

Table 1. Structure of the Chilean Unemployment Insurance Savings Account System, including 2015 reform

		Pre 2015 reform (2009-2015)		Post 2015 reform	
Conditions of the UISA: Contributions and Benefits		Workers with open-ended contracts	Workers with fixed-term contracts	Workers with open-ended contracts	Workers with fixed-term contracts
Conditions relating to Contributions to the UISA system	General Conditions	Age range of workers: 18 - 65 years Had a formal written contract			
	Contribution to ISAs	Total contribution 2.2%: 1.6% from employers 0.6% from workers	2.8% only from employers	No change	No change
	Employer Contribution to Solidarity Fund	0.8%	0.2%	No change	No change
	Government Contribution to Solidarity Fund	225,792 monthly tax units (<i>Unidad Tributaria Mensual</i>)* per year (around 16 million USD)			
Conditions relating to Benefits paid by the UISA system	General Conditions	Benefits from ISAs can be applied for under any circumstance of job loss, including voluntary resignation, mutual agreement, redundancy, or end of fixed-term contract. The level of benefits, however, varies depending on the cause of job loss.			
Benefits receivable from ISAs	Contributions to UISA required before being able to withdraw funds	12 not necessarily continuous contributions since last UI payment	6 not necessarily continuous contributions since last UI payment	No change	No change
	Number of payments receivable from ISA	As many payments as individual funds can provide based on the replacement rates established below.			
	Monthly replacement rates	50%, 45%, 40%, 35%, 30%, 25% and 20% until funds run out (there is no time limit to these payments)		70%, 55%, 45%, 40%, 35% and 30% until funds run out (there is no time limit to these payments)	

		Pre 2015 reform (2009-2015)		Post 2015 reform	
Conditions of the UISA: Contributions and Benefits		Workers with open-ended contracts	Workers with fixed-term contracts	Workers with open-ended contracts	Workers with fixed-term contracts
Conditions relating to Access to the Solidarity Fund	Contributions required before being able to receive payments from Solidarity Fund	12 contributions over a 24 month period, with the last 3 contributions being continuous and from the same employer			
	When the Solidarity Fund becomes accessible	Funds from ISA are unable to provide minimum replacement rates stipulated below			
	Replacement rates covered by Solidarity Fund	5 payments over 5 months @ 50%, 45%, 40%, 35%, 30% (with legal maximum and minimum amounts that are stipulated by the law and adjusted each year with inflation).	2 payments over 2 months @ 35% and 30% (with legal maximum and minimum amounts that are stipulated by the law and adjusted each year with inflation).	5 payments over 5 months @ 70%, 55%, 45%, 40%, 35% (with legal maximum and minimum amounts that are stipulated by the law and adjusted each year with inflation). In addition, a maximum of 10 SF payments can be made over a period of 5 years.	3 payments over 3 months @ 50%, 40%, 35% (with legal maximum and minimum amounts that are stipulated by the law and adjusted each year with inflation).
	Emergency payments from Solidarity Fund that become available when the national unemployment rate reaches levels that exceed the rolling average of the last 4 years by 1 %	2 more payments over two months @ 25%		2 more payments over two months @ 30%	
Other Conditions that must be fulfilled when receiving Solidarity Fund benefits	Beneficiaries must search for a job “in an effective way” (i.e. register with local employment offices and labour market exchange website, attend interviews for job offers, not reject any job offer at least equivalent to 50% of the last received wage). Beneficiaries also have to attend vocational training courses if these are offered by the local employment office.				

Source: Authors' summary based on the analysis of unemployment insurance legislation.

* The Monthly Tax Unit is a currency unit established for fiscal use in Chile that is adjusted for inflation on a monthly basis.

Table 2. Proportion of total work force and unemployment covered by the unemployment insurance system (in thousands and per cent)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Number of open-ended contracts	94.5	353.4	730.6	1054.6	1359.4	1657.0	1931.2	2135.1	2243.8	2480.1	2666.8	2861.9	2942.4	3113.0
Number of fixed-term contracts	335.0	686.0	857.6	1013.3	1112.2	1199.9	1234.7	1099.9	1262.1	1335.4	1436.0	1409.6	1384.7	1334.2
Total number of contracts in UISA	429.4	1039.4	1588.2	2067.9	2471.6	2856.8	3165.8	3235.0	3505.9	3815.5	4102.8	4271.5	4327.1	4447.2
Total Labour Force (NENE)	6177.4	6395.5	6605.1	6798.5	6806.2	6949.5	7201.3	7302.4	7774.6	8054.2	8150.2	8280.4	8435.7	8557.0
UISA Coverage of Labour Force (%)	7.0	16.3	24.0	30.4	36.3	41.1	44.0	44.3	45.1	47.4	50.3	51.6	51.3	52.0
Total Salaried Labour Force (NENE)	3617.6	3670.5	3807.7	3986.1	4166.3	4360.9	4582.5	4501.9	4910.5	5143.0	5361.9	5481.4	5530.7	5651.1
UISA Coverage of Salaried Labour Force (%)	11.9	28.3	41.7	51.9	59.3	65.5	69.1	71.9	71.4	74.2	76.5	77.9	78.2	78.7

