



M&G|exposure

MESSAGE FROM THE CEO: BIG NEWS FOR MORRIS & GARRITANO!

We are excited to share that Morris & Garritano will be opening a second location in Santa Maria during the first quarter of 2017! Our team has discussed the idea of an additional location for many years and I am thrilled to see it finally come to fruition. There are a number of reasons that supported this decision and I wanted to share some of these with all of you.

First and foremost, having an additional location will better our clients' experience. It will improve the ease of doing business and adds an additional convenience for many of our customers. This new office allows us to be more visible and available in the communities in which we work and live, resulting in better peace of mind for our clients.

We know that in order to grow, compete, and thrive for generations to come, we must expand our geographical reach. When strategizing on how to accomplish this, we realized that we can greatly attribute our success in San Luis Obispo county to our culture, mission, and values. We believe that embedding that same culture in a new location would be essential to its success. We are confident that we can achieve this in Santa Maria due to its close vicinity to our home office. The ability to visit and work in both offices will allow leadership and employees an opportunity to build collaborative relationships across the entire agency.

In addition to our mission and values, we know that our employees are what make our culture come to life. Our Core Values state "We believe a team that loves what they do, does it better." This location provides the opportunity to improve work-life balance for employees while also expanding the candidate pool needed to recruit new talent and support our continued growth.

We will be formally announcing this wonderful news to the entire community in the coming weeks, but we are delighted to present it to you here first. We hope you join us in celebrating this major milestone as we believe it will have a wonderful impact on the agency, our staff and you, our clients.

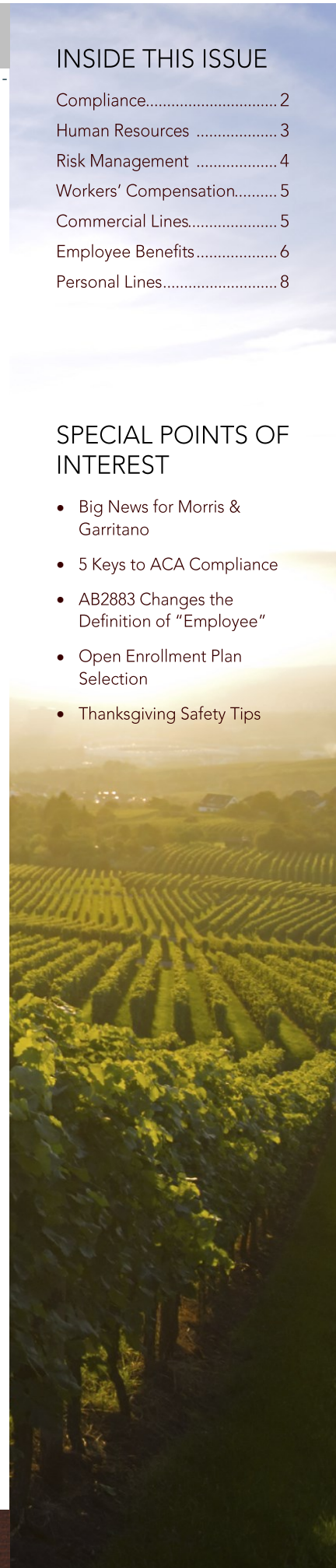



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SPECIAL POINTS OF INTEREST

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- 5 Keys to ACA Compliance
- AB2883 Changes the Definition of "Employee"
- Open Enrollment Plan Selection
- Thanksgiving Safety Tips



5 KEYS TO ACA COMPLIANCE

Contributed by: Keith Dunlop, Compliance Advisor

It has been over 6 years since the Patient Protection and Affordable Care Act, commonly called the “ACA”, was passed and enacted by President Barack Obama. And despite some of the recent campaign rhetoric heard during the lead up to the November 2016 presidential election, the reality is that the law, in one form or another, is here to stay. Now that the IRS has stepped up audit and enforcement actions, including substantial assessments against large employers, this is the time to review your overall compliance program and implement the 5 keys to maintaining a compliant healthcare program.



