



M&G | exposure

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"M&G is made up of such an amazing group of knowledgeable, talented, and hardworking people. With an atmosphere of trust and collaboration, it makes the people here want to work harder and always be improving. It gives me a sense of pride knowing that I work for a company that invests in their employees."

- Jennifer Fultz, HR Generalist

MESSAGE FROM THE CEO: LOVE WHAT YOU DO

August is a very special time here at Morris & Garritano. It is the time of year when we celebrate how incredible our employees are by having an entire week of fun and activities dedicated to them. To end the week, we host our Annual Employee Appreciation Party which provides an opportunity for our employees to connect with their peers and celebrate our accomplishments as a team. This has been a big part of our culture for over 25 years and with each year comes new traditions and experiences.

Employees are the heart of any business and we know that engaged employees pass on their enthusiasm to our customers. One of our Core Values is "Love What You Do" because we know that happiness and passion are contagious. We believe a team that loves what they do, does it better and we are committed to creating a culture of individuals who are passionate and dedicated to their work and our clients.

While we do many things throughout the year to show our appreciation, our annual party gives us an opportunity to express our profound gratitude to our employees for exceeding our expectations and for making Morris & Garritano what it is today.

For me, the best part of the celebration is watching all of our employees come together as a family. There is a camaraderie within our staff that has developed naturally over the years. It grows and changes with each new addition to the team, but it is always an energetic and supportive force throughout the office. We are now a company of over 100 people, each with different experiences and backgrounds, but we are all here for the same reason – to do a job we love and to do it well.

I am proud of our employees and feel honored to have the opportunity to work with them every day. They are loyal, hard-working, and dedicated to providing our clients with the best service possible. For that and so much more, I am forever thankful.



WAGE & HOUR INVESTIGATIONS: WHAT TO EXPECT & WHAT TO DO

The Wage-and-Hour landscape is ever-changing, and recently we have seen an upswing in the number of random investigations performed by the Department of Labor's Wage & Hour Division. Below are some items that can help prepare you for an investigation, should you ever have to go through one.

- While an investigation could be completely random, it could be in response to an employee's complaint or be part of a larger investigation targeting your particular industry nationally or locally.
- Should you receive a letter scheduling a WHD investigation, or if they just show up at your office, the most important thing is to be cautious that the information you are providing is only what is specifically requested. It is okay to ask the investigator to schedule the meeting at a time that is convenient to you and be sure to consult your employment council before the meeting. Do not go into details that could potentially reveal other compliance issues, as this could be more damaging to you. Determine the scope of the investigation and act accordingly.
- The basic process of an investigation is as follows:
 1. An investigator will gather records and review general information about your business, timekeeping and payroll practices.
 2. Various employees will be interviewed
 3. The investigator will discuss their findings with you, but you will most likely not receive a written document of your violations. Take notes during your discussion.
 4. You will typically receive a document with the total amount of back wages due to employees resulting from any violations. Be sure to review this document in detail and make sure you are comfortable with their findings before signing.

These investigations are likely to continue in the coming years as new rules and a new administration come into play. By familiarizing yourself with the investigation process, you can be better prepared to answer questions, provide documents, and help the transaction run smoothly.

If you have any questions or would like further explanation of this topic or any other HR related issues, please contact Louise Matheny.

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

GOVERNOR BROWN SIGNS AB 2535

On July 22, 2016, Governor Brown signed [AB 2535](#), a California Chamber of Commerce-supported bill that clarifies the existing law that only nonexempt employees and those who are paid according to hours worked are required to have their hours tracked and logged on an itemized wage statement.

HOW COMMON COURTESY COULD LEAD TO LIABILITY



It is safe to assume that most people prefer to work in an environment that is friendly, accommodating, and respectful. For this reason, many employers have started using “civility training” as a way to discourage workplace harassment. While its intentions are well-meaning, the training may actually lead to liability under the National Labor Relations Act (NLRA).

The problem is that, depending on the verbiage, a policy specifying how an employee should interact with other employees or customers may potentially conflict with their right to participate in protected concerted activity.

