

Denmark

Wage guarantee in case of insolvency

Phase	Danish Act on the Employees' Guarantee Fund (Consolidation Act no 686 of 20/06/2011)
Native name	Bekendtgørelse af lov om Lønmodtagernes Garantifond (LBK nr 686 af 20/06/2011)
Type	Wage guarantee in case of insolvency
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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).

Commentary

For wage guarantee and insolvency data, view LG's Annual Reports, available [here](#).

Additional metadata

Cost covered by	Companies
Involved actors other than national government	Employer organisation Trade union Other
Involvement (others)	Employees' Guarantee Fund
Thresholds	Affected employees: No, applicable in all circumstances Company size: No, applicable in all circumstances Additional information: No, applicable in all circumstances

Sources

- [Bekendtgørelse af lov om Lønmodtagernes Garantifond](#)~~~ 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~~~ Sargant, 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~~~ [Lønmodtagernes Garantifond - Årsrapport 2018](#)~~~ [Lønmodtagernes Garantifond Årsrapport 2022](#)~~~ [Lønmodtagernes Garantifond Årsrapport 2021](#)~~~ [Lønmodtagernes Garantifond Årsrapport 2020](#)~~~ [Lønmodtagernes Garantifond Årsrapport 2019](#)~~~

Citation

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