1. Correct Classification of Employees

The law requires that employers with 50 or more full-time and full-time equivalent employees offer healthcare coverage to no less than 95% of employees who work 30 or more hours per week. The penalty to employers who fail to meet this mandate is \$2,160 times the total number of all full-time employees on staff. It is important for employers to correctly identify and classify employees as full-time, part-time, and variable-hour in order to ensure compliant offers of coverage.

2. Gather Data Now

The 2017 ACA reporting deadlines are January 31 for employee reports (1095-C), and February 28 for paper IRS returns, or March 31 if filing electronically. It is not anticipated that the IRS will provide any filing extensions as they did last year. Therefore, it is important for employers to start gathering reporting data now. Employers need to be able to accurately report when employees were offered coverage, the cost of employee-only coverage, and the correct applicability of any safe harbors for affordability.

3. Address Marketplace and Assessment Notices

Many employers across the country are already receiving Marketplace notices (sent to employers when eligible employees obtain coverage through an insurance exchange and receive a government subsidy), and penalty assessment notices from the IRS. Failing to timely address these notices and take all available appeal remedies can hold serious financial consequences.

4. Details Matter

The completion of Forms 1095-C and 1094-C must be performed with accuracy and precision. Double-check HRIS records to ensure that employee names are spelled correctly, surnames and name suffixes are accurate. Employers also need to ensure that SSNs are accurate and that EIN numbers are associated with the correct business entity. Employers should maintain several years of data for audit purposes and responses to notices.

5. Have a Plan in Place

A solid compliance plan is critical to withstanding the ever-changing ACA landscape. Employers need to commit to educating themselves on the mandates enforced by the government and have a well thought-out compliance program in place to mitigate liabilities. Be highly organized in onboarding and benefit administration, make use of technology to automate processes and data retention, and be audit-ready with a well-organized insurance fiduciary file.

EMPLOYMENT LAW CHANGES DURING THE 2016 LEGISLATIVE SESSION

Contributed by: Louise Matheny, Human Resources Consultant

September 30th was the deadline for Governor Brown to sign or veto bills proposed in 2016, thus closing the year's legislative session. Though the overall number of new employment laws is fewer than in years past, there are still several that employers should take note of, including laws that will:

- Increase California's minimum wage to \$10.50 in January 2017 and to \$15.00 by 2022 (SB 3).
- Expand California's Equal Pay Act to target race and ethnicity-related wage differentials (SB 1063), as well as amending it to preclude prior salary history from justifying gender-related wage differentials (AB 1676).
- Phase out overtime exemptions for agricultural workers (AB 1066).
- Prohibit hiring-related questions concerning juvenile arrests (AB 1843)
- Expand heat illness regulations to include indoor employees (SB 1167)

While some bills, such as those requiring smaller employers to provide "parental leave," failed to pass in 2016, they may resurface during the 2017 session. 2016 was also an active year at the municipal level, with several cities enacting their own minimum wage increase and/or paid sick leave laws.

Please contact Louise Matheny, our Human Resources Consultant, with questions pertaining to these articles or any other HR inquiries.

E-FILING WITH THE EDD

Contributed by: Louise Matheny, Human Resources Consultant

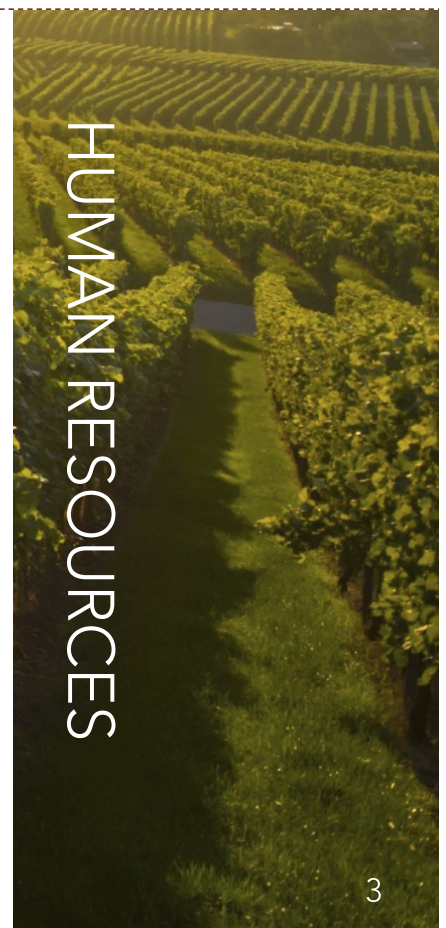
Starting January 1, 2017, employers with 10 or more employees will be required to submit their tax returns, wage reports and payroll tax deposits electronically to the Employment Development Department (EDD). All employers will have the same requirement on January 1, 2018.

