

### Application for Unemployment Insurance, Disability Insurance, and Paid Family Leave Elective Coverage Under Section 708(a) of the California Unemployment Insurance Code

Complete this application only if you meet the requirements as set forth in the attached Information Concerning Elective Coverage.

**Note:** For assistance in completing this application, contact the Taxpayer Assistance Center at 1-888-745-3886. Upon completion of the application, return to:

Attention: FACD – Central Operations, MIC 94  
Employment Development Department  
PO Box 826880  
Sacramento, CA 94280-0001

FOR DEPARTMENT USE ONLY									
APPROVED: <input type="checkbox"/>	DENIED: <input type="checkbox"/>	DIEC ACCOUNT #				-			-
Effective Date						Subject Quarter			
Send Forms DE 2515, DE 3816DI, DE 1378DI <input type="checkbox"/> DE 3DI Qtr(s)									
Date Forms Sent:					Approved By:			Approval Date:	
					On-lined by:			On-lined date:	

1. Social Security Number*	2. Employer Account Number	3. Gender	4. Year of Birth
- -	- -	<input type="checkbox"/> Male <input type="checkbox"/> Female	

5. First Name	Middle Initial	Last Name	6. Have you applied for elective coverage before? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, _____ Mo. Yr.
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7. Mailing Address: Number and Street or PO Box City ZIP Code

8. Business Name (If Any) Business Phone ( )

9. Business Address: Number and Street or PO Box City ZIP Code

10. Email Address	11. Website
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12. Do you have any employees? If yes, and you are not registered with the Employment Development Department (EDD) as an employer, please explain:

Yes  No If no, see instructions

13. Type of Organization:

<input type="checkbox"/> Corporation – <b>Do not</b> submit, corporate officers are employees and covered.	<input type="checkbox"/> Limited Partnership – only general partners may apply
<input type="checkbox"/> General Partnership (includes husband and wife co-owners who are both active in the operation and management of the business)	<input type="checkbox"/> Limited Liability Partnership – only general partners may apply
<input type="checkbox"/> Individual	<input type="checkbox"/> Limited Liability Company – Partnership
<input type="checkbox"/> Limited Liability Partnership – only general partners may apply	
<input type="checkbox"/> Limited Liability Company – Sole Proprietorship Managing Member	

14. Name(s) and Title of All Partners and Members (continue on another page if necessary)

General Partners/Members	Social Security Number*	Limited Partners/Members	Social Security Number*

15. Nature of Business:

<input type="checkbox"/> Contracting	<input type="checkbox"/> Manufacturing	<input type="checkbox"/> Repairing
<input type="checkbox"/> Retail	<input type="checkbox"/> Service	<input type="checkbox"/> Wholesale
<input type="checkbox"/> Other (describe):		

16. Your Occupation/Title	17. Describe (in detail) your specific business (such as the type of service, products, etc.):
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18. Is a license or permit required in your trade, business or occupation? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, indicate type of license or permit required:	Do you possess such a valid and active license? <input type="checkbox"/> Yes <input type="checkbox"/> No	Provide License/Permit Number
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19. Are you conducting a seasonal type of business? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, and you answer no on #23, do not submit. You are not eligible for this coverage. See information sheet attached.	20. Do you expect to remain in business for the next eight (8) calendar quarters? <input type="checkbox"/> Yes <input type="checkbox"/> No <span style="margin-left: 20px;">If no, do not submit. You are not eligible for this coverage. See information sheet attached.</span>
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21. How many hours a day, week, month do you perform your services? <u>Include</u> administrative hours and time spent soliciting customers.  Day _____ Week _____ Month _____ (complete all three) (Hours) (Hours) (Hours)	22. Do you limit the number of hours you perform services?  <input type="checkbox"/> Yes <input type="checkbox"/> No (If yes, explain in #31)
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\*The disclosure of your Social Security number is mandatory under the Federal Tax Reform Act of 1976.