Source: Authors' calculations based on data provided by the annual reports published by the Superintendencia de Pensiones in Chile. Labour force data is from Chile's official labour force survey, the Nueva Encuesta Nacional de Empleo (NENE).

Table 3. Development of the UISA system in terms of its contributors (In thousands and percent)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Proportion of people working with OCs or FCs on November (%)	64.5	61.2	60.5	59.5	60.2	58.0	54.2	55.3	56.0	55.9	54.7	53.0	51.5
Proportion of people without contributing to the UISA on November (%)	35.5	38.8	39.5	40.5	39.8	42.0	45.8	44.7	44.0	44.1	45.3	47.0	48.5
Proportion of Open-ended Contracts (%)	36.7	46.1	51.9	54.0	57.5	59.9	64.6	63.3	63.7	65.1	67.0	67.6	70.1
Proportion of Fixed-term Contracts (%)	63.3	53.9	48.1	46.0	42.5	40.1	35.4	36.7	36.3	34.9	33.0	32.4	29.9
Average income of FCs as a Proportion of Average Income of OCs (%)	64.3	62.8	62.2	61.8	57.8	58.5	59.1	57.0	57.4	58.9	61.0	61.4	61.7
Average income of FCs as a Proportion of Median Income of OCs (%)	78.7	73.5	71.6	70.4	66.5	66.8	64.3	63.0	62.5	64.1	65.8	66.3	68.9
Average duration of OCs	7.2	11.6	15.4	18.4	20.5	23.4	26.8	29.8	31.3	33.0	35.2	37.7	39.1
Proportion of OCs lasting 3 months or less (%)	22.8	16.0	12.6	11.6	10.3	9.1	7.6	7.2	7.3	6.3	6.0	6.7	6.2
Average duration of FCs	4.9	6.2	7.6	7.9	8.2	8.9	8.9	9.1	9.1	9.0	9.5	9.4	9.7
Proportion of FCs lasting 3 months or less (%)	51.9	51.4	47.1	47.8	48.6	46.7	48.5	49.0	48.8	47.5	47.5	49.6	49.1
Average duration of non-contribution (months) in 2 years for OCs	–	1.3	2.0	2.0	2.1	2.0	1.9	2.1	2.0	1.9	1.9	1.7	1.7
Proportion of periods of non-contribution lasting more than 3 months, OCs (%)	–	14.1	18.9	19.3	19.9	18.8	17.5	18.6	18.1	17.5	17.7	15.7	16.6
Average duration of non-contribution (months) in 2 years for FCs	–	3.6	4.9	5.3	5.5	5.3	5.9	6.2	5.9	5.7	5.6	5.8	6.1
Proportion of periods of non-contribution lasting more than 3 months, FCs (%)	–	35.9	43.9	45.5	47.2	44.8	50.1	51.8	48.9	47.5	47.1	49.2	50.7

Source: Authors' calculations based on a random sample from UI administrative data (5 percent of the total). Data for November of each year (sample 1).