There are several benefits that come with electronic filing and payments:

- Increased accuracy
- Data protection through encryption
- Reduced mailing costs
- Faster processing on returns and/or payments

To help comply with the e-file and e-pay mandate, employers can manage their payroll tax accounts online using [e-Services for Business](#).

If an employer is unable to electronically file their employment tax returns, wage reports, or payroll tax deposits, the new mandate contains a waiver provision. To request a waiver, employers are required to complete and submit the *E-file and E-pay Mandate Waiver Request* (DE 1245W). They will then be notified via mail if their waiver is approved or denied. If approved, the waiver is valid for one year, at which point the employer must start to file electronically or submit a new waiver request.



CHALLENGING THE OVERTIME LAW

Contributed by: Louise Matheny, Human Resources Consultant

Twenty-one states and numerous business groups have filed lawsuits against the Department of Labor (DOL) in an attempt to block the new federal overtime rule.

Those opposing the rule are looking for a speedy decision, preferably before the rule is set to take effect on December 1. Michael Abcarian, an attorney with Fisher Phillips in Dallas, TX states that "...the Department of Labor did something it had no authority to do and it doesn't require a long and protracted lawsuit to decide that matter."

The rule in question will require employers to raise the salary threshold for exempt employees from \$23,660 to \$47,476 with automatic increases every three years. The

motion filed by business groups, the U.S. Chamber of Commerce amongst them, argues the rule "would effectively deny the overtime exemption for entire categories of salaried executive, administrative, professional and computer employees whose job duties qualify them to be treated as exempt." The lawsuits claim the DOL abused its authority under the Fair Labor Standards Act (FLSA) and had no right to increase the salary threshold so drastically.

Until a resolution is determined, employers should continue preparing for the overtime rule to take place on December 1.

FIRST AID BASICS

Contributed by: Michael Schedler, Loss Control Consultant

An accident requires prompt action to help injured employees. However, it is important that the first aid you are providing is utilized appropriately to avoid further injury or harm.

The Essential Rules of First Aid:

Rule 1	Rule 2	Rule 3
Call 911 if needed.	You must be properly trained and certified in first aid and CPR in order to assist an injured person.	Do not move an injured person.
Time is crucial. If emergency medical services are needed, call immediately.	You may do more harm than good if you are not properly trained.	Unless they are in imminent danger, do not try to move an injured person. Careless or improper movement can increase the severity of an injury.

Types of Injuries and How to Assist:

- **Fractures:** Treating broken bones is not for amateurs. Leave the victim in place until a medical professional arrives with proper supplies and equipment.
- **Electrical wire contact:** If a person has come into contact with a live electrical wire, a properly trained individual may try to free the person if it can be done in a safe manner.
- **Chemical splash, burn, or ingestion:** Different first aid steps will be required based on the chemical and the part of the body that came in contact with the chemical. Refer to the safety data sheet (SDS) on file for required first aid procedures.
- **Minor injuries, such as burns, nicks, cuts, and scratches:**
 - These are the most common injuries you will encounter.
 - Treating minor injuries promptly is better than dealing with them after they have gotten worse.
 - If a chemical is not involved in the injury, clean the wound with soapy water for three minutes and cover it with a bandage.

Follow Workplace Guidelines

- Report all incidents or injuries to a supervisor immediately.
- If you do not know how to handle a situation:
 - Activate your company's Emergency Action Plan.
 - Call 911.
 - Get help immediately.