23. Do you perform services in your trade, business, or occupation continuously throughout the year? (Include time spent doing office work, soliciting customers and maintaining machinery and equipment.) <input type="checkbox"/> Yes <input type="checkbox"/> No	If no, explain.
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24. How long have you had employees working for you? _____ Year(s)      _____ Month(s)	If less than one year, give date first employee was hired. ____/____/____
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25. If you are self-employed and also an employee, do you receive the major part of your income from your self-employment? <input type="checkbox"/> Yes <input type="checkbox"/> No  If yes, what percentage? _____%	If no, explain major source of remuneration.
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26. If you were self-employed during the last two years, what was your net profit as shown on your IRS Schedule SE, Line 3?  <table style="width:100%; border: none;"> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">\$ _____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">\$ _____</td> </tr> <tr> <td style="text-align: center;">Year</td> <td style="text-align: center;">Net Profit</td> <td style="text-align: center;">Year</td> <td style="text-align: center;">Net Profit</td> </tr> </table>	_____	\$ _____	_____	\$ _____	Year	Net Profit	Year	Net Profit	If you have never filed a Schedule SE with the IRS, did you have net profit in excess of \$4,600 last year? <input type="checkbox"/> Yes <input type="checkbox"/> No  If you have been in business for less than one year, did your average net profit exceed \$1,150 per quarter? <input type="checkbox"/> Yes <input type="checkbox"/> No  If you have been in business less than one quarter, do you expect your average net profit to exceed \$1,150 per quarter during the first year in business? <input type="checkbox"/> Yes <input type="checkbox"/> No
_____	\$ _____	_____	\$ _____						
Year	Net Profit	Year	Net Profit						

Please submit copies of your IRS Schedule SE for the last two years. If only in business one year, enter zero (0) for the other year. If you answered no to all three questions, **do not** submit this application until you earn the required minimum net profit in your trade, business, or occupation.

27. Were you convicted of a misdemeanor and/or felony under the California Unemployment Insurance Code during the last eight (8) calendar quarters? (See attached information sheet) <input type="checkbox"/> Yes <input type="checkbox"/> No
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28. Are you presently unable to perform all your regular and customary services in connection with your trade, business or occupation due to a disability or a family care, bonding or military assist need? <input type="checkbox"/> Yes <input type="checkbox"/> No    If yes, wait to submit until you are able to perform all duties.
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29. During the last three months, have you been off work due to a disability or the need to care for a seriously ill family member, to bond with a new child, or to participate in a qualifying event as a result of a family member's military deployment to a foreign country?  <input type="checkbox"/> Yes <input type="checkbox"/> No	If yes, did you file a claim for benefits?  <input type="checkbox"/> Yes <input type="checkbox"/> No	When did you resume your usual duties? (Do not file this application if you are currently disabled.)  ____/____/____
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30. On what date do you wish elective coverage to commence? Keep in mind that the commencement date of an elective coverage agreement shall not be prior to the first day of the calendar quarter in which the application is filed, nor later than the first day of the following calendar quarter. <input type="checkbox"/> First Day of Current Quarter <input type="checkbox"/> Day First Employee Hired <input type="checkbox"/> First Day of Next Quarter
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Use the space below to include any additional information

**Note: To collect UI benefits, you must show that you were in satisfactory immigration status and authorized to work in the United States when earning the wages you used to establish your claim.**

**Declaration**

I, the undersigned, declare that the statements made on this application are true and correct to my best knowledge and belief. I understand that providing false information will result in denial or termination of coverage. I hereby elect and make application to have my services considered as employment subject to the California Unemployment Insurance Code (CUIC) for Unemployment Insurance, State Disability Insurance, and Paid Family Leave. I hereby authorize the verification of any information provided by me on this application. I understand that this election must remain in effect for two complete calendar years unless I no longer meet all of the eligibility requirements of section 704 of the CUIC or I meet the conditions for termination of coverage under section 704.1 of the CUIC.

Signature of Applicant	Date
Residence Address (Number and Street or PO Box, Street, City, and ZIP Code)	Residence Phone  (    )

Application must be signed to be valid.

# Information Concerning Unemployment Insurance, State Disability Insurance, and Paid Family Leave Elective Coverage Under Section 708(a) of the California Unemployment Insurance Code

***Do not send any payment with this application. Contributions are not payable in advance.***

You will receive a written notice of the approval or denial of your application.

If your agreement is approved, you will receive instructions on how to file your returns and pay the premiums due. You cannot pay before you receive approval. Your agreement is subject to the requirements outlined below.

***Please retain this page for reference.***

Note: Self-employed individuals are only eligible for Disability Insurance (DI) and Paid Family Leave (PFL) coverage under section 708.5 of the California Unemployment Insurance Code (CUIC) ([leginfo.legislature.ca.gov/faces/codes.xhtml](http://leginfo.legislature.ca.gov/faces/codes.xhtml)). To apply for DI/PFL coverage only, use the *Application for Disability Insurance Elective Coverage* ([DE 1378DI](#))(PDF) ([edd.ca.gov/pdf\\_pub\\_ctr/de1378di.pdf](http://edd.ca.gov/pdf_pub_ctr/de1378di.pdf)).

