

PROFESSIONAL EMPLOYER ORGANIZATION (PEO) GUIDE

Carrier	Guideline for staying with a PEO	Guideline for leaving a PEO
<i>In addition to meeting standard Underwriting Guidelines, groups must provide the following:</i>		
	Groups that are currently with a PEO acting as a co-employer are not eligible for coverage Groups using payroll services only through a company that also offers PEO services are eligible subject to meeting the standard underwriting guidelines for eligibility. They must also submit the current prior carrier bill solely for the group and in the group's name	1-5 enrolling: - Copy of the contract termination letter sent from the PEO to the employer verifying the cancellation of the leasing arrangement as well as the date - Copy of the most current quarterly wage report filed by the PEO or at least 2 weeks of current consecutive payroll 6+ enrolling: - Copy of the contract termination letter sent from the PEO to the employer verifying the cancellation of the leasing arrangement as well as the date - If the group does not have current health coverage: Copy of the most current quarterly wage report filed by the PEO or at least 2 weeks of current consecutive payroll - If the group has current health coverage: Provide the current health coverage bill to establish group eligibility. Any employees not on the bill must have their full names written in with the reason they do not appear on the bill
	Groups that are currently with a PEO acting as a co-employer are not eligible for coverage Groups that use PEO payroll services only are eligible subject to meeting the standard underwriting guidelines for eligibility. A copy of the PEO contract confirming this is required	Provide a copy of PEO client invoice billed to the worksite business, which includes names of each employee previously leased to the worksite employer Signed Conditions of Enrollment form will be required Company's first 30 days complete payroll records to be provided within 45 days of the effective date
	Groups that are currently with a PEO acting as a co-employer are not eligible for coverage Groups that use PEO payroll services only are eligible subject to meeting the standard underwriting guidelines for eligibility. A copy of the PEO contract confirming this is required	Copy of the letter sent from the PEO to the client business verifying the cancellation of the leasing arrangement will be required If a copy of a payroll is submitted that separates the formerly leased employees by business location, the group will be considered a qualified group
	Sub-group's home office must be located in California Statement of Compliance portion of the Employer Application must be signed by an authorized representative of the sub-group, not a PEO representative PEO Sub-Group Letter is required Quarterly Wage & Tax Report (DE9C) or payroll ledger including summary totals for the most current three months	Groups leaving a PEO on the enrollment effective date must provide: - Explanation from the employer with a description and date of the PEO split-off scenario - One week of payroll from the new payroll company with the balance for the month due within 30 days of the effective date Groups that left a PEO prior to the enrollment effective date must provide: - Explanation from the employer with a description and date of the PEO split-off scenario - Payroll under the company (not the PEO) from start to current is required - must be at least one week For both scenarios: If payroll is not equal to one month, group will be approved contingent on the remainder of payroll 1-4 life groups will need at least 4 weeks of payroll prior to the requested effective date for one common-law employee

This guide has been created as a quick reference and does not replace the full underwriting guidelines published by each carrier
Please refer to the carrier guidelines for additional information

(Continued on back)

PROFESSIONAL EMPLOYER ORGANIZATION (PEO) GUIDE

Carrier	Guideline for staying with a PEO	Guideline for leaving a PEO
<i>In addition to meeting standard Underwriting Guidelines, groups must provide the following:</i>		
	A DE9C or quarterly wage report from the PEO is required if the PEO provides them for its employer groups If the PEO does not prepare a quarterly wage report for each employer, payroll that covers 50% of the prior calendar quarter from the PEO may be substituted The quarterly wage report and/or payroll must demonstrate that the group meets the definition of a small employer and that the employees are eligible for coverage	A DE9C or quarterly wage report from the PEO is required if the PEO provides them for its employer groups If the PEO does not prepare a quarterly wage report for each employer, payroll that covers 50% of the prior calendar quarter from the PEO may be substituted The quarterly wage report and/or payroll must demonstrate that the group meets the definition of small employer and that the employees are eligible for coverage At least two weeks of acceptable payroll under the company name, not the PEO, will also be required
	Groups must opt out of medical coverage through the PEO completely and may only offer health coverage outside the PEO <u>1-5 enrolled:</u> - Most recently filed DE9C or 3 months of group's PEO payroll subgroup or 3 months of recent invoices showing PEO, subgroup name, and co-employed individuals - For start-up groups, 2 weeks of the group's PEO payroll subgroup or 2 weeks of recent invoices showing PEO, subgroup name, and co-employed individuals <u>6+ enrolled:</u> - No DE9C or payroll required	A letter from the group stating it will no longer be leasing employees from the PEO which includes the termination date. Termination date must be prior to requested effective date <u>1-5 enrolled:</u> 2 weeks of payroll for leased employees from the PEO <u>6+ enrolled:</u> No DE9C or payroll required
	Groups that are currently with a PEO acting as a co-employer are not eligible for coverage Groups that use PEO payroll services only are eligible subject to meeting the standard underwriting guidelines for eligibility	Copy of the prior carrier bill from the PEO with employee census confirming prior coverage will be required Provide a copy of the contract termination letter sent from the PEO to the employer that verifies the cancellation of the leasing arrangements as well as the cancellation date Provide at least two weeks of payroll from a legitimate payroll company issued in the name and Tax Identification Number of the individual employer group, not the PEO In the event of a DE9C or payroll is unavailable, groups must provide the following: - Copy of the six weeks of charge back invoices from the PEO to establish AB1672/SB125 - Copy of the PEO Benefit Register or prior carrier bill - Letter from the company owner/officer stating the company has cancelled its contract with the PEO and the effective date of cancellation plus 30 days of payroll records for all employees The employer group must have offered the employees health insurance previously through the PEO

This guide has been created as a quick reference and does not replace the full underwriting guidelines published by each carrier
Please refer to the carrier guidelines for additional information