This does not mean that it is unreasonable to expect civility of your employees. However, the more specific examples you place in your policies, the less risk there is to it offending the National Labor Relations Board (NLRB). An even safer bet is to use examples that have already been approved by the NLRB in a [memo from March 18, 2015](#) including:

- “No rudeness or unprofessional behavior toward a customer, or anyone in contact with the company”
- “...Not be discourteous or disrespectful to a customer or any member of the public while in the course and scope of [company] business.”
- “Being insubordinate, threatening, intimidating, disrespectful or assaulting a manager/supervisor, coworker, or vendor will result in discipline”

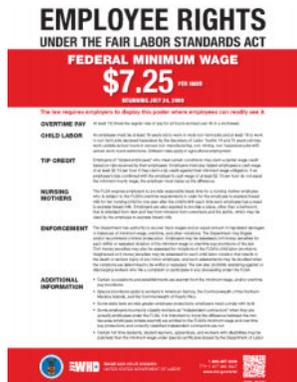
When dealing with an employee who engages in uncivil behavior, it is important to consider the risks of disciplinary action. Each occurrence should be evaluated to find the balance between the NLRA’s protection of concerted activity and the Equal Employment Opportunity’s regulations against discriminatory behavior. While it may be difficult to find the right balance, the promotion of a civil work environment is well worth it to help promote morale, productivity and job satisfaction.



UPDATES TO FEDERAL EMPLOYMENT POSTINGS

The U.S. Department of Labor (DOL) has announced **mandatory changes that went into effect on August 1, 2016** to two federal employment postings.

The required updates effect the Federal Minimum Wage notice and the Employee Polygraph Protection Act notice. The updated posters can be found by following the links to the right or you may contact Louise Matheny for more information.



[Federal Minimum Wage](#)



[Employee Polygraph Protection Act](#)



HUMAN RESOURCES

DRONES: THE RISK OF FLIGHT

Contributed by: Nick Sullivan, Marketing Supervisor

While the military and hobbyists have been using unmanned aerial systems (UAS), better known as drones, for some time now, businesses have begun to adapt the technology for their own uses. UAS are creating new opportunities—and new risks—for businesses to evaluate, and regulators and insurance carriers are scrambling to keep pace.

The Federal Aviation Administration (FAA) has recently adjusted the regulations for the commercial use of UAS without having to obtain an exemption for the FAA. Restrictions retained from the initial draft rules include:

- Flight speed under 100mph
- Flying altitude below 400 feet
- Daylight operations only
- May not fly over persons not involved in the operation
- Operator must maintain a line of sight with the drone
- Cannot be flown within 5 miles of an airport

The additions to the regulations, which take effect August 29, 2016 are:

- Mandatory preflight inspections
- Prohibitions on operating a drone from a moving vehicle or aircraft
- Prohibitions on carrying hazardous materials
- Restrictions on delivery of property for compensation
- All operations must be conducted by or under direct supervision of a remote pilot in command

The use of UAS exposes a company to a whole new set of liability. As with conventional aircraft, a UAS crash could mean a hefty casualty claim. While the crash rate is actually relatively low with conventional aircraft, UAS mechanical failures and operator errors are much more prevalent. In addition to property coverage for the drone itself and any additional payload, businesses, especially those that operate UAS in populated areas, should make sure they are adequately covered in the event of property damage or bodily injury to a third party. With a wide range of applications, privacy represents one of the largest exposures with regard to drones. A highly maneuverable technology that gives remotely operated cameras virtually unfettered access to any location is bound to result in claims of privacy breach. Recently more insurance companies have been entering the drone market by providing specific UAS policies and/or adopting revised wording to carve out coverage from an otherwise excluded exposure under typical General Liability policies. Currently, most carriers UAS coverage prefer to exclude any privacy-related claims, but the increased exposure means that there's a potential market for such protection. However, without some kind of precedent, it's unclear how, if at all, the insurance industry will respond.

Morris & Garritano can help with any questions you may have about the insurance necessary for operating a UAS. Please contact your Account Manager for assistance.

To review the complete set of regulations, please click on the link to the right.



PLAYING YOUR ROLE IN A RETURN TO WORK PROGRAM

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

When an employee cannot work due to an injury or illness, it affects not only that individual, but also the productivity and processes of your business. By implementing a Return to Work program, you as an employer, can help reduce the recovery time of an injured worker by offering a temporary position accommodating their outlined work restrictions.

Establishing a Return to Work Program

- Create a "Job Bank" that includes descriptions of job duties that can be performed by injured employees. These descriptions should be provided to your local medical clinics so they are readily available for a physician to review should an injury occur.
- Identify the Type of Temporary Work Assignment
 - Transitional Work
 - Alternative Work
 - Modified Work
 - Reduced-Hours
 - Job Sharing
- By having open communication with the injured employee, their medical team, and your management team you help the Return to Work program effectively assist in getting the injured worker the proper recovery they need in order to return to their regular job duties.