DO YOU HAVE TO COMPLY WITH PERMANENT WORK RESTRICTIONS?

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

When an employee returns from a work-related injury, there are certain guidelines that must be followed in regards to their continued employment. The following questions relate to the most basic guideline – as an employer, are you required to provide them with work?

Do you have to take your employee back once he/she is released?

Yes. Once the injured employee is released to *full unrestricted* duty, you must have a position available for them.

If my employee is released to work and he/she has permanent work restrictions, am I required to find a position for them?

No. If the employee has permanent work restrictions that you cannot accommodate, you are not required to find them a position. However, you are still required to

review the possibility of a position by going through the interactive process.

The interactive process is the employer's obligation under ADA/FEHA to engage in a good-faith exchange of information to determine whether a reasonable accommodation is available for the disabled employee.

If after that process, it has been determined that you cannot offer a position, you have then fulfilled your obligation as their employer and the employee will be eligible for a supplemental job displacement benefit (SJDB) in the form of a retraining voucher.

If you can offer a permanent position for the returning employee, the wages must be within 85% of their pre-injury wages, the position must be within a reasonable distance of their previous job, and the position must be guaranteed for at least one year.

AB 2883 CHANGES THE DEFINITION OF "EMPLOYEE"

Contributed by: Nick Sullivan, Marketing Supervisor

Effective January 1, 2017, Assembly Bill (AB) 2883 will revise California Labor Code 3351 and 3352, changing the parameters in which owners can be excluded from Workers' Compensation coverage. **This law will apply to all in-force workers' compensation policies.** On January 1, 2017 the following changes will be enacted:

Corporations: In order to be eligible for exclusion from coverage, the individual must be an Officer or Director and must own 15% or more of the issued stock.

Partnerships and Limited Liability Companies: In order to be eligible for exclusion, the individual must be a general partner, if the entity is a partnership, or a managing member, if the entity is a limited liability company.

Revocable Trusts: Grantors of revocable trusts are no longer eligible for exclusion.

In order to exclude a corporate officer, director, a general partner or the managing member of an LLC, the individual to be excluded must sign a written waiver of workers' compensation benefits under penalty of perjury certifying that he or she is a qualifying individual. It is important to note that any and all exclusions on inforce policies will be void on January 1, 2017. In order to maintain existing exclusions that qualify under the new law without interruption, each individual who is eligible for exclusion after January 1, 2017 must submit a completed and signed waiver form to their current workers' compensation carrier. If a waiver is not received and accepted by December 31, 2016, any employee that had previously been exempt from coverage, must be included on the policy and will be charged premium up until the date an executed waiver is submitted to the insurer.

In order to effectively implement these changes, the Department of Insurance expects insurers to provide employers with an explanatory notice and waiver no later than November 15, 2016. From an employer's perspective, following this checklist will help ensure proper coverage for all employees.

- Review exclusion eligibility of your company's corporate officers, board of directors, partners or managing members of LLCs.
- Once received from your insurance carrier, immediately provide a waiver form to those individuals who are eligible and wish to be excluded. A waiver is needed for each individual.
- Collect all signed forms and return to your insurance carrier or agent as soon as possible, but in no event later than December 31, 2016.

Please contact Morris & Garritano for any questions or concerns regarding AB 2883 and how it may impact your coverage.

OPEN ENROLLMENT PLAN SELECTION: GETTING THE MOST OUT OF YOUR HEALTHCARE COVERAGE

Contributed by: Luzette Graves, Medical Case Manager

Figuring out which healthcare plan is best for you and your pocketbook can be quite challenging and trying to explain it to your employees is even harder! Luckily, we have provided a few tips and tricks that can help you and your employees with the decision-making process. Using the Rate Chart and Benefits Overview pages from your own Open Enrollment Packet and referencing the below Sample Benefit Overview sheet for guidance, you can feel confident in your healthcare plan decision.

Find out how much each plan will cost you each month

1. Go to the Rate Chart in your Open Enrollment packet. Locate your monthly employee premium costs based on your age and make note of that amount on your Benefit Overview sheet. On our sample sheet we have created a row called **Monthly Employee Premium Cost**. Do this for each plan as shown in **blue** on the sample sheet.

