be covered within the framework of branch or monthly payment contracts*", at the request of certain social partners, thus favouring social dialogue at the level of professional branches in order to better respond to the diversity of situations depending on the employer.

An **increased mobilization of social action funds**, as well as those established under the **high solidarity degree** measures, are all measures to support companies whose workers find themselves faced with partial unemployment. In the same press release, the CTIP indicates that for companies in difficulty which request it, the **payment of supplementary health and pension could be postponed** without affecting the maintenance of guarantees. In the wake of this announcement, several CTIP member institutions set up significant support mechanisms for companies in the sectors of activity encountering great difficulties.

2. The FNMF, the consequent mobilization of a historical player in the health of the French

Historical health and social security operators, the **mutualist players, grouped within the FNMF (National Federation of French Mutuality)**, are **fully mobilized on the ground to treat, prevent and ensure the continuity of their activities with their members and the French.**

Mutual hospitals and clinics, welcoming patients with coronavirus, have thus reorganized services and deprogrammed non-urgent care. The mutualist EPHADs have also reviewed their operation to better protect residents while maintaining the connection with families through telephone hotline services.

To relieve the significant flow in hospitals, mutual health centres play an active role in the management of infected patients. **In total, there are more than 2,800 establishments and mutual services (hospitals and clinics, care centres, EPHAD, pharmacies)** mobilized to treat coronavirus patients, but also to maintain access to care for the most vulnerable and accompany them at home.

*As indicated by **Thierry Beaudet, President of the FNMF**, in a recent interview with Argus de l'Assurance: "Mutual institutions, hospitals and clinics are strongly involved in the care of patients with Coronavirus, and this in connection with the public hospital service.*

In Paris, the Institut mutualiste Montsouris opened a care unit with 128 beds, 50 of which are intensive care; in Saint-Etienne, the Bellevue clinic has undergone a major reorganization to accommodate patients; in Côte d'Or, Mutualité Bourgogne-Franche-Comté has set up a mobile team which works alongside the Dijon University Hospital. "

The FNMF mutuals are also committed to the nursing staff mobilized in the hospitals.

Hence, the **Mutuelle Nationale des Hospitaliers (MNH)** offers healthcare professionals a childcare solution with the start-up Gens de Confiance outside usual reception hours or a listening platform for hospital staff.

On several occasions, the FNMF has reiterated its priority to ensure the continuity of rights for the 35 million members protected by mutuals. Mutuals are therefore committed to set up a common base of devices ready to support vulnerable people experiencing work stoppages, as well as for the maintenance of guarantees and benefits in the event of layoff by taking partial unemployment benefits as the basis for called contributions.

The Mutual also indicated the possibility for VSEs and the self-employed most impacted by the crisis to suspend or postpone their payments. For those companies among the most exposed, mutuals keep contracts as collateral throughout the period of confinement.

For these various initiatives, **the mutuals affiliated to the FNMF will have mobilized € 200 million.**

C. Market operators, IPSE members on all fronts

Announced as soon as the confinement was established by the FNMF and the CTIP, the support measures for social solidarity protection companies then moved closer to the field in order to better face the economic and social consequences of the health crisis.

Very affected by the closure of establishments considered by the government as “non-essential to the pursuit of the economic activity”, companies and workers participating in the hotels-restaurants-cafes (HoReCa) pension and health insurance scheme provided by **Klesia, Malakoff Humanis, Ocirp** and **Audiens** are exempt from contributions for the second quarter of 2020. A “Covid-19 social protection solidarity fund” from their pooled reserves will thus be used. These contributions, usually called in arrears (i.e. July 15), will thus be paid by this fund: the next deadline is therefore postponed to October 15 for the third quarter. Besides, the HoReCa social action fund provided by the same four organizations was reinforced with an additional exceptional budget of 1 million euros in order to respond to the most urgent situations.

