

M&G|exposure



M&G'S NO-SHAVE NOVEMBER

The men of M&G are on a mission to grow cancer awareness and raise funds for the Hearst Cancer Resource Center and you can help too!

Whether you have gone through the struggle yourself or have loved ones who have, cancer affects us all. No-Shave November is an opportunity to start the dialogue about cancer awareness, prevention, and support by embracing our hair, which many cancer patients lose during treatment. For the month of November, participants are encouraged to put down their razors and let their facial hair grow! Be it a mustache, a full beard, or just their best effort - the longer they last and the more people who get involved, the stronger our support can be.

If you would like to support, encourage, or heckle our guys, head over to our [donation page](#). You can see updates on everyone's progress, learn more about the Hearst Cancer Resource Center, or make a donation.

At the end of the month we will gather all the participants for a Final Look Photo and hand out prizes in the following categories:

- Best Overall Beard
- Best Moustache
- Longest Beard
- Best Attempt

They are a competitive bunch, so it's sure to be an entertaining month! Be sure to follow us on [Facebook](#) and [Instagram](#) so you don't miss any of the awesomeness. #beardsofmg

Click the video below to see their progress in the first week!

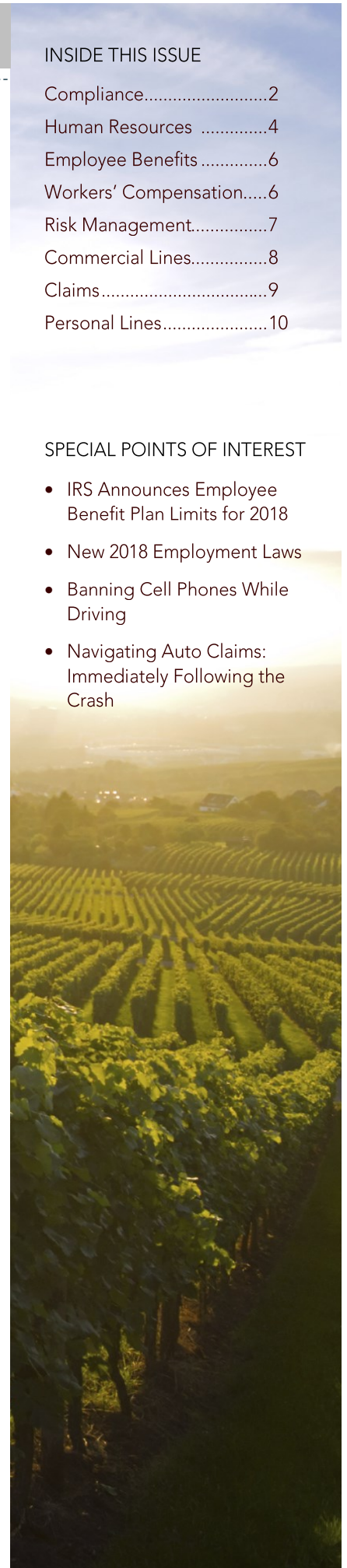


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- New 2018 Employment Laws
- Banning Cell Phones While Driving
- Navigating Auto Claims: Immediately Following the Crash



IRS REVERSES POLICY ON CERTIFYING INDIVIDUAL MANDATE

Contributed by: Keith Dunlop, Director of Compliance

On October 13, 2017, the Internal Revenue Service (IRS) reversed a recent policy change in how it monitors compliance with the Affordable Care Act's (ACA) individual mandate. For the upcoming 2018 filing season (filing 2017 tax returns):

- The IRS will not accept electronically filed tax returns where the taxpayer does not certify whether the individual had health insurance for the year; and
- Paper returns that do not certify compliance with the individual mandate may be suspended pending receipt of additional information, and any refunds due may be delayed.

The 2018 filing season will be the first time the IRS will not accept tax returns that omit taxpayer certification of health coverage information.

The Individual Mandate

The ACA's individual mandate, which took effect in 2014, requires most individuals to obtain acceptable health insurance coverage for themselves and their family members or pay a penalty.

The individual mandate is enforced each year on individual federal tax returns. Starting in 2015, individuals filing a tax return for the previous tax year will indicate, by checking a box on their individual tax returns, which members of their family (including themselves) had health insurance coverage for the year (or qualified for an exemption from the individual mandate). Based on this information, the IRS will then assess a penalty for each nonexempt family member without coverage.

