









COMMON OWNERSHIP/AFFILIATED COMPANIES

Carrier	If affiliated groups with common ownership is looking to offer coverage under one group contract, would they have to include all affiliated groups who have common ownership or can one or more affiliated groups be excluded?	What additional documentation would be needed for common ownership groups?
	<p>For a number of different reasons under state insurance law and the federal Affordable Care Act, it can be important to determine whether affiliated legal entities (corporations, partnerships, etc.) meet the IRS definition for a commonly-controlled group. This definition is found in Section 414 of the Internal Revenue Code. More information can be found at <a href="https://www.irs.gov/affordable-care-act/employers">https://www.irs.gov/affordable-care-act/employers</a> and <a href="https://www.irs.gov/pub/irs-tege/epchd704.pdf">https://www.irs.gov/pub/irs-tege/epchd704.pdf</a>.</p> <ol style="list-style-type: none"> <li>1. First, the groups tell us if they meet the common ownership test via the certification form</li> <li>2. Second, our underwriting team will still review and decide whether we want to write the commonly owned groups together, which we do by reviewing each group against our underwriting criteria. It's important to remember that although commonly-owned groups may be written together, establishment of common ownership does not require us to do so. That means we can still apply our underwriting criteria to each underlying group and decide, on balance, if we want to issue a quote for the commonly-owned group.             <ol style="list-style-type: none"> <li>a. <b>We trust the groups to determine their own common ownership</b></li> <li>b. Satisfying common ownership standards allows (but does not require) us to treat multiple groups under a common policy</li> <li>c. While we will not dispute the group's assessment of common ownership, the overall arrangement is still subject to the application of our internal underwriting rules.</li> </ol> </li> </ol>	<p>The common ownership certification needs to be completed.</p> <p>We can place the burden on the employer to certify they meet the 414 Internal Revenue Code by having the group complete the common ownership certification form. Depending on which box the group checks off, will determine if they can be written together.</p> <ul style="list-style-type: none"> <li>• If the group marks the below box, they <b>cannot</b> be written as common ownership. Each group must be written separately under their own policy.</li> <li>• I certify my business applying for coverage is <u>not</u> part of a commonly-controlled or affiliated group as defined under subsection (b), (c), (m), or (o) of section 414 of the Internal Revenue Code of 1986.</li> <li>• If the group marks the below box, any of the groups listed on the form can be written together as common ownership, the group can choose which businesses to include on the policy.</li> </ul> <p><input type="checkbox"/> I certify my business(es) applying for coverage meets the IRS test for being a commonly-controlled group as defined under subsection (b), (c), (m), or (o) of section 414 of the Internal Revenue Code of 1986. I further certify there are no other affiliated entities, other than the ones listed below, that are part of the commonly-controlled or affiliated group that includes my business.</p>
	<p>All affiliated companies that would qualify as in a control group under Section 3(40)(B)(ii) of ERISA should be listed.</p>	<p>Just the company name and the Employer federal tax ID number (FEIN) will suffice for the form.</p>
	<p>No</p>	<p>Groups must at minimum be able to file under 1 tax ID – the groups don't need to currently file this way but they must have the ability to.</p> <p>In some cases a letter from the group's accountant may be requested confirming the groups' tax filing abilities.</p>
	<p>One or more affiliated groups can be excluded. However if the owner wishes to include an affiliated group in an existing policy in the future, it will be appropriately evaluated by underwriting and current rates are subject to change.</p>	<p>Needed documentation would be the Single Employer Certification Form.</p> <p>Cigna's legal team advises having the employer or someone they designate (e.g. attorney) to complete. Cigna's regional counsel will then review.</p>
	<p>If common ownership exists between multiple locations, companies, subsidiaries, etc., we can quote on a subset. The employees that are eligible will need to be clearly defined, such as only employees at x, y and z locations eligible.</p> <p>Also, we'd need to know if the quoted population is also eligible for any other plans, and the entities in which those rates apply.</p>	<p>Common ownership documentation includes articles of incorporation, tax return using the same TAX ID, stock ownership documents, etc.</p>
	<p>The group can exclude affiliated groups</p>	<p>The Common Ownership form is generally the only document needed.</p>

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.

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	<p>They can exclude one of the groups. If they want to exclude more than one group, the case will need Underwriting approval.</p>	<p>We require the group to provide the most recent filed Wage and Tax form. They must provide us with the link to the parent company, the total number of employees worldwide, and the percentages the parent own in each group. IRC § 1563(a)(1) defines a parent subsidiary controlled group as one or more chains of corporations connected through stock ownership with a <u>common parent corporation if the common parent corporation owns stock possessing at least 80 percent of the total combined voting power.</u> IRC § 1563(a)(2) defines a brother-sister controlled group as two or more corporations if 5 or fewer persons, who are individuals, own stock, directly by the person, possessing more than <u>50 percent of the stock of each corporation.</u></p>
	<p>All of the companies you are looking to combine must have common ownership.</p> <p>Example: If you have 8 companies who are all eligible to be part of a consolidated tax return or who are part of a controlled group, then they can get a combined quote.</p> <ol style="list-style-type: none"> <li>1. If only 6 of those companies want to combine for a combined quote, they can because they still have common ownership.</li> <li>2. If you have 8 companies and 6 of them fit the definition above and 2 do not have combined ownership, then the 2 would not qualify to be included in the combined quote.</li> </ol>	<p>Common ownership form will need to be completed.</p>