Audiens, a retirement and provident institution for entertainment professionals, has been awarded the management of an 1 M € emergency fund for temporary workers, in jobs created in France by Netflix. This fund is dedicated to the most urgent cases. The aid is flat rate, paid without conditions and in amounts up to 500 euros. It will be increased to 900 euros for people whose resources before any allowance do not exceed 15,000 euros per year. Previously, Audiens had already set up emergency social assistance for the most vulnerable culture and media professionals: freelance journalists, temporary workers at the end of rights.

Already involved in helping workers and companies in the UNHCR branch, **Malakoff Humanis** has announced on April 9 the creation of a € 200 million support system for professional branches, companies, workers and pensioners. Entitled “Solidarité Entreprises Covid-19”, this support plan provides for measures to support insured persons on collective and individual contracts (teleconsultation, setting up a telephone line dedicated to psychological support, provision of meals for pensioners), the possibility of legal support for VSE/SME managers, suspension or staggering of contributions for companies, upon request, maintaining heavy pension benefits for workers affected

by partial unemployment. Finally, Malakoff Humanis released an envelope of € 2.5 million for helping workers.

The first mutual health insurance, **Harmonie Mutuelle**, has set up an exceptional aid fund of € 2 million.

The first part of this plan concerns active support for members, in particular through the implementation of free medical teleconsultations. The company workers (95% in telework) provide also psychological support for the most insecure members, or members over 65 years old with "courtesy calls" made daily.

To support companies affected by the virtual shutdown of the economic activity, the mutual set up a support system, which targets in particular VSEs / SMEs and companies of the social economy.

As with **Aesio**, the payment of health contributions for the second quarter has been postponed, which corresponds to an amount of around € 100 million. Measures have also been taken in terms of pensions for contracts insured by the **Mutex** subsidiary. "Preventive" work stoppages (people in long-term care, pregnant women, childcare) will be covered, which represents an effort amounted to € 5 million for the months of March and April.

Finally, Harmonie has decided not to resort to partial unemployment (layoff) for its employees for the months April and May. It was a "political and social" decision, to ensure continuity of service to companies and insured persons.

D. Our members and partners talk about it

Around a few questions, our members and partners gave us their vision of the health crisis, lessons to be learned, the European response, etc.

CONSEQUENCES OF THE HEALTH CRISIS: WHAT ARE THE MAIN IMPACTS OF THE HEALTH CRISIS ON ACTIVITY, CUSTOMER/MEMBER RELATIONS, WORK ORGANIZATION, INSURANCE OPERATOR CLAIMS AND ADDITIONAL PROTECTION? WHAT CAN THEY LEARN FROM IT?

Jean-Claude FLUHR (AG2R La Mondiale): Health, retirement and provident operator in, the AG2R La Mondiale group is fully mobilized for its insured persons in the context of the health crisis. Developed a few years ago, our business continuity plan allows us to assess the daily needs for each sector of activity.

We have chosen not to resort to partial unemployment for our teams in order to support at best the companies and workers covered by our contracts. Almost all of our employees use teleworking to accomplish their missions. Many employees have even benefited from distance training in order to be able to come to the aid of sectors in difficulty.

Regarding the collection of contributions, a payment deferral system has been set up for the Agirc-Arrco supplementary provident contributions.

For health/pension contributions, the government has also granted a possibility of deferral "for companies in difficulty". Notwithstanding, the government had specified the possibility of deferral of social security contributions and the companies have interpreted that as social protection contributions.

Note that the URSSAF have deferred the collection of contributions for very small businesses by 2

months.

For partial unemployment situations, the group maintains contractual guarantees for workers in a situation of partial unemployment despite the drop of around 30% in the collection of contributions. Regarding provident coverage, AG2R La Mondiale has committed to accept exceptional work stoppages taken by people vulnerable to the virus, with a payment of additional daily allowances to companies and under the same contractual conditions than those provided for sick leave.

