



Mailing Address:
Des Moines, IA 50392-0002

Principal Life
Insurance Company

Small Employer
Qualification – TX

Small Employer Status

In order for us to issue and maintain your group health policy in accordance with state law, we need to know if you qualify as a **Small Employer**. Accordingly, you must complete, sign, and return this form to our company.

Eligible Employee Definition

An **Eligible Employee** is any employee who is regularly scheduled to work for a Small Employer on a full-time basis, with a normal work week of 30 or more hours. Work must be at the Small Employer’s usual place or places of business, or at another place to which an employee must travel to perform his or her regular duties. The employee must be compensated by the Small Employer and must be able to show income on federal or state tax forms. The term includes a sole proprietor, a partner of a partnership, and an independent contractor, if included as an employee under a health care plan of a Small Employer. The term doesn’t include employees covered under a federal program (such as Medicare, Medicaid or CHAMPUS) or another group health plan.

Small Employer Definition

A **Small Employer** is an employer which:

- is actively engaged in business; and
- employed an average of at least two employees but not more than 50 Eligible Employees on business days during the preceding calendar year; and
- employs at least two employees on the first day of the plan year.

If you have people on your plan who have terminated employment, yet remain covered under your plan because of state or federal (COBRA) continuation, do not count them. Companies that are affiliated or file a combined tax return for purposes of state taxation must be considered one employer.

NOTE: For the purpose of this definition, a partnership is the employer of a partner. “Small Employer” includes a governmental entity subject to the Texas Insurance Code, if the entity meets this definition and elects to be treated as a Small Employer. A Texas independent school district may elect to participate in the Small Employer market without regard to the number of Eligible Employees of the independent school district (any school district making such an election, will be deemed to be a Small Employer for all purposes under this group policy).

Small Employer Qualification Statement

Does your group meet the definition of Small Employer? **yes** **no**

I understand that a **Qualification Statement** may be required prior to each renewal as a condition of renewal as a Small Employer group.

I understand that if our group qualifies as a Small Employer group under Texas law at the time of this qualification, the provisions of the law will continue to apply to our group until the next Policy Anniversary, even if our group ceases to qualify as a Small Employer group prior to that date.

Name of firm	Employer’s signature	
Account number	Date	Employer’s title