The benefits of a Return to Work Program spread to both parties – reducing claim and workers' compensation costs to the employer, preventing interruption of pay and/or benefits for the employee, and a general boost of employer and employee dedication to one another.

CAN I CALL YOU BACK?: THE DANGERS OF DRIVING WHILE DISTRACTED

Contributed by: Michael Schedler, Loss Control Consultant

Do you allow your employees to use a Bluetooth while driving company vehicles? Chances are if you do, it is because you see this as a way for them to be a safer driver. While it seems that someone would be more focused with both hands on the wheel, using a hands-free cell phone is still a cognitive distraction. Our minds are not able to fully engage in the task of driving, causing us to lose focus and make mistakes that could lead to a fender-bender or even a fatal accident. In fact, motor vehicle accidents are the number one cause of work-related deaths.

Cell phone use has grown exponentially over the years and many people find it difficult to tear themselves away from the ever-present glow of the screen. While most people know that texting while driving is a bad idea, data from the National Safety Council shows that drivers who are talking on their cell phones are involved in more crashes than those who are texting. Our brains are not set up to multitask; rather they rapidly switch between two or more tasks, but only perform one at a time. This process can be so quick that it convinces us that we can handle multiple tasks at once, making us think that we are being a safe driver as long as we are using a hands-free device.

Distracted driving has now joined speeding and alcohol as the leading factors in serious injury or fatal crashes. A study conducted in a driving simulator at the University of Utah found that drivers who were distracted

by a cell phone had slower reaction times and were more likely to crash than drivers with a 0.08 blood alcohol content, the legal drunk driving threshold.* And the danger is not just to those in vehicles - pedestrians, bicyclists, and motorcyclists are all at risk when there is a distracted driver behind the wheel.

Until there is consistent enforcement of the laws and regulations that are meant to reduce the use of cell phones and hands-free devices while driving, it is ultimately up to the driver to make the decision. As an employer, you can help limit the chance of an employee accident due to cell phone distractions by establishing clear guidelines for phone usage while operating a company vehicle. By doing so you are not only protecting your employees and those around them, but you are protecting your business against possible liability.



*Source: www.distracteddriving.nsc.org

DEPARTMENT SPOTLIGHT: EMPLOYEE ADVOCATES

Contributed by: Marie Solis, Employee Benefits Support Supervisor

You work hard to create a benefits package that provides your employees with comfort and protection. However, all of that effort is wasted if your employees don't understand what they have or how to use it. This is where our Employee Advocates come in to play.

Our engagement with your employees is critical to the overall understanding, utilization, and success of your employee benefits program. We help employees find the right plan, and the right providers to satisfy their personal needs. The relationship that develops between our advocates and your employees promotes the value of benefits offered—increasing morale and positively impacting productivity at your company and within your plan.

Having a knowledgeable and resourceful team allows us to offer in-person open enrollment meetings at your office(s) as well as live or pre-recorded web-based

sessions. We encourage routine onboarding meetings with your employees and offer additional learning opportunities regarding their wellness and plan education.

Our advocate team can offer your employees assistance with:

- Plan consulting and comparisons
- Managing provider issues
- Bilingual and off-cycle meetings available
- Education on ACA's preventive care coverage and usage
- Personal Medicare consultation

We are committed to servicing and supporting your employees and encourage you to reach out to your Account Manager with any questions you may have.

HEALTHY LIVING IN THE SUMMER MONTHS

Contributed by: Marie Solis, Employee Benefits Support Supervisor

The lazy days of summer are upon us, and while it's easy to sit at your desk and daydream about pool parties and wine tasting, this is also a great time to focus on improving your health, both mentally and physically. Small changes can make a huge difference. Share these tips with your employees to help make this summer their best summer!

Amp Up Your Antioxidants



Take advantage of the fresh berries at your local farmers' market. Blackberries, blueberries and strawberries all have loads of antioxidants that help prevent tissue damage and reduce the risks of age-related illnesses. Plus, they are delicious!

Protect Your Smile



With the ample photo ops throughout the summer, make your smile bigger and brighter by flossing your teeth daily. Not only will you reduce oral bacteria and plaque, but you won't have to lie to your dentist when they ask you the last time you flossed!