The situations of work stoppages for the care of children under the age of 16 are subject to an exceptional support for companies with less than 500 workers, while accepting this type of work stoppage is not provided for in the provident fund contracts. Regarding these derogatory stoppages, we also release, under certain conditions, a lump sum of € 300 per worker having had a work stoppage of more than 30 days, within a limit proportional to the size of the company.

Overall, the group has mobilized more than 500 million euros to help its insured persons and contribute to the national solidarity.

OCAMs (Complementary Health Insurance Bodies) will suffer a very strong impact due to self-declarations of sick leave by most vulnerable people, up to tens of millions of euros in our case. The deferral of contributions will also have a strong impact on the increase in claims.

Regarding the organization of work, the social partners will be responsible for concluding agreements to allow companies to continue their activity while respecting the balance between the professional and private life of workers.

Our social protection groups have been particularly responsive during this complicated period. In the long term, we will have to adapt our provident contracts by means of new provisions, in particular guarantees for work stoppages for babysitting provided approvals are obtained.

Pierre MAYEUR (OCIRP): The Covid 19 epidemic is an unprecedented event. Even before considering its consequences on the solvency of insurance organizations, it is necessary to be aware that this health crisis will be immediately followed by an economic and social crisis there too without any precedent. It will not be a simple air hole.

As an insurer of death annuities, we naturally follow the demographic data closely. The number of deaths linked to Covid 19 in France, at least for the first wave, and hoping that the second will be very limited or even eradicated by medical progress, may be as high as 30,000 to 40,000 people. This figure, very clearly higher than the “heat wave deaths” of 2003 or the deaths linked to a particularly bad seasonal flu, is considerable. But it must be compared with the total number of annual deaths: more than 600,000. Covid 19 will thus result in an increase in mortality, but still a limited one.

The financial impacts of Covid 19 as such, linked to this excess mortality, must not be overestimated. It is difficult to speculate. But the over-representation of the elderly makes us think that we will have a decrease in the number of our beneficiaries, especially among the oldest.

But beware: even if their share is very small overall, the early death of workers can represent significant impacts in terms of provisioning. It remains to be determined whether any offset effects (significant reduction in road fatalities, for example, etc.) may occur.

As a company, OCIRP switched to full teleworking from March 16 afternoon. We are operating very satisfactorily, as we have been able to maintain all our services.

I am in close and regular contact with the joint presidency. We held a Board meeting by teleconference on March 24 and another one by videoconference on April 21. We have also learned to keep our CSEs at bay. Agility has long been trendy... I would say that in this period we have shown all our flexibility. Of course, the crisis will change our methods. And we must make the most of this opportunity to make organizations evolve.

In natural contact with the social partners of the professional branches, in regular contact with our members – the provident institutions – we have made every effort to listen to our stakeholders. From a financial standpoint, we were thus able to participate, when the financial

situation of the branch allowed it, with devices allowing to relieve the cash flow of companies.

On the social level, after having set up a psychological support proposal aimed at first to beneficiaries of death pensions, we finally extended it to all workers in a situation of bereavement and who work in a branch or a company where the OCIRP is an insurer.

But we are only at the beginning. I am convinced that social protection organizations must, more than ever, offer personalized support to workers, in the framework of health and provident coverage. It was true before the crisis, it will be all the more necessary with the crisis. Such personalized support must be set in a collective framework, determined by the social partners: this is called social dialogue. This collective framework could materialize through the high degree of solidarity. From this point of view, provident institutions, created by the social partners, can play a major role in overhauling the collective social protection of tomorrow, benefiting from pooling while providing appropriate responses to sectoral logics.

Thomas BLANCHETTE (Chorum): While we have to be careful, it is clear that the health crisis generated a variable claims experience depending on the expenditure items considered. Indeed, if, on the one hand, city care (dental, optical, etc.) has fallen sharply, on the other hand, hospitals expenses that remain the responsibility of OCAMs and claims in provident insurance have significantly increased. We have been involved in specific instruments such as those relating to childcare and we will also probably be also called upon to support the share of income of self-employed health professionals who suffer the full brunt of non-recourse to usual care.

