



M&G|exposure

MESSAGE FROM THE CEO: AWARDING EXCELLENCE

Our annual holiday party is an event that our team looks forward to all year — a time to celebrate, to reflect, and to enjoy the company of our co-workers and loved ones. It is a privilege to host the evening and it is truly inspiring to see the spirit and vibrancy that our staff has nurtured together.

Morris & Garritano wouldn't be the company it is without our amazing employees who share their talent and compassion with our clients and with each other. This year we started a new tradition of recognizing a select group of individuals who not only fit the mold of an outstanding employee, but break it.

While our entire staff works hard every day to provide the best service and experience to our clients, there are those whose performance stands out above the rest. Our first award was given to five employees in various departments of the agency who exemplify what it means to be an M&G employee. The criteria for the Executive Excellence Award is:

- Someone who demonstrates strong Core Values and is a role model for other employees.
- Those who have made a strong contribution to a major initiative, or made significant impact to our clients, their department, or another department in the agency.
- Their contributions may have improved a process or created an efficiency that wasn't there before.

We are proud to announce Cortney DeCaires, Martine Domingues, Luzette Graves, Jordan Sullivan and Dave Wilson as recipients of the 2016 Executive Excellence Awards.

An award that pays tribute to the spirit and memory of the person that made Morris & Garritano what it is today was also created. The Greg Morris Award, our highest honor, is awarded to someone who:

- Not only demonstrates, but exemplifies the Core Values of Morris & Garritano and creates a positive work environment for those around them.
- Embodies the spirit of Greg Morris as a warm, compassionate person with strong collaborative skills.
- Is helpful, giving and passionate about their work.
- And demonstrates a trait of giving back and empathy for others, something that Greg Morris was well known for in the community.

The first-ever Greg Morris Award was presented to Sheri Bruner. A more-than-deserving recipient, we know that Greg would agree wholeheartedly with our decision.

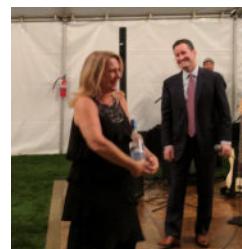
As 2016 comes to a close and we look to the coming year, I'm filled with confidence and certainty that our team will continue to exceed the expectations of not only our clients, but of their peers as well. I am extremely proud of all the recipients and the contributions that they have made to move the company forward into the New Year. But most of all, I am so incredibly grateful for each and every one of our employees who make up the Morris & Garritano team.

INSIDE THIS ISSUE

Human Resources	2
Risk Management	4
Personal Lines	4
Commercial Lines.....	5
Workers' Compensation.....	6
Employee Benefits & Compliance.....	6
Employee Benefits	7
M&G In The Community	8

SPECIAL POINTS OF INTEREST

- 2017 Labor Law Posters Now Available!
- Health Care Reform...Reform?
- Decorate Safely During the Holidays
- Happy Holidays from M&G!



W-2 FILING DEADLINE MOVES UP

Contributed by: Louise Matheny, Human Resources Consultant

The Internal Revenue Service (IRS) has accelerated the deadline for filing W-2 forms to January 31. Previously, employers had until the end of February, if filing hard copies, or the end of March, if filing electronically.

The earlier date is intended to make it easier for the IRS to detect and prevent tax refund fraud. Note that January 31 is also the deadline for employers to distribute copies of the Form W-2 to their employees.

The January 31 filing deadline, enacted by the Protecting Americans from Tax Hikes (PATH) Act, also applies to certain Forms 1099-MISC that report non-employee compensation, such as payments to independent contractors. Additionally the PATH Act makes changes affecting the W-2 extension process, noting that only one 30-day extension will be granted, that it is not automatic, and that extension requests must be received prior to January 31.

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

UPDATED FORM I-9 NOW AVAILABLE

Contributed by: Louise Matheny, Human Resources Consultant

As of November 15, 2016, the new I-9 form is available for use.

The electronic fillable form can be found at www.uscis.gov/i-9 or you can click on the image below for a standard PDF version.

Starting January 22, 2017 USCIS will only accept this new 11/14/16 edition. Up until that date, you can still use the 03/08/13 edition. The edition date can be found at the bottom left corner of the Form I-9.

