Text consolidated by Valsts valodas centrs (State Language Centre) with amending laws of:

16 October 2003 [shall come into force on 31 October 2003];

18 December 2003 [shall come into force on 21 January 2004];

26 January 2006 [shall come into force on 23 February 2006];

19 December 2006 [shall come into force on 1 January 2007];

13 December 2007 [shall come into force on 1 January 2008];

18 June 2009 [shall come into force on 10 July 2009];

10 June 2011 (Constitutional Court Judgment) [shall come into force on 14 June 2011];

15 December 2011 [shall come into force on 1 January 2012];

14 June 2012 [shall come into force on 28 June 2012];

12 September 2013 [shall come into force on 1 January 2014];

22 November 2017 [shall come into force on 1 January 2018];

23 March 2023 [shall come into force on 5 April 2023].

If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The *Saeima*1 has adopted and

the President has proclaimed the following law:

**On Protection of Employees in the Event of the Insolvency of Employer**

**Chapter I**

**General Provisions**

**Section 1.**

The purpose of this Law is to govern:

1) general provisions for the settlement of the claims of employees in the event of the insolvency of the employer;

2) procedures for the formation and use of the funds of the employee claim guarantee fund.

**Section 2.**

(1) Within the meaning of this Law, the insolvency event of an employer shall onset on day when, as regards to the employer, a court has proclaimed insolvency proceedings of a natural person, insolvency proceedings of a legal person or has proclaimed insolvency of a credit institution.

(2) Within the meaning of this Law, cross-border insolvency proceedings are insolvency proceedings that are commenced in accordance with Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (hereinafter – Regulation (EU) 2015/848 of the European Parliament and of the Council).

(3) The provisions of this Law shall also be applicable if the employer is subject to insolvency proceedings of a natural person. In such cases, the regulation of insolvency proceedings of a natural person laid down in other laws and regulations shall be applied by analogy with the regulation of insolvency proceedings of a legal person included in this Law and the Insolvency Law, to the extent applicable and unless laid down otherwise in this Law.

[*23 March 2023 /* *See Paragraph 14 of Transitional Provisions*]

**Chapter II**

**Claims of Employees to be Settled**

**Section 3.**

(1) Claims of the following persons shall be settled from the funds of the employee claim guarantee fund:

1) who, prior to the onset of the insolvency event of the employer, have been in employment relationship or still are in employment relationship which were started prior to the onset of insolvency event with an employer for whom the insolvency proceedings of a legal person have been declared, and in respect of whose claims (creditor’s claim) an administrator of the insolvent employer (hereinafter – the administrator) has taken the decision to recognise the creditor’s claim and has included them in the register of creditors’ claims;

11) who, prior to the onset of the insolvency event of the employer, have been in employment relationship or who still are in employment relationship which has been started prior to the onset of insolvency event with an employer for whom the insolvency proceedings of a credit institution have been declared, and whose claims (creditor’s claim) the administrator has included in the list of unsecured creditors;

2) who works or normally works in Latvia and who, prior to the onset of the insolvency event of the employer, have been in employment relationship or who still are in employment relationship which has been started prior to the onset of insolvency event with an employer who operates in the territory of at least two European Union Member States and against whom insolvency proceedings have been commenced in another country in accordance with Regulation (EU) 2015/848 of the European Parliament and of the Council if the aforementioned claims have been recognised as eligible in accordance with the legal acts of the relevant European Union Member State which are applicable in the specific cross-border insolvency proceedings.

(2) An employee is entitled to the settlement of his or her claim from the funds of the employee claim guarantee fund regardless of whether the employer has made all the payments prescribed by law.

(3) In the event of the death of an employee, his or her spouse and dependants are entitled to the settlement of the claim of the employee.

