

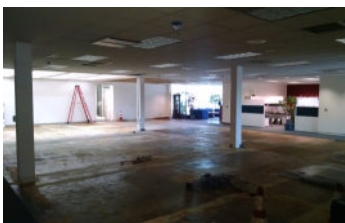
M&G|exposure

MESSAGE FROM THE CEO: HAPPY NEW YEAR!

2016 has come to a close, and while there is plenty to look forward to in 2017, we don't want to leave behind all that we have learned and experienced over the last year.

A year of milestones, in 2016 we created a newly renovated office, volunteered and participated in community events, designed and launched a new website, announced our growth into new territories and challenged ourselves every day to be a better business for our communities, a better team for our clients, and a better family for each other. So, from our M&G family, we wish you a Happy New Year and look forward to all that 2017 has in store.

Blenda

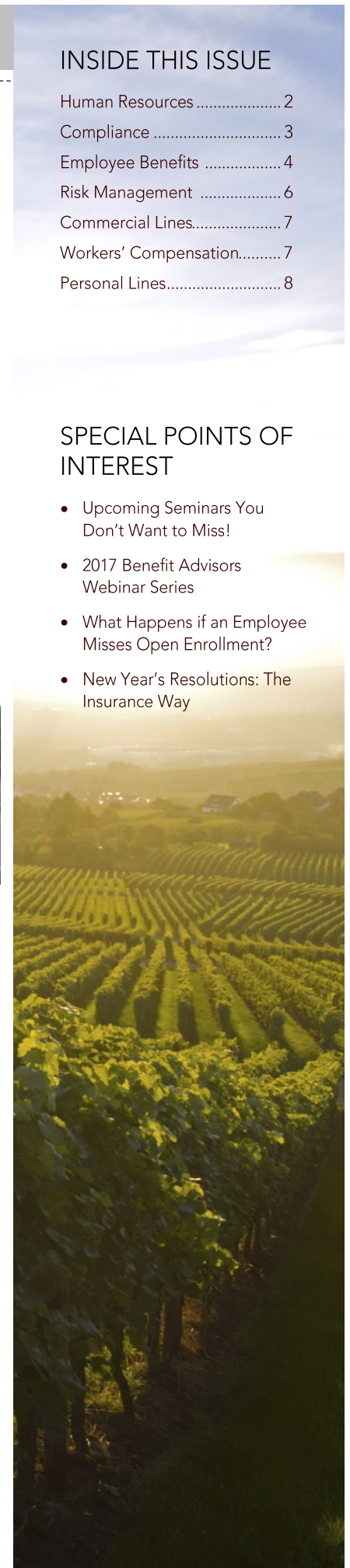


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SPECIAL POINTS OF INTEREST

- Upcoming Seminars You Don't Want to Miss!
- 2017 Benefit Advisors Webinar Series
- What Happens if an Employee Misses Open Enrollment?
- New Year's Resolutions: The Insurance Way



Upcoming Seminars You Don't Want to Miss!

2016-17 Legislative & Case Law Update with Attorney Gary Bethel

Thursday, January 26, 2017
Registration at 7:30am
Presentation at 8:30am
The Santa Maria Inn
801 S. Broadway
Santa Maria, CA 93454

[Click here](#) to register.

EAC Labor Law Update with Attorneys Paul Wilcox and Rafael Gonzalez

Friday, February 10, 2017
Registration at 8:00am
Presentation at 8:30am
Paso Robles Inn Ballroom
1103 Spring Street
Paso Robles, CA 93446

Register by completing and mailing [this form](#).

2017 STANDARD MILEAGE RATES ANNOUNCED

Contributed by: Louise Matheny, Human Resources Consultant

The Internal Revenue Service (IRS) has issued the optional standard mileage rates for operating an automobile for business, charitable, medical, or moving purposes in 2017.