 Employment Eligibility Verification Department of Homeland Security U.S. Citizenship and Immigration Services				USCIS Form I-9 OMB No. 1115-0007 Expires 03/31/2017
<p>► START HERE: Read instructions carefully before completing this form. The instructions must be available, either in paper or electronically, during completion of this form. Employers are liable for errors in the completion of this form.</p> <p>ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against workers based on race, color, national origin, gender, age, disability, or any other protected class. Employers CANNOT specify which document(s) an employee must present to verify employment authorization and identity. The refusal to hire or continue to employ an individual because the documentation presented has a future expiration date may also constitute illegal discrimination.</p> <p>Section 1. Employee Information and Attestation (Employees must complete and sign Section 1 of Form I-9 no later than the first day of employment, but not before accepting a job offer)</p>				
Last Name (Family Name)	First Name (Given Name)	Middle Initial	Other Last Names Used (if any)	
Address (Street Number and Name)	Apartment Number	City or Town	State	ZIP Code
Date of Birth (mm/yy/yy)	U.S. Social Security Number	Employee's E-mail Address	Employee's Telephone Number	
<p>I swear that I have provided the information and/or fines for false statements or use of false documents in connection with the completion of this form.</p> <p>I attest, under penalty of perjury, that I am (check one of the following boxes):</p> <p><input type="checkbox"/> 1. A citizen of the United States</p> <p><input type="checkbox"/> 2. A noncitizen national of the United States. (See instructions)</p> <p><input type="checkbox"/> 3. A lawful permanent resident. (Alien Registration Number/USCIS Number)</p> <p><input type="checkbox"/> 4. An alien authorized to work - until expiration date, if applicable (mm/yy/yy)</p> <p>Some aliens may write "N/A" in the expiration date field. (See instructions)</p> <p>An alien authorized to work must provide only one of the following three numbers to complete Form I-9. An alien authorized to work must provide only one of the following three numbers to complete Form I-9. An alien authorized to work must provide only one of the following three numbers to complete Form I-9.</p> <p>1. Alien Registration Number/USCIS Number OR 2. Form I-94 Admission Number OR 3. Foreign Passport Number Country of Residence:</p>				
Signature of Employee		Today's Date (mm/yy/yy)		
<p>Preparer and/or Translator Certification (check one):</p> <p><input type="checkbox"/> I did not use a preparer or translator. A preparer or translator must assist the employee in completing Section 1. This form must be completed and signed by the preparer or translator. Translator: assist an employee in completing Section 1.</p> <p>I attest, under penalty of perjury, that I have assisted in the completion of Section 1 of this form and that to the best of my knowledge the information is true and correct.</p>				
Signature of Preparer or Translator		Today's Date (mm/yy/yy)		
Last Name (Family Name)		First Name (Given Name)		
Address (Street Number and Name)		City or Town	State	ZIP Code

2017 LABOR LAW POSTERS NOW AVAILABLE!

Contributed by: Louise Matheny, Human Resources Consultant

Morris & Garritano has 2017 labor law posters in stock and ready to send out!

By law, California employers must display all required state and federal employment notices 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). Please [email Louise](#) indicating how many posters you would like and whether you need English, Spanish, or both.

New posters must be displayed by January 1, 2017.



PROP 65: THIRTY YEARS LATER

Contributed by: Louise Matheny, Human Resources Consultant



"WARNING: This product may contain chemicals known to the State of California to cause cancer and birth defects or other reproductive harm."

Odds are, if you've purchased a toothbrush, a vehicle, or even a burger at the drive-thru, you have seen this sign. November marked the 30th anniversary of Proposition 65, the warning label that either concerns or confuses most Californians.

How is it that all these everyday items are labeled with such an aggressive warning?

In the years prior to the 1986 election, California had a string of unfortunate chemical accidents. Due to the events being highly publicized, toxic issues were prevalent in California's 1986 election.

The "Get Tough on Toxics Initiative" was meant to reduce the industrial pollution of drinking water. However, the initiative meant to regulate known carcinogens was, without meaningful legislative review, written in a way that allowed chemicals to hit Prop 65's blacklist without ever being demonstrated to cause adverse health effects in humans.

The Office of Environmental Health Hazard Assessment evaluates substances on a basis of hazard in massive, unrealistic quantities. For a more fair representation, it should determine the amount of harm a substance causes during the course of everyday exposure.

Prop 65 is not enforced through government regulation, but rather through litigation. This means that plaintiffs often seek out products without warning labels and press charges against the offending company. With the high costs associated with court hearings and lab testing, most businesses choose to settle out of court, costing California business owners millions of dollars in settlement fees.

Prop 65 has been successfully amended twice in its past, and is slated for another revision to take effect on August 30, 2018. However, the changes will not alter how deeply flawed the initiative is. Until a meaningful evaluation of risk is added to Prop 65, California businesses will have to continue to post those huge ugly warnings – and California residents will still have to look at them.

CURRENT FORMS
FOR CLAIMS KITS
WILL BE
UNCHANGED

Though there were some workers' compensation statutory changes enacted this year, none will require revisions to posting notices, new hire pamphlets or claims forms. You may continue to use the current versions of the new hire pamphlets (CCR §9880); WC posting notices (CCR §§9881 - 9881.1); DWC-1 claim form/Notice of Potential Eligibility (CCR §10139); or benefit notice letters (CCR §§9810-9815).