[*18 December 2003; 16 January 2006; 13 December 2007; 15 December 2011; 23 March 2023*]

**Section 4.**

(1) The claims of employees arising from employment relationship for the following disbursements shall be settled from the funds of the employee claim guarantee fund:

1) work remuneration;

2) compensation for annual paid leave;

3) compensation for other types of paid leave;

4) severance pay in connection with the termination of employment relationship;

5) compensation for injury in connection with an accident at work or an occupational disease;

6) [18 December 2003].

(2) Claims for such payments of the mandatory State social insurance contributions and personal income tax which are related to the disbursements referred to in this Section shall be settled from the funds of the employee claim guarantee fund.

[*18 December 2003*]

**Section 5.**

(1) Claims of employees shall be settled from the funds of the employee claim guarantee fund in the following amounts:

1) work remuneration for the last three months of employment relationship in the 12 month period before the onset of the insolvency event of the employer;

2) compensation for annual paid leave right to which has been acquired in the 12 month period before the onset of the insolvency event of the employer;

3) compensation for other types of paid leave within the last three months of employment relationship in the 12 month period before the onset of the insolvency event of the employer;

4) severance pay the right to which has been acquired no earlier than in the 12 month period before the onset of the insolvency event of the employer according to the cases laid down in Section 112 of the Labour Law;

5) compensation for injury for the whole unpaid period;

6) compensation for injury for the four subsequent years.

(2) [1 January 2005 / See Transitional Provisions]

(11) If an employee has had several employment contracts concluded with the employer in the 12 month period before the onset of the insolvency event of the employer, the claims of the employee shall be settled out of the employee claim guarantee fund for the last employment relationship, taking into account the limitations provided in Paragraph one of this Section.

(21) If an employee brings an action before a court against the employer in order to recover payments that arise from employment relationship, the 12 month period referred to in Paragraph one, Clauses 1, 2, 3, and 4 of this Section shall be substituted with the 12 month period before the termination of the employment relationship if all of the following prerequisites exist:

1) court ruling under which the claim of the employee has been settled has come into effect after the onset of insolvency event or not earlier than three years before the onset of the insolvency event of the employer or the court proceedings in the case have been suspended or terminated after the onset of insolvency event;

2) employment relationship with the employee has been terminated earlier than in the 12 month period before the onset of the insolvency event of the employer.

(22) If an employee has submitted an application to the court for insolvency proceedings against the employer (legal person) and the insolvency event of the employer has onset and the claim of the employee does not fall within the 12 month period specified in Paragraph one of this Section, the 12 month period referred to in Paragraph one, Clauses 1, 2, 3, and 4 of this Section shall be replaced by the 12 month period before the termination of the employment relationship.

(23) If transition of the insolvency proceedings of a legal person to legal protection proceedings has occurred, but the legal protection proceedings have been terminated by a new declaration of insolvency proceedings, the 12 month period referred to in Paragraph one, Clauses 1, 2, 3, and 4 of this Section shall be replaced by the 12 month period before the onset of the previous insolvency event, if all of the following prerequisites exist:

1) in the insolvency proceedings, prior to the transition to the legal protection proceedings, the submission of the administrator for the settlement of the claims of employees provided for in Section 10, Paragraph one of this Law has not been made;

2) the claims of employees have not been cancelled in the legal protection proceedings.

(3) Claims of employees for the compensation of injury in relation to an accident at work or occupational disease shall be settled if the accident occurred at work or the occupational disease was acquired until 1 January 1997, as well as if the former employee who is not considered to be an insured person in accordance with the law On Mandatory Social Insurance in Respect of Accidents at Work and Occupational Diseases, the occupational disease the cause of which was the work performed by such employee in harmful work conditions until 1 January 1997 was determined after 1 January 1997.

(4) Claims laid down in Paragraph one, Clauses 1, 2, 3, and 4 of this Section and the relevant payments of the mandatory State social insurance contributions and personal income tax shall be calculated taking into account the amount of the minimum monthly wage specified in the State on the day when the insolvency event of the employer has onset, applying the coefficient 1.5. The Cabinet shall determine procedures for the calculation of claims.