Find out how much each plan will cost you for the full plan year

2. Multiply the Monthly Employee Premium Costs by 12 to determine your total premium cost over the course of the plan year. We've called this calculated amount **Your 12 Month Employee Premium Cost** and is displayed on our sample in **green**.

What happens if I have a really bad year?

3. If you need a major surgery or hospitalization during the year, you are highly likely to owe the Out of Pocket Maximum on any plan you choose. It is important to identify which plan would cost you the least under these circumstances. Add the Out of Pocket Max to your 12 Month Employee Premium Cost to determine the **Total Cost to You In a Worst Case Scenario** as shown in **red** on our sample sheet.
4. Circle the lowest total cost to you based on the worst case scenario. This is your first consideration when making your healthcare plan selection.

Other Considerations: Deductibles

5. If you have a medical procedure, the facility will want you to pay the plan deductible up front. Review the deductible on each of the plans and consider the practicality of paying each of those amounts. Circle the deductible on the plan that feels most feasible to you as shown in **purple** on our sample sheet.

Other Considerations: Usual and Customary Services

6. Think about which services you tend to use frequently and compare the costs on each plan. Circle the service cost on the plan that makes the most sense to you as shown in **yellow** in the attached chart.
7. Review the elements that you have circled and, taking the above factors into consideration, choose the plan that is likely to serve you best.

Should you have any questions or need assistance regarding your healthcare plan selection, please contact our Employee Advocacy Team at 805.543.6887.

Benefit Comparison				
Carrier Plan Name	Blue Cross Gold PPO 500/20%/4500	Blue Cross Gold PPO 1000/20%/4000	Blue Cross Silver PPO 2000/35%/6850	Blue Cross Bronze PPO 6000/35%/6600
Deductible	\$500/\$1,500	\$1,000/\$3,000	\$2,000/\$4,000	\$6,000/\$12,000
Out of Pocket Max	\$4,500	\$4,000	\$6,850	\$6,600
Office Visit/Specialist	\$30/\$60	\$20/\$40	\$25/\$45	\$70 (ded. waived 1st 3; then 35%)
Preventive Care	No Charge	No Charge	No Charge	No Charge
Hospitalization	20%	20%	35%	35%
Outpatient Surgery	20%	20%	35%	35%
Simple Lab/X-Ray	20%	20%	35%	35%
Emergency Room	\$200 + 20%	\$200 + 20%	\$300 + 35%	35%
Urgent Care	\$100	\$100	\$100	35%
Rx Deductible	\$250/\$500	\$250/\$500	None	\$250/\$500
Rx - Tier 1	\$15 (ded. waived)	\$15 (ded. waived)	\$15	\$15 (ded. waived)
Rx - Tier 2	\$40	\$40	\$40	\$50
Rx - Tier 3	\$80	\$80	\$80	\$90
Monthly Employee Premium Cost	\$509.73	\$500.20	\$445.38	\$390.52
Your 12 Month Employee Premium Cost	\$6,116.76	\$6,002.40	\$1,336.14	\$4,686.24
Total Cost to You in Worst Case Scenario	\$10,616.76	\$10,002.40	\$8,186	\$11,286.24

ESTABLISHING AN EMPLOYEE ASSISTANCE PROGRAM

Contributed by: Meghan Sommers, Core Account Executive

Employee productivity is a vital contributor to the success of any business. At times, employees may be too overwhelmed by personal or behavioral problems to perform at their best. High stress levels can lead to higher health risks, lower productivity and focus during work, increased absenteeism and higher health care costs. An Employee Assistance Program (EAP) can address these issues and help employees tend to their personal needs, leaving you with healthier, happier and more productive employees.

What is an EAP?

An EAP is an employer-sponsored program that offers services and/or referrals to help employees deal with personal problems. Typical issues addressed in an EAP can include alcohol or substance abuse, divorce or marital problems, child care or eldercare, and financial or legal problems.

Why Offer an EAP?

