

October 30, 1976

Dear :

This is in response to your letter dated August 21, 1975, requesting a determination whether the Hospitalization Plan of (named), Inc., (Plan) is required to file Form EBS-1 under the Employee Retirement Income Security Act of 1974 (ERISA). I am sorry we were unable to reply sooner.

The Plan covers sixteen employees and is funded through a group contract with (named). Some of the employees make contributions toward the family policy.

Section 3(1) of the ERISA includes in its definition of an "employee welfare benefit plan" any plan, fund, or program established or maintained by an employer to the extent that such plan was established or is maintained for the purpose of providing medical, surgical or hospital care benefits for its participants or their beneficiaries, through the purchase of insurance or otherwise. The Plan, therefore, is an employee welfare benefit plan within the meaning of section 3(1).

However, a regulation issued on August 15, 1975, by the Department provides a limited exemption for certain small welfare plans covering fewer than 100 participants. There is insufficient information in your letter to determine if the Plan meets the requirements for this limited exemption. Section 2520.104-20 of the enclosed regulation describes the scope, application and limitations of this exemption.

I am also enclosing a Form EBS-1 should the Plan not be qualified for this limited exemption.

Sincerely,