[*18 December 2003; 19 December 2006; 13 December 2007; 18 June 2009; 15 December 2011; 14 June 2012; 22 November 2017; 23 March 2023* / *See Paragraph 13 of Transitional Provisions*]

**Section 5.1**

(1) Claims of the following persons shall be settled in limited amounts from the funds of the employee claim guarantee fund:

1) who have been or are in employment relationship with the insolvent employer, and who are or have been founders, shareholders, investors, partners, members of government authorities (executive authorities) as well as procurators with decision-making power of a commercial company, corporation or undertaking of the insolvent employer in a two year period before the onset of the insolvency event of the employer;

2) [18 June 2009].

(2) The amounts of the claims of employees referred to in Paragraph one, Clause 1 of this Section shall be limited as follows:

1) by linking the amounts claimed by employees referred to in Section 5, Paragraph one, Clauses 1, 2, and 3 of this Law to the average wage in the private sector in the previous year according to the official statistical report of the Central Statistical Bureau, rounded up to full euros, and proportionally applied to the period specified in Section 5, Paragraph one, Clauses 1, 2, and 3 of this Law (the average wage according to the official statistical report published by the Central Statistical Bureau before the date of the onset of the insolvency event shall be taken into account);

2) by linking the amounts claimed by employees referred to Section 5, Paragraph one, Clause 4 of this Law to the average wage in the private sector in the previous year according to the official statistical report of the Central Statistical Bureau, rounded up to full euros, and to which the average monthly wage used for the calculation of severance pay prescribed in Section 5, Paragraph one, Clause 4 of this Law shall be applied (the average wage according to the official statistical report published by the Central Statistical Bureau before the day of the insolvency event shall be taken into account).

(3) [18 June 2009]

[*13 December 2007; 18 June 2009; 12 September 2013*]

**Chapter III**

**Funds of the Employee Claim Guarantee Fund and Administration Thereof**

**Section 6.**

(1) Funds of the employee claim guarantee fund shall consist of:

1) the part of the State entrepreneurial risk fee;

2) gifts and donations;

3) amounts recovered by administrators.

(2) State entrepreneurial risk fee for settling the claims of employees from the funds of the employee claim guarantee fund and also for the purposes laid down in the law governing insolvency matters shall be paid every year by each employer for whom insolvency proceedings of a natural person, insolvency proceedings of a legal person or insolvency of a credit institution can be declared.

(3) State entrepreneurial risk fee shall not be paid by an employer to whom insolvency event has onset. If solvency has been renewed, the full amount of the fee shall be paid also for the total period of insolvency event.

(4) Each year the Cabinet shall determine the amount of the State entrepreneurial risk fee and the part of such fee to be transferred to the funds of the employee claim guarantee fund. The revenues and expenditures of the employee claim guarantee fund shall be included in the annual State budget as a separate basic budget sub-programme.

[*16 October 2003; 13 December 2007; 23 March 2023* / *See Paragraph 14 of Transitional Provisions*]

**Section 7.**

(1) Funds of the employee claim guarantee fund shall be used:

1) for the settlement of the claims of employees in the event of the insolvency of the employer;

2) for the payment of remuneration to the administrator for the submission of the claims of employees;

3) for covering the deposit provided for in Section 62, Paragraph 7.1 of the Insolvency Law;

4) for covering the deposit provided for in Section 129, Paragraph 2.1 of the Insolvency Law.

(2) Funds of the employee claim guarantee fund shall be kept in the Treasury.

(3) If the funds of the employee claim guarantee fund are not sufficient to settle the claims of employees in accordance with this Law, the claims of employees shall be settled from the State budget in accordance with procedures prescribed by law.

[*15 December 2011; 22 November 2017; 23 March 2023* / *See Paragraph 14 of Transitional Provisions*]

**Section 8.**

(1) The Insolvency Control Service is the holder and manager of the funds of the employee claim guarantee fund that shall organise the accounting of financial resources and disbursements thereof to settle the claims of employees.