Previous Policy on "Silent Returns"

Effective February 6, 2017, the IRS announced that it would not automatically reject individual tax returns that did not provide this health insurance coverage information for 2016 (known as "silent returns"). Instead, silent returns would still be accepted and processed by the IRS.

This enforcement policy was intended to reduce the burden on taxpayers, including those who are expecting a tax refund. The IRS noted that taxpayers filing silent returns could still receive follow-up questions and correspondence from the IRS at a future date.

Change in Enforcement Policy

The IRS recently reversed its previous enforcement policy on silent returns. As a result, the IRS will not accept any silent returns for the 2017 tax year that are filed electronically. In addition, any silent returns that are filed on paper may be suspended pending receipt of additional information, and any refunds due may be delayed.

Therefore, taxpayers should indicate on their 2017 tax returns whether they (and everyone in their family):

- Had health coverage for the year;
- Qualified for an exemption from the individual mandate; or
- Will pay an individual mandate penalty.

The IRS reiterated that taxpayers remain obligated to follow the law and pay what they may owe at the point of filing. According to the IRS, identifying omissions and requiring taxpayers to provide health coverage information at the point of filing makes it easier for the taxpayer to successfully file a tax return and minimizes related refund delays.

IRS ANNOUNCES EMPLOYEE BENEFIT PLAN LIMITS FOR 2018

Contributed by: Keith Dunlop, Director of Compliance

Many employee benefits are subject to annual dollar limits that are periodically increased for inflation. The Internal Revenue Service (IRS) recently announced cost-of-living adjustments to the annual dollar limits for various welfare and retirement plan limits for 2018. Although some of the limits will remain the same, many of the limits will increase for 2018.

The annual limits for the following commonly offered employee benefits will increase for 2018:

- High Deductible Health Plans (HDHPs) and Health Savings Accounts (HSAs);
- Health Flexible Spending Accounts (FSAs);
- 401(k) plans.

Action Steps

Employers should review their benefit plan designs for the new limits and also make sure that their plan administration will be consistent with the new limits in 2018. Employers may also want to communicate the new benefit plan limits to employees in connection with annual open enrollment.

HSA Contribution Limits			
Limit	2017	2018	Change
Self-only HDHP coverage	\$3,400	\$3,450	Up \$50
Family HDHP coverage	\$6,750	\$6,900	Up \$150
Catch-up contributions	\$1,000	\$1,000	No change

HDHP Limits				
	Limit	2017	2018	Change
Minimal deductible	Self-only coverage	\$1,300	\$1,350	Up \$50
	Family coverage	\$2,600	\$2,700	Up \$100
Maximum out-of-pocket	Self-only coverage	\$6,550	\$6,650	Up \$100
	Family coverage	\$13,100	\$13,300	Up \$200

FSA Limits			
Limit	2017	2018	Change
Health FSA (EE pre-tax contributions)	\$2,600	\$2,650	Up \$50
Dependent Care FSA (tax exclusion)	\$5,000 (\$2,500 if married and filing separately)	\$5,000 (\$2,500 if married and filing separately)	No change

401(k) Contributions			
Limit	2017	2018	Change
Employee elective deferrals	\$18,000	\$18,500	Up \$500
Catch-up contributions	\$6,000	\$6,000	No change

NEW EMPLOYMENT LAWS FOR 2018

Contributed by: Louise Matheny, Human Resources Consultant

Below is an overview of some of the new 2018 labor laws that will affect California employers. Click on the document to the right to read the full description of these laws as well as others going into effect in 2018.

AB 1008 – Ban the Box

The law places statewide limitations on most pre-conditional inquiries about an applicant's criminal history and prohibits the consideration of certain criminal history information. Under the proposed law, it is an unlawful employment practice to include on any application for employment any question that seeks the disclosure of an applicant's conviction history or inquire into or consider the conviction history of the applicant.

AB 168 – Ban on Salary History Questions

Prohibits all employers (private and public) from asking about or relying on an applicant's prior salary information when deciding whether or not to offer a job, and in determining compensation for the job. AB 168 will add section 432.3 to the California Labor Code. Section 432.3 will give employers a pass when an applicant "voluntarily and without prompting," discloses his or her salary history information. In that case, the employer will not be prohibited from relying upon the volunteered information in setting the applicant's starting salary.