When employees are distracted by stressful personal or life situations, they are unfocused at work and tend to be absent more often. Their health may suffer as a result, leading to higher medical costs. Obviously, these circumstances are undesirable for an employer, but it is costly to recruit and train a replacement for the struggling employee, especially if that individual was formerly, and has the potential to once again be, a valuable asset to the company.

A better solution for many employers is to offer their employees assistance in handling their personal issues in order to improve their situations and regain their former productivity levels and value to the company.

Designing an EAP

The most important consideration when developing an EAP is whether the problems and issues covered are ones that adversely affect the employee's job performance. Depending how an EAP is structured, it could offer employee education, evaluation, hotlines, counseling and/or referrals. It could be an in-house program, outsourced through an independent EAP provider or a combination of the two.

The most effective EAPs offer more comprehensive services and integrate with an employer's health plan, prescription drug plan, disability benefits and/or wellness program.

Cost versus Return on Investment (ROI)

The cost of an EAP can vary depending on which services are offered, whether it is administered in-house or outsourced and the number of counselors employed. Also included in the cost is the time employees spend away from work while receiving EAP services. However, once an EAP is implemented, it can help an employer attract and retain employees, lower health care and disability claims costs, increase productivity and morale, and lower absenteeism.

Legal Considerations and Confidentiality

Offering an EAP can open up an employer to certain legal liability situations for actions taken by EAP counselors or outside vendors. Employers should ensure that their liability insurance covers all aspects of the EAP program.

Employee Communication

An EAP should include a policy statement which communicates to employees the services offered, how to obtain those services, an assurance that the program won't jeopardize their jobs or reputations, a promise of confidentiality and any exceptions to the confidentiality agreement.

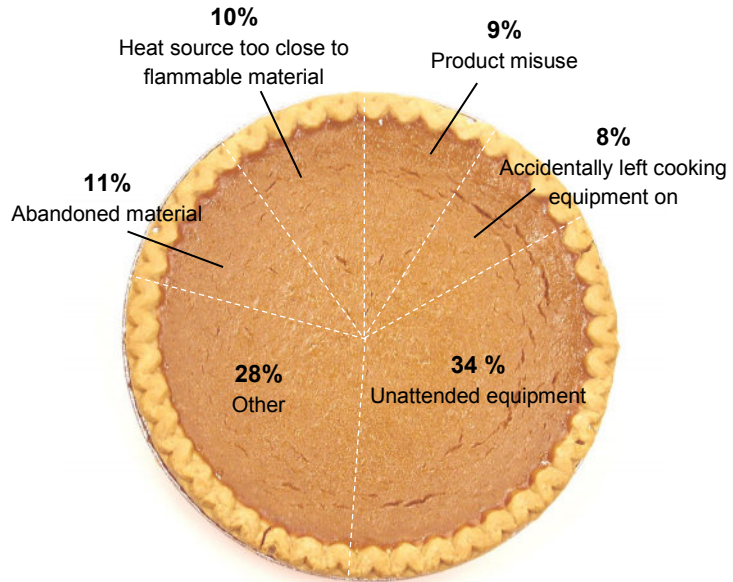
For more information regarding the creation, implementation or management of an Employee Assistance Program, contact your Account Manager today!

THANKSGIVING SAFETY TIPS

Contributed by: Marie Bloomstine, Personal Lines Department Manager

Did you know that Thanksgiving Day has the greatest number of fires caused by home cooking? Keep your home and your family safe by planning ahead and following some simple safety tips:

- Keep an eye on the oven and/or stovetop while visiting with guests
- Keep children away from sharp objects and hot surfaces
- Test smoke alarms prior to the festivities and make sure you have a fire extinguisher on hand
- Avoid wearing loose or long clothing around the stove
- Use a timer to ensure nothing gets burned
- If using an outdoor fryer, follow the manufacturer's instructions and keep it a safe distance from trees or structures



Data Source: National Fire Protection Agency

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 100 professionals.

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

For day-to-day updates and more information about our community and our company, follow us on Facebook, Twitter or LinkedIn.

Visit our website, or check us out on Yelp!

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



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