(2) The Insolvency Control Service shall perform the following tasks in accordance with this Law:

1) accept and examine the submissions of the administrators of insolvent employers for the settlement of the claims of employees and approve the amounts to be disbursed from the funds of the employee claim guarantee fund by using the Electronic Insolvency Accounting System, with the exception of insolvency proceedings of a credit institution;

2) settle the claims of employees;

3) [15 December 2011];

4) [15 December 2011];

5) exercise creditorʼs rights against the insolvent employer in the amount of funds disbursed for the settlement of the claims of employees in accordance with the procedures prescribed by the law;

6) exercise the procedural rights laid down in the Criminal Procedure Law and make a submission to the State authorities responsible for the progress of criminal proceedings claiming reimbursement for the damages caused to the employee claim guarantee fund in the amount of the funds disbursed from the fund, provided that the Insolvency Control Service has been recognised as a victim in the corresponding criminal proceedings.

(3) The surplus of the funds of the employee claim guarantee fund shall be used for the settlement of employee claims in the following economic years.

[*16 October 2003; 18 December 2003; 13 December 2007; 18 June 2009; 15 December 2011; 14 June 2012; 23 March 2023* / *See Paragraph 16 of Transitional Provisions*]

**Section 9.**

The State Revenue Service and other State and local government authorities shall provide information to the Insolvency Control Service which is required for the performance of the tasks prescribed by this Law.

[*23 March 2023*]

**Chapter IV**

**Procedures for the Settlement of the Claims of Employees**

**Section 10.**

(1) The claims of employees shall be accepted, examined, and compiled by the administrator who shall submit them in a timely manner to the Insolvency Control Service. The administrator shall make a submission to the Insolvency Control Service requesting settlement of the claims of such employees:

1) for whose employer insolvency proceedings have been announced and who have applied with a creditor’s claim to the administrator, and the administrator has taken the decision to recognise each creditor’s claim and has included it in the register of creditors’ claims by using the Electronic Insolvency Accounting System;

2) for whose employer insolvency of a credit institution has been announced and who have applied with a creditor’s claim to the administrator, and the administrator has included them in the list of unsecured creditors’ claims.

(2) The administrator has the right to make a submission requesting the settlement of the claims of employees until the decision to complete or terminate the bankruptcy procedure of a natural person or to terminate the insolvency proceedings of a legal person has been taken. When insolvency has been announced for a credit institution, the administrator shall have the right to make a submission requesting the settlement of the claims of employees until the administrator or a meeting of creditors has, in accordance with the powers laid down in the law governing the operations of credit institutions, taken the decision to terminate the insolvency proceedings.

(3) If the administrator has made a submission to the Insolvency Control Service requesting settlement of the claims of employees, he or she shall compile a list of the costs of the insolvency proceedings of a legal person and the plan for covering the claims of creditors or a list of the final costs of the insolvency proceedings of a natural person after having received information from the Insolvency Control Service on the settlement of the claims of employees. The administrator shall submit to the court the application for the termination of insolvency proceedings of a natural person or legal person not earlier than after having received information from the Insolvency Control Service on the settlement of the claims of employees.

(4) The Cabinet shall determine procedures for the submission, examination, and settlement of the claims of employees and for the payment of remuneration to the administrator.

(5) The Insolvency Control Service shall, within one month after receipt of all documents, decide on the allocation of funds to settle the claims of the employees or on the refusal to allocate such funds.

[*23 March 2023 /* *See Paragraphs 14 and 16 of Transitional Provisions*]

**Section 11.**

(1) After the allocation of the amounts to be disbursed for the settlement of the claims of employees from the funds of the employee claim guarantee fund, the Insolvency Control Service shall transfer the mandatory State social insurance contributions, personal income tax, and compensation for injury for the four subsequent years into the budgets specified in the laws and regulations and shall pay the amounts to be disbursed to employees by a transfer into a bank account.