Table 4. Development of the UISA system in terms of its benefits

Year	Number of employees who terminate their employment	Number of UI request (total)	Percentage of total UISA benefits requested (%)	Number of ui requests approved	Percentage of requested UISA benefits approved (%)	Percentages of people with benefits who had fixed-term contracts (%)	Percentages of people with benefits who had open-ended contracts (%)	Benefits received that include SF payments: All contracts (%)	Benefits received that include SF payments: Open-ended contracts (%)	Benefits received that include SF payments: Fixed-term contracts (%)	Average Number of payment received	Total Replacement Rate (%)
2003	93747	5613	6.0	5589	6.0	80.3	19.7	–	–	–	1.0	20.9
2004	119952	22438	18.7	21279	17.7	75.0	25.0	3.2	2.9	0.9	1.1	28.9
2005	138529	32059	23.1	30689	22.2	72.7	27.3	3.9	3.4	1.3	1.2	30.7
2006	159293	40577	25.5	38727	24.3	70.2	29.8	6.1	5.6	1.1	1.3	31.6
2007	178176	44436	24.9	42835	24.0	68.7	31.3	6.1	4.7	2.5	1.4	32.2
2008	191795	48992	25.5	47168	24.6	67.6	32.4	6.6	5.3	2.0	1.6	34.4
2009	176240	54456	30.9	52559	29.8	64.9	35.1	12.5	10.2	3.6	1.9	35.2
2010	186608	36940	19.8	35700	19.1	67.9	32.1	16.8	11.7	9.7	1.9	36.9
2011	206052	51029	24.8	49455	24.0	66.8	33.2	11.6	8.7	4.6	2.0	37.9
2012	216522	53396	24.7	51889	24.0	67.0	33.0	10.9	8.5	4.1	2.0	38.3
2013	221919	57745	26.0	55793	25.1	65.5	34.5	11.2	8.4	4.0	2.1	39.1
2014	220066	62535	28.4	60534	27.5	64.2	35.8	8.9	7.1	3.5	2.1	40.5
2015	220421	61684	28.0	60070	27.3	62.5	37.5	15.3	11.2	5.8	2.2	44.4

Source: Authors' calculations based on a random sample from UI administrative data (5 percent of the total). Data for formal employees who terminate their employment in a year (sample 2)

Table 5. Coverage of the UISA of formal employees who terminate their employment in a year

	2009	2010	2011	2012	2013	2014	2015
OCs with insufficient contributions	12.7	10.6	10.1	9.9	11.4	12.3	14.2
FCs with insufficient contributions	35.5	32.8	30.7	31.0	30.5	31.3	36.0
Subtotal	48.2	43.5	40.8	40.9	41.9	43.5	50.1
OCs-Right to Solidarity Fund	18.4	17.7	18.8	18.1	18.8	18.7	17.4
FCs-Right to Solidarity Fund	10.4	13.6	13.3	12.3	11.4	10.3	8.0
OCs-Enough savings, no Solidarity Fund	5.4	5.9	5.9	6.5	6.5	7.1	6.3
FCs-Enough savings, no Solidarity Fund	17.6	19.4	21.2	22.2	21.5	20.4	18.2
Subtotal	51.8	56.5	59.2	59.1	58.2	56.5	49.9
Total	100	100	100	100	100	100	100

Source: Authors' calculations based on a random sample from UI administrative data (5 percent of the total). Data for formal employees who terminate their employment in a year (sample 2). OCs stands for open-ended contracts, and FCs stands for fixed term contracts.

Table 6: The Characteristics of workers with at least one month pause of contribution to UISA in 2015

Variables	Workers with insufficient contributions		Workers entitled to Solidarity Fund Payments		Workers entitled only to Individual Saving Account Payments	
	Open-ended contracts	Fixed-term contracts	Open-ended contracts	Fixed term contracts	Open-ended contracts	Fixed term contracts
Percentage in the sample	14.2	36.0	17.4	8.0	6.3	18.2
Percentage of women	35.9	33.6	44.9	33.9	36.9	24.7
Average age (years)	32.1	31.0	34.3	32.0	38.0	35.2
Education Level (%)						
Non High School	19.2	28.3	19.0	31.0	15.4	33.9
High School	48.1	40.6	51.6	42.4	41.5	47.7
Complete Higher Education Degree	7.9	4.1	9.0	4.5	19.0	8.2
Without information about education level	24.8	26.9	20.4	22.1	24.1	10.2
Average income of formal work before ceasing contributions	409874	271755	447145	278080	1003153	469426
Average duration of the most recent formal work before ceasing contributions	6.6	3.2	25.0	5.6	39.3	9.2
Average duration of the break in contributions	5.2	5.3	5.7	4.9	5.7	4.2
Economic Sector (%)						
Not specified	0.9	0.8	0.7	0.7	0.7	0.8
Agriculture	3.8	16.5	3.4	14.6	2.9	10.8
Fisheries	0.5	0.7	0.7	0.8	0.7	0.6
Mining	0.8	0.3	0.8	0.4	2.7	0.5
Manufacturing (non-metalic)	5.7	5.5	6.9	4.9	7.1	4.0
Manufacturing (metalic)	3.2	2.2	2.7	1.8	3.4	3.0
Electricity, Gas and Water	0.2	0.2	0.2	0.2	0.9	0.4
Construction	12.9	24.3	7.1	24.5	9.5	33.9
Commerce	16.6	13.0	19.3	11.5	15.9	8.7
Hotels and Restaurants	9.2	5.1	6.8	4.6	3.8	2.5
Transport and Communication	7.9	4.0	8.1	4.3	7.7	4.8
Financial services	3.2	1.4	3.8	1.2	9.2	1.6
Real Estate	21.7	17.1	22.1	17.5	19.8	17.6
Public Administration	3.4	1.2	4.6	1.8	4.2	1.9
Teaching	1.5	1.6	2.9	3.2	4.3	3.1
Healthservices	1.4	0.6	2.5	0.6	2.2	0.6
Otherservices	7.1	5.6	7.6	7.4	4.9	5.4