HUMAN RESOURCES

SB 1167 – PROTECTION FROM INDOOR HEAT EXPOSURE

Contributed by: Michael Schedler, Loss Control Consultant

Effective January 1, 2017, SB 1167 will instruct Cal/OSHA to prepare and propose new heat illness and injury prevention standards for indoor worksites by January 1, 2019.

The standards are meant to minimize heat-related illness and injury amongst indoor workers based on environmental temperatures, work activity levels and other factors. The standards board will be responsible for reviewing and adopting the proposed legislation.

Outdoor workplaces in California have had heat illness regulations since 2006, requiring construction workers, agricultural workers, landscapers and others to receive proper training, water, shade and rest breaks. SB 1167 will provide similar provisions for indoor workers, such as factory or warehouse employees.

Most California employers currently have an Injury and Illness Prevention Program (IIPP), but they don't necessarily address the hazards of indoor heat. It is in the best interest of all parties to establish proper protocols when dealing with heat illness and injury. If the employer properly follows the set standards, they are helping to protect themselves against individual lawsuits, class action lawsuits, or union organizing efforts. Employees are guaranteed to receive accommodating working conditions in the event of extreme temperatures and heat.

DECORATE SAFELY DURING THE HOLIDAYS

Contributed by: Marie Bloomstine, Personal Lines Department Manager

As the holiday season gets into full swing, many families decorate to spread some cheer and make their homes more festive. While holiday decorations can be fun and beautiful, they can also present fire hazards. To keep your home and family safe this holiday season, consider the following decorating tips.

Follow all installation and usage instructions for lighting decorations to ensure that you are not increasing your chance of starting a fire.

Only keep your Christmas tree for two weeks, because it will dry out quickly and can become highly flammable.

Do not connect more than three sets of lights to an extension cord at one time.

Only buy electrical decorations that have a UL rating on the label, which indicates that they have been tested for safe use.

If you blow a fuse while decorating, discard the faulty light string or decoration and replace the blown fuse. If the fuse blows again, contact an electrician to investigate the problem further.

If you set up a Christmas tree, place the tree in a sturdy stand at least 3 feet away from heat sources.



Inspect new and used lights before using them and discard any that have cracks, exposed wires or loose connections.

Plug outside lighting only into a ground fault circuit interrupting (GFCI) outlet, as this will safeguard the outlet from any interaction with water.

Do not secure outside lights with staples or nails, and avoid placing indoor extension cords under carpeting, rugs and furniture.

Unplug lighting decorations before going to bed and leaving the house.

BOND REQUIREMENT ELIMINATED FOR CERTAIN ALCOHOL PRODUCERS

Contributed by: Martine Domingues, Commercial Lines Operations Manager

Effective January 1, 2017, breweries, distilleries, or wineries owing less than \$50,000 in excise taxes in the previous year and are expecting to owe less than \$50,000 in the current year are no longer required to hold a bond.

It should be noted that new applicants who file to operate one of the above entities prior to January 1, 2017 must still submit a bond with their application. Existing breweries, distilleries, and wineries must notify TTB that they are eligible for the bond exemption and can request termination for their bond requirement after January 1, 2017. However, TTB cannot process a bond termination request until the final tax payments for any remaining liability incurred in 2016 have been received.

To help streamline the application process, ttb.gov has updated their [Permits Online](#) to include a field indicating whether you expect to owe less than \$50,000 in excise taxes in 2017, therefore being eligible for the bond exemption.



REMINDER: AB 2883 DEADLINE FOR SIGNED WAIVERS IS DECEMBER 31

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 the individual must be 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.

REPORTING OF SMALL MEDICAL ONLY OR FIRST AID CLAIMS

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

There is a new amendment by the Workers Compensation Insurance Rating Bureau (WCIRB) that goes into effect on January 1, 2017, stating that insurers will now be required to report medical costs incurred on First Aid claims to the WCIRB, regardless of who paid the medical fees.

Policyholders will still have the choice to directly pay medical providers for bills associated with First Aid claims. However, the policyholder must now report the information to their insurance carrier, who in turn will provide it to the WCIRB.

So, how does this decision affect you?

Unfortunately, this means that if a claim fits the First Aid Criteria and you pay the medical bill directly to the provider, it will still be included on your Experience Modification worksheet. Should you choose to go through your carrier, they will only pay a provider bill from the contracted rates, so the bill paid will be substantially less. Ultimately, you may want to think twice before deciding to pay a claim out of pocket.

X-MOD



HEALTH CARE REFORM...REFORM?

Contributed by: Ben Hoover, Senior Employee Benefits Advisor and Keith Dunlop, Director of Compliance

"So what now?" This is a common question heard over the last two weeks by anyone in the health insurance industry. On November 8, the Republican candidate, Donald Trump, was elected as the 45th president of the United States. In addition, Trump's win was accompanied by Republican majorities retained in both the Senate and the House of Representatives.