(2) After having taken the decision on the allocation of funds from the employee claim guarantee fund for the settlement of the claims of employees, the Insolvency Control Service shall acquire:

1) the right to claim the recovery of the funds allocated from the employee claim guaranty fund from the insolvent employer’s property in accordance with the procedures laid down in the law governing insolvency matters;

2) right to claim of an unsecured creditor in accordance with the law governing the operation of credit institutions. The administrator shall include in the list of unsecured creditors the amounts which the Insolvency Control Service has allocated from the employee claim guaranty fund for the settlement of the claims of employees.

(3) The administrator of an insolvent employer has the obligation to reimburse funds to the Insolvency Control Service which it has disbursed to the employees to settle their claims from the funds of the insolvent employer. The administrator shall reimburse the Insolvency Control Service from the funds of the insolvent employer for the amounts disbursed or to be disbursed from the employee claim guaranty fund for the settlement of the claims of employees in accordance with the procedures for the settlement of the claims of creditors laid down in the law governing insolvency matters or in accordance with the procedures for the settlement of the claims of creditors within the framework of the bankruptcy procedure laid down in the law governing the operations of credit institutions.

(31) [23 March 2023]

(4) The Insolvency Control Service shall transfer the funds received from the administrator of the insolvent employer into the funds of the employee claim guarantee fund.

(5) [13 December 2007]

[*18 December 2003; 19 December 2006; 13 December 2007; 15 December 2011; 23 March 2023*]

**Chapter V**

**Procedures for the Settlement of the Claims of Employees in Cross-border Insolvency Proceedings**

[*26 January 2006*]

**Section 12.**

(1) In case of cross-border insolvency proceedings, if in the insolvency proceedings referred to in Article 3(1) of Regulation (EU) 2015/848 of the European Parliament and of the Council have been commenced a European Union Member State and the insolvency proceedings referred to in Article 3(2) of this Regulation have been commenced in Latvia, the claims of employees shall be settled according to the procedures specified in Chapter IV of this Law.

(2) In case of cross-border insolvency proceedings, if the insolvency proceedings referred to in Article 3(1) of Regulation (EU) 2015/848 of the European Parliament and of the Council have been commenced in a European Union Member State, but the insolvency proceedings referred to in Article 3(2) of this Regulation have not been commenced in Latvia, the claims of employees shall be settled according to the procedures specified in this Chapter.

(3) Claims of employees shall be accepted and compiled by the administrator of the insolvency proceedings referred to in Article 3(1) of Regulation (EU) 2015/848 of the European Parliament and of the Council who shall submit them to the Insolvency Control Service. An employee may, when submitting a claim of creditor to the administrator of the insolvency proceedings referred to in Article 3(1) of this Regulation, at the same time submit such claim to the Insolvency Control Service by attaching a copy of the employment contract and a certification of the submission of the claim of creditor to the administrator of the insolvency proceedings referred to in Article 3(1) of Regulation (EU) 2015/848 of the European Parliament and of the Council.

(4) The administrator of the insolvency proceedings referred to in Article 3(1) of Regulation (EU) 2015/848 of the European Parliament and of the Council is entitled to make submissions to the Insolvency Control Service for the claims of employees only in case if the claims have been recognised as eligible in accordance with Section 3, Paragraph one, Clause 2 of this Law, moreover, only until the moment when the respective cross-border insolvency proceedings have not been terminated in accordance with the laws and regulations of the relevant European Union Member State which are applicable to the specific cross-border insolvency proceedings.

(5) The Cabinet shall determine procedures for the submission, examination, and settlement of the claims of employees in case of a cross-border insolvency proceeding.

[*13 December 2007; 23 March 2023*]

**Section 13.**

(1) After the allocation of the amounts to be disbursed for the settlement of the claims of employees from the funds of the employee claim guarantee fund, the Insolvency Control Service shall transfer the mandatory State social insurance contributions, personal income tax, and compensation for injury for the four subsequent years into the budgets specified in the laws and regulations and shall pay the amounts to be disbursed to employees by a transfer into a bank account.

