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Torben M. Andersen, Mark Strøm Kristoffersen, Michael Svarer

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# Benefit reentitlement conditions in unemployment insurance schemes\*

Torben M. Andersen<sup>#</sup>

Mark Strøm Kristoffersen\*

Michael Svarer<sup>#</sup>

<sup>#</sup>Department of Economics and Business

Aarhus University

\* Danmarks Nationalbank

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## Abstract

The past employment history - employment requirements - is part of the eligibility conditions for unemployment insurance in most western countries. In a standard search-matching model, we show how employment requirements strengthen the reentitlement effect and thereby changes the trade-off between insurance and incentives in the design of the optimal insurance scheme. Deploying employment requirements for benefit eligibility may thus allow for both higher benefit levels and longer duration, and yet labor market performance is improved. When the need for insurance increases due to higher risk aversion, employment requirements becomes less lenient, and oppositely when the environment becomes more risky.

JEL: E32, H3, J65

Keywords: Reentitlement effects, incentives, job-search, unemployment insurance.

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