Sunshine + Exercise



Why run on a treadmill when you can run in the great outdoors? Take advantage of the great weather to try some new exercises – hiking, swimming, cycling, or just playing games with your kids. If you are going to be in the sun, remember to apply sunscreen.

Nurture Your Green Thumb



Planting a small garden or flower box can help reduce stress levels and provides a calming activity to focus on outside of the office. It's also a great way to produce healthy fruits, vegetables and herbs at your finger tips.

Catch Some Zzzzs



While it may be tempting to stay up late during the long summer days, it is important to get enough sleep to allow your body to regenerate from all of your fun activities. Try to keep the same sleep schedule every day and pay attention to how your body is feeling.

IRS PROPOSES REGULATIONS ON GROUP HEALTH BENEFITS OPT-OUT PAYMENTS

Contributed by: Keith Dunlop, Compliance Advisor

On July 8, 2016 the IRS issued proposed regulations addressing employer who offer both unconditional and conditional opt-out payments to employees who forego group health benefits. The IRS anticipates issuing final regulations by the end of 2016 that would apply to health plan years beginning in 2017.

Unconditional Opt-Out Payments

An unconditional opt-out payment is payment of additional compensation to an employee who declines an employer's offer of health coverage without the requirement to satisfy any other condition in order to receive the payment. The IRS has taken the position that these opt-out payment offers must be included in calculating the employee's total cost of coverage, *regardless* of whether they actually enroll in coverage or not. The rationale for including the amount of an opt-out payment in the total employee premium is that the employee would be missing out on the additional compensation (e.g. the opt-out money) for having enrolled in coverage. In other words, an employee can only purchase coverage at the cost of foregoing a specified amount of cash compensation.

Ex: The cost of health coverage to an employee is \$150.00 and the employer offers an unconditional opt-out payment of \$100.00 for those who forego coverage. The total cost of coverage according to the IRS becomes \$250.00.

The consequences to an employer for the increased cost of coverage includes violation of ACA rules regarding affordability of coverage. If the recalculated cost to employees exceeds 9.66% of household income, the employer could be liable for a substantial penalty.

Conditional Out-Out Payments

Public comment regarding the IRS position on unconditional opt-out payments proposed that suggested that opt-out payments that are conditioned on the employee providing proof of other coverage should not increase the cost of coverage. Commenters argued that an employee who can prove other coverage, such as through a spouse's employer-sponsored plan, is ineligible to receive the opt-out when they cannot meet to required condition.

In response to these concerns, the IRS has proposed specific rules for conditional opt-out payments in order for the amounts to be disregarded in the overall cost of coverage to an employee. The "eligible opt-out arrangement" rules state that such an arrangement under which an employee receives a conditional opt-out payment is contingent upon:

1. The employee declines to enroll in employer-sponsored coverage; and
2. The employee provides reasonable evidence of minimal essential coverage, in other-than the individual market including Marketplace exchanges, for both the employee and all tax dependents during the applicable plan year.

Reasonable evidence of alternative coverage can be satisfied with the employee's written attestation. The employee must present his or her reasonable evidence of other coverage at least annually and before the beginning of employer group coverage (e.g. during open enrollment). However, the proposed regulations also permit an employee to submit this evidence after the plan year starts.

Additional Public Comment Period

On or before September 6, 2016 the IRS seeks additional public comment on other workable rules concerning opt-out payment that would more accurately reflect an employee's cost of coverage while minimizing undesirable consequences. The IRS is also seeking comment on whether additional conditioned opt-out payment plan requirements should be imposed.

Contact Morris & Garritano Director of Compliance Keith Dunlop for questions regarding this or any other ACA-related issue at (805) 597-6378, or kdunlop@morrisgarritano.com.

3RD ANNUAL M&G OFFICE OLYMPICS

We may not be able to swim like Phelps, run like Bolt, or swing a racquet like the Williams sisters—but we have just as much enthusiasm and competitive spirit!

As part of our wellness program, Morris & Garritano hosts its very own Office Olympics every July. The events are meant to test our bodies, our minds, and our ability to have fun! We encourage all employees to participate, whether it be just one event or all six.

The closing ceremonies of our 3rd Annual Office Olympics were held on July 29th. Medals were awarded for the following events as well as overall Gold, Silver and Bronze.

- Push-Ups
- Free Throw
- Memory Game
- Short Distance Run
- Long Distance Run
- Standing Long Jump



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.

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