(2) After the amounts allocated for the settlement of the claims of employees have been disbursed from the employee claim guarantee fund, the Insolvency Control Service in accordance with the laws and regulations of the relevant European Union Member State, which are applicable in the specific cross-border insolvency proceedings, shall acquire creditor’s rights in the amount disbursed from the employee claim guarantee fund.

(3) After the use of the creditor’s rights of the Insolvency Control Service, the funds received therefrom shall be transferred into the employee claim guarantee fund.

(4) If in accordance with the laws and regulations of the relevant European Union Member State, which are applicable in the specific cross-border insolvency proceedings, an insolvency solution purpose of which is not the liquidation of the insolvent employer is applied in these cross-border insolvency proceedings, the administrator has the duty to inform the Insolvency Control Service of the procedures and time limits for the amounts disbursed or to be disbursed for the settlement of the claims of employees.

[*19 December 2006; 13 December 2007; 23 March 2023*]

**Chapter VI**

**Procedures for the Settlement of the Claims of Employees After a Report has been Submitted to the State Authorities Responsible for the Progress of Criminal Proceeding**

[*13 December 2007*]

**Section 14.**

(1) With regard to the settlement of the claims of employees, the Insolvency Control Service is entitled to submit a report to the State authorities responsible for the progress of the criminal proceedings, so that they would decide on the commencement of criminal proceedings if, after the evaluation of the administrator’s submission for the claims of employees, other necessary documents, and requested information, any of the following features is established:

1) funds from the employee claim guarantee fund have been requested for the settlement of claims of such persons whose average work remuneration and payments related thereto have increased in the last three months of employment relationship prior to the onset of the insolvency event of the employer in comparison with the average work remuneration in the other months which are a part of the 12 month period prior to the onset of the insolvency event of the employer;

11) funds from the employee claim guarantee fund have been requested for the settlement of claims of such persons whose average work remuneration and payments related thereto have increased in the last three months of employment relationship prior to the termination of the employment relationship in comparison with the average work remuneration in the other months which are a part of the 12 month period before the employment relationship was terminated;

2) funds from the employee claim guarantee fund have been requested for the settlement of claims of such persons whose employer has become insolvent within a year since the establishment of the employer (obtaining legal status);

3) funds from the employee claim guarantee fund have been requested for the settlement of claims of such persons in whose employer’s actions in relation to hiring of employees the following conditions have been established concurrently:

a) employment relationship with the employee has been commenced within a year before the onset of insolvency event;

b) the total number of employees of the employer in the 12 month period before the onset of the insolvency event of the employer has increased in comparison with the previous 12 month period;

c) the employer has not provided a report to the State Revenue Service on the mandatory State social insurance contributions from work income of employees, on the personal income tax and the State entrepreneurial risk fee, information on employees and accounting of the mandatory State social insurance contributions of employer by the time limits specified in the laws and regulations governing the field of social insurance.

(2) The Insolvency Control Service is entitled to assess the features referred to in Paragraph one of this Section and submit a report if documents have been submitted for the settlement of the claims of employees also in the case of cross-border insolvency proceedings. When assessing the circumstances referred to in Paragraph one, Clause 3, Sub-clause “c” of this Section, the Insolvency Control Service shall check whether a report on mandatory social insurance contributions for the reporting quarter has been submitted in respect of a self-employed person, a domestic employee employed by a foreign employer, or a foreign employee employed by a foreign employer.

[*18 June 2009; 23 March 2023*]

**Section 15.**

(1) Having received the submission for the settlement of the claims of employees from an administrator, the Insolvency Control Service shall also assess the features referred to in Section 14 of this Law.

(2) If it has established any of the features referred to in Section 14 of this Law, the Insolvency Control Service shall take one of the following decisions:

1) the decision to submit a report to the State authorities responsible for the progress of the criminal proceedings so that they would decide on the commencement of criminal proceedings and refusal to allocate funds for the settlement of the claims of employees of the insolvent employer;

2) the decision to refuse the submission of a report to the State authorities responsible for the progress of criminal proceedings.