## Persons Eligible to Elect Coverage

Section 708(a) of the CUIC provides that any individual who is an employer under section 675 of the CUIC, or two or more individuals who have qualified, may elect coverage. Each individual who applies must provide evidence of a yearly net income (after all taxes and deductions) of at least \$4,600, or an average of \$1,150 per quarter if in business for less than one year.

Qualifying employers include sole proprietors, general partners, managing members of Limited Liability Companies (LLC) treated as sole-proprietors for federal income tax purposes, and members of LLCs treated as partnerships for federal income tax reporting purposes. It is not required that all active general partners or members be included in the election. An active general partnership also includes a husband and wife co-ownership in which both spouses are active in the operation and management of the business. Limited partners and corporate officers are considered to be employees subject to the compulsory provisions of the CUIC, the same as all other employees, and are not eligible to elect self-coverage.

Note: To elect only DI and PFL coverage under section 708(b), use the DE 1378DI.

## Conditions for Denial of Coverage

Section 704 of the CUIC provides that an election under section 708(a) of the CUIC shall not be approved if it is found that any of the following conditions exist:

- (a) The self-employed individual is currently unable to perform his or her regular and customary work due to injury or illness.
- (b) The employing unit or self-employed individual is not normally and continuously engaged in a regular trade, business, or occupation.
- (c) The employing unit or self-employed individual intends to discontinue the regular trade, business, or occupation within eight calendar quarters.
- (d) The regular trade, business, or occupation of the employing unit or self-employed individual is seasonal in its operations.
- (e) The major portion of the self-employed individual's remuneration is not derived from his or her trade, business, or occupation.
- (f) The self-employed individual is unable to provide a copy of his or her Internal Revenue Service (IRS) Schedule SE for the preceding year showing a net profit of at least \$4,600 or to certify to an average net profit of at least \$1,150 per quarter since becoming self-employed or for the preceding four quarters, whichever period is less.
- (g) The employing unit or self-employed individual has failed to make a return or to pay contributions within the time required, pursuant to the CUIC, and there is an unpaid amount of contributions owing by the employing unit or self-employed individual.
- (h) Section 704(h) (1) and (2) of the CUIC: (1) A prior elective coverage agreement entered into pursuant to section 708 or 708.5 of the CUIC has been terminated by the department under section 704.1 of the CUIC or by means of a written application for termination as required by this division, and the individual has not completed a waiting period of 18 consecutive months from the date of termination. (2) The waiting period for reinstatement to the elective coverage program may be waived for any individual who becomes eligible for coverage after being terminated under paragraph (1), (2), (4), or (5) of subdivision (a) of section 704.1 of the CUIC, upon receipt by the department of an application for coverage to be effective the first day of the quarter in which the application is received.
- (i) The employing unit or any officer or agent or person having charge of the affairs of the employing unit, or the self-employed individual has been convicted within the preceding eight consecutive calendar quarters of any violation under Chapter 10 (commencing with section 2101 of the CUIC). For the purposes of this subdivision, a plea or verdict of guilty or a conviction following a plea of nolo contendere is deemed to be a conviction irrespective of whether an order granting probation or other order is made suspending the imposition of the sentence or whether sentence is imposed for execution thereof is suspended.

- (j) For purposes of this section, IRS Schedule SE is defined as IRS Form 1040 Schedule SE, or in the case of statutory employees under the Internal Revenue Code, it shall be defined as IRS Form 1040 Schedule C, or the California Income Tax Return, when accompanied by IRS Form W-2.

## Cost of Coverage

You will receive notification of the following year's premium rate, reportable income credits, and premiums payable with your fourth quarter premium notice. You may estimate the cost of coverage using form Disability Insurance Elective Coverage (DIEC) Rate Notice and Instructions for Computing Annual Premiums ([DE 3DI-I](#)) (PDF) ([edd.ca.gov/pdf\\_pub\\_ctr/de3dii.pdf](http://edd.ca.gov/pdf_pub_ctr/de3dii.pdf)), or call the phone number shown on the front of your application for assistance.

Use the same Unemployment Insurance (UI) rate as the one you use for your employees and, regardless of your actual earnings, report both total and taxable quarterly wages in the amount determined by the EDD pursuant to the formula provided in the CUIC. Total wage information is necessary to provide maximum benefits and to serve as a basis for collecting contributions for the coverage.

For reporting the proper amount of wages, see *Instructions for Reporting Wages and Contributions for Employers Who Have Elected Unemployment and State Disability Insurance Coverage Under Section 708(a) of California's Unemployment Insurance Code (CUIC)* ([DE 3F](#)) (PDF) ([edd.ca.gov/pdf\\_pub\\_ctr/de3f.pdf](http://edd.ca.gov/pdf_pub_ctr/de3f.pdf)). This will be mailed to you each quarter with your reporting forms.

