

Underwriting Guideline Changes

Small Business | 1-100 Employees | July 1, 2019

Note all references to 1-50 and/or 51-99 have either been removed when appropriate or changed to 1-100. Each instance of the change may not be noted below. Refer to the Underwriting Guidelines booklet for complete requirements.

Category	Existing	New
Quarterly Wage Report (QWR)	<p>Employers with less than 10 eligible employees</p> <ul style="list-style-type: none"> Handwritten Quarterly Wage Reports are not acceptable. If there are new hires who do not appear on the Quarterly Wage Report (DE9 and DE 9C) – write their name(s), Social Security number(s) and date(s) of hire on the bottom of the QWR. <p>Employers with 10 or more eligible employees</p> <ul style="list-style-type: none"> A completed and signed Participation Certification form. 	<p>Employers with less than 10 eligible employees</p> <ul style="list-style-type: none"> Handwritten wage and tax statements are acceptable if the state form is used. New hires who are not listed on the wage and tax statement or are handwritten require a two-week payroll. <p>Employers with 10 or more eligible employees</p> <p>Submit one of the following:</p> <ul style="list-style-type: none"> Quarterly wage and tax statement. Participation Certification form. If in business less than one year, at least one applicable tax document. Refer to the Type of Company & Length of Time in Business section. For owner-only groups, at least one applicable ownership document based on length of time in business.
Payroll Record Requirements	<p>Handwritten or estimated QWRs or payroll, individual payroll/pay stubs or W-2, W-3, W-4, W-9s are not acceptable.</p> <p>The payroll must be from a payroll record service (e.g., ADP, PayChex, Wells Fargo) and must include all of the following:</p>	<p>In-house payrolls may be generated from payroll software programs such as Quicken, QuickBooks, Peachtree, etc. for groups that have been in business less than a year.</p> <p>Third Party Administrator (TPA) payrolls (from Automatic Data Processing [ADP], Paychex, etc.) are acceptable and must include all of the following:</p>
Proof of Ownership	<p>Proof of ownership is required for all eligible enrolling (and/or waiving) owners not appearing on the Quarterly Wage Report.</p>	<p>Proof of ownership is required for all eligible enrolling (and/or waiving) owners not appearing on the Quarterly Wage Report.</p>

Category	Existing	New
Corporations	<p>In business < 1 year: S-Corps and C-Corps: Filed/Stamped Statement of Information that lists all owners'/officers' names.</p> <p>In business > 1 year: C-Corps: IRS Form 1120 (pages 1 and 2) and IRS 1120 Schedule G and IRS Form 1125-E, which includes all owners.</p> <p>S-Corps: IRS Schedule K-1 (Form 1120s) for all owners/officers (current tax year).</p>	<p>In business < 1 year: S-Corps and C-Corps: Articles of Incorporation, IRS or Secretary of State letter indicating issued tax ID number and two-week payroll/quarterly wage and tax (if filed) are required.</p> <p>In business > 1 year: C-Corps: A wage and tax statement or quarterly payroll (if prepared by a payroll company) and IRS Form 1120 (pages 1 and 2) and IRS 1120 Schedule G and IRS Form 1125-E, which includes all owners. If the IRS Form 1120 does not include all owners, a letter from the owners' lawyer or CPA identifying all owners and their percentage of ownership is acceptable.</p> <p>S-Corps: A wage and tax statement or quarterly payroll (if prepared by a payroll company) and IRS Schedule K-1 (Form 1120s) for all owners/officers (current tax year) if one or more of the owners does not appear on the wage and tax statement.</p>
Partnership/LLP	<p>In business < 1 year: Partnership Agreement signed by all partners.</p> <p>In business > 1 year: IRS Schedule K-1 (Form 1065) for all partners (current tax year).</p>	<p>In business < 1 year: A Partnership Agreement listing all partners, IRS or Secretary of State letter indicating issued tax ID number, and a two-week payroll/quarterly wage and tax statement (if filed) for employees are required.</p> <p>In business > 1 year: A wage and tax statement or quarterly payroll (if prepared by a payroll company) is required for employees other than partners in the group. IRS Schedule K-1 (Form 1065) for all partners (current tax year) is required for all partners if one or more of the partners does not appear on the wage and tax statement.</p> <p>A Schedule K-1 (Form 1065) is required for all partners if one or more of the owners are not indicated on the wage and tax statement.</p> <p>A Partnership Agreement is acceptable if the Schedule K-1 has not been filed. A copy of the filing extension is required at the time of submission.</p>

Category	Existing	New
Limited Liability Company (LLC)	<p>In business < 1 year: LLC Agreement signed by all managers/members/parties.</p> <p>In business > 1 year: LLC Agreement signed by all managers/members/parties or copies of appropriate current year tax returns (follow the guidelines for a partnership or sole proprietorship based on how the LLC was formed).</p>	<p>In business < 1 year: An LLC Agreement (signed by all parties), IRS or Secretary of State letter indicating issued tax ID number, and a two-week payroll/quarterly wage and tax statement (if filed) for all employees (other than those bound by the LLC Agreement) are required.</p> <p>In business > 1 year: A wage and tax statement or quarterly payroll (if prepared by a payroll company) is required. A Schedule K-1 or Schedule C is required for all owners/partners if one (or more) of the owners is not showing on the wage and tax statement.</p>
Sole Proprietorship	<p>In business < 1 year: Business License listing the owner name.</p> <p>In business > 1 year: IRS Schedule C (Form 1040)</p>	<p>In business < 1 year: A Business License, IRS or Secretary of State letter indicating issued tax ID number (if available), and two-week payroll/quarterly wage and tax statement (if filed) for all employees not listed on the license are required.</p> <p>In business > 1 year: A wage and tax statement or quarterly payroll (if prepared by a payroll company) is required. IRS Schedule C (Form 1040) is required for all owners. A Schedule C (Form 1040) is required if the sole proprietorship is in the business of renting personal property. A Schedule E is required if the sole proprietorship is in the business of renting commercial property. If the spouse of a sole proprietor is an employee and not listed on the wage and tax statement, a current W2, two-week payroll, or Schedule SE (Self-Employment) is required.</p>
Church	IRS Form 941 and a current QWR (IRS Form 4361 may also be required)	Churches must provide a 941 or 940 Form and a two-week payroll/quarterly payroll/quarterly wage and tax statement (if filed) for all employees of the church.
Farm	IRS Schedule F (Form 1040)	A farm must file a Schedule F and a two-week payroll/quarterly payroll/quarterly wage and tax statement (if filed) for all employees.