Throughout his presidential campaign, Trump ran on a platform of repealing and replacing the Affordable Care Act (ACA). Now that a Republican majority has been established in both Houses of Congress and at the White House, it is likely that we will see some changes to ACA.

It is far too premature to try and predict exactly what changes we will see in the near future. For a best-guess scenario, you can check out our [blog post](#) from earlier in November. In it we discuss the different scenarios that may play out if ACA is

repealed versus being **replaced** as well as the reality of the costs associated with either change.

As with the enactment of ACA over six years ago, none of us could have fully predicted the far-reaching effects it would have on small business and citizens in America. We have seen in numerous examples where simple wording in a legislative document could have ripple effects across the industry, sometimes with unintended consequences. Similarly, it would be difficult at this early stage to fully comprehend how large, or even slight, adjustments to the law will impact insurance and the healthcare industry as a whole.

One item we do know is that Morris & Garritano was committed to being an expert when healthcare reform was enacted. We have remained committed to that cause and will continue to be the absolute expert as we start to see changes in the law over the next several months and years.

Lastly, what we remind anyone who asks the question "so what now?" There is what happens at the Federal level, then there is what happens in California, and the interests of those two entities are not always in line. As we learn more about the future of healthcare, be assured that Morris & Garritano will help you every step of the way.

EMPLOYEE BENEFIT PLAN LIMITS FOR 2017

Contributed by: Celia Silacci, Employee Benefits Department Manager

Many employee benefits are subject to **annual dollar limits** that are periodically updated for inflation by the Internal Revenue Service (IRS). The following commonly offered employee benefits are subject to inflation-adjusted dollar limits:

- High deductible health plans (HDHPs) and health savings accounts (HSAs);
- Health flexible spending accounts (FSAs);
- 401(k) plans; and
- Transportation fringe benefit plans.

The IRS typically announces the dollar limits that will apply for the next calendar year well in advance of the beginning of that year. This gives employers time to update their plan designs and make sure that their plan administration will be consistent with the new limits.

Below is a chart of the inflation-adjusted limits for 2017. Although the majority of the dollar limits for 2016 will remain the same, a few key limits will change for 2017.

Limit	2016	2017	Change
HSA Contribution Limit			
Self-only	\$3,350	\$3,400	Up \$50
Family	\$6,750	\$6,750	No change
Catch-up Contributions*	\$1,000	\$1,000	No change
HDHP Minimum Deductible			
Self-only	\$1,300	\$1,300	No change
Family	\$2,600	\$2,600	No change
HDHP Maximum Out-of-pocket Maximum			
Self-only	\$6,550	\$6,550	No change
Family	\$13,100	\$13,100	No change
Out-of-pocket Maximum on Essential Health Benefits (non-grandfathered plans)			
Self-only	\$6,850	\$7,150	Up \$300
Family	\$13,700	\$14,300	Up \$600
Health FSA			
Limit on employees' pre-tax contributions	\$2,550	\$2,600	Up \$50
Dependent Care FSA*			
Tax exclusion	\$5,000 (\$2,500 if married and filing taxes separately)	\$5,000 (\$2,500 if married and filing taxes separately)	No change
Transportation Fringe Benefits (monthly limits)			
Transit pass and vanpooling (combined)	\$255	\$255	No change
Parking	\$255	\$255	No change
401(k) Contributions			
Employee Elective Deferrals	\$18,000	\$18,000	No change
Catch-up Contributions	\$6,000	\$6,000	No change

*Not subject to annual adjustment for inflation



HAPPY HOLIDAYS FROM MORRIS & GARRITANO!

It's no secret that at Morris & Garritano we like to work hard and play hard. Year-round we help create moments that allow our employees to step away from their desks and have a few moments of relaxation or all out fun! With the holiday spirit pulsing through the office, December is certainly a month that requires a little extra celebration.

We kicked it off with our 25 Days of December Advent Calendar, where each day a new activity or treat is revealed. Our annual Holiday Treat Exchange had a record number of participants, as did our Big Brothers Big Sisters gift donation. Each department has been hanging decorations and hosting their own holiday potluck, making the lunch hour that much more enjoyable. And to wrap it all up, the week-long Secret Santa gift exchange starts next week. Perhaps the most popular holiday tradition at M&G, it gives each employee the opportunity to learn a little more about their peers and connect with a coworker they may not normally work with.

With year-end goals and due dates approaching, we hope you too can take a moment to step away and enjoy a small moment of celebration. From all of us at Morris & Garritano, we hope you have a wonderful holiday season!



**1122 Laurel Lane
San Luis Obispo, CA 93401**

Phone: 805-543-6887

Fax: 805-543-3064

**E-mail:
info@morrisgarritano.com**