Which brings me to another very important point: we are concerned that non-recourse and renunciation of "usual" care during the confinement period (and despite the government recommendations), may lead medium and long term public health complications and, therefore, to a later increase in health expenditure.

Beyond the questions of claims and expenditure, this health crisis has unprecedented consequences in terms of work organization. In fact, at Chorum, 95% of our employees are currently teleworking. The situation, from this point of view, forced us to evolve faster on technological tools, the only guarantees of maintaining the quality of the service we provide. Nevertheless, many precautions are necessary as to the conclusions to be drawn from these new forms of work organization in terms of quality of life at work in particular, because – fortunately – one cannot say that this is about a test in a "normal" situation.

Finally, a point that, perhaps, deserves to be mentioned: while funds have been created between actors to respond to certain social measures put in place, their high degree of solidarity, their content and their use have been insufficiently discussed in the period.

Bruno HUSS (ADOM): It seems obvious to expect an increase in claims, mainly in health and pensions, but potentially in other insurance sectors. Even though expense transfers will take place punctually between the big risk and the small risk. To which should be added a deterioration in asset management, resulting in a drop in prudential ratios. While mutual funds and provident institutions have greatly strengthened their margin hedges, the ACPR will have to integrate this unprecedented situation into its regulation.

There should also be an impact on the collection of contributions, both individually and collective, with at least deferrals or staggered instalments or else there may be non-recoveries leading to significant reductions in turnover.

Market developments will be quite limited, in favour of protecting or even securing existing portfolios.

OCAM results can only be down in 2020 caught between the increase in claims, lower contributions and deterioration in asset allocations.

This situation should nevertheless allow Mutuels and IPs to differentiate themselves by the quality

and “proximity” of customer relations. Making contacts, keeping in touch, responding to needs, being attentive to the member situations are the most important things Mutuels should be doing over this period. Loyalty will take precedence over conquest.

The organization of work will also be impacted with the legitimization of teleworking, remote management, empowerment and autonomy of workers. The effectiveness of BCPs and CIOs capacities will remain a must in the management of this crisis. The forms of work organization should be re-examined with the social partners at the end of this period towards a service that combines proximity and efficiency.

The links and complementarities with Books III [of the Labour Code] will deserve special attention given their roles in the health management of this crisis.

The non-profit nature and the absence of dividends to pay should allow Mutuels to focus completely on the needs of their members, as they are freed, in part, from the prudential constraints and very restrictive regulations in recent years.

A REALLY DIFFERENT “DAY AFTER”?

- *hat do you think of Axa's proposal to create a “pandemic insurance plan”?*

Pierre MAYEUR : No system functions by itself. I mean, insurance does not exist only to scrupulously respect the rules of compliance and solvency, however just, perfect and founded they may be. Insurance exists to meet social needs.

If there is a risk, and if that risk is insurable – at least in part – then we should go for it. That is why the proposal for a “pandemic insurance plan” seems interesting to me. Thus, regarding personal insurance and social protection, the area I know better, I defend the idea that total dependency is an insurable risk and that we have every interest in France to develop it collectively.

Thomas BLANCHETTE : It is likely that there is a certain opportunism in this proposal. In epidemic situations, this could be considered, but in the event of a pandemic, the insurable risk becomes complicated given the number of people that it affects. I fear that, in order to attain a decent level of coverage, the level of contributions must be extremely high.

Imagining, for example, that independent health professionals could benefit from a regime that would cover their fixed charges is in itself interesting. We see it in these times. But by comparison, we note that few freelancers today have a contract protecting them from operating losses due to the high cost of coverage. How to imagine then that a pandemic risk can be covered by an insurance plan accessible to all?

On the other hand, one could imagine a European device for an epidemic risk. That could make sense and recreate European solidarities by collectively facing the same risk.