SB 63 – New Parent Leave Act

Requires employers with at least 20 employees to provide employees with 12 weeks of unpaid, job protected parental bonding leave. SB 63 enacts the New Parent Leave Act, which makes it an unlawful employment practice for an employer to refuse to allow an employee with more than 12 months and at least 1,250 hours of service with the employer and who works at a worksite in which the employer employs at least 20 employees within 75 miles, to take up to 12 weeks of parental leave to bond with a new child within one year of the child's birth, adoption, or foster care placement.

SB 396

New law requires employers with 50 or more employees to provide training on policies that prohibit harassment based on gender identity, gender expression, and sexual orientation. This training is to be provided as a component of the already-required two-hour sexual harassment training provided to supervisory employees once every two years and also within six months of an employee's assumption of a supervisory position.

AB 450

Prohibits employers from allowing immigration enforcement agents to access, review or obtain an employer's employee records without a subpoena or judicial warrant. In addition, AB 450 specifically requires employers to notify each current employee (and any applicable union representative) of any inspection of I-9s or other employment records conducted by ICE within 72 hours of receiving notice of the inspection.

SB 179

Makes California the first state in the country to offer the non-binary option for people who want their documents to match their gender identity. The Gender Recognition Act, will allow transgender, intersex, and non-binary individuals to choose a third option on their state IDs, birth certificates, and driver's licenses starting in 2019. "Non-binary" is the umbrella term for people who do not consider themselves either female or male.

NEW EMPLOYMENT LAWS FOR 2018

An Overview of New 2018 Laws Affecting California Employers

Important changes to state law and to day-to-day operations of California businesses will go into effect in 2018. Below are some of the new laws that will go into effect on January 1, 2018.

Keep in mind that on January 1, 2018, the state minimum wage increases to \$15.00 per hour for employers with 25 or more employees and to \$12.00 per hour for employers with 25 or fewer employees. This is not a new law – SB 3 was signed in 2016, and this is the next mandatory increase.

And remember to determine if any [local minimum wage ordinances](#) apply to your business.

AB 1008 – Ban the Box

A statewide ban-the-box law goes into effect on January 1, 2018. The law places statewide limitations on most pre-conditional inquiries about an applicant's criminal history and prohibits the consideration of certain criminal history information. Under the proposed law, it is an unlawful employment practice to include on any application for employment any question that seeks the disclosure of an applicant's conviction history or inquire into or consider the conviction history of the applicant. Employers are prohibited from asking about convictions and a "conditional offer" of employment is made. As that law goes into effect, employers may not ask about criminal history or discuss the applicant's authorization to conduct a criminal background check.

The bill also makes it an unlawful employment practice for employers to consider, distribute, or disseminate information about any of the following while conducting a criminal check in connection with an application for employment:

1. Arrests that are not followed by a conviction, except when an individual is out on bail or has or has been sentenced pending trial in a state court;
2. A referral to or participation in a pretrial or posttrial diversion program; and
3. Convictions that have been sealed, dismissed, expunged, or statutorily restricted pursuant to law.

AB 168 – BAN ON SALARY HISTORY QUESTIONS

Prohibits all employers (private and public) from asking about or relying on an applicant's prior salary information when deciding whether or not to offer a job, and in determining compensation for the job. AB 168 will add section 432.3 to the California Labor Code. Section 432.3 will give employers a pass when an applicant "voluntarily and without prompting," discloses his or her salary history information. In that case, the employer will not be prohibited from relying upon the volunteered information in setting the applicant's starting salary. Employees will need to be notified that even though they may only on truly volunteered salary info, the California Fair Pay Act forbids employers from relying on prior salary history. By itself, it is just a pay disparity rule. In addition, the new labor code mandates that employers provide applicants with the pay scale for a position, upon an applicant's reasonable request. The new labor code does not define what a "reasonable request" is or how "pay scale" is defined.

SB 63 – NEW PARENT LEAVE ACT

Requires employers with at least 20 employees to provide employees with 12 weeks of unpaid, job protected parental bonding leave. SB 63 enacts the New Parent Leave Act which makes it an unlawful employment practice for an employer to refuse to allow an employee with more than 12 months and at least 1,250 hours of service with the employer, and who works at a worksite in which the employer employs at least 20 employees within 75 miles, to take up to 12 weeks of parental leave to bond with a new child within one year of the child's birth, adoption or foster care placement. Employees must also maintain and pay for the employee's continued coverage under a group health plan at the level and under the same conditions that coverage would have been provided had the employee continued to work.

