

The European Social Model and national and international experience in shaping social security in the countryside

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Abstract

The aim of the article is to identify the functions of farms, which simultaneously play the role of agricultural households, to identify risks resulting in the loss or impairment of these functions, and to assess the prospects for the development of the social security system in rural areas in the context of the EU policy.

The basic problem to be solved is to maintain within the internal structure the newly created European Social Model, distinguished due to the risk community of the social security system of farmers, characterized by the ability to professionally protect the broadly understood functions of farms.

The expected results of the analysis carried out in the study will concern:

- models, solutions and patterns on which various social security systems are based,
- making the protection within agricultural social security systems more realistic,
- risk community and the role of professional public insurers as premises for separating farmers' social security systems.

Keywords: European Social Model, social security systems, risk community, farmers' social security.

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Introduction

Assuming that a village is not only a territory but also constitutes a certain, quite homogeneous group of entities (farms) with similar social and economic functions and a similar risk profile, it should be assumed that the insurance (contributory) solutions of social security are the most appropriate for a community of risk understood in this way.

Even if we take into account the model of a multifunctional village and the desire to diversify economic activity in the countryside, each type of this activity serves, directly or indirectly, to strengthen this basic function, which is the agricultural function. Cooperative networks and chains, the main link of which is a farm, function either in the sphere of agricultural service or in the sphere of consumption of products (and services) offered by agriculture.

Large urban agglomerations and other urbanized areas, due to the deep diversity of population structures, very different forms of economic activity, individualized lifestyle, detachment from place and a sense of temporary location, and their other features, do not constitute either a homogeneous territory or a homogeneous community of risk. Therefore, it should be expected that universal social security systems are characterized by a significant share of provisioning solutions in the system, unlike the separate systems for rural areas.

Due to its multiple functions, an agricultural holding requires protection against their loss or impairment of these functions, otherwise it will be pushed by the course of events beyond the margins of the rural community and beyond the margins of economic life.

Rural entities affected by exclusion cannot return to their functions on their own without support from the social security system and public programs configured with it, the most important administrator and executor of which in Poland is KRUS.

The aim of the article is to identify the functions of farms, which simultaneously play the role of agricultural households, to identify risks resulting in the loss or impairment of these functions, and to assess the prospects for the development of the social security system in rural areas in the context of EU policy.

The basic problem to be solved is to maintain within the internal structure of the newly created European Social Model, the separated social security system of farmers distinguished due to the risk community, characterized by the ability to professionally protect the broadly understood functions of farms.

The expected results of the analysis carried out in the study will concern:

- models, solutions and patterns on which various social security systems are based,
- making the protection within agricultural social security systems more realistic,
- risk community and the role of professional public insurers as premises for separating farmers' social security systems.

The scope of the study does not cover the issue of demographic changes and their impact on the stability of the social security system¹.

The article seeks answers to the following questions:

1. What are the social risks and how is the countryside secured against their effects?
2. What are the functions of rural entities, with particular emphasis on farms?
3. What direction of changes is visible in national and foreign social security systems?
4. What environmental factors determine system changes?

Taking into account the problem to be solved above, the following assumptions are made:

1. Social risks are defined and classified within the framework of well-established theory and under various acts of international law.
2. Rural entities, in particular farms, perform various functions of different importance and rank.
3. The national social security systems still remain under the national authority, but are undergoing transformation towards unification and standardization, as well as increasing transfer of sovereign powers to the EU level.
4. Systemic changes are determined by two groups of factors related to the European Union policy, including factors related to the EU financial perspective for 2021–2027 and the European Pillar of Social and Social Rights.

The study will use methods of qualitative-descriptive analysis, comparative analysis, document analysis, literature searches, techniques of graphical presentation of the results of the analysis.

1. The author recognizes the power of this influence and refers the reader to the extensive literature on the subject devoted to this issue, including: U. Jackowiak, L. Abramowicz, *Ryzyko starości – problemy zabezpieczenia*, Kraków, Polish Association of Social Insurance, 2007; W. Koczur, *Zabezpieczenie społeczne – zarys problematyki*, Thesis, University of Economy in Katowice, 2012; S. Golinowska, *Funkcje państwa w zabezpieczeniu dochodów na okres starości. Zmiana warunków i paradygmatów na przykładzie polskiej reformy systemu emerytalnego* [in:] *Ubezpieczenia społeczne w procesie zmian: 80 lat Zakładu Ubezpieczeń Społecznych*, red. K.W. Frieske, E. Przychodaj, Warszawa, Zakład Ubezpieczeń Społecznych, Instytut Pracy i Spraw Socjalnych, 2013; T. Szumlicz, *Ubezpieczenia społeczne. Teoria dla praktyki*, Bydgoszcz–Warszawa, Oficyna Wydawnicza Branta, 2005; W. Koczur, *Świadczenia emerytalno-rentowe z ubezpieczenia społecznego rolników* [in:] *Proces starzenia się ludności Polski i jego społeczne konsekwencje*, red. L. Frąckiewicz, Katowice, Wydawnictwo Naukowe “Śląsk”, 2003; J. Jończyk, *Prawo zabezpieczenia społecznego – ubezpieczenia społeczne i zdrowotne, bezrobocie i pomoc społeczna*, Kraków, Zakamycze, 2001, and more.

The European Social Model as a stage in the process of Convergence of social security systems in the European Union

In the practice so far, each Member State of the European Union could freely and independently shape its social security system or social security systems, if there were more than one of them. A separate system from the general social security system – uniform for a given country – has so far been and still is the special system for farmers. Answers to the question of what are the reasons for the differentiation of national systems, and what are behind the separation of the special system of farmers from them, are sought later in this article.

The EU cohesion policy provides for two goals for the new financial perspective for 2021–2027, the implementation of which may lead to a uniform social security system in all Member States:

- goal 3: “A better connected Europe”,
- goal 4: “Europe with a stronger social dimension”².

Mutual similarity of national social security systems may cancel the necessity of their coordination, which was necessary at the stage of differentiation of these systems, or considerably reduce its scope.

On coordination³ in practice so far it has been determined which national system is to apply to a given EU citizen when two or more countries are involved. In general, social protection is provided by the country of employment and, for those who are not working, by the country of residence⁴.

The objective scope of the coordination includes the following social security benefits:

2. Compare *Stan negocjacji WRF i Pakietu Legislacyjnego Polityki Spójności 2021–2027*, Ministerstwo Funduszy i Polityki Regionalnej, Warszawa 13.11.2020, p. 13.

3. In 2010 year a major reform of the system was carried out, including the adoption of the “modernizing coordination package” – Regulation (EC) No 988/2009 of the European Parliament and of the Council of 16 September 2009 amending Regulation (EC) No 883/2004 on the coordination of social security systems and specifying the content attachments, <http://data.europa.eu/eli/reg/2009/988/oj>, access 10.05.2021; <https://eur-lex.europa.eu/legal-content/PL/ALL/?uri=CELEX%3A32009R0988>, access 10.05.2021; Regulation (EC) No 988/2009 and Regulation (EC) No 987/2009 of the European Parliament and of the Council of 16 September 2009 on the implementation of Regulation (EC) No 883/2004 on the coordination of social security systems, <http://data.europa.eu/eli/reg/2009/987/oj>, access 10.05.2021; <https://eur-lex.europa.eu/legal-content/PL/TXT/?qid=1478533221777&uri=CELEX:32009R0987>, access 10.05.2021.

4. More on this topic in M. Żukowski, *Otwarta koordynacja zabezpieczenia emerytalnego w Unii Europejskiej – nowy etap europejskiej polityki społecznej?*, “Polityka społeczna” 2002, nr 11–12.

- sickness, maternity and equivalent paternity benefits; however, this does not include means-tested social and medical assistance as it is not linked to past contributions to the social security system;
- old-age, survivors' pensions and invalidity benefits;
- benefits for accidents at work and occupational diseases;
- benefits related to death;
- pre-retirement benefits, unemployment benefits, family benefits;
- a special non-contributory cash benefit that cannot be transferred.