This is the question raised by the idea of an unemployment reinsurance system at European level.

Bruno HUSS : This proposal appears to be an opportunistic posture in response to the attacks made against insurers that they are not supporting businesses during the health crisis. This solution goes back to times of concrete methods and solutions. Wouldn't it be more convenient to work towards setting up a larger systemic risk hedge fund that could multiply in the future? This reflection could be initiated at European level, like the banking solidarity mechanisms.

- *Do you think that the ESS has a particular role to play in this period and why?*

Jean-Claude FLUHR Obviously, the ESS has a role to play in this period. In times of crisis, ESS companies are distinguished by their recognized capacity to intervene with populations in trouble. In addition to acting as a social shock absorber, they are less exposed to economic risks than highly financialized companies. Their values of proximity and loyalty to a social and solidarity objective are all assets in these complicated times. Tomorrow, in France as in Europe, they can be the driving force and the source of inspiration to make emerge a new model of society, more just and more united.

Pierre MAYEUR: Non-profit actors carry a precious voice in our country. They have naturally a particular role to play in the period, by recalling what precisely makes their strength, originality and difference. Provident institutions and mutual societies are insurance organizations, subject to the same rules as the others. But their *raison d'être* is inherent to their history, which they should never forget: perhaps the "day after" will be that of a back to basics?

Thomas BLANCHETTE: ESS obviously has a role to play, several roles to be more precise! Teleworking, the consequences of which are yet to be appreciated, the aspirations that this has generated among employees, etc., first and foremost asks us the question of the difference between teleworking from home and remote work. The ESS could be an ideal engine for creating workplaces shared between different companies, in areas where employment and population are becoming scarce.

Another essential aspect that the crisis has cruelly highlighted: the ESS could be a key to regaining our independence on certain health products, avoiding that only lucrative private structures that use the market with private capital develop, all the more so when it comes to health responses that cannot be subject to short-term economic challenges.

Bruno HUSS: The current crisis highlights the strength and interest of ESS values, with people, not finance, at the heart of organizations. Had these values been better supported by the decisions in recent years, the scale of this crisis would certainly have been less severe. The positions, culture and practices of the ESS and its companies must be strengthened to foster a more virtuous, more ecological, more human, more social economy. Current reflections on the economy and its weaknesses in the face of the crisis, indirectly taken up by the French President's speech, opens a way for ESS practices; national production, short circuit, circular economy, no relocation... The ESS must position itself on the post-health crisis in order to highlight the interest of its model and its suitability for a more balanced economy, less subject to the vagaries of globalization and outrageous financialization.

- *Some warn about a major social crisis as a result of the health and economic crisis. How do you see this reality?*

Pierre MAYEUR: The economic crisis will be major, with immediate social consequences, like a very significant increase in unemployment. As in every crisis, social protection will act as a shock absorber in France, even if its effects may wane. Will there be however "a social crisis"? History seems to teach us that it is not at the worst time – from an economic point of view – that the social crisis turns out. We can also see that, in a way, we have chained a series of social crises since the first gatherings of the "yellow vests" in the fall of 2018.

Thomas BLANCHETTE: Though it is too early to tell, it will depend above all on our ability to bounce back quickly. The demand is there, the productive tool too. It is essential to restart quickly to avoid a significant social breakage. In France we have good socio-economic shock absorbers: partial

unemployment helped mitigate major social repercussions. Nevertheless, despite the social shock absorbers, populations are suffering today. Certain already difficult situations are accentuated with the crisis and confinement. From the informal economy, which is also slowing down, to families who no longer benefit from canteens, face declines in uncompensated income (even though the informal economy included in the calculation of GDP...) and sometimes insurmountable additional costs. We could imagine, in addition to state mechanisms and with the ESS as a spearhead, exceptional bonus schemes by increasing the RSA (Social Active Income) by 20% (which corresponds to the loss estimated income in the period). Here too, and like what could be put in place for independent health professionals, the ESS and complementary organizations could be called upon to supplement a fund to support for the most vulnerable populations, alongside the State and health insurance.