Effective January 1, 2017, the standard mileage rates for the use of a car, van, pickup or panel truck are:

Purpose	2017 Rate	Difference from 2016 Rate
Business Miles Driven	53.5 cents/mile	↓ .6 cents
Medical or Moving Purposes	17 cents/mile	↓ 2 cents
Service of Charitable Organization	14 cents/mile	No Change

The standard rates for business use are based on an annual study of the fixed and variable costs of operating a vehicle, including repairs, maintenance, gas, oil, insurance, and depreciation. For medical and moving purposes, the rates are set based on variable costs only, such as gas and oil. The rates for charitable organizations is set by law.

While using the IRS mileage reimbursement rate is optional, many employers choose to use it rather than calculating the costs themselves. However, if an employee chooses to calculate their actual cost and can show that the provided mileage reimbursement rate does not cover all incurred expenses, the employer must pay the difference.

REMINDER: E-FILING WITH THE EDD

Contributed by: Louise Matheny, Human Resources Consultant

In November, we first told you about AB 1245. The bill, which went into effect on January 1, 2017, requires employers with 10 or more employees to submit tax returns, wage reports and payroll tax deposits electronically to the Employment Development Department (EDD). Employers with 9 or fewer employees have until January 1, 2018 to start electronic filing.

As we've come into the first part of the year, we would like to remind you of 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

You can find assistance for managing your payroll tax accounts online by using [e-Service for Business](#).

If you are unable to file your employment tax returns, wage reports or payroll tax deposits electronically, the new mandate does contain a provision for a waiver, which can be requested by completing and submitting the [E-file and E-pay Mandate Waiver Request \(DE 1245W\)](#). If approved, the waiver is valid for one year, at which point you must start to file electronically or submit a new waiver request.

STATE MINIMUM WAGE INCREASE IN EFFECT JANUARY 1, 2017

Contributed by: Louise Matheny, Human Resources Consultant

This is a reminder that the first of six required minimum wage increases for all California employers with 26 or more employees went into effect on January 1, 2017.

Date	Minimum Wage Rate In Effect
Jan. 1, 2017	\$10.50
Jan. 1, 2018	\$11
Jan. 1, 2019	\$12
Jan. 1, 2020	\$13
Jan. 1, 2021	\$14
Jan. 1, 2022	\$15

The first minimum wage increase for California employers with 25 or fewer employees will go into effect on January 1, 2018, and will follow the same annual increase schedule until January 1, 2023.

2017 BENEFIT ADVISORS WEBINAR SERIES

Contributed by: Keith Dunlop, Director of Compliance

The Morris & Garritano employee benefit webinar series is designed to provide our clients with the latest updates on employee health and welfare best practices, compliance strategies, and regulatory updates.



All webinars are eligible for HRCI, SHRM and CEBS credits unless noted otherwise.

January 11, 2017

9:00am to 10:00am PST

An Overview of the ACA Reporting Requirements

(Forms 1094-B, 1095-B, 1094-C, and 1095-C)

Join Stacy Barrow, Esq. for an informative webinar answering common questions and discussing best practices, including "limited non-assessment periods."

Participants will come away with an understanding of how to address opt-out payments, non-union employees, and conditional offers of coverage to spouses.

This webinar is ideal for Applicable Large Employers with 50 or more full time employees.

To register for this webinar:

[CLICK HERE](#)

The password for attending this webinar is ACA0111

Educational sessions at this program can qualify for CEBS professional education (CPE) credit. Visit www.cebscpe.org for more information.

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2017 LABOR LAW POSTERS STILL AVAILABLE!

By now, you should have your 2017 labor laws posted in a central location available to all employees.

As a Morris & Garritano client, we are happy to provide you complimentary labor laws posters (up to 5). If you are still in need of a 2017 Labor Law poster, please [email Louise](#) indicating how many posters you would like and whether you need English, Spanish, or both.

NEW 2017 LAWS AFFECTING CALIFORNIA EMPLOYERS

[Click here](#) for an overview of the important changes made to state law and day-to-day operations of California businesses.

