








PROFESSIONAL EMPLOYER ORGANIZATION (PEO) GUIDE

Carrier	Guideline for staying with a PEO	Guideline for leaving a PEO
<b><i>In addition to meeting standard Underwriting Guidelines, groups must provide the following:</i></b>		
	<p><b>1-5 enrolling:</b></p> <ul style="list-style-type: none"> <li>Letter from the PEO confirming that they do not offer health coverage</li> <li>Copy of the PEO contract</li> <li>Quarterly Wage &amp; Tax Report (DE9C). If DE9C is not available due to the length of time in business at least 6 weeks of companywide payroll to establish group eligibility</li> </ul> <p><b>6+ enrolling:</b></p> <ul style="list-style-type: none"> <li>Letter from the PEO confirming that they do not offer health coverage</li> <li>Copy of the PEO contract</li> <li>If the group does not have current health coverage outside of the PEO: Quarterly Wage &amp; Tax Report (DE9C). If DE9C is not available due to the length of time in business at least 6 weeks of companywide payroll to establish group eligibility</li> <li>If the group has current health coverage outside of the PEO: No DE9C, payroll or current health coverage bill needed to establish group eligibility</li> </ul>	<p><b>1-5 enrolling:</b></p> <ul style="list-style-type: none"> <li>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</li> <li>Copy of the most current quarterly wage report filed by the PEO or at least 1 month of current consecutive payroll</li> </ul> <p><b>6+ enrolling:</b></p> <ul style="list-style-type: none"> <li>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</li> <li>If the group does not have current health coverage: Copy of the most current quarterly wage report filed by the PEO or at least 1 month of current consecutive payroll</li> <li>If the group has current health coverage: No DE9C, payroll or current health coverage bill needed to establish group eligibility</li> </ul>
	<p>Groups that are currently with a PEO are not eligible for coverage</p>	<p>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</p>
	<p>Groups that are currently with a PEO are not eligible for coverage</p>	<p>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</p>
	<p>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 &amp; Tax Report (DE9C) or payroll ledger including summary totals for the most current three months</p>	<p>Groups leaving a PEO on the enrollment effective date must provide:</p> <ul style="list-style-type: none"> <li>Explanation from the employer with a description and date of the PEO split-off scenario</li> <li>One week of payroll from the new payroll company with the balance for the month due within 30 days of the effective date</li> </ul> <p>Groups that left a PEO prior to the enrollment effective date must provide:</p> <ul style="list-style-type: none"> <li>Explanation from the employer with a description and date of the PEO split-off scenario</li> <li>Payroll under the company (not the PEO) from start to current is required - must be at least one week</li> </ul> <p>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</p>

*(Continued on back)*

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

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>		
	<p>A DE9C or quarterly wage report from the PEO is required if the PEO provides them for its employer groups</p> <p>If the PEO does not prepare a quarterly wage report for each employer, payroll from the PEO may be substituted</p> <p>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</p>	<p>PEO termination letter will be required</p> <p>Provide at least two weeks of acceptable payroll under the company name, not the PEO</p> <p>Proof of prior coverage under PEO will be required</p>
	<p>Groups may only offer coverage outside the PEO. The PEO may not offer Kaiser</p> <p><u>1-5 enrolled:</u></p> <ul style="list-style-type: none"> <li>• 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</li> <li>• 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</li> </ul> <p><u>6+ enrolled:</u></p> <ul style="list-style-type: none"> <li>• No DE9C or payroll required</li> </ul>	<p>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</p> <p><u>1-5 enrolled:</u> 2 weeks of payroll for leased employees from the PEO</p> <p><u>6+ enrolled:</u> No DE9C or payroll required</p>
	<p>PEO may not act as a "co-employer"</p> <p>Groups that use PEO payroll services alone are eligible</p>	<p>Copy of the prior carrier bill from the PEO with employee census confirming prior coverage will be required</p> <p>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</p> <p>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</p> <p>In the event of a DE9C or payroll is unavailable, groups must provide the following:</p> <ul style="list-style-type: none"> <li>• Copy of the six weeks of charge back invoices from the PEO to establish AB1672/SB125</li> <li>• Copy of the PEO Benefit Register or prior carrier bill</li> <li>• 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</li> </ul> <p>The employer group must have offered the employees health insurance previously through the PEO</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.