Two factors have made a fundamental contribution to improving the coordination of social security systems, namely:

- 1) European Health Insurance Card (EHIC)⁵,
- 2) supplementary pension rights.

Since 2006, the EHIC has facilitated access to medical care in the event of unforeseen health problems during a stay in another European Economic Area country for professional or personal reasons. Access is granted under the same conditions and at the same price as those insured in a given country. The costs are reimbursed by the social security system of the country of origin.

From 2014, the minimum requirements for acquiring and retaining supplementary pension rights have been specified⁶. However, they relate only to labour market pension systems and not to voluntary contributions to individual pension schemes or to state pensions which are covered by the Coordination Regulation.

Monitoring the implementation of new regulations and coordinating social security systems throughout the European Union⁷ results from at least two premises:

- 1) ensuring that the rights of citizens are respected,
- 2) ensuring freedom in the field of labour mobility in the EU.

In 2010 a major reform of the system was carried out, with the adoption of the "modernizing coordination package" – Regulation (EC) No 988/2009 and Regulation

5. See Cross-border healthcare in the EU under social security coordination Reference year 2019 (2020), accessed https://ec.europa.eu/social/main.jsp?pager.offset=10&advSearchKey=ssc_statsreport2020&mode=advancedSubmit&catId=22&doc_submit=&policyArea=0&policyAreaSub=0&country=0&year=0, access 10.05.2021.

6. See Directive 2014/50 / EU of 16 April 2014 on minimum requirements to increase worker mobility between Member States by facilitating the acquisition and preservation of supplementary pension rights. The latest update of the scope of coordination presented in the study: *Cross-border old-age, survivors' and invalidity pensions Report on Portable Documents P1 Reference year 2019 (2020)*, https://ec.europa.eu/social/main.jsp?pager.offset=10&advSearchKey=ssc_statsreport2020&mode=advancedSubmit&catId=22&doc_submit=&policyArea=0&policyAreaSub=0&country=0&year=0, access 10.05.2021.

7. Under the Agreement on the European Economic Area (EEA), the scope of coordination was extended to nationals of Iceland, Liechtenstein and Norway, while Swiss nationals are covered by the EU-Switzerland Agreement.

(EC) No 987/2009⁸. Four main principles result from the above regulation (and as of 2017, the fifth principle is also indicated):

- 1) equal treatment (art. 4, art. 5),
- 2) summing up (Article 6),
- 3) the principle of one applicable law (Article 10, Article 11 (1)),
- 4) export of benefits (Article 7),
- 5) good administration (since 2017).

The right to equal treatment applies unconditionally to any worker or self-employed person who comes from another Member State and resides in the host State for some time. Moreover, if, under the legislation of a Member State, legal effects are attributed to certain situations (e.g. marriage), events (e.g. an accident) or social benefits (e.g. recipients of unemployment benefits are also entitled to tax relief), that Member State shall take into account such situations, events or benefits occurring in another Member State.

Where national legislation requires a worker to be insured or employed for a certain period before receiving certain benefits, the aggregation rule implies that the competent Member State must take into account periods of insurance and employment which have been completed in another Member State.

Each insured person is subjected to the legislation of only one country and pays contributions only there.

Social security benefits can be provided throughout the Union, and Member States are prohibited from limiting payments only to those residing in their territory (with few exceptions, such as unemployment benefits).

The modernized coordination system introduces the principle of good administration, which requires Member States' institutions to cooperate and provide mutual assistance. A system of electronic data exchange between national institutions has also been established. In July 2017 the Commission has made available a central system for the electronic exchange of information on social security. The system is implemented by the competent institutions of the Member States.

The European Parliament plays a special role in coordinating social security systems, which in documents such as the resolution of 14 January 2014 on social

8. Cf. Regulation (EC) No 988/2009 of the European Parliament and of the Council of 16 September 2009 amending Regulation (EC) No 883/2004 on the coordination of social security systems and specifying the content of the annexes, <https://eur-lex.europa.eu/legal-content/PL/TXT/?qid=1529574112804&uri=CELEX:32009R0988>, access 10.05.2021; Regulation (EC) No 988/2009 and Regulation (EC) No 987/2009 of the European Parliament and of the Council of 16 September 2009 on the implementation of Regulation (EC) No 883/2004 on the coordination of social security systems, <https://eur-lex.europa.eu/legal-content/PL/TXT/?qid=1529574173654&uri=CELEX:32009R0987>, access 10.05.2021.

protection for all, the resolution of 14 September 2016 on social dumping⁹, and the resolution of 4 July 2017 on working conditions and job insecurity¹⁰ pointed to the need to clarify the situation of self-employed, fixed-term or part-time workers, workers in the digital economy and seasonal workers (including rural workers).

In 2018 a new solution was considered: a European Social Security Number which would facilitate cross-border coordination of social security systems, but so far this proposal has not gone beyond the initial stage.

In the resolution¹¹ on the protection of cross-border and seasonal workers in the Union, in the context of the COVID-19 crisis, attention was drawn to the inability to obtain adequate social protection and security rights due to difficult coordination between social security institutions in the Member States, difficulties in qualifying for the inclusion of temporary support measures, such as short-time working schemes, adapted unemployment benefits and measures to facilitate working from home, and legal uncertainty with regard to the applicable social security and tax systems.

A number of thematic reports have been published on the coordination of social security systems in the EU in the conditions of the 2020 pandemic¹².

It is to be expected that there will be a more intensive effort to unify the social security systems, which have been so different to date that they have required, and still require, coordination from the EU level.

The European Commission has published the results of a new Eurobarometer survey on social issues. The subject of the study were opinions on the implementation of the European Pillar of Social Rights. The most urgent problems to be solved by respondents are equal opportunities and access to all 20 key rights and principles

9. Cf. European Parliament resolution of 14 January 2014 on social protection for all, including the self-employed (2013/2111 (INI)) declaration of 14 January 2014 on social protection for all, <https://eur-lex.europa.eu/legal-content/PL/TXT/?uri=CELEX:52014IP0014>, European Parliament resolution of 14 September 2016 on social dumping in the European Union (2015/2255 (INI)), <https://eur-lex.europa.eu/legal-content/PL/TXT/?uri=CELEX:52016IP0346>, access 10.05.2021.

10. Cf. European Parliament resolution of 4 July 2017 on working conditions and precarious employment (2016/2221 (INI)), <https://eur-lex.europa.eu/legal-content/PL/TXT/?uri=CELEX:52017IP0290>, access 10.05.2021.

11. Lt. European Parliament resolution of 19 June 2020 on the protection of cross-border and seasonal workers in the Union in the context of the COVID-19 crisis, https://www.europarl.europa.eu/doceo/document/TA-9-2020-0176_PL.html, access 10.05.2021.

12. In particular, the full update can be found here: https://ec.europa.eu/social/main.jsp?advSearchKey=ssc_statsreport2020&mode=advancedSubmit&catId=22&doc_submit=&policyArea=0&policyAreaSub=0&country=0&year=0, access 10&country=0&year=0 includes Separate.05 Catalog N.: KE-08-21-032-EN-N. Among the numerous publications of the European Commission, the following is worth recommending: *Coordination of social security systems at a glance. 2020 statistical report (March 2021)*, <https://ec.europa.eu/social/main.jsp?catId=7388&langId=en&pubId=8386&furtherPubs=yes>, access 10.05.2021.

of a strong social Europe adopted in 2017 to be implemented under this pillar. On the one hand, as many as 71% of all respondents perceive the lack of implementation or incomplete implementation of social rights as a serious problem, on the other hand, as many as 62% believe that in 2030 Europe will be more social¹³.

The most important reference documents for the strategic plans for the expansion and strengthening of social security at the EU and national levels are the Multiannual Financial Framework 2021–2027, the 2030 Agenda and the European Pillar of Social and Social Rights.

