



Self-employment and illness

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An employee is compulsorily covered by employee insurance schemes via his/her employer. A self-employed person does not pay any contribution to employee insurance schemes and is therefore not entitled to a benefit in the event of illness, for example. As a self-employed person, you are not therefore compulsorily or automatically insured against the loss of income that arises if you become (chronically) ill/unfit for work. The chances are that if you have some savings this will easily tide you over if you catch the flu, but can you also cope if you break your leg, leaving you out of action for a few months? And what do you do if you become fully unfit for work and can never work again?

Compulsory invalidity insurance (*arbeidsongeschiktheidsverzekering*, AOV) is likely to be introduced for self-employed persons as of 2024. This is being considered, because less than 20% of self-employed persons currently have insurance against loss of income in the event of illness. You can insure against the risk via an invalidity insurance policy, but other options and combinations are also possible. Examples include participation in a so-called 'solidarity fund', often referred to as a '*broodfonds*' (bread fund) or '*schenkkring*' (donation circle) in Dutch (a fund which self-employed people make monthly payments into, which can then provide a basic income for anyone in the group who becomes too ill to work), a voluntary insurance policy with the UWV, saving money or a part-time job in salaried employment. Ask yourself the following questions to gain insight into your needs:

- **How long can you survive without income?** Would you like a waiting period, also referred to in Dutch as an '*eigen risico termijn*' (excess period). This is the period that you need to bridge yourself until the benefit begins.
- **How much do you need?** Keep in mind that it's an emergency facility: determine how much you need every month to be able to survive.
- **How long would you like the benefit to continue?** There are insurance policies with a maximum benefit period.
- **Are you healthy?** If you already have medical complaints, a premium may be higher or insurance may be refused.
- **Do you have a physically demanding occupation?** In the case of regular invalidity insurance (*arbeidsongeschiktheidsverzekering*, AOV), which profession you practice will be examined for the premium calculation.
- **Are you running additional risk?** Do you participate in extreme sports, such as winter sports? You can choose to exclude these risks, so the monthly premium is lower.

Invalidity insurance via an insurance company

Regular

Invalidity insurance can lessen the impact of your loss of income in the event of illness. You arrange what your waiting period is yourself. This is usually at least six weeks and no longer than two years. The longer the waiting period, the lower the monthly premium. The level of the premium is further dependent on your age, your working hours and your profession. You agree the level of any benefit with the insurance company. In addition, you can determine yourself how long you will receive the benefit, no later than until state pension age.

You can substantially reduce your monthly premium by opting for a long waiting time of two years. In that case, you will receive a benefit in the event of long-term incapacity for work until state



pension age. You can then come to a different arrangement for the first two years, such as saving money or joining a bread fund. In that case, you will have covered the greatest financial risk in any case.

Safety net

Self-employed persons who are refused regular invalidity insurance by an insurance company due to an illness or disorder, can claim a so-called 'safety net insurance' (*vangnetverzekering*) at the insurance company where they were rejected on medical grounds. This also applies to self-employed persons who, for example, are only eligible for invalidity insurance for a very high premium due to a chronic illness. One condition for this is that this insurance must be taken out within 15 months after the start of the business. The waiting period of this insurance is 12 months and the monthly benefit is a maximum of 70% of the minimum wage, equivalent to the social minimum. The social minimum is an amount determined by the government, which is the minimum amount necessary for you to be able to support yourself.

Solidarity fund

Together with a group of participants, you can form what is referred to in Dutch as a '*schenkkring*' (donation circle). When a group member becomes unable to work, each participant 'donates' an amount agreed in advance to the account of this person. This provides him or her with the money he needs for his day-to-day living costs or his 'daily bread', which is where the name for the most well-known solidarity fund in the Netherlands comes from: the '*broodfonds*' (bread fund). All these funds apply a maximum period of two years during which this money is paid out. You can therefore combine this with invalidity insurance, in which you agree a waiting period of two years. You may want to consider this, because solidarity funds often apply a lower monthly rate than a regular invalidity insurance.

Bread fund (Broodfonds)

This concept is based on trust; each participant must be nominated and the group may not be larger than 50 participants. Each participant opens his/her own account into which an amount, agreed upon in advance, is paid. The monthly deposit is linked to the amount of the monthly donation. The waiting period is usually two to four weeks depending on the bread fund in which you participate.

New and similar initiatives

In addition to the bread fund, other initiatives exist that work in a similar way. Examples of this include the Ziektefondsen, SamSam, Voorzieningsfondsen and Smartfund. SharePeople is a commercial provider with a slightly different model. You pay a fixed amount per month for the administration and in addition you donate to sick participants. You donate no more than 6% of your income – and if the percentage of sick people is lower at that time, you pay less.

Optional insurance Employee Insurance Agency (UWV)

In the case of beginning entrepreneurs who have left salaried employment, it is also possible to take out optional insurance with the UWV. One important condition for this is that the insurance must be taken out within one year after termination of the employment and within 13 weeks after starting the business. As a beginning entrepreneur, you can choose between sickness benefit insurance and insurance under the Work and Income (Capacity for Work) Act (*WIA-verzekering*). For the short term, benefit lasting a maximum of 2 years, you should opt for sickness benefit insurance. For the long term, thus after 2 years of illness, you should opt for the WIA. You cannot choose the WIA without choosing sickness benefit insurance, although the other way round is possible.



Alternatives

Saving money

You can also, of course, put money aside yourself, for example in a business savings account. Take into account, however, that you have to pay wealth tax if your savings exceed the so-called tax-free allowance (in 2020: €30,846).

Combination of work in salaried employment and work as a self-employed person

Many beginning entrepreneurs deliberately choose a combination where they also still work in salaried employment. If you have an employment contract, you are required to be insured against loss of income via your employer. The benefit that you receive on a monthly basis in the event of illness is a minimum of 70% of your most recent salary. If this is lower than the social minimum, you can apply for an allowance. You can also take out regular invalidity insurance (for your work as a self-employed person) in order to increase this benefit.

In outline

	Regular invalidity insurance	Bread fund (Broodfonds)	Optional insurance UWV	Safety net scheme
Waiting period	-	yes	2 days	-
Acceptance without medical examination	no	yes	yes	no
Level of insured amount can be chosen yourself	yes	yes	yes	yes
Premium deductible from income tax	yes	no	yes	yes
Benefit taxable	yes	no	yes	yes
Notice period	yes	yes	no	yes
Policy or administration fees	yes	yes	no	yes
No premium in the event of benefit	no	yes	yes	no
Indexation possible	yes	no	yes	yes
Duration of the benefit can be chosen yourself	yes	no	no	yes
Exclusions can be chosen yourself	yes	no	no	yes
Premium dependent on no-claim behaviour self-employed person	yes	no	no	yes
How long a self-employed person when taking out the insurance	no	minimal 1 year	maximal 13 weeks	no

More information

- You can find more information about getting insurance, limiting your entrepreneurial risk and social security on the website [BeroepKunstenaar.nl](https://www.beroepkunstenaar.nl).
- [Dutch central government: Hoe kan ik mij als zelfstandig ondernemer verzekeren tegen arbeidsongeschiktheid? \(How can I take out insurance as a self-employed person against incapacity for work? in Dutch\)](#)
- [Taking out private insurance via the UWV \(in Dutch\)](#)
- Search online for solidarity funds. A few examples: [Broodfonds](#), [SharePeople](#), [Ziektefonds](#), [SamSam](#), [Voorzieningenfonds](#) and [Smartfund](#).