

February 27, 1976

Dear :

This is in reply to your letter dated November 25, 1975, requesting a clarification of the participation requirements under the Employee Retirement Income Security Act of 1974 (ERISA) for your group health, life and disability insurance plans.

Section 3(1) defines an "employee welfare benefit plan" as "any plan, fund, or program which was heretofore or is hereafter established or maintained by an employer or by an employee organization, or by both, to the extent that such plan, fund, or program was established or is maintained for the purpose of providing for its participants or their beneficiaries, through the purchase of insurance or otherwise, (A) medical, surgical, or hospital care or benefits in the event of sickness, accident, disability, death or unemployment, or vacation benefits, apprenticeship or other training programs, or day care centers, scholarship funds, or prepaid legal services, or (B) any benefit described in section 302(c) of the labor Management Relations Act, 1947 (other than pensions on retirement or death, and insurance to provide such pensions)." Since the plans you describe provide group health, life and disability insurance, they would be classified as employee welfare benefit plans under the ERISA.

The participation standards to which you refer are cited in Part 2 of Title I, Participation and Vesting. However, section 201(1) states that this part shall not apply to an employee welfare benefit plan. Your group health, life and disability insurance plans, therefore, need not comply with the participation standards in Part 2 of Title I of the ERISA.

Sincerely,