Extremely effective lobbying as well as other very diverse influencing factors used by NGOs¹⁴ led to the announcement at the Social Summit in Porto, under the Portuguese Presidency, of a new document called Porto Social Commitment, “The European Pillar of Social Rights Action Plan” signed on 7 May 2021 and containing the operationalization of the objectives of the abovementioned Pillar¹⁵. Both at the preparation stage¹⁶ for the Social Summit in Porto, as well as in the document itself, expressions are used many times that this plan, which is a priority for the European Union, will bring about the unification of the social security systems of the member states, and perhaps create one common social security system in the European Union¹⁷.

Decisions regarding the uniform shape of the social security system in relation to the European Social Model will be of fundamental importance for the countryside and agriculture.

One axis of the dispute concerns the question whether the uniform European Social Model means, inter alia, a single European social security system and whether it will be a system based on provisioning solutions or insurance solutions,

13. See the results of the survey: *Eurobarometer survey on social issues (summary report and country-specific factsheets)*, or access: <https://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=9940&furtherNews=yes>, access 10.05.2021.

14. Among the most famous ones are SOLIDAR Foundation, the Social Platform, the European Disability Forum, AGE Platform, Eurodiaconia, the Platform for International Cooperation on Undocumented Migrants (PICUM), European Anti Poverty Network (EAPN), Caritas Europa Policy and many others.

15. The document reads, among others: “In the debates developed by the European Economic and Social Committee and the Committee of the Regions the Regions the relevance of the European Pillar of Social Rights Action Plan was stressed. In this context, we welcome the European Pillar of Social Rights Action Plan presented by the European Commission ...”, Porto Social Commitment, Porto Social Summit May 7th 2021, p. 1–2, <https://www.2021portugal.eu/en/porto-social-summit/porto-social-commitment>, access 10.05.2021.

16. Cf. Consisting of 49 pan-European networks of NGOs, accessed: <https://www.solidar.org/en/news/building-social-europe-people-centered-economy-and-participation-are-key-to-social-progress-in-europe>, access 10.05.2021.

17. In the document Porto Social Commitment, the phrase “European Social Model” is repeatedly used, as well as the term “social convergence”, Porto Social Summit May 7th 2021, p. 1–2, access: <https://www.2021portugal.eu/en/porto-social-summit/porto-social-commitment>, access 10.05.2021.

or other. The decision in this respect is of key importance, because only basing the system on insurance solutions would allow to defend a special system for farmers, separated from the general system, covering the entire EU uniform agricultural risk community. The second axis of the dispute concerns the question whether, under the pressure of demographic changes (the aging of Europe) and financial imbalance, the European Social Model will not be questioned at the stage of its implementation by international organizations such as the World Bank or the International Monetary Fund, inclining it to play the free market and reducing public participation¹⁸.

Differentiation of social security systems – theoretical premises and practical national and international experience

The theoretical foundations of social security can be found in the abundant Polish and foreign literature on the subject, which describes and explains the regularities of processes characterised by social risk, which take place in life and in economic activity. State social policy tries to use these regularities to shape (model) practice, seeking to protect its citizens from the effects of social risks, taking into account the specific risks of large and smaller social groups.

There are two factors limiting the scope of this modelling, namely, on the one hand, the available social security solutions developed by science, and, on the other hand, the available financial resources that can be included in the social security financing mechanism.

The history of social security provides some practical patterns that can be followed, modified and improved for the present or the future in line with the changing environment.

Among the many definitions of social security present in Polish and foreign literature on the subject, for the purposes of this study, a sufficiently general definition is adopted to fit into its content the similarities and detailed differences identified in the statements of many scientific authorities and social policy experts. Such a postulate of generalization is provided by the definition according to which “social security is the entirety of public resources and activities by means of which society tries

18. Cf. *Global Economic Prospect*, World Bank Group, Washington, DC, January 2021, ISBN (paper): 978-1-4648-1612-3 and ISBN (electronic): 978-1-4648-1613-0, as well as DOI: 10.1596/978-1-4648-1612-3.

to protect its members against the risk of inability to meet basic needs, which are jointly recognized as important¹⁹.

Among the arguments in favour of this definition is the omission of the issue of guilt for one's difficult situation and the issue of work as the only source of own income, which are included in other definitions, and which are often questioned in scientific discussion.

In the national scientific achievements so far²⁰ you can find at least three types of solutions that have been developed by science for social security:

- 1) solutions based on procurement principles,
- 2) solutions based on insurance principles,
- 3) caring solutions and/or philanthropic solutions based on charity (public or private, or public-private).

In the case of the first two solutions, the persons entitled to benefits may apply for them in a demanding manner, while the last solution is not of a claim but of a discretionary nature.

In solutions based on supply principles in social security, tax financing is used, which means that the funds needed for social security come from the state budget, as a centralized public fund, powered mainly by public levies, including various types of taxes. From the tax definition review²¹ contained in the literature on the subject on public finance and contained in various acts of tax law shows that taxes are characterized by:

- compulsion and universal taxation,

19. Quote from: G. Szpor, *System of social insurance*, Warsaw, 2013, p. 13; other frequently quoted definitions are: "social security should be understood as the entirety of measures and activities of public institutions, by means of which the society tries to protect its citizens against the fault that is not their fault, against the threat of inability to satisfy basic, socially important needs" (after: J Piotrowski, *Social security. Problematics and methods*, Warszawa, KiW, Warszawa 1966, p. 28), but also the following approach: "it is a system of benefits to which citizens are entitled or can be used in accidents and under the conditions specified in relevant regulations" (after: *Polityka Społeczna*, scientific ed. A. Rajkiewicz, Warszawa, PWE, Warsaw 1979, p. 432) or emphasizing the role of the state in the phrase: "social security as an idea according to which the general public through its organization, i.e. the state is obliged to ensure the living conditions for all those who, through no fault of their own, cannot provide them through my own work" (after: W. Muszalski, *Social Insurance*, Warsaw, Wydawnictwo Naukowe PWN, Warsaw 2004, p. 16).

20. See authors such as: J. Supińska, *Dylematy polityki społecznej*, Warsaw, IPS UW, Warsaw 1991; T. Szumlich, *Ubezpieczenie społeczne. Teoria dla praktyki*, Bydgoszcz-Warsaw, Oficyna Wydawnicza "Branta", Bydgoszcz – Warsaw 2005; J. Jończyk, *Prawo zabezpieczenia społecznego – ubezpieczenia społeczne i zdrowotne, bezrobocie i pomoc społeczna*, Kraków, Wyd. Zakamycze, Krakow 2001, and many others.

21. See authors such as: T. Augustyniak-Górna, *System podatkowy. Zagadnienia teoretyczno-prawne*, Łódź, UŁ Publishing House, Łódź 1992, *System podatkowy w Polsce* [in:] *Finanse. Instytucje, instrumenty, podmioty, rynki, regulacje*, scientific editor. M. Podstawka, Warsaw, Polish Scientific Publishers PWN, Warsaw 2017; J. Głuchowski, *Polskie prawo podatkowe*, Warsaw, Polish Scientific Publishers PWN, Warsaw 1993; S. Owsiak, *Finanse publiczne. Teoria i praktyka*, Warsaw, Polish Scientific Publishers PWN, Warsaw 1999, and many others.

- monetary form,
- non-refundable tribute,
- the non-equivalence of the tribute understood as the lack of an obligation to reciprocate by the state,
- one-sided tax assessment,
- generality and purpose for public purposes (without indicating which tasks will be financed, and without specifying the amount and method of financing the tasks).

The latter of the above-mentioned features of the uncertainty of the financing of tasks has its exceptions, in particular relating to a special category of taxes called special-purpose taxes, from which earmarked funds are created within the budget or public earmarked funds outside the budget. Special-purpose funds within the budget (state or local self-government) can also be created in a different way than with the help of a specific tax, namely by establishing a percentage or amount of share in the total budget.

The dominance of provisioning solutions in the social security system is often reflected in nomenclature, because then the name of the “social provision system” is adopted for the entire system. The function of the social security system is redistribution, i.e. the transfer of income by the state between social groups with the help of such financial instruments as taxes and social benefits.

