



Complementary mutual and provident insurance coverage

The employer's obligations

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Preamble

Complementary mutual and provident schemes in companies are imposed by law and sometimes collective agreements. These measures are collective in nature and must meet certain conditions.

1. Purpose of the obligation

1.1. The obligation to set up additional coverage



The employer must provide its employees with **coverage in addition** to the benefits granted by the basic Social Security scheme, in accordance with the law and/or collective agreements.

There are two types: **the health expenses scheme** (Mutuelle) and **the incapacity, disability and death insurance scheme** (Prévoyance).

1.2. The Mutual agreement

All employers in the private sector are **required to take out a company mutual insurance as** soon as there is only one employee (Article L911-1 of the Social Security Code).

The mutual insurance contract must be "responsible", i.e. it must meet the following cumulative conditions:

- **Mandatory:** the employee must be affiliated to the contract set up in the company (except in the case of exemption).
- **Collective:** all employees of the company must benefit from it (fixed-term contract, permanent contract, part-time).
- **Responsible:** the contract must meet legal specifications (minimum coverage, medical acts, minimum guarantees, etc.).

1.3. The Providence agreement

- **For executive employees:**

The 1947 Collective Agreement for Executives* imposes **an obligation of coverage for executive employees for death cover only**.

As such, employers are required to contribute **up to 1.5% of Bracket A** of salaries provided for in the death guarantee. This contribution is solely the employer's contribution. Additional guarantees may be offered by the employer (incapacity, disability).

- **For non-managerial employees:**

There is no **mandatory legal obligation** for provident coverage for non-managerial employees. However, the collective agreement applicable to the company may impose provident coverage for non-managerial employees.

**Following the merger of the AGIRC-ARRCO pension schemes, the 1947 AGIRC agreement has disappeared. However, the employer's contribution of 1.50% of Bracket A has been maintained since 1 January 2019.*

2. Establishment of the regimes



Formalities for setting up the schemes:

- **Taking out a contract with an insurer**

Contracts must comply with the law and at least comply with the provisions of the collective agreement, if applicable. It is possible **to take out different contracts for executive and non-executive employees**. Similarly, it is possible to take out a contract with higher guarantees than those provided for in the collective agreement.

- **Drafting a legal act setting up the scheme**

The insurance contract is not enough to set up the Mutual and Provident schemes. The contract allows you to define the extent of coverage and the cost of contributions, but it does not define the conditions for implementation in the company.

Also, the schemes must be based on **a legal act defining all the conditions** (branch agreement, company agreement, referendum, unilateral decision by the employer). For each type of act, a formalism must be respected.

The legal act must contain the following elements:

- *the persons concerned (beneficiaries)*
- *guarantees*
- *any cases of exemption*
- *contribution rates*
- *the distribution of the contribution between employer and employee*
- *the portability of the plan.*

If the guarantees, contribution rates and distribution are exactly the same as the provisions of the collective agreement, **the employer does not have to draw up a legal act separate from the collective agreement.**

- **Inform the employee of the benefits of the plans and keep proof of this information**



For each new recruitment, the employer is **required to send the incoming employee the notice of benefits drawn up by the insurer.** The employer must keep proof that he has submitted these documents. This can take the form of signing an acknowledgement of receipt, for example.

3. Matching social exemptions

The completion of all these formalities entitles **the employer to benefit from exemptions from social security contributions**. Indeed, in the absence of a legal act, mutual and provident contracts are considered as benefits in kind, subject to social security contributions.



Please note: in the event of an **Urssaf inspection**, you will have to produce the following documents:

- *the signed legal act setting up each scheme (Provident Insurance/Mutual Insurance Company, executive/non-executive) and proof that the latter is communicated to the employee*
- *proof of information notice for each employee*
- *applications for exemption from affiliation to these schemes and supporting documents*
- *the contract taken out with the insurer.*

Otherwise, you will lose the social security exemptions applied to the payroll on the provident and health care schemes and you will therefore be adjusted to this amount.

We can assist you in the drafting of legal documents. This mission includes the provision of the following services:

- *Drafting of the unilateral decision for each plan*
- *Drafting of acknowledgements of receipt.*

This sheet contains summarized information. Please contact us for advice tailored to your situation. We cannot be held responsible for misinterpretation.

Contact

Claire APPELGHEM

HR Director/Head of Employment Law
claire.appelghem@groupe-aplitec.com
01 40 40 38 38



4-14, rue Ferrus 75014 Paris
contact@groupe-aplitec.com | 01 40 40 38 38
www.groupe-aplitec.com