Source: Authors' calculations based on a random sample from UI administrative data (5 percent of the total). Data for formal employees who terminate their employment in a year (sample 2)

Table 7: Probit on the probability of using the UI for 2010-2016 (Marginal effects)

	All Sample			Enough Savings + Right to SF			Right to SF		
	Beta		Std. Error	Beta		Std. Error	Beta		Std. Error
Contract (open-ended)	0.106	***	(0.008)	0.177	***	(0.012)	0.116	***	(0.018)
Gender (female)	0.057	***	(0.008)	0.04	***	(0.011)	0.015		(0.013)
Age	-0.016	***	(0.002)	0.003		(0.003)	0.002		(0.004)
Age squared	0.000	***	(0.000)	0.000	***	(0.000)	0	***	(0.000)
Education									
Non High School	(Ref)			(Ref)			(Ref)		
High School	0.085	***	(0.008)	0.146	***	(0.011)	0.151	***	(0.015)
Complete Higher Education Degree	-0.055	***	(0.013)	0.000		(0.017)	0.046	*	(0.024)
Without information about education level	-3.144	***	(0.038)	-3.858	***	(0.060)	-3.931	***	(0.071)
Log of income	0.160	***	(0.005)	0.080	***	(0.007)	0.074	***	(0.011)
Duration of employment	0.004	***	(0.000)	0.001	***	(0.000)	0.001	***	(0.000)
Duration of last pause	0.225	***	(0.001)	0.324	***	(0.002)	0.327	***	(0.002)
Economic Activity									
Not specified	(Ref)			(Ref)			(Ref)		
Agriculture	0.099	***	(0.035)	0.036		(0.051)	0.075		(0.069)
Fisheries	0.352	***	(0.049)	0.290	***	(0.067)	0.291	***	(0.090)
Mining	0.016		(0.045)	0.019		(0.060)	0.071		(0.094)
Manufacturing (non-metalic)	0.149	***	(0.036)	0.095		(0.051)	0.115		(0.067)
Manufacturing (metalic)	0.111	***	(0.039)	0.050		(0.055)	0.050		(0.074)
Electricity, Gas and Water	0.120	*	(0.061)	0.053		(0.081)	0.030		(0.117)
Construction	0.227	***	(0.034)	0.166	***	(0.049)	0.156	*	(0.066)
Commerce	0.146	***	(0.034)	0.102	*	(0.049)	0.107		(0.065)
Hotels and Restaurants	0.137	***	(0.037)	0.124	*	(0.053)	0.100		(0.068)
Transport and Communication	0.097	***	(0.036)	0.071		(0.051)	0.088		(0.067)
Financial services	0.093	*	(0.038)	0.053		(0.053)	0.092		(0.072)
Real State	0.120	***	(0.034)	0.092		(0.049)	0.094		(0.065)
Public Administration	0.236	***	(0.039)	0.057		(0.055)	0.095		(0.072)
Teaching	-0.037		(0.039)	-0.222	***	(0.054)	-0.186	***	(0.072)
Health services	0.032		(0.044)	0.005		(0.060)	0.034		(0.077)
Other communitary services	0.084	*	(0.037)	0.012		(0.052)	0.029		(0.069)
Building management councils	0.103		(0.060)	0.061		(0.087)	-0.026		(0.106)
Extraterritorial organizations	-0.056		(0.215)	0.121		(0.275)	-0.245		(0.482)
Constant	-3.639	***	(0.079)	-2.864	***	(0.113)	-2.610	***	(0.164)
Observations	445410			252053			138134		

Source: Standard error in parenthesis. *** p<0.01. ** p<0.05. * p<0.1. Authors' calculations based on a random sample from UI administrative data (5 percent of the total). Data for formal employees who terminate their employment in a year (sample 2)