In other words, the social security system is such a special case of a social security system that is based solely on provisioning solutions, or in which provision solutions clearly dominate.

Supply solutions are characterized by the following:

- the social security system generally covers the entire population of the country, regardless of professional activity, granting pensions and pensions to persons who meet the conditions provided for by law,
- funds for supplies come from public funds (from general budget revenues or tax),
- benefits are basically uniform, and the circumstances and conditions entitling them to them are defined by law,
- the right to supply is a right acquired *ex lege* after meeting the conditions,
- persons who meet the statutory conditions are entitled to a claim for a benefit,
- the system is administered by public offices (state or local government).

In order not to enter into terminological disputes, for the purposes of this study, the definition was adopted according to which “social provision is defined as a method of securing the right to benefits by the state (i.e. non-equivalent provision

of goods) according to the criterion of needs or merits²². Provision benefits are cash benefits paid by state authorities from the state budget.

In solutions based on insurance principles, premium financing is used²³, or more precisely, financing with an insurance premium, which is collected under the insurance premium fund. In insurance theory, the following assumptions are made, drawn from the risk management theory:

- protection (protection) against the effects of risk is carried out by creating communities of people exposed to similar random events (so-called risk communities)²⁴,
- the fund for benefits is collected from insurance premiums, the amount of which is estimated using actuarial methods, depending on the size of the risk,
- benefits are differentiated according to the size of the loss occurring after the realized risk; which loss is random and does not always correspond to the amount of the insured's share in establishing a joint insurance fund,
- the right to benefit and its amount are guaranteed by law,
- accession to the insurance is compulsory²⁵ in the case of public social security systems,
- the right to benefits arises *ex lege* and is a subjective right,
- social insurance is provided by specially created public institutions (less often private) operating under the supervision of the state.

For the purposes of this analysis, it is assumed that the insurance premium²⁶ constitutes, appropriate to the size of the risk, the share of the insured in the insurance fund of the risk community, which is used by the insurer (public or private) to secure compensation and other insurance benefits due to the insured and to cover the costs

22. Quotation from J. Piotrowski, *Zabezpieczenie społeczne. Problematyka i metody*, Warszawa, KiW 1966, p. 28.

23. There is a difference between Polish and English, because in Polish there is only one term for determining the premium, while in English there are two terms, namely: *premium* – the term denoting the insurance premium (also called “underwriting participation”) and a completely different term: *contribution*, denoting participation in financing the costs of the supply system through a subsidy, the amount of which depends on the wealth (or income).

24. The author of this article will refer to the category of “risk communities” in the part of the text which is devoted to social insurance in agriculture.

25. The compulsory obligation also applies to some business insurances which are statutorily indicated as compulsory insurance.

26. The voice of the discussion on the essence of the insurance premium is the position of K. Ślebzak, presented in the materials of the scientific conference devoted to the 80th anniversary of ZUS, cf. K. Ślebzak, *Prawny charakter składek na ubezpieczenie społeczne* [in:] *Ubezpieczenia społeczne – dawniej i dziś. W 80-lecie uchwalenia ustawy o ubezpieczeniu społecznym*, Wrocław, Polskie Stowarzyszenie Ubezpieczenia Społecznego, ZUS, Wrocław 4–5 April 2013, p. 99–114 and the position of P. Sidorowicz and many others; see P. Sidorowicz, *Konstrukcja, charakter prawny i rodzaje składek na ubezpieczenie społeczne* [in:] “Progress. Journal of Young Researchers” 2018, No. 3, ISSN 2543–8638, DOI 10.4467/25439928PS.18.002.8506.

of insurance activity (including acquisition and administrative costs). The insurance premium is the price paid by the insured for protection against the effects of risk and for the insurer's continued readiness to pay the benefit as soon as an insured event occurs (e.g. death, illness, accident, reaching retirement age, etc.), thanks to the insurer's liquidity. The insurance premium may be paid by the insured – either directly or through (an intermediary, payer). The insurance premium may be co-financed or financed in full, in cases provided for by law, by third parties, e.g. by the employer or the state. The actuarial premium calculation should not depend on factors other than the size of the risk. According to actuarial rules, it may depend on income, but only if the subject of insurance cover is the risk of losing this income. In this sense, solutions based on insurance principles should not be misinterpreted as redistribution of income or redistribution of property²⁷.

Due to the emphasis on the importance of the random factor, the definition will be used for further considerations, the most frequently cited definition in the Polish literature on the subject, according to which “social insurance is a system of statutory and work-related benefits of a claim nature, covering the needs caused by random or other events. events equal to them, fulfilled by the obligated institutions and financed on the basis of direct or indirect sharing of the burden of these benefits, in whole or at least to a large extent, among the population of persons²⁸ entitled to them, known as the community of risk.

Caring and philanthropic solutions based on charity consist not only in social assistance²⁹. They are understood as satisfying with public or private means the vital needs of people who cannot do it with their own material means or with their own work.

A feature of caring and philanthropic solutions is individualization and discretion, in particular they concern:

27. Against this background, a misinterpretation of the public choice theory occurs very often, an interpretation that does not take into account the distinction in social security between provisioning solutions (where redistribution takes place) and insurance solutions (where there is no redistribution, but there is repartition related to randomness of events). In insurance solutions, the calculation of the insurance premium is based on the size of the risk assessed using actuarial methods.

28. Excerption W. Szubert, *Ubezpieczenie społeczne. Zarys systemu*, Warszawa 1987, p. 66.

29. The origins of social welfare can be found in religious and philosophical texts, as well as in the oldest legal acts. In this context, it is worth mentioning, among others, three important sources, namely: the Hammurabi Codex from the 18th century BCE, which included notes on the obligation to look after widows and orphans, as well as the Bible, especially the interpretation of the New Testament related to providing support to one's neighbor, the works of Aristotle, which included the idea that man is a social being, obliged to help others. In later centuries, help was directed to the poorest people – mainly in the form of alms, but a system of care institutions, such as orphanages, shelters, and hospitals in which the needy received basic medical care was also developed. Such institutions in Europe were then run mainly by orders, until the modern times.

- individual recognition of circumstances justifying the granting of benefits (or refusal to grant them);
- adjusting the type, form and size of the benefit to the individual characteristics of the recipient.

With regard to state aid, some specific features are identified:

- as a system of social assistance, it covers the entire population, i.e. all those in need, regardless of their professional activity, on the basis of citizenship or domicile;
- the need is sometimes defined by law by indicating the level of income below which a person qualifies for assistance (the so-called income criterion);
- benefits are granted from public funds derived from tributes or other sources (such as funds from donors collected by foundations, individual and anonymous donations, etc.);
- benefits are usually uniform, fixed in amount, at a level that ensures a minimum subsistence level;
- the amount of the benefit is determined either in the act or by the authority granting the assistance and assessing the urgency and extent of satisfying the need;
- benefits are usually non-claims (although more and more often the terms of acquiring benefits are specified, which makes them a claim);
- social assistance systems are administered by public authorities – mostly local.

