



EMCC

European Monitoring Centre on Change

Denmark: Wage guarantee in case of insolvency

[Go to list page](#)

Denmark

Phase:

Management

Type:

Wage guarantee in case of insolvency

Last modified: 22 March, 2023

Native name:	Bekendtgørelse af lov om Lønmodtagernes Garantifond (LBK nr 686 af 20/06/2011)
English name:	Danish Act on the Employees' Guarantee Fund (Consolidation Act no 686 of 20/06/2011)

Article

Whole legislation

Description

Employees can apply to the Employees' Guarantee Fund (*Lønmodtagernes Garantifond*, LG) for wage and holiday compensation, indemnification for interruption of the employment relationship and compensation in connection with discharge from employment.

The claims have to arise in the period of four months after bankruptcy or six months after notice of suspension of payments or the death of the employer.

LG is an independent national institution governed by the social partners and regulated by law. All private employers pay a quarterly contributions based on company size to the fund.

Support is provided in case of bankruptcy, the employer's death where the court declares the company is insolvent, the termination of the business while it is proven that the employer is unable to pay the employees' claims or during the employer's court-supervised suspension of payments according to the provisions of the bankruptcy law.

All employees are eligible, including part-time and fixed-term workers, except for family members and close associates of the insolvent employer.

There is no minimum duration for the employment relationship in order for workers to qualify for the guarantee. An employee's claim is usually paid 4 weeks after the fund has received the application from the employee.

The maximum compensation from the fund is DKK 160,000 (€ 21,300).

Comments

During the COVID-19 crisis the fund had an increased number of requests and applications. However, there is no official figure yet (September 2020).

In 2018, LG paid DKK 531 million (€ 71 million as at 31 December 2018) to 16,960 employees as a consequence of 1,945 bankruptcies.

In 2017, LG paid DKK 483 million (€ 65 million as at 31 December 2017) to 14,771 employees as a consequence of 1,854 bankruptcies.

In 2016, LG paid DKK 435 million (€ 58 million as at 31 December 2016) to 14,486 employees as a consequence of 1,968 bankruptcies.

In 2015, LG paid DKK 488 million (€ 65 million as at 31 December 2015) to 16,217 employees as a consequence of 1,838 bankruptcies.

In 2014, LG paid DKK 531 million (€ 71 million as at 31 December 2014) to 20,280 employees as a consequence of 1,615 bankruptcies.

Cost covered by

Companies

Involved actors other than national government

Employer organisation

Trade union

Other

Involvement others

Employees' Guarantee Fund


Thresholds


No, applicable in all circumstances


Sources

 [Bekendtgørelse af lov om Lønmodtagernes Garantifond](#)

 [EMCC support of restructuring](#)

 Alpha Consulting (2003). Anticipating & Managing Change - A dynamic approach to the social aspects of corporate restructuring, Brussels, European Commission

 Deutsch, A. (2011). Europäische Beispiele für die Insolvenzentgeltsicherung, Vienna, Federal Ministry of Labour, Social Affairs and Consumer Protection/IEF

 Sargent, M. (2007). Implementation Report Directive 80/987 EEC amended by Directive 2002/74/EC [protection of employees in the event of the insolvency of their employer], Human European Consultancy/Middlesex University Business School

 [ERM Database on restructuring related legislation - Employees' Guarantee Fund](#)

 [Lønmodtagernes Garantifond - Årsrapport 2018.](#)

Useful? Interesting? Tell us what you think. 

Eurofound welcomes feedback and updates on this regulation

Your name *

E-mail *

More information?

Homepage

Subject

Comment *

Save

Preview

About EMCC

European Restructuring Monitor

- › [About the European Restructuring Monitor](#)
- › [Restructuring events database](#)
- › [Restructuring support instruments](#)
- › [Restructuring related legislation](#)
- › [Restructuring case studies](#)
- › [ERM publications](#)

European Jobs Monitor

Labour market research

Case studies

Future of Manufacturing in Europe (FOME)

[European Observatory on Quality of Life - EurLIFE](#)

[European Observatory of Working Life - EurWORK](#)

Quick links

- Legal information
- Data protection
- Environmental policy
- Cookies
- Subscriptions
- Multilingualism
- Templates for Eurofound reports
- Eurofound style guide
- Management Board extranet
- Map - how to get to Eurofound
- FAQ
- Sitemap



Contact us

Eurofound, Wyattville Road, Loughlinstown, Co. Dublin, D18 KP65, Ireland

Phone: (00) 353 1 2043100

E-Mail: information@eurofound.europa.eu

Press: media@eurofound.europa.eu



MEMBER OF THE NETWORK OF EU AGENCIES



EUROFOUND ACHIEVES EMAS REGISTRATION



EUROFOUND IS AN AGENCY OF THE EUROPEAN UNION



[Access to internal documents](#) | [Financial information](#) | [Archives](#) | [Information centre](#) | [RSS feeds](#)

© EUROFOUND 2023

