Employer Services Assurance Corporation

ESAC and PEO Facts for State Regulators

**About ESAC**

- An independent, non-profit corporation, ESAC was established in 1995 to provide financial assurance and accreditation services based on comprehensive ethical, financial and operational standards and time-tested compliance verification procedures.
- ESAC is managed by an experienced board, including 5 former state and federal regulators.
- Services have been provided since 1995 without a single accredited PEO default. ESAC currently accredits over 330 PEO entities serving nearly 100,000 businesses and over 2.5 million worksite employees.
- ESAC's secure Electronic Multi-state Application & Compliance system (eMac) automates PEO regulatory filings and provides regulatory agencies with free online access and monitoring services.
- Accredited PEOs pay annual fees to ESAC allowing its eMac services to be provided free to state regulatory agencies.
- ESAC's services in no way limit a state's authority to regulate PEOs and are now used by 27 state agencies.

**Benefits of ESAC's eMac Services to State Agencies**

- State agencies currently using eMac's data sharing service confirm that ESAC's compliance verification and access to its eMac data reduce staff data entry and compliance review time.
- State agencies retain full authority to regulate PEOs but gain more frequent updates of key information, additional financial assurance, and an extra layer of independent compliance verification.
- ESAC provides financial assurance via surety bonds, not otherwise available to PEO regulators. Financial assurance is provided by over $15 million in surety bonds consisting of underlying bonds for each accredited PEO plus a $15M excess bond providing umbrella coverage. Bonds are held in Trust by a national bank for the benefit of PEO clients, employees, insurers and taxing authorities.
- An accredited PEO's compliance is monitored on an ongoing multi-state basis by ESAC, providing an early warning system to identify potential PEO problems before they occur along with notification to participating government agencies of a PEO's failure to meet state regulatory requirements.
- ESAC customizes its services to meet each state's unique requirements.

Call us to learn more about how ESAC can help you.

**PEOs and State Regulation**

- PEOs provide valuable services to small to mid-sized businesses - the backbone of every state's economy. The PEO industry has grown to serve over 1000 businesses and 3.9 million worksite employees.
- The co-employment service arrangement between the PEO and its clients as presented challenges or regulatory agencies whose systems are designed for traditional single employer arrangements.
- The National Association of Professional Employment Organizations has partnered with many states to develop a structure for PEO registration and licensing that accommodates this service arrangement.
- Confirming and providing assurance of a PEO's financial reliability is vital for the protection of its business clients, similar to the financial responsibility of banks and insurance companies.
- States often have limited resources for effectively regulating PEOs with multi-state, multi-entity operations. ESAC is the only independent source of this comprehensive PEO compliance information for state regulatory agencies.

Contact Employer Services Assurance Corporation at 501.219.2045 | www.ESAC.org