COMPLIANCE



WHAT HAPPENS IF AN EMPLOYEE MISSES OPEN ENROLLMENT?

Contributed by: Leanna Garbi, Employee Benefits Account Manager

Open enrollment can be an extremely stressful and overwhelming time for both you and your employees. It is typically the only time during the year in which employees can make changes to their benefits choices.

For an employee, missing this vital deadline can mean losing coverage or being unable to change benefits elections, both of which can create a significant financial hardship for the employee. For employers, when employees miss this deadline, it can result in additional administrative burdens and unhappy or unproductive employees.

In order to prevent these issues, it is important to understand what it means when an employee misses open enrollment and how it can affect your business—before it actually happens. Communicating potential consequences to employees will encourage them to take the open enrollment deadline more seriously.

What Am I Legally Required To Do?

Legally, employers are not required to do anything for employees who have missed the open enrollment deadline. In fact, the terms of your benefits plans may prohibit you from making exceptions for employees who do not make benefits elections within a certain time period, such as before the new plan year begins.

The only exception to these terms is if an employee experiences a qualifying event. Employees who experience qualifying life-changing events (such as getting married, divorced or legally separated, having or adopting a child, or moving to a new residence or work location that affects benefits eligibility) are eligible to enroll in or make changes to their benefits elections outside of the open enrollment period. It is in your best interest to create simple and comprehensive policies and procedures so that you are prepared in the event of a qualifying event.

Employers that are applicable large employers (ALEs) under the Affordable Care Act (ACA) may have additional concerns. These employers must offer affordable, minimum-essential coverage to their full-time employees or potentially face the employer shared responsibility penalty. You will not be subject to this penalty if you have offered appropriate coverage to employees, regardless of whether they enrolled in coverage. In order to avoid penalties, be sure to document that coverage has been offered.

How Can I Help Employees with Open Enrollment?

If an employee misses open enrollment, he or she may understandably be panicked and unhappy. In order to offset any decrease in morale, it is important that you provide opportunities for the employee to meet with HR or to attend informational meetings that discuss his or her options to obtain coverage for the next year. At this point, there is not much more that you can do for him or her unless he or she experiences a qualifying event.

Demonstrating to your employees that their needs are important to you will instill high employee morale, and ensuring that you have done all that you were required to do in regards to ACA regulations will protect your business in the event that an employee misses the open enrollment deadline.

Should you have any questions regarding open enrollment or any other employee benefits related matters, please contact your Account Manager.

IMPORTANT CHANGES FOR CCPN HMO MEMBERS

Contributed by: Luzette Graves, Medical Case Manager

Pacific Central Coast Health Center (PCCH) doctors will no longer be affiliated with CCPN medical group effective January 1, 2017. If you are a PCCH patient and your current medical group is CCPN, you have two options:

1. You can choose to stay with PCCH for primary care services but will need to change your medical group to Physicians' Choice. For this purpose, please call the customer service number on your ID card and request that you be switched to Physician Choice effective January 1, 2017.

Please keep in mind that Physician's Choice's network of providers is different from CCPN. You may need to change your lab and/or other providers such as OB/GYN, hospitals and specialists.

Please also note that Dr. Mary Brown and Dr. Robert Schingler have left PCCH and are now practicing at the CCPN office at 35 Casa Street office with Dr. Talieh. Their phone number is 540-5035.

2. You can choose to stay with CCPN medical group but will need to change your primary care doctor. Dr. Mary Brown and Dr. Robert Schingler are accepting new CCPN patients. First Choice Physicians is also accepting new CCPN patients. Their phone number is 250-4844.

To make the change you will need to call the customer service number on your ID card and request the new primary care doctor assignment effective January 1, 2017. If you have any questions or need additional assistance, please contact Morris & Garritano at 805-543-6887 and ask to speak to an Employee Advocate.