## Quarterly Reports Required

The *Quarterly Premium Notice for Disability Insurance Elective Coverage* (DE 3DI) and the *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C) must be filed each quarter whether or not payments are due. The DE 3DI and DE 9C are mailed to you each quarter. These reports are due on the first day of the first month of the following calendar quarter, and are delinquent if not paid on or before the last day of that month. These reports must be filed whether or not payments are due. Failure to receive a reporting form does not relieve you of the responsibility to make your payments on time. Submitting the DE 3DI with DI or PFL information is not a claim for benefits.

## Reportable Compensation for Disability Insurance

Any adjustment of the reportable income credits and premiums due to DI or PFL must be noted on the DE 3DI. If you have any questions regarding computing or adjusting the premium base and premiums, please contact the Taxpayer Assistance Center at 1-888-745-3886.

For an explanation of reportable compensation for UI, refer to the [DE 3F](#).

## Benefit Eligibility

The EDD determines eligibility for UI, DI, and PFL benefits pursuant to the CUIC and authorized regulations. **Generally, a minimum of seven months must elapse from the commencement date of coverage before a valid claim may be filed based solely on income credits reportable under your election.** Eligibility is dependent on a number of factors including: proof of a claimant's eligibility, filing of a timely claim for benefits, and filing and payment of all required reports and amounts due. Weekly DI or PFL benefits are payable under elective coverage regardless of whether the claimant continues to receive any compensation from his/her business.

DI provides benefits to individuals who take time off of work due to their own non-work-related disability. Disability is defined as an illness or injury, either physical or mental, which prevents you from performing your regular and customary work. Disability also includes elective surgery, pregnancy, childbirth, or other related medical conditions. DI may cover both work related and non-work-related injuries and illnesses. For DI benefits and eligibility see the pamphlet *Disability Insurance Provisions* ([DE 2515](#))(PDF) ([edd.ca.gov/pdf\\_pub\\_ctr/de2515.pdf](http://edd.ca.gov/pdf_pub_ctr/de2515.pdf)) or contact your DI field office at 1-800-480-3287.

PFL provides benefits to individuals who need to take time off work to:

- Care for a seriously ill family member (child, parent, parent-in-law, grandparent, grandchild, sibling, spouse, or registered domestic partner).
- Bond with a new child entering the family by birth, adoption, or foster care placement.
- Participate in a qualifying event because of a family member's (spouse, registered domestic partner, parent, or child) military deployment to a foreign country.
  - Deployment is defined as covered active duty, a call or notice of impending covered active duty, or a rest and recuperation leave from covered active duty.
  - A qualifying event is any military event or an essential need resulting from the family member's deployment to a foreign country.

For information on PFL benefits and eligibility, refer to brochure *Paid Family Leave* ([DE 2511](#))(PDF) ([edd.ca.gov/pdf\\_pub\\_ctr/de2511.pdf](http://edd.ca.gov/pdf_pub_ctr/de2511.pdf)) or call PFL at 1-877-238-4373.

## **Non-US Citizens**

To collect UI benefits, you must show that you were in satisfactory immigration status and authorized to work in the United States when earning the wages you used to establish your claim. You must also give proof that you are currently in satisfactory immigration status, and are authorized to work each week that you claim benefits. The EDD verifies immigration status and work authorization through Department of Homeland Security.

## **Cancellation/Termination of Elective Coverage**

A participant may cancel his or her elective coverage agreement as of January 1 of any calendar year, only if the agreement has been in effect for two complete calendar years, by sending a letter to the EDD at the address above requesting termination on or before January 31 of that year.

The EDD may terminate the UI coverage if the employer no longer qualifies as an employer for one complete calendar year.

The EDD may terminate your entire elective coverage agreement if it is found that any of the "Conditions for Denial of Coverage" exist or you meet one of the following conditions for termination of coverage by the EDD found in section 704.1 of the CUIC:

- Section 704.1(a)(5): The self-employed individual reports a net profit of less than \$4,600 on his or her IRS Schedule SE for a third consecutive year.
- Section 704.1(a)(7): The employing unit or self-employed individual, or a representative thereof, is found to have filed a false statement in order to be considered eligible for elective coverage.

You will be given written notification of the EDD's termination of your elective coverage agreement and will have 30 days to file a Petition for Review of the termination of elective coverage. The termination shall not affect the liability of the self-employed individual for any premiums due, owing, or unpaid to the EDD. Termination by the EDD may affect your ability to draw benefits.

The EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Requests for services, aids, and/or alternate formats need to be made by calling 1-888-745-3886 (voice) or TTY 1-800-547-9565.