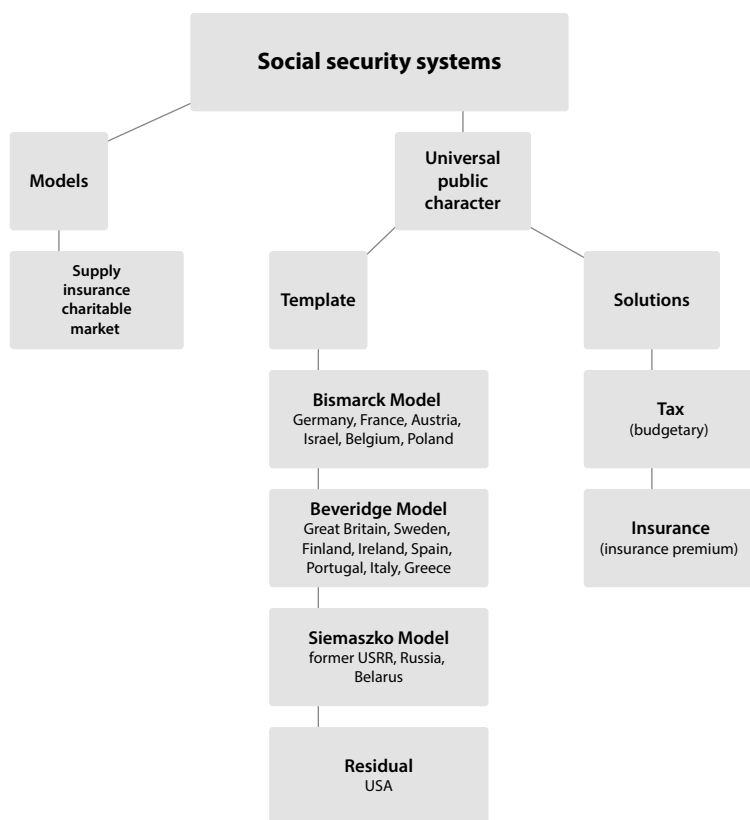
Practical models that have been implemented in the history of social security are still today associated with the place where they were born and spread throughout the European continent or in other territories. The following four patterns found the most followers:

- 1) Bismarck model associated with Germany and based on insurance solutions, financed from insurance premiums);
- 2) the Beveridge model associated with Great Britain and based on supply solutions, financed from public levies through the budget with low own participation of citizens in the costs of the supply system (contribution type);
- 3) Siemaszko model associated with the former Soviet Union, based on budget solutions powered by taxes; residual pattern associated with the United States, based on market solutions with the participation of commercial insurers³⁰.

30. The cited classification is an extension of the views presented in the Polish and foreign literature on the subject and the cognitive experience of the author of this article, acquired during his professional activity, including managing the Centre for Staff Training in the field of Insurance, established in the past at one of Polish public universities, and acting as a Trans-European Coordinator of the Higher Education Cooperation Project, Tempus PHARE Joint European Project, Contract No. 11015–96, Katowice – Trier – Antwerp – Saint Etienne – Turin, as well as many years of training cooperation with the Centre National d'Études Supérieures de Sécurité Sociale (CNESSS).

Initially, the insurances introduced by the Bismarck reform of 1883 covered only workers – not even their families. However, their scope was expanded over the years. In 1911, the insurance ordinance entered into force there, which covered not only workers, but also farmers and white-collar workers. It was the Prussian system that became the foundation for the development of a modern social security system based on premium insurance. The key element of this pattern is compulsory social insurance paid from employees and employers' insurance contributions, the contribution of which is supplemented from the state budget. Currently, systems based on this pattern operate in Germany, France, Belgium, Israel and Austria, among others, as well as in Poland³¹.

Figure 1. Social security systems – solutions, patterns, models



Source: Own elaboration based on the literature on the subject.

31. The countries indicated by the author currently represent a mixed system of social security, in which, however, insurance solutions dominate.

Later, competitive, the so-called national, welfare-based social security systems financed by the national budget, namely in chronological order:

- the Soviet model, called the Siemaszko model, introduced in the USSR in 1917 – according to it, social benefits were financed exclusively from the state budget, and expenses for this purpose were planned centrally. It was the basis of the social security systems in many countries of the socialist bloc, including the early Polish People's Republic;
- the British standard, Beveridge – was established in 1948 and was the foundation for the system that still operates in Great Britain. It assumes financing benefits from the state budget or local governments and full accessibility of citizens to the services of the system, but members participate in the costs by making a small contribution. This pattern is valid not only in Great Britain, but also in Sweden, Finland, Ireland, Spain, Portugal, Italy and Greece.

The residual standard that is used to date is valid in the USA³², in social security, it adopts a free market character, individual prudence and entrepreneurship as the basis for safeguarding against the effects of risk. The responsibility for the accumulation of a successive and systematic surplus of income over current expenses (present needs) rests with the human being, while the task of the state is to create a legal framework for “temporary storage” of this surplus by private institutions in a common fund. The Pay-As-Go-Financing system, starting in 1939 accumulated a surplus of revenues. Starting in 1972, as part of its intervention role, the state launched a Supplemental Security Income at the federal level, aimed at mitigating income disparities, with a redistributive and guaranteeing objective rather than a safeguarding objective. To calculate the amount of benefits, the value of the average indexed monthly earnings (English) is required, i.e. the indexed monthly earnings from which the amount of the benefit is derived: primary insurance amount. Employee social security is financed by pay roll tax³³.

As is clear from legal analyses³⁴, historically, it can be said that the relationship of the system based on insurance (contributory) solutions to the supply (tax) system has been very different in Poland. In the interwar period, the social security system was financially completely autonomous. In the period after the Second World War, social security finance was initially included in the state budget, which resulted largely from the state system and the concept of implementing social security similar

32. Compare M. Soliwoda, *Obciążenia gospodarstw rolniczych w Polsce z tytułu składek na świadczenia społeczne na tle ubezpieczeń społecznych rolników w wybranych krajach* [in:] “Ubezpieczenia w Rolnictwie. Materiały i Studia” 2019, nr 72, p. 24.

33. Ibidem.

34. Compare K. Ślebzak, *Prawny charakter składek...*, op. cit., p. 104–105.

to the Soviet model (Siemaszko model). It did not last long, however, as there was a gradual change towards insurance solutions, i.e. the separation of social security finance. This stage actually ends in 1986, when the return to the standards specific to insurance began (Bismarck's model), consisting in the separation of social security finances from the state budget and determination of social security contributions divided between payers and the insured (since 1999.). This means that the tax nature of social insurance contributions could only be considered in relation to the periods in which the finances of social insurance were an integrated part of the state budget, especially when the contribution was paid exclusively by employers. At present, however, there are no data to identify the concepts of tax and social security contributions in the above-described context, as they are two different conceptual categories (and two different legal institutions)³⁵.

The material scope of the social security system covers various types of social risk. For the purposes of further analysis, it is assumed that social risk is a threat of a random event, the occurrence of which will result in a loss in the owned or expected household resources.

Classic social insurance covers the risks of: illness, invalidity, old age and death, but also the risk of an accident at work and an occupational disease, and as another form of insurance – the risk of losing a job. Each of the above-mentioned events has an impact on the situation of the insured person and their relatives.

One of the very distinctive social groups creating a tight community of risk are farmers, or, as some authors point out, farm households or farms. Without entering into a dispute regarding the above-mentioned terms, it can be stated with full conviction that the premise to separate from the general system of agricultural systems is the community of risk. Research on other premises indicates their low significance³⁶.

The extent to which it is necessary to understand the insurance mechanism and the conceptual apparatus associated with this mechanism may be demonstrated by the statements of some market practitioners, but also theoreticians from the scientific community, according to which the creation of a separate social security system for farmers did not have any objective premises, such as e.g. a community of risk, but was forced by the political transformation in the process of abandoning the centrally controlled economy. At the same time, very often these statements do not

35. See also the arguments supporting this thesis presented by J. Wantoch-Rekowski, *Składki na ubezpieczenie społeczne i ich prawny charakter*, "Gdańskie Studia Prawnicze" 2007, Vol. XVI, p. 357.

36. Compare the results of the study of the similarities of agricultural sectors in countries with a separate system of social insurance for farmers, W. Sułkowska, *Wybrane aspekty podobieństwa sektorów rolniczych krajów Unii Europejskiej z wyodrębnionym systemem ubezpieczenia społecznego rolników* [in:] "Ubezpieczenia w Rolnictwie. Materiały i Studia" 2017, nr 61, p. 71 and further.

notice the difference between the insurance system and the provisioning system, and in extreme cases, insurance is misinterpreted and reduced to a system “based on the principles of social provision, i.e. financed predominantly from the state budget”³⁷.