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NEXT PHASE OF CA MINIMUM WAGE HIKES

Contributed by: Louise Matheny, Human Resources Consultant

By January 1, 2018, large businesses with 26 or more employees must increase their minimum wage rate to \$11 per hour – making for the second of six increases laid out by SB3, eventually arriving at \$15 per hour in 2022. For small businesses with 25 or fewer employees, this is their first minimum wage increase to \$10.50 per hour. They will have increases over the next seven years, bringing them to the \$15 per hour minimum wage in 2023.

It is important that employers prepare for the minimum wage increase. There are several other pay practices that could be affected by the increase, such as:

- Minimum wage
- Overtime rate
- Exempt/nonexempt
- Piece-rate employees
- Notice requirements
- Meals and lodging
- Draws against commissions
- Tools/equipment
- Subminimum wage

Overtime

	Time-an-a-half	Double-time
Large Employers	\$16.50/hour	\$22.00/hour
Small Employers	\$15.75/hour	\$21.00/hr

Classifying Employees

For an employee to qualify under the administrative, executive, or professional exemptions from overtime, the employee must meet the salary-basis test, meaning the employee's salary must be no less than two times the state minimum wage for full-time employment, in addition to meeting all other legal requirements for the exemption. Employers should be mindful of the effect of the required salary threshold, as miscalculations could be costly.

Posters & Notices

Per the standard practice, California employers must post the official Minimum Wage Order (MW-2017) in a conspicuous location frequented by employees. Wage statements should include any change to employees' pay caused by the minimum wage increase.

Local Ordinances

Some California cities and counties have adopted their own minimum wage rates that are separate from the state rates. Currently, twenty-two municipalities have minimum wage ordinances. If you would like to know more information about the list, please send me an email at lmatheny@morrisgarritano.com.

Best Practices

Remember that because California's state minimum wage is higher than the federal minimum wage, employers are required to pay the higher state rate. Here are some other reminders:

- Display a poster that includes the official Minimum Wage Order (MW-2017).
- Update any necessary payroll documentation.
- Provide revised itemized wage statements in a timely manner when wages are paid and ensure the statements accurately reflect the new minimum wage increase.
- Provide employees affected by the minimum wage increase with an appropriate wage notice showing the change in the rate of pay, if required.
- The obligation to pay the minimum wage can't be waived by any agreement, including collective bargaining agreements.

AMERICAN DIABETES MONTH

Contributed by: Celia Silacci, Employee Benefits Department Manager

American Diabetes Month, which occurs every November, aims to raise awareness of the growing public health crisis of diabetes. More than 29 million people in the United States have diabetes. Moreover, according to the National Diabetes Prevention Program, 1 in 3 American adults has prediabetes. People who have prediabetes are more likely to develop Type 2 diabetes, have a 50 percent higher risk for cardiovascular disease, and may already be experiencing adverse health effects.

People with prediabetes often have no signs or symptoms, or don't recognize them because they develop slowly over a period of time. The American Diabetes Association has created a [quiz](#) that can help you find out if you're at risk for developing prediabetes. You should also contact your doctor if you are concerned about your risk of developing prediabetes or Type 2 diabetes.

If diagnosed with prediabetes, you can and should do something about it. Studies show that people with this condition can prevent or delay the development of Type 2 diabetes through simple lifestyle changes like regularly exercising, maintaining a healthy weight, and eating well.

6 Tips For Diabetes Prevention



Know If You Are at Risk



Choose Whole Grains



Manage Your Weight



Monitor Carbohydrate Intake



Get More Exercise



Stick to a Healthy Diet

NEW FIRST AID REGULATIONS UPDATE

Contributed by: Mary Jean Collins, Workers' Compensation Claims Analyst

The new WC First Aid regulations were implemented January 1, 2017. Regardless of whether the cost of medical treatment, including first aid, is paid by an employer or insurer, it must be reported to the Workers' Compensation Insurance Rating Bureau (WCIRB).

These are some of the inquiries we have had:

Q: The Urgent Care provider is allowing us to handle a claim as First Aid. Why do we have to file with our carrier?

A: As long as an injury fits the first aid criteria – “any one-time treatment, and any follow-up visit for the purpose of observation of minor scratches, cuts, burns, splinters, etc., which do not ordinarily require medical care” – the medical provider can allow an employer to handle as first aid and pay out of pocket for the visit.

However, the medical provider will not advise the employer on what the ramifications are if they do pay the bill directly. That is not their responsibility.

Q: We contacted our WC carrier and they are allowing us to pay the provider and wanted to know how much the bill was.