(3) [18 June 2009]

(4) If the State authorities responsible for the progress of the criminal proceedings have refused to commence criminal proceedings or the commenced criminal proceedings have been terminated, after receipt of such notification the Insolvency Control Service shall, based on a repeated submission of the administrator, take the decision to settle the claims of employees from the funds of the guarantee fund within one month after submission of all necessary documents.

[*18 June 2009; 23 March 2023*]

**Transitional Provisions**

1. Up to 31 December 2004, the aggregate amount of the claims of employees to be satisfied referred to in Section 5, Paragraph one, Clauses 1, 2, 3, and 4 of this Law, and the employee’s share of the mandatory State social insurance contributions and personal income tax payments may not exceed 1000 lats for one employee.

[*18 December 2003*]

2. The provisions of this Law are not applicable to those employees regarding whose employer a decision on the resolution of the insolvency situation has been taken up to the day of coming into force of this Law.

[*18 December 2003*]

3. Section 5, Paragraph two of this Law is in force until 31 December 2004.

4. The Cabinet shall, not later than by 1 June 2006, issue the regulations referred to in Section 12, Paragraph five of this Law. Up to the day when these regulations come into force, the Cabinet Regulation No. 830 of 5 October 2004, Procedures for the Submission, Examination and Satisfaction of Claims of Employees against Insolvent Employers, shall be applied to procedures for the submission, examination, and settlement of the claims of employees in case of a cross-border insolvency proceeding, insofar as they are not in contradiction with this Law.

[*26 January 2006*]

5. To settle the claims of employees whose employer has become insolvent before 31 December 2007, the norms of this Law regarding the procedures for the settlement of the claims of employees shall be applied according to the wording as was effective on 31 December 2007, with the exception of Section 5, Paragraph one, Clause 4 of this Law which shall be applied in the wording as was effective on 31 December 2011, Section 8, Paragraph two, Clause 6, Chapter VI.

[*13 December 2007; 18 June 2009; 15 December 2011*]

6. To settle the claims of employees whose employerʼs insolvency event has onset between 10 July 2009 and 31 December 2011, the following regulation shall be applied to the provisions of Section 5, Paragraph one, Clauses 1, 2, 3 and 4, and Section 51, Paragraph two: the claims of employees shall be settled from the funds of the employee claim guarantee fund in the following amounts:

1) work remuneration for the last three months of employment relationship in the 12 month period before the onset of the insolvency event of the employer, provided that it has been calculated in accordance with the requirements of the laws and regulations, taking into account that monthly work remuneration shall not exceed the minimum monthly wage specified in the State on the day of the onset of the insolvency event;

2) compensation for annual paid leave the right to which has been acquired in the 12 month period before the onset of the insolvency event of the employer, provided that it has been calculated in accordance with the requirements of the laws and regulations, taking into account that monthly work remuneration shall not exceed the minimum monthly wage specified in the State on the day of the onset of the insolvency case;

3) compensation for other type of paid absence during the last three months of the employment relationship in the 12 month period before the onset of the insolvency event of the employer, provided that it has been calculated in accordance with the requirements of the laws and regulations, taking into account that monthly work remuneration shall not exceed the minimum monthly wage specified in the State on the day of the onset of the insolvency event;

4) severance payment in the minimum amount determined by the law the right to which has been acquired not sooner than within the 12 month period before the onset of the insolvency event of the employer, provided that it has been calculated in accordance with the requirements of the laws and regulations, taking into account that average monthly earnings shall not exceed the minimum monthly wage specified in the State on the day of the onset of the insolvency event.

