



May 15, 2020

Jovita Carranza
Administrator
Small Business Administration
409 3rd St, SW
Washington DC 20416

RE: SBA-2020-0019

Dear Ms. Carranza:

I am writing on behalf of the National Association of Health Underwriters (NAHU), a professional association representing over 100,000 licensed health insurance agents, brokers, general agents, consultants, and employee benefits specialists. We are pleased to have the opportunity to provide comments in response to the interim final rule titled "Business Loan Program Temporary Changes: Paycheck Protection Program," published in the Federal Register on April 15, 2020.

The members of NAHU work daily to help millions of individuals and employers of all sizes purchase, administer and utilize health insurance coverage. Many of our members are small-business owners and their professional expertise is in the technicalities of health-plan purchasing and administration. Since the start of the COVID-19 pandemic, NAHU members have been working tirelessly to assist companies with employment and benefit-plan issues related to the economic downturn, including helping thousands of employers with the Paycheck Protection Program (PPP) loan applications.

The members of our association appreciate the explanations included in the interim final rule about the Small Business Administration's affiliation rules for eligible borrowers, including the detailed description as to why faith-based organizations will be considered on an entity basis. Our members would appreciate even more examples and clarifications of the rules in FAQ form, geared explicitly for potential PPP borrowers to review.

While the SBA affiliation rules are an established standard, many business owners are unfamiliar with them. Many PPP-eligible companies are also subject to the Affordable Care Act's employer shared responsibility provisions so they are very used to the IRS controlled-group rule standard for determining their relationship with other affiliated entities. The controlled-group standard is also used for 401(k) plan compliance and Form 5500 filing requirements, among other purposes related to employee benefits compliance. The SBA affiliation rules also address the relationship associated entities have with one another for federal compliance purposes, but they work very differently than the controlled-group standard.



The Coronavirus Aid, Relief and Economic Security (CARES) Act also allows businesses that may have more than 500 employees to qualify for PPP loans, if they meet alternative industry size standards. According to the CARES Act, all companies classified as NAICS Sector 72-Accommodation and Food Services may qualify on an entity basis rather than adhere to the affiliation standard. Other companies with more than 500 U.S. employees may be eligible if the business meets the SBA employee-based size standards for the industry in which it operates (if applicable). Many business owners are also unfamiliar with these standards, confusing potential borrowers further.

Given all of these complicated and confusing standards, NAHU members believe that potential PPP borrowers would greatly benefit from more FAQs with specific examples of the various types of affiliation rule applications. We appreciate that recently published guidance clarifies that hedge funds and private equity firms do not meet the standard and are ineligible for PPP loans. More guidance of this kind, with specific and direct examples, would be beneficial. We also suggest the inclusion of case-study-style examples of the alternative size standards allowed by the CARES Act.

The members of NAHU sincerely appreciate the opportunity to express our views about the implementation of the Paycheck Protection Program and what information and clarifications would be helpful for program participants and their professional advisors. If you have any questions about our comments or if NAHU can be of assistance as you move forward, please do not hesitate to contact me at either (202) 595-0787 or jtrautwein@nahu.org.

Sincerely,

A handwritten signature in black ink, reading "Janet Stokes Trautwein". The signature is fluid and cursive, with the first name "Janet" being the most prominent.

Janet Stokes Trautwein
Chief Executive Officer
National Association of Health Underwriters