Meanwhile, the genesis of the system proves unequivocally that the system of social insurance for farmers in Poland, like in many other countries of the former Eastern Bloc and in many countries of Western Europe, has been shaped from the very beginning as a special and separate system from the general social insurance. It still retains these features.

Table 1. Structure of beneficiaries in urban and rural areas in Poland in 2019 due to the type of social benefits in the general system and the agricultural system

Name of the benefit	A city town in thousands of people	The countryside in thousands of people	share of rural areas in the total number of beneficiaries in Poland in%
Pensions	6 093	884	12,67
Disability pensions	753	194	20,48
Family pensions	1 310	93	6,63
Total (excluding farm transfer benefits)	8 156	1 121	12,08
For the transfer of a farm to SP	x	25	x
For the transfer of a farm to a successor	x	121	x
Total (including benefits for the transfer of the farm)	8 156	1 317	13,9

Source: Own elaboration based on the Statistical Yearbook, Warsaw, Central Statistical Office, Warsaw 2020, p. 286.

As it results from the analysis of the data contained in the table. 1, the share of rural beneficiaries (agricultural beneficiaries) in all system benefits (including also benefits for the transfer of a farm) is less than 14%, despite the fairly wide scope of the social insurance system for farmers.

The results of the data contained in the table 2 indicate a lower level of agricultural benefits both in terms of the absolute value (amount) and in relation to the average monthly remuneration in the national economy. The share of benefits from the agricultural system in total benefits paid from both systems (general and agricultural) is 7.09%.

37. Cf. M. Krajewski, *Wygazanie ubezpieczenia społecznego rolników jako optymalna metoda jego reformy* [in:] *Prawo ubezpieczeń społecznych. Wybrane problemy*, red. naukowa M. Czuryk, K. Naumowicz, E-Series Monographs of the Faculty of Law and Administration of the University of Warmia and Mazury, Olsztyn 2016, p. 181–196.

Table 2. Characteristics of benefits for beneficiaries in urban and rural areas in Poland in 2019 in the general system and in the agricultural system

A feature that characterizes the benefit	city	village	Poland	share of rural areas in total benefits in %
Average monthly value of the benefit in PLN	2 327,07	1 291,86	1 809,47	x
The relation of the average monthly benefit to the average monthly salary in the economy national in %	54,2	30,09	42,15	x
Total benefits in PLN million (gross value)	227 740	17 372	245 112	7,09

Source: Own elaboration based on Statistical yearbook, Warsaw, Central Statistical Office, Warsaw 2020, p. 286.

The principles of farmers being covered by social insurance are the subject of a lively discussion, which is mainly due to the subsidies from the state budget for the agricultural pension fund, which are increasing year by year. The participants of this discussion, at least in principle, should take into account the welfare of people remaining in this system, and on the other hand, they should perceive the problem as a whole, i.e. in the context of financial imbalance also in the general system.

A community of risk in the countryside as justification for the distinctiveness of the farmers' social security system

Opponents of the social security system use as an argument in the discussion the financial gap existing in the system, forecasting that as a result of unfavourable demographic changes, this gap will widen, leading to its complete failure over time. This highly simplified argument ignores some of the non-demographic reasons for the system upset earlier, which does not mean, of course, that the aging of societies now and in the future can be ignored.

Difficulties in the functioning of the system result from at least three reasons:

- first, the weakened financial condition of the system is related to the so-called underinsurance, i.e. with too low calculation of the insurance premium in relation to the size of the risk;
- secondly, public insurance systems “lend”, in the near and distant past, near and distant, funds from the insurance premium fund for current purposes (saving/healing the Polish zloty, for the purposes of filling the investment gap, saving the country from initiating the excessive deficit procedure and many other examples);

- thirdly, public insurance systems, including the agricultural system, are burdened with other tasks, such as helping the economically inactive, remaining on a farm with the rights of a household member despite the excess of hands to work in relation to the modest scope of the agribusiness conducted.

The aforementioned underinsurance, earlier money transfers outside the system for purposes other than insurance, as well as the ongoing burdening of the insurance system with additional security tasks (partly including social assistance) make the system operational thanks to state support.

The limited efficiency of the system is used as an argument brought forward by large international organizations, such as the World Bank or the International Monetary Fund, for which investments are the most important goals, especially those characterized by a high rate of return³⁸.

The proposed changes, forced as a result of this discussion, refer to departing from insurance solutions in favour of, on the one hand, the national model (on the British model) or in favour of the residual model, in which protection against the effects of social risk depends almost exclusively on individual prudence, i.e. on saving and the ability to invest these savings with possible state supervision over the financial market.

A possible abandonment of insurance solutions would mean the liquidation of the social insurance system and the farmers' insurance systems separated from them, because the principle on which the latter was created and operated, function and perhaps will continue to function, is the principle of the community of risk.

As demonstrated in the first part of this article, the European Social Model, which aims at a higher level of unification than the coordination of national systems, may be a chance to maintain a separate risk community.

Whether this will happen will largely depend on the activity of rural-friendly communities and representing agricultural interests, on respecting the principle of social solidarity³⁹ and from the awareness of the community of risk.

Scientific literature on the subject, both domestic and foreign, devoted to the issues of risk, is very rich. Risk is a very well-defined concept for at least several centuries. Related concepts related to risk also have a prominent place in many ancient and modern scientific theories. The classification criteria proposed in the literature

38. R. Holzmann, R. Hinz, *Old Age Income Support in the 21st Century. An International Perspective on Pension Systems and Reform*, Washington, The World Bank, 2005 and a newer approach to the problem in the already mentioned item from 2021: *Global Economic Prospect*, op. cit.

39. Compare T. Szumlicz, *Solidaryzm i indywidualizm w ubezpieczeniu społecznym* [in:] *Ubezpieczenia społeczne – dawniej i dziś. W 80-lecie uchwalenia...*, op. cit, p. 143–169.

on the subject concern mainly the so-called risk factors (sources)⁴⁰. The architecture of knowledge about risk takes the form of extensive knowledge maps, the elements of which are connected by numerous relationships, mainly of a cause-effect nature.

The type structure of risk allows to distinguish, among others, social risk. In the literature on the subject, at least a dozen risk classification criteria can be found.

Convention 102 of the International Labour Organization, 1952⁴¹ lists the different types of social risk.

In accordance with the methodological assumptions and the needs of this study, a modified classification of social risk was adopted following the significant importance of the legal acts of the International Labour Organization (see ILO Recommendations No. 67 and 69 of 1944, as well as ILO Convention No. 102 of 1952), in an attempt to merge the classifications included there and update the terminology used.

For the purposes of this study, the following types of social risk are distinguished:

- disease,
- motherhood,
- inability to work,
- death of the host,
- accident at work,
- unemployment,
- old age,
- senile infirmity,
- sudden expenditure,
- scarcity.

Each of the above categories is considered a type of social risk, because as a result of each of these types of risk, there is a cost or personal or property damage of high social importance.

The community of risk as a premise for the separation of agricultural social security (on a non-commercial basis), both due to the specificity of the profession and/or place of residence, has a long tradition in Poland and, historically speaking, was initially based on the principle of reciprocity at the level of local or regional.

40. A review of the more important theories The reader will find in several items of the bibliography collected at the end of this bibliography.

41. Convention No. 102 of the International Labour Organization on Minimum Standards of Social Security, Journal Of Laws of 2005 No. 93, item 775 and electronic document Convention No. 102 of the International Labour Organization concerning minimum standards of social security, access path <http://www.mop.pl/doc/html/konwencje/k102.htm>.

Self-insurance of the rural community of risk – in a residual form, but still – has survived to this day, as a form preceding the social security system of farmers in Poland⁴².

When analysing social forms of insurance protection, it is impossible to ignore insurance self-help in Europe, organized in the form of the so-called Tontines⁴³.

The effects of social risk in rural areas, due to the functions performed by a farm, are of a different nature than the risks in the urban environment.

A farm as the basic entity in the countryside performs a number of functions, among which the agricultural production function should be the dominant one (even in the multifunctional model of the village).