Serge Bizouerne (Domplus): Whether we are customers, insured persons, citizens, workers, beneficiaries or subscribers, we are today confronted with “real life” issues and difficulties to which it is essential to respond in the current period but also in the future.

In fact, in this time of crisis, everyday life, private life and health life concerns go far beyond health concerns, as shown in the data gathered about the difficulties the French have experienced.

They form a fertile ground for feelings of fear and anger to which it is urgent to provide determined answers. It is a real challenge for solidarity that public and private decision-makers must take up immediately. Media attention remains, and rightly so, for the time being still focused on the “fight against the virus”, but we see on a daily basis in the care of our members that the agenda is now already dominated by the economic and social difficulties generated by the shutdown of the country. And while many wonder about the social climate of the “day after”, we will again have this confirmation: only determined action on the part of all the actors concerned will be able to solve everyday situations and concrete difficulties, the same ones that today cultivate the reasons for an announced dissatisfaction.

Social protection must be involved in the responses provided by giving priority to the individuals. Relationships and intermediation will be decisive for tomorrow.

Bruno HUSS: The health crisis is already having economic and social impacts (a recession of around 8% already announced by the Ministry of Economy & Finance) with more than 10 million workers in layoff. The business situation will deteriorate, either due to loss of turnover for non-reportable consumption or deferred turnover due to deferred consumption. Even if there will be a catching-up of activities, it will be far from total and will not affect all sectors. There is a risk, through the deterioration of business results, of an impact on employment and on work organization and rates. The last employer injunctions also point to exacerbated social relations in branches and companies.

EUROPE FACING THE CRISIS

- *What did the health crisis reveal (positive or negative) about the European project? What lessons should be learned?*

Jean-Claude FLUHR: The risk of an implosion of Europe is real. The differences that can be observed between governments in the context we know can favour violent rejection expressions of the European Union.

The Eurogroup agreement provides for measures that help to maintain employment and to better protect workers and businesses hit hard by the crisis. This is an important first step, but as the

European Trade Union Confederation rightly notes, it must be followed by a sustainable economic and social response.

The way out of the crisis cannot be led in dispersed order. To this end, the IPSE (of which I am the current president) will mobilize its European network (social protection operators, social partners) to raise the voice and guidance of the organized civil society in the aftermath of this crisis.

Pierre MAYEUR: Health policies remain the responsibility of the member states. Let's say it clearly. The first sequence – in March – seems to me to have been harmful for the image and even the future of the European project. Italy quickly found itself in a very serious situation, with the feeling of being abandoned by other countries. We did not have the impression of a very effective cooperation between European countries at the level of health ministers. China has noisily staged a policy of aid to Italy... probably more symbolic than real... but the damage is done. And the fierce opponents of the European idea have taken advantage of the Covid crisis.

In April, the situation seems to me to have rebalanced. Hospitals in eastern France have thus benefited from German health aid. Anecdotally, it has been observed that Brexit champion Boris Johnson was treated by non-British caregivers and with non-British equipment. And above all, the crisis improved economically, with the responses provided by the European Central Bank. If these may have seemed disappointing at first, they have now convinced the markets of the firm commitment to support the euro economies, even if it means sharply increasing public debts and accepting high deficits.

The Maastrichtian principles seem to me to have been put on hold, which means Europe and Germany are now more flexible.

Because Europe has great challenges ahead: the relocation of part of the pharmaceutical industry is an obvious and major one, to take just one example. More than a Marshall Plan-style stimulus, investment determination and a common research and prevention policy seem obvious to me. Moreover, tomorrow like yesterday, to bring the European idea to life, countries will have to make efforts to come closer together.

These efforts are not of the same nature and intensity depending on the country. They may hurt deeply the national public opinions.

