

Underwriting Guidelines - Small Group

Group Size	2-50 lives
Eligible Employee	An eligible employee is defined as any employee with a normal workweek of 20 to 30 or more hours. Eligibility requirements are state specific. Please refer to your state's SGR requirements.
Small Group Definition	Small group definitions are state-specific. Please refer to your state's SGR requirements.
Newly Formed Business	The following documents must be provided for groups that have not been in business long enough to have filed a Quarterly Wage and Tax Statement (3 months): <ul style="list-style-type: none"> • The most recent consecutive 4 weeks' worth of payroll records, which include the hours worked, wages earned, and taxes withheld • List from the employer with all employees and their dates of hire • A copy of the current Worker's Compensation bill • A copy of the Articles of Incorporation • A copy of their leasing agreement, if available
Rate Structure	<ul style="list-style-type: none"> • 2-10 lives – Age banded rates • 11-25 lives – Age banded or 4-tier rates • 26-50 lives – 4-tier rates
Participation	<p>All states, except NY, MI, NJ, TX, WI, CA & GA – 100% participation on cases of 4 or less eligible lives, after valid waivers 75% participation on cases of 5 or more eligible lives, after valid waivers</p> <p>MI – 4 or fewer eligible lives, 100%, after valid waivers 5 - 25 eligible lives, 75%, after valid waivers 26 - 50 eligible lives, 50%, after valid waivers</p> <p>NJ, TX, CA & GA – 75% of eligible lives, after valid waivers WI – 10 or more employees, 70% of eligible lives, after valid waivers NY (SGR-CR) – 100% participation on cases of 5 or less eligible lives, after valid waivers 75% participation on cases of 6 or more eligible lives, after valid waivers</p>
Employer Contribution	The employer must contribute at least 50% of the employee premium.
Carve-out Groups	<p>All proposals involving a carve-out must be approved in advance by Underwriting. Acceptable carve-out classes must be based on conditions pertaining to employment, union/non-union, rotational/non-rotational or location. If approved for quotation, Nippon Life Benefits will apply the following requirements:</p> <ul style="list-style-type: none"> • The group must have some form of plan in place for the non-carve-out portion of the group (must be able to provide proof). • A 90-day waiting period • A minimum of 10 enrolled lives

Carve-out Groups, <i>cont'd</i>	<ul style="list-style-type: none"> • 100% participation at 10 lives • 90% participation from 11 to 24 lives • 75% participation for 25+ lives • The definition of carve-out must be the same with Nippon Life Benefits as with the current carrier.
Dual Option	Groups with 10+ enrolling lives may offer a dual option. There must be a minimum of one active enrolled life in each plan. Two high-deductible health plans may not be offered together as a dual option.
Valid Waivers	<p>Valid waivers include spousal coverage, group coverage through another employer, or governmental coverage.</p> <p>Note: Individual coverage is not a valid waiver.</p>
1099 Employees	<p>Employers have the option of covering 1099 employees subject to all of the following:</p> <ul style="list-style-type: none"> • If offering to one 1099 employee, the client must also offer benefits to all 1099 employees. • 1099 employees must be full-time and work at least 30 hours per week. • No more than 20% of the eligible employees can be 1099 employees. • Does not apply to New York and California, Community Rated products.
Retirees	Coverage is not available to retirees.
Waiting Periods	A minimum of a 30-day waiting period with the option for coverage beginning the next day or the first of the following month.
Quote Requirements	<p>The following items must be provided when requesting a quote:</p> <ul style="list-style-type: none"> • Census data, which must include: <ul style="list-style-type: none"> – Name of the prospect – Total number of employees working at the company and affiliates, if applicable – Census information (dates of birth, gender, coverage types, and zip codes) for all employees expected to enroll, as well as any COBRA and state continuance participants • Current plan design • Current rates • Requested plan design • Statements of health where permissible
Effective Dates	The effective date can be the 1st of the month or the 15th of the month.
Signature Dates	All paperwork must be signed prior to the requested effective date but no longer than 60 days in advance of this date.
New Case Submission	<p>Basic required documentation:</p> <ul style="list-style-type: none"> • Employer Application • Enrollment Application for each employee enrolling • Waivers for each employee declining coverage • Copy of sold rates • Copy of current carrier's most recent billing statement • Copy of current carrier's billing statement from 12 months prior or Certificates of Credible Coverage if pre-existing credit is desired at the time of issue • Most recent state quarterly Wage and Tax report with employment status of all employees listed • Tax documents for owners not listed on the state Wage and Tax report. (K1 tax document for owner not listed on Wage and Tax document, if

New Case Submission, <i>cont'd</i>	<p>applicable.)</p> <p>Requirements for K1 owners —</p> <ul style="list-style-type: none"> - Partners with no equity (share of the company) on the K1 forms will be considered <i>ineligible</i> for coverage. - On cases with no ordinary income, an ordinary income less than hours worked multiplied by the minimum wage, or negative ordinary income on the K1 forms, we will require all of the following information: <ul style="list-style-type: none"> - The articles of incorporation - For cases with <i>less than 10 lives</i>: Each partner must submit a notarized statement, on the company's letterhead, attesting that he or she is employed by the company, working the minimum hours required by the specific state and a description of their job duties. - For cases with <i>10 or more lives</i>: A notarized statement, on the company's letterhead, attesting that all K1 partners are employed by the company, working the minimum number of hours required by the specific state and a description of their job duties. The letter must include the names of all the partners. <ul style="list-style-type: none"> • Check for the first month's premium
Replacing Other Group Coverage	The employer should be advised not to cancel any current coverage until notified in writing of approval and acceptance by Nippon Life Benefits.