In practice, a farm simultaneously performs functions specific to:

- family household, such as: consumption of goods and services, providing labour for production purposes, emissions to the environment;
- a cultural entity, in the sense of cultivating tradition and folklore, and preserving the diversity of cultural heritage and landscape values;
- an environmental entity, in the sense of afforestation, positive impacts on the climate, especially in the context of space use competitive to agriculture, preservation of biodiversity;
- a production business entity: animal husbandry and crop cultivation, agricultural processing, provision of agri-tourism services;
- sellers of manufactured goods and services;
- the investor in the scope necessary to maintain the reproduction of simple replacement investments and in the field of development investments.

Random events, consisting in the realization of social risks, may lead to impairment of the above-mentioned functions of a farm, or even their complete loss.

42. A. Dzwonniak writes more on this subject in his doctoral dissertation entitled “The role of property insurance in the economy of farms” (SGGW in Warsaw 2004), including, regardless of the title of this work, also forms of protection against the effects of social risk, e.g. death of a child in the case of one of the community members. The feature of originality and novelty, at least in Polish studies, is related to the author’s approach to the problem of self-help protection, based on the example of an informal group of farmers from Przysietnica (Podkarpackie region). The element of self-help insurance protection, even earlier, was included in the institution of “common failure”, known from history, introduced into the Justinian Code, also included in the statutes of many medieval merchant guilds. Currently, self-help insurance protection is established in relation to the so-called non-insurable risks, i.e. risks that are excluded from insurance coverage by commercial insurers operating on the market.

43. The indicated method of informal insurance assistance takes its name from the name of its creator, namely Lorenzo de Tonti. Currently, this form is taken and carried out, among others by emigrants who collect membership fees from participants during joint meetings. They then allocate the collected funds to help those participants who are affected by specific random events, e.g. death of a family member, birth of a child or baptism; see S. Ardener, *The Comparative study of Rotating Credit Associations* [in:] *The Journal of the Royal Anthropological Institute of Great Britain and Ireland*, No. 94(2).

The reference of individual types of social risk (catalogued in the cited ILO documents) to the function of a farm as the basic economic entity in the countryside can be presented as follows:

- the disease is associated with the inability to provide work on the farm and impairs all functions of the farm, thus depriving the income from these functions at the time of illness, and not rarely long after its termination; It is also associated with unexpected expenses, additionally burdening the farm with the costs of medical services during the disease and sometimes long-term rehabilitation, and therefore with a financial loss in the form of lack of remuneration or in the form of expenditure on health services;
- motherhood improves the demographic structure, which is positive and important for the future. Usually, however, it is connected with the necessity to suspend professional or agricultural activity on an ongoing basis, as well as with increased expenditure on health care for the mother and child. On the one hand, it raises the operating costs of an agricultural household, and on the other hand, the loss of earnings account shows a financial loss in the form of a lack of remuneration;
- inability to work, which is associated with restrictions in the performance of work due to any degree of physical or mental disability, and consequently with a reduction in earning capacity or loss of earning capacity, i.e. loss of part or all of income from all functions;
- death of the host, which is associated with the death of the farm owner or another person who provided the family with means of subsistence, and on the farm the continuity of production and investment processes, which ensured continuity of production and investment processes on the farm, especially replacement and sales processes. For this reason, it is possible to estimate on the basis of the lost opportunities account the lost future income in the form of: no continuation of the current income and income from commissioning new investments. Each death of each death, that is, of both the host and the household member, brings an increase in expenses such as: burial costs, inheritance proceedings costs and others;
- an accident at work, which may be associated with an illness, inability to work, or the death of the host, and thus applies to all cumulative costs and financial losses mentioned above, but the risk of such an event stands out from other random events due to the greater scope the necessary compensation for the incurred financial losses; there is still a high rate of accidents among children helping their parents in farm work, although the situation has improved as a result of preventive and educational activities;

- **unemployment**, which is associated with the inability to employ people remaining as household members on the farm or their loss of employment outside the farm, and thus with a financial loss in the form of the lack of continuation of the current income. Unemployment may also be a hidden phenomenon that forces some household members to become economically inactive and means that there is no demand for agricultural work, either as a result of “overpopulation” in a fragmented agrarian village, or due to the lack of prospects for selling agricultural produce on the local or foreign markets due to the decline demand, a drastic drop in prices below manufacturing costs etc.;
- **old age** is associated with the lack of a sufficient resource of financial savings or a decrease in their value over time, e.g. as a result of inflation, money denomination, various financial reforms, etc. Own financial security for the period of old age based on the assets owned may turn out to be ineffective if there are legal restrictions on their disposal, e.g. in the case of limitations in land trading or other restrictions on the disposal of your property. In this case, a wealthy old man may have difficulty in satisfying even basic living needs. The situation is aggravated by a prolonged old age (very advanced age), longer than the average life expectancy;
- **senile infirmity** is associated with increased expenses of a nursing nature or the involvement of household members in care, which for this time excludes them from the production process on the farm. Such a situation also often requires spending on adjusting the architecture of the house to the needs of the disabled or the needs of their carers; requires the purchase of specialist equipment for such care, the purchase of drugs and sanitary products in increased quantities;
- **sudden expenditure** is related to random events other than those mentioned above, in particular: the risk of a natural disaster, e.g. crop failure due to drought, flooding, frost; with catastrophic risk in the form of torrential rains, hurricanes, landslides, floods, fires; with a pandemic risk for animals or humans, with a risk of massive damage caused by pests such as the Colorado beetle, locusts, etc., with the risk of penalties, new charges, taxes and other public obligations;
- **deprivation**, or poverty, involves the risk of a lack of means of subsistence due to the accumulation of several of the above-mentioned events and processes at the same time. It results from unfavourable demographic changes, results from the lack of a successor, from the debt trap, from overinvestment of the farm, from the collapse of the sales markets; arises as a result of damage,

destruction, loss, theft or extortion of agricultural property, the income from which is the primary source of income for the farmer and his household members.

New processes of changes also revealed new social risks in the countryside, which should be supplemented with the above catalogue. Perhaps the most serious here is the risk of homelessness, which is already becoming apparent and not only as the settlement of farm households (very often with a high degree of decapitalization of residential buildings in agricultural habitats) by the number of household members at which all area norms per inhabitant are violated.

It is difficult to estimate the probability of the risk of digital exclusion, which may cause difficulties with selling agricultural production, if it is assumed that, as in other sectors, sales processes will take place through digital channels⁴⁴.

It is not the task of this study to present the history or review the legal basis of the social security system for farmers in Europe in Poland⁴⁵, but it is worth emphasizing the professional nature of the services provided to farmers by the public insurer. The public insurer, according to its legal authorization in agricultural systems, is a professional, which is confirmed by the case of the Agricultural Social Insurance Fund⁴⁶, which, according to the principle of due diligence, carries out the full spectrum of insurance activities needed by the insured within the agricultural risk community. Social security for farmers in Poland is a mixed system, consisting of a predominant insurance part, as well as provision and care. It is a form of protection against the negative effects of various types of social risk (random events) that threaten life and health at various stages of the life cycle of a farmer and his household. This protection is financed through the transfer of funds in the form of an insurance premium to a professional institution, such as KRUS, which provides not only adequate insurance protection, but also available forms of assistance outside the insurance system⁴⁷.

44. More on this topic: I. Jędrzejczyk, *Ekspozycja na ryzyko sytuacji pandemicznej COVID-19 i wrażliwość społeczno-ekonomiczna obszarów wiejskich i agrobiznesu*, "Ubezpieczenia w Rolnictwie. Materiały i Studia" 2020, nr 73, p. 7–71.

45. More on this topic: B. Tryfan, *Zabezpieczenia społeczne rolników w Europie*, Warszawa, Wyd. FAPA, 2000; D. Musiał, *Zróżnicowanie ubezpieczeń społecznych rolników w wybranych krajach Europy* [in:] "Roczniki Ekonomiczne KPSW" 2014, nr 7; *Rolnicze systemy ubezpieczeń społecznych w wybranych krajach Unii Europejskiej*, Warszawa, KRUS, 2010.