A: The carrier is asking because the amount that was paid will be the value the carrier will report to the WCIRB. Had the provider billed the carrier, the bill would have been substantially less and would have reduced the claim cost reported for the experience modification.

Good news for 2019!

Effective January 1, 2019, the Insurance Commissioner has approved a \$250 credit on all claims reported for the experience modification. *What does this mean for you?*

Every WC claim reported to the WCIRB will be reduced by \$250. This rule was established to help off-set the New First Aid reporting requirement effective January 1, 2017.



BANNING CELL PHONES WHILE DRIVING

Contributed by: Michael Schedler, Loss Control Consultant

As a way to increase worker safety, many companies are taking action on the use of cell phones while driving. Going one step further than requiring a hands-free device, some are choosing to implement a total ban on all cell phone use while behind the wheel. Cell phone-distracted driving not only affects a motorist's eyes and hands, but it also takes a driver's mind away from the road and wheel. Research confirms that hands-free cell phone use is cognitively distracting to a driver.

According to the National Highway Traffic Safety Administration, distracted driving contributes to approximately nine deaths and 1,000 injuries each day on U.S. roadways. OSHA and the National Safety Council reports the number one cause of on-the-job deaths is motor-vehicle-related crashes, with driver distraction being a leading factor.

Large companies such as Shell Oil Company and Cargill, a national provider of food, agricultural, financial, and industrial products, are setting the trend with stricter cell phone policies, giving other companies the confidence to do the same.

What About Productivity?

One of the largest barriers to a total cell phone ban policy is that of potential reduced productivity – particularly among employees who travel frequently or work outside of a standard office. And what about customer service? What happens when clients who are used to getting an immediate response can no longer reach you at any given time?

At Cargill, sales staff use their voicemail to indicate they are traveling and will contact their clients when it is safe and convenient to do so. Al Johnson, VP of Environmental, Health, and Safety refers to it as “a desk that's going 65 mph and is temporarily closed for business.” Their clients have responded well, noting “They say, ‘I like what you're doing, and I support what you're doing, even though it means that I have to change.’”

Management at Shell has found that the total ban policy has helped employees to find comfort in relaxing their work habits – allowing them to move away from the “always on” work culture. Then, when necessary, they can get back in the game feeling recharged and ready.

Commitment from the Top Down

Once the policy is in place, how do you enforce a total cell phone ban?

Karen Spring, road transportation safety manager for Shell Oil, says that “you need commitment from the executive level. You need marketing for the hearts and minds, and you need commitment to enforce the rules.” She suggests “non-stop marketing” of the dangers of cell phone-distracted driving and why the policy is put in place. From there it is important to monitor compliance, enforce the rules, and address violations appropriately.

Of course change won't take place overnight. The National Safety Council recommends four weeks, at a minimum, to fully introduce a cell phone ban policy. They have also provided a free policy assessment tool at, www.nsc.org/policytool.

Should your company choose to move towards a total cell phone ban while driving, there will undoubtedly be some push-back. But just remember that it's all for the safety and wellbeing of your employees.

SO YOU STARTED A BUSINESS - NOW WHAT?

Contributed by: Adam Peterson, Commercial Lines Risk Advisor

Congratulations on starting your new business! Certainly, there are several things on your “to do” list, so let’s start with insurance. Here is a breakdown of some coverages you may need and why.

First, you will need to purchase some General Liability. This can protect you against medical expenses, attorney fees, and property damages for which you are legally responsible. A General Liability policy with adequate coverage limits enables you to continue normal operations while dealing with real or fraudulent claims of negligence by providing coverage for the cost of defending and settling claims.

Do you have property, tools, or equipment? Can you afford to lose them? Typically, property holdings are a new business owner’s largest asset. For the long-term security of your business, it is important to evaluate potential threats to your property and develop a plan to manage those threats. By taking a complete inventory of all your assets, you can determine how a loss might affect your business and how much coverage you need. Property coverage can come in many forms to suit your specific needs, but a typical policy will provide the replacement cost value for your building, business personal property, tools, and equipment.

Are you going to hire any employees? If so, it is required by law to purchase Workers’ Compensation that will indemnify your employees who are injured or become ill during the course of their employment.

Many businesses do not realize the full effect workplace accidents have on their organization. Other than initial treatment costs and lost production time, on-the-job injuries have an impact on premiums, which can increase your costs for the following years. By managing exposures and promoting safety, it is possible to control your expenses. Having the proper accident procedures in place can drastically reduce the severity of a claim, while implementing a comprehensive prevention safety program can reduce the frequency rate. Together, these two steps can produce huge long-term savings.