[*18 June 2009; 15 December 2011* / *The Paragraph has been declared invalid under the Constitutional Court Judgement of 10 June 2011 taking effect on 14 June 2011 from the time it was adopted, insofar as it is applicable to persons whose employer has been declared insolvent before 9 July 2009*]

7. The aggregate amount per employee, consisting of the claims of employees to be settled, employee share of mandatory social insurance contributions and personal income tax payments related thereto that are referred to in Section 5, Paragraph one, Clauses 1, 2, 3 and 4, and Section 51, Paragraph two of this Law shall not exceed four minimum monthly wages determined in the State on the day of the onset of the insolvency event, if the insolvency event of the employer has onset between 10 July 2009 and 31 December 2011.

[*18 June 2009; 15 December 2011* / *The Paragraph has been declared invalid under the Constitutional Court Judgement of 10 June 2011 taking effect on 14 June 2011 from the time it was adopted, insofar as it is applicable to persons whose employer has been declared insolvent before 9 July 2009*]

8. Section 51 of this Law shall be applied if the insolvency event of the employer has onset between 1 January 2008 and 9 July 2009.

[*15 December 2011*]

9. To settle the claims of employees for the employers of which the insolvency event has onset between 1 January 2008 and 9 July 2009, the norms of this Law for the procedures for the settlement of the claims of employees shall be applied according to the wording as was effective on 31 December 2011.

[*15 December 2011*]

10. To settle the claims of employees for the employers of which the insolvency event has onset between 10 July 2009 and 31 December 2011, the norms of this Law for the procedures for the settlement of the claims of employees shall be applied according to the wording as was effective on 31 December 2011, with the exception of Paragraphs 6 and 7 of the Transitional Provisions.

[*15 December 2011*]

11. To settle the claims of employees for the employers of which the insolvency event has onset between 1 January 2012 and 31 December 2017, the norms of this Law for the procedures for the settlement of the claims of employees shall be applied according to the wording as was in effect on 31 December 2017.

[*22 November 2017*]

12. Amendment to Section 7 of this Law regarding the new wording of Paragraph one shall come into force concurrently with the amendments to the Insolvency Law that provide for the covering of the costs of insolvency proceedings of a legal person from the employee claim guarantee fund.

[*22 November 2017*]

13. Amendments to Section 5, Paragraph 2.1 of this Law regarding the determination of the commencement of the period of termination of an employment relationship and the supplementation of Section 5 with Paragraphs 2.2 and 2.3 shall be applicable in insolvency proceedings of a legal person commenced after 14 September 2023.

[*23 March 2023*]

14. The amendments regarding the rewording of Section 2 of this Law, amendments to Section 6, Paragraph one of Section 7 with regard to Clause 4, and Paragraphs two and three of Section 10 with regard to insolvency proceedings of a natural person shall enter into force simultaneously with the amendments to the Insolvency Law related to the implementation of Directive (EU) 2019/1023 of the European Parliament and of the Council of 20 June 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132 (Directive on restructuring and insolvency) and shall be applicable in insolvency proceedings of natural persons commenced after 14 September 2023.

[*23 March 2023*]

15. An employer who does not have the obligation to pay the State entrepreneurial risk fee by the time limit laid down in Paragraph 14 of these Transitional Provisions shall pay the fee from 1 October 2023.

[*23 March 2023*]

16. Amendments to Section 8, Paragraph two, Clause 1 of this Law and with regard to Paragraph one of Section 10 which lay down the administrator’s obligation to submit claims of employees of insolvent employers to the Insolvency Control Service through the Electronic Insolvency Accounting System shall be applicable in insolvency proceedings of a natural person and insolvency proceedings of a legal person commenced after 31 December 2023.

[*23 March 2023*]

**Informative Reference to European Union Directives**

[*23 March 2023*]

The Law contains legal norms arising from:

1) Directive 2008/94/EC of the European Parliament and of the Council of 22 October 2008 on the protection of employees in the event of the insolvency of their employer;

2) Directive (EU) 2019/1023 of the European Parliament and of the Council 20 June 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132 (Directive on restructuring and insolvency).

The Law shall come into force on 1 January 2003.

The Law has been adopted by the *Saeima* on 20 December 2001.

Acting for the President, the Chairperson of the *Saeima*, J. Straume

Rīga, 28 December 2001