PRESCRIPTION DRUG CHANGES FOR HMO MEMBERS

Contributed by: Kelly Sharpe, Employee Benefits Account Manager Supervisor

Effective January 1, 2017 subscribers enrolled on the HMO plans may experience a change to their prescription drug coverage. Anthem's new Essential Drug List is a closed formulary with a formulary exception request process. Members can view and search the Essential Drug List at www.anthem.com/ca/pharmacyinformation.

If a member's medication is not included on the Essential Drug List, there may be a brand alternative, a generic equivalent or OTC options. If an alternative is not listed, members should talk with their doctor or pharmacist about whether another medication that is included on the Essential Drug List may be right for them.

If changing medications is not an option, then requests can be made through the formulary exception request process. If a medication is not covered, we recommend the member has their doctor call the provider's pharmacy number for authorizations and exceptions, 866-310-3666.



THE PRICE OF AN UNSAFE WORK ENVIRONMENT

Contributed by: Michael Schedler, Loss Control Consultant

On August 1, 2016, the Occupational Safety and Health Administration (OSHA) increased their monetary penalties for the first time since 1990. Prior to the implementation of the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, OSHA, along with two other federal agencies, were exempt from being required to raise their penalty rates.

Due to the 25 years of non-adjustment in penalties, the new budget bill featured a significant one-time “catch-up” increase that raised violation penalties by 75-80%. However, OSHA and Cal-Osha have the ability to lessen the penalty amount at their discretion based on factors such as the size of the company or its good standing with past safety inspections.

Violation Type	Previous Maximum	Maximum Penalty After
Other Than Serious Violation	\$7,000	\$12,471 per violation
Serious Violation	\$7,000	\$12,471 per violation
Willful Violation	\$70,000	\$124,709 per violation
Repeat Violation	\$70,000	\$124,709 per violation

Moving beyond the initial “catch-up” increase in August of 2016, OSHA can continue to raise fines annually in keeping pace with inflation, with the first potential for increase coming after the agency publishes its annual inflation adjustments in the Federal Register no later than January 15, 2017.

All California employers - retail, white collar, construction, or otherwise, are required to comply with OSHA and Cal-OSHA standards. For many businesses, a violation carrying the increased fines could be detrimental to their operations. To help prevent a safety violation and to be prepared for an OSHA or Cal-OSHA inspection, follow the below tips:

- Document safety training, disciplinary actions, hazard inspections, repairs or abatement procedures, etc.
- Familiarize yourself with the top OSHA citations and address any that may pertain to your industry or company.
- Train, and re-train, employees on topics or hazards that are prevalent in your line of work.
- Know your safety policies and be prepared to explain them during an OSHA or Cal-OSHA inspection.

Ideally, if you provide a safe working environment, the penalty increases won't have any effect on you or your business. Stay knowledgeable and aware of your business practices and take the steps to keep your employees and your company safe.



BUCKLE UP: COMMERCIAL AUTO PREMIUMS ARE ON THE RISE

Contributed by: Daniel Gilman, Commercial Lines Risk Advisor

As many of our clients have seen, commercial auto rates are on the rise. Commercial auto insurance carriers in California are running a 114% combined ratio*, meaning for every dollar in premium you pay to the insurance carrier, on average they pay out \$1.14 in claims and expenses. Because the current insurance premiums you pay are not sustainable, carriers are raising rates.