There are many other aspects to consider when building the right insurance program: commercial auto insurance, professional liability, employment practices, etc. You have a lot weighing on your budget already, but don’t make the mistake of planning for the best-case scenario if you cannot afford to retain the potential losses. It is important to review these items and come up with some realistic solutions.



Navigating Auto Claims

A series by Heather Ross, Claims Advocate

IMMEDIATELY FOLLOWING THE CRASH

Even the calmest, most well-centered people can have trouble keeping a clear head in the first minutes following an auto accident. I frequently get calls from clients who have just been in an accident and can't remember what they ought to do next. I've even had people try to call in a claim while standing next to their smashed-up vehicle in the center divider of the freeway!

Before you call us, make sure you're safe. Assess the situation and see if everyone else is okay. If your vehicle is safe to drive, move it out of the flow of traffic. Don't get out of your vehicle unless you can do so safely.

Then, call 911. Depending on the circumstances of the accident, the police may decline to come out – for example, if the accident occurs on private property, or if it's a minor accident without any injuries – even so, it's best to make the call and let them decide.

Next, exchange insurance information with the other party. Here, your cell phone can be your best friend. Try to get the other party's name, driver's license number, license plate number, insurance information, and phone number. A lot of useful information can be gathered by simply photographing the other party's insurance card, vehicle registration, and driver's license. If it's safe to do so, take pictures of the damage to both vehicles, as well as the other party's license plate and any logos/decals identifying the owner of the vehicle. If you prefer to do it "old school," Morris & Garritano has created a simple one-page incident report that makes it easy to gather the most important information about an accident; if you'd like a copy, please contact our office.

Sometimes circumstances won't allow you to exchange information with the other party. If that's the case, don't worry; the other party should be identified in the police report. It can take a few weeks for the police report to be available, however, so the more information you can gather at the scene, the more tools your insurance company will have to get started on your claim.

One last thought about those first nerve-jarring minutes after an auto accident: don't admit fault, and don't take the other party's admission of fault too seriously. The other party is most likely just as shaken as you are, and adrenaline-fueled utterances frequently morph into something quite different when everyone calms down. If you can, just take down the names and numbers of any witnesses to the accident; they can possibly help sort things out if liability is disputed.

Once you're back in the office, and have taken a deep breath, give your insurance company – or us – a call. We're here to help throughout the claims process.

IS THIS THE YEAR YOU DECIDE TO FRY A TURKEY?

Contributed by: Marie Bloomstine, Personal Lines Department Manager

Whether you enjoy the flavor, appreciate the amount of time it saves, or simply like to fry large pieces of meat - deep frying your turkey has become a popular way to serve up your family's main dish on Thanksgiving.

While the process yields a mighty tasty meal, it can also be mighty dangerous if the proper precautions are not taken. According to the National Fire Protection Association, each year deep-fryer fires are responsible for five deaths, sixty injuries, and more than \$15 million in property damage.

Here are 5 tips to keep your family safe, your home in-tact, and your turkey delicious:

1. **Keep Away from the House** – Place the turkey fryer at least 10 feet away from your home and keep children and pets away. Never leave the unit unattended.
2. **Place on Flat Ground** – To ensure safety, the oil within the fryer should be even and steady at all times. Place the fryer on a flat, level surface and carefully gauge the amount of oil needed.
3. **Use a Thawed and Dry Turkey** – Ensure your turkey is completely thawed and dry. Extra moisture will cause the oil to bubble and spill over. If oil spills onto the burner, it can potentially cause a fire.
4. **Monitor the Temperature** – Use caution when touching the turkey fryer as the lid, handle, and basin can become very hot. Many fryers do not have their own thermostats, so it is important to keep track of the oil's temperature.
5. **Be Prepared** – Make sure to have a fire extinguisher (multipurpose, dry-powder) ready at all times in the event of a fire.

We hope you all have a wonderful holiday and enjoy time with your friends, family, and turkey!



MORRIS & GARRITANO INSURANCE

With a tradition of excellence in insurance services since 1885, we offer all lines of business and personal coverage with a staff of over 120 professionals.

Our monthly newsletter is where you can find informative articles relating to the Commercial Lines and Employee Benefits industries.

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Please contact us for more information or questions on anything mentioned in this newsletter.