46. By the Act of December 20, 1990 on social insurance for farmers, which entered into force on January 1, 1991 and which is still in force after many changes, an independent, professional and public institution was established to carry out the tasks of the farmers' social insurance system (cf. Article 59 (1)).

47. A. Czyżewski writes more on this subject in his works; see i.a. A. Czyżewski, *KRUS and the state in Poland's agricultural budgets in the long term*, "Ubezpieczenia w Rolnictwie. Materiały i Studia" 2017, nr 61.

Among the various functions of farmers' social insurance, the following can be distinguished: the social function, consisting in creating safety and stabilizing the operating conditions of a farm and farmers' households, as well as an economic function that allows maintaining continuity and regularity of agricultural activity, and ensuring life conditions for the insured by minimizing the consequences of events random.

When analysing the scope of KRUS tasks, the principle of completeness, reality and universality of insurance coverage should be indicated. The principle of completeness postulates providing the insured with such a level of financial compensation for random losses that is possible under the given conditions. Lower value of benefits (than indicated by the principle of full protection) is the result of the so-called underinsurance, i.e. the insurance premium is calculated below the risk level.

The principle of the feasibility of insurance coverage results from legal and economic guarantees, thanks to which the insured can be sure that in return for the premium paid he will receive the insurance benefit in the event of an event covered by insurance.

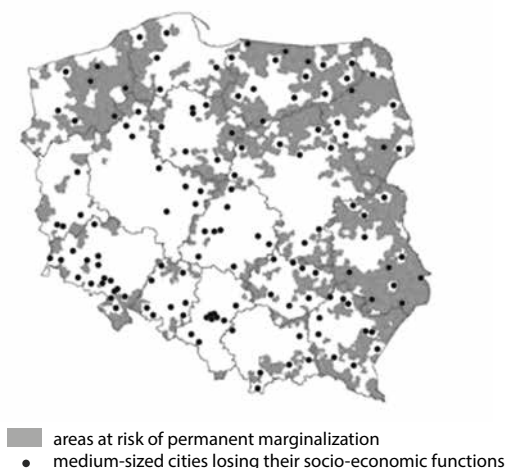
As a result of the implementation of the principle of universality, each participant of the risk community has equal access to the use of insurance.

To sum up, the importance and role of KRUS as a professional public insurer, the following functions should be indicated:

- insurance protection function,
- preventive function,
- financial function,
- educational and upbringing function.

In the changing environmental conditions, especially as a result of health, social and economic consequences of the pandemic situation, the importance of a professional public insurer for the Polish countryside should increase for the Polish countryside. The phenomenon of marginalization of some local communities is presented in the figure 2. As it results from the analysis of the areas presented there, included in the National Strategy for Regional Development 2030 and called "areas of strategic intervention", as many as 755 communes are rural areas threatened with permanent marginalization.

Drawing 2. Territorial dimension of areas at risk of permanent marginalization, including rural communes (as of 2020)



Source: *Status of the MFF negotiations and the Cohesion Policy Legislative Package 2021–2027*, Ministry of Funds and Regional Policy, Warsaw, 13 November 2020, p. 14.

A highly desirable course of action would be to include the community of risk and the community-based system of social security for farmers in the ongoing debate on reconstruction and increasing resilience in rural areas.

The proposals for action so far include redeployment of rural programs to crisis prevention, as well as food safety and state aid measures.

The debate also points to financial instruments to support rural areas in the coming years. The list includes both the Structural Funds, funding from the Common Agricultural Policy and the Reconstruction and Resilience Fund, which is an instrument directly aimed at lifting the economy of the entire EU out of the crisis. According to the announcements, funds will be available for economic recovery and for protection against the effects of possible pandemics.

Based on the report assessing the condition of rural areas, a forecast of resilience in four dimensions (i.e. digital, environmental, economic-social and geopolitical) and the ability to anticipate events that could trigger a potential crisis is prepared.

Considering that:

- 1) as much as 77% of the EU territory is rural, of which 47% is agricultural land and 30% is forest,
- 2) there are approximately 12 million farmers in the EU who are entitled to social security,

- 3) the agricultural and food production sector together represents 6% of European GDP,
- 4) there are 15 million enterprises and 46 million jobs in the agriculture and food sector⁴⁸, the EU strategic document entitled “A long-term vision for rural areas”, which is being drafted and prepared for public consultation, may also be of crucial importance for maintaining the distinctiveness of national social security systems for farmers, including the system in Poland.

The separation of the farmers’ social insurance system should be integrated into the plan of the European Commission aimed at the implementation of the European Social Model.

Conclusion

The results of the analysis carried out lead to the conclusion that the separation of the agricultural social security system within the newly created European Social Model is justified, on the one hand, by the risk community of European rural areas with dominance of agricultural functions, and on the other hand – it justifies the separation of the professionalism of public insurance institutions, which, similarly to KRUS, plays the role of the Polish public insurer, they proved successful in acting for the benefit of the countryside.

The analysis shows that the same social risks have different effects in rural areas than in cities. The differences concern both the type and magnitude of these effects and the possibility of compensation through local infrastructure.

Identification of the functions performed by farms, which are also households, clearly indicates their difference from urban households and the integration of their functions, in particular their production, commercial, investor, culture-creating and environmental-creating functions with consumption functions, functions of providing human capital and social functions, including the procreative function in depopulating rural areas in Poland, in particular the so-called the eastern wall threatened with permanent marginalization.

The identification and assessment of risks associated with the loss or impairment of any of the analysed functions proves their negative impact not only on the condition of the farm and, at the same time, of the agricultural household. This impairment affects, through the chain of cooperative ties, the entire social and economic

48. <http://www.wielkopolska.eu/polityki-i-programy-ue-mainmenu-32/rolnictwo-mainmenu-43>, access 10.05.2021.

relations in the country, favouring neither the objectives of the EU cohesion policy nor of the social policy.

Disputes over the agricultural social security system, in particular those related to the allegation of privileging with a reduced insurance premium, on the one hand, and on the other hand – the allegation of discrimination with under-benefits for the insured in the agricultural system, can be resolved unequivocally by observing the principle of completeness and reality of the insurance, i.e. by departing from the so-called underinsurance, by increasing the insurance premium and increasing insurance benefits. The state also has intervention instruments, such as partial subsidization of the insurance premium⁴⁹, at least in the transitional phase.

Taking into account the conclusions presented above, formulated on the basis of the results of the analysis, and the conclusions presented above, all the hypotheses adopted at the beginning can be confirmed, namely:

1. Social risks are defined and classified within the framework of well-established theory and under various acts of international law, including EU law.
2. Agricultural farms act as agricultural households, which is the reason for a certain duality of their role and their fundamental difference from urban households.
3. National social security systems still remain in the national authority, but are transformed towards unification and standardization, and more and more delegation of sovereignty powers to the EU level. Hence, special negotiation efforts will be required to formulate the implementation path of the document “The European Pillar of Social Rights Action Plan” in order to justify the inclusion of a separate agricultural social security system into the internal structures of the European Social Model, as a pan-European initiative.
4. Systemic changes are determined by factors related to the EU financial perspective for 2021–2027, including factors related to the Instrument for Reconstruction and Strengthening Resilience, whose instruments deeply interfere with the socio-economic and environmental situation of rural areas, which, however, requires separate analysis.

To sum up, there are convincing justifications and scientific grounds for the social security of farmers to remain in the long term as a separate system within the internal structures of the European Social Model. As it seems, most likely in a mixed model, with a dominant insurance part in this system, based on the agricultural risk community.

49. Both the phenomenon of “underinsurance” and the subsidizing of the insurance premium is also known in Poland and applied even when it concerns commercial insurers in section II (property and other personal insurance), e.g. subsidizing the insurance premium in the case of the so-called disaster insurance.

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