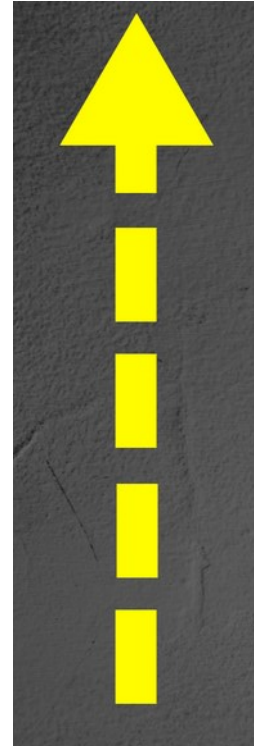
What is driving up claim costs? Three big factors:

- Due to the improving economy and relatively low fuel costs, there are more vehicles on the road, which increases the frequency and severity of accidents. In fact, total miles driven in the State of California is increasing 50% faster than in the rest of the country.**
- Distracted driving due to cell phone usage is on the rise and accounts for a quarter of all accidents.
- Injury-related claim costs are on the rise due to rising medical costs.

While your commercial auto premiums are directly tied to the overall rates, your specific claims history still plays a major part in your premium. An effective fleet safety program can help prevent accidents for your company, and in turn, help keep your premium down.

Components of a Fleet Safety Program:

- **Identify your drivers:** inclusive of drivers using their personal vehicle and drivers of company owned vehicles
- **Screen your drivers' records:** pre-employment and throughout employment
- **Train your drivers:** defensive driving techniques, identify unsafe roadways/intersections common to your drivers, how to report an accident
- **Establish written policies:** restrict personal usage, restrict cellphone usage, set clear expectations, restrict unsafe drivers
- **Vehicle performance:** Formalize a vehicle inspection, maintenance, and repair program
- **Stay committed:** if management holds the program in high regard, employees will too



We are your partner, for assistance implementing an effective fleet safety program please reach out to your Risk Advisor or Account Manager.

*2015 NAIC Statutory Annual Statements

**Federal Highway Administration – Office of Highway Policy Information (OHPI)

CAN I HAVE A WORKERS' COMPENSATION CLAIM INVESTIGATED?

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

Yes! However, you must follow the appropriate steps

- Give the employee a claim form (DWC1)
- File the claim immediately
- Refer the employee to your MPN provider

If you are suspicious or concerned about the events surrounding an injury allegation, you need to contact your insurance carrier immediately. Provide them with all the information you have about the incident including an employee's pre-existing conditions that you may be aware of, any concurrent employment, or if they are active outside of work. If the carrier determines there is enough evidence to investigate the injury allegation, they will place the claim on a 90-day delay pending further discovery.

Be aware that this process is time sensitive. The "time clock" to be able to investigate a claim starts the day you, as the employer, or any other of your employees are notified of a potential incident. The employee is eligible for medical treatment up to \$10,000 while the claim is on delay. If the employee is losing time from work, they are not entitled to temporary disability benefits. However, they will be eligible to file for State Disability benefits while the claim is under investigation. If the claim is accepted, the carrier will be required to reimburse the State.

Please contact Workers' Compensation Claims Analyst, Mary Jean Collins, with questions pertaining to this article or any other Workers' Compensation claims matters.



NEW YEAR'S RESOLUTIONS: THE INSURANCE WAY

Contributed by: Marie Bloomstine, Personal Lines Department Manager

Love them or hate them, New Year's resolutions are a great way to start thinking ahead and making changes to better your lifestyle. While it may not be as exciting as traveling more or learning a new language, taking the time to ensure you and your family are properly protected can only help make 2017 your safest year yet.

Review your insurance policies

Take the time to read through your homeowners, auto, or other policies to ensure that you know what is covered and what is not. Our Account Managers are more than happy to answer any questions you may have.

Take a home inventory

While it sounds daunting to make note of everything in your home, simply taking a few photos of each room is better than nothing. Make sure to include any items of significant value or rarity such as artwork, electronics, or collectables. Save your photos to the cloud so they will always be accessible if needed.

Research life insurance policies

One of the best things you can do for your loved ones is to make sure they are protected and provided for should anything happen to you. There are many life insurance options available and we can help find the best fit for your needs.

Maintenance and repairs

Do you have any projects around the house that you've been putting off? Make some time this year to repair those deck boards or install energy-efficient windows. A little time and labor now could save you a lot of money and headaches in the future.

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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