P/OPINION 77-19

3(1)

January 18, 1977

Dear :

Thank you for your letter in which you make reference to the "Federal Welfare and Pension Plan Disclosure Act". We assume that you have reference to the Employee Retirement Income Security Act of 1974 (ERISA) that supplanted the Welfare and Pension Plans Disclosure Act beginning on September 2, 1974. We regret that we were unable to respond to your inquiry earlier.

You state that your client, (named) Inc., maintains a hospital benefit program funded through the (named) Plan. Four employees are participants in this plan and the employer makes the contributions to purchase benefits. You ask whether or not such a program is subject to title I of the ERISA.

Section 3(1) of the ERISA defines an "employee welfare benefit plan" as any plan, fund or program that is established or maintained by an employer or by an employee organization for the purpose of providing for its participants or their beneficiaries, through the purchase of insurance or otherwise, among other things, hospital care.

As your client's program provides hospital care through the purchase of insurance or otherwise, it is an "employee welfare benefit plan" covered by title I of the ERISA, and it is subject to the requirements of parts 1, 4 and 5 thereof.

However, section 2520.104-20 of the enclosed regulation that was published in the Federal Register on August 15, 1975, provides a limited exemption from the reporting and

disclosure requirements of title I of the Act for certain small welfare plans such as that maintained by your client. Please refer to this regulation section to determine the conditions of the partial exemption and the remaining responsibilities of the administrator of such a plan with respect to the reporting and disclosure requirements.

Sincerely,

Enclosure