Thomas BLANCHETTE: With or without Europe, the neighbouring Member States have worked together, showed solidarity in the care of the sick. But, unfortunately, there is no European health strategy, for example. Europe has not been absent but did not shine with coherence and cohesion. In times like these, the priority given to the protection of "our people" is reflected in the different states through individual and national strategies. Europe – through pandemic plans, resource allocation and sharing strategies, mechanisms to be mobilized by the European community, etc. – must play its social and political role, so as not to see populist waves thrive in its member states. Finally, there is no doubt that, thanks to the crisis, the priorities are shifting, we need more solidarity and federal arrangements; Social Europe must be strengthened, in particular on the health side.

Bruno HUSS: The crisis will have been treated in a very "national" way by the European countries, with priority given to individual country decisions to the detriment of united approaches. The closing of borders was implemented and traffic restrictions were even more severe between countries than within each country. There has been a tendency to withdraw into oneself, even though each national situation was examined but more to determine specific solutions than to share common approaches. The calls for more European consultation and solidarity have had little success. Europe risks coming out of this health crisis weakened.

But it could rebound in the approach in the post-crisis if European decisions are implemented in solidarity and shared by all members.

- *Ideas have emerged or re-emerged, particularly around a universal income (in Germany and in Spain, in particular) or an unemployment reinsurance system. What do you think of this?*

Bruno HUSS: The scale of the economic and social crisis that will follow this health crisis will require strong support measures in order to limit the pauperization of part of the population, to maintain a purchasing power capable of boosting consumption, which is essential to a resumption of activities. In this context, a sufficient (*in amount and duration*) unemployment allowance and distributive income mechanisms, such as minimum income, will be at the heart of debates.

Additionally, the methods of financing these measures will have to be discussed, since they will have consequences and will entail major societal choices.

Conclusion

The Member States of the European Union are now starting, in dispersed order, the partial or total deconfinement of populations. Already, many voices are raised among the scientific community to warn of the dangers of an ill-prepared containment exit, without recourse to massive testing of populations or without large-scale distribution of protective masks. Remember that, according to the WHO, in the absence of any vaccine available, the risk of new COVID-19 epidemic waves remains unresolved. European citizens, hence, find themselves forced to live, for many more months, in very strict compliance with the now famous “barrier gestures” and a set of measures restricting public freedoms.

The extent of the economic recession will have seen the EU Member States inject massively liquidity in their economies, bypassing, with the approval of the Commission, the budgetary rules enshrined in the treaties. Despite many divisions over the nature of the economic recovery, the Member States of the Eurozone will have urgently released 540 billion euros for the most affected countries. However, the debate remains open on the pooling of debts or the relaxation of certain budgetary measures. Under strong pressure, is Europe ready to commit to more solidarity and to a reinforced cohesion policy?

The health crisis will have put forward the *“first of chore”*, exercising poorly paid trades, insufficiently recognized – where women are also over-represented:

hospital staff, medico-social workers, platform workers, workers of malls. Applauded each night at our windows, how will these workers – who will have been most exposed to the virus – be considered in “the world after”?

Finally, this health crisis will have highlighted the need to accelerate the ecological and social transition of our societies. The European Pillar of Social Rights, which entered into force in 2017, is an opportunity for the Social and Solidarity Economy organizations to highlight with the European decision-makers their role of shock absorbers and social inclusion. To this end, the IPSE, along with ESS France, is at the origin of a large coalition bringing together non-profit private actors working in solidarity-based social protection to bring the voice of the third sector to the European institutions. The context seems more and more favourable, as evidenced by the recommendations made on April 24 by the European Commissioner for Employment and Social Rights, in a letter to the 27 EU labour ministers, calling to rely on the social economy to fight against extreme poverty in the context of the social crisis.

On these numerous issues, IPSE, with the active support of its members and its European network, will fuel the debate in the coming months on this “world after” and the need, now crucial, to strengthen and bring out new forms of solidarity in Europe.