

M&G | exposure

THE COUNCIL OF INSURANCE AGENTS & BROKERS

We are excited to announce that our agency is one of eleven new members being welcomed to The Council of Insurance Agents & Brokers in 2018. Joining the ranks of other top agencies throughout the nation, this opportunity allows us to be at the forefront of an industry that is constantly evolving.

In a press release from The Council of Insurance Agents & Brokers, David L. Eslick, the Council's 2018 Chairman, said "At a time when the business is rapidly changing, it is critical to bring industry leaders together to solve problems and turn challenges into opportunities. These new members bring leadership and energy to the table, and their collective addition further strengthens our great community."

Earlier this month, our Executive Team attended The Council's annual Legislative & Working Groups Summit in Washington, D.C. With presentations and collaborative sessions revolving around Claims & Risk Management, Human Resources, Legal Counsel, and Marketing & Communication, it was an educational and empowering forum. We discussed congressional issues affecting our industry, such as the Affordable Care Act and reauthorizing the National Flood Insurance program, and had the honor of visiting the offices of our California senators and representatives to help ensure the work we are doing has meaning to the communities we serve.

The Legislative Summit was truly a unique experience, and is only the beginning of our involvement. We will continue to learn and grow from other members of The Council while contributing our own knowledge and experience. Our goal is to engage others within our agency and encourage new thinking as a way to advance our industry to greater heights and to support the people that really matter in all of this – our clients.

Brendan



INSIDE THIS ISSUE

Compliance.....	2
Human Resources	3
Employee Benefits.....	5
Claims.....	7
Commercial Lines.....	8
Risk Management.....	9
Workers' Comp.....	9
Personal Lines	10

SPECIAL POINTS OF INTEREST

- ACA Reporting Deadlines
- There's Still Time to Order Your Labor Law Posters
- This Year's Flu Hits Baby Boomers Hard
- Navigating Auto Claims: Vehicle Theft



2018 ACA REPORTING DEADLINES

Contributed by: Keith Dunlop, Director of Compliance

On December 22, 2017, the Internal Revenue Service (IRS) issued Notice 2018-06 to:

- Extend the due date for furnishing forms under Sections 6055 and 6056 for 2017 for 30 days, from January 31, 2018, to **March 2, 2018**; and
- **Extend good-faith transition relief from penalties** related to 2017 information reporting under Sections 6055 and 6056.

Notice 2018-06 does not extend the due date for filing forms with the IRS for 2017. The due date for filing with the IRS under Sections 6055 and 6056 remains **February 28, 2018 (April 2, 2018, if filing electronically)**.

IRS Report	Filing Deadlines
Form 1095-C to Individuals	March 2, 2018
Form 1094-C to IRS (paper)	February 28, 2018
Form 1094-C to IRS (electronic)	April 2, 2018

Who Must Furnish ACA Forms?

The IRS informational reporting requirement applies to Applicable Large Employers (ALEs) – those with 50 or more full-time and full-time equivalent employees in the preceding calendar year. Entities that are associated through common control must aggregate their numbers.

Doesn't My Insurance Carrier Do This For Me?

No. Section 6055 of the regulations states that “providers of coverage”, such as health insurance issuers and self-insured employers, must use Forms 1094-B and 1095-B to report information about the coverage they provided during the previous year. This is a separate reporting requirement from that of fully insured employers under Section 6056 who must provide forms 1094-C and 1095-C.

Impact on Individuals

Because of the extended furnishing deadline, some individual taxpayers may not receive a Form 1095-B or Form 1095-C by the time they are ready to file their 2017 tax returns. Taxpayers may rely on other information received from their employer or other coverage provider for purposes of filing their returns, including determining eligibility for an Exchange subsidy and confirming that they had MEC for purposes of the individual mandate.

Taxpayers do not need to wait to receive Forms 1095-B and 1095-C before filing their 2017 returns. In addition, individuals do not need to send the information they relied upon to the IRS when filing their returns, but should keep it with their tax records.

Extension of Good-faith Transition Relief from Penalties for 2017

Notice 2018-06 also extends transition relief from penalties for providing incorrect or incomplete information to reporting entities that can show that they have made good-faith efforts to comply with the Sections 6055 and 6056 reporting requirements for 2017 (both for furnishing to individuals and for filing with the IRS).

This relief applies to missing and inaccurate taxpayer identification numbers and dates of birth, as well as other information required on the return or statement. No relief is provided for reporting entities that:

- Do not make a good-faith effort to comply with the regulations; or
- Fail to file an information return or furnish a statement by the due dates (as extended).

In determining good faith, the IRS will take into account whether a reporting entity made reasonable efforts to prepare for reporting the required information to the IRS and furnishing it to individuals (such as gathering and transmitting the necessary data to an agent to prepare the data for submission to the IRS or testing its ability to transmit information to the IRS). The IRS will also take into account the extent to which the reporting entity is taking steps to ensure that it will be able to comply with the reporting requirements for 2018.

Contact Morris & Garritano Director of Compliance, Keith Dunlop, for further information regarding these or any other ACA-related issue.

THERE'S STILL TIME TO ORDER YOUR LABOR LAW POSTERS!

Contributed by: Louise Matheny, Human Resources Consultant

Morris & Garritano has 2018 labor law posters in stock and ready to send out!

As a Morris & Garritano client, we are happy to provide you with up to five complimentary labor laws posters.

If you are still in need of new posters, please [email Louise](#) indicating how many posters you would like and whether you need English, Spanish, or both.



ENSURING COMPLIANCE WITH NEW SALARY INQUIRY BANS

Contributed by: Louise Matheny, Human Resources Consultant

Over the last few months, several states, including California, have passed laws or ordinances banning employers from inquiring into an applicant's prior compensation. As similar laws are being considered by a number of other states, you can expect this topic to be a key focus for lawmakers in 2018.

In order to stay in compliance with new salary inquiry requirements, here are a few best practices that employers may want to incorporate into their hiring and interviewing processes:

- **Remove any salary history information inquiries from materials used to collect applicant information.** This would include questions on a written application or online application, such as one hosted by an Applicant Tracking System software.
- **Properly train and inform recruiters or those scouting new talent.** Anyone involved in the hiring process should be made aware of the new requirements, including how to document an applicant's voluntary disclosure of salary history.
- **Be aware of when you ask for an applicant's W-2 form.** Requesting an applicant's W-2 form before the question of salary history becomes lawful could result in a violation of some salary inquiry bans.
- **Understand that "compensation" refers to more than just a base salary.** More broadly, compensation could refer to retirement plan contributions, vehicle allowances, or bonuses. Inquiries into any of these items would be considered prohibited.





MOTOR VEHICLE REPORTS AND THE HIRING PROCESS

Contributed by: Louise Matheny, Human Resources Consultant

You may have heard about the new Ban the Box law recently enacted in California. This law, AB 1008, restricts the ability of employers to disqualify applicants with criminal histories. The Legislature passed AB 1008 in response to statistics showing that roughly seven million Californians - or nearly one in three adults - have an arrest or conviction record that can undermine their efforts to obtain employment. This new law is intended to reduce barriers to employment for people with higher criminal conviction rates.

AB 1008 makes it an “unlawful practice” under California’s Fair Employment and Housing Act (FEHA) for an employer to seek the disclosure of an applicant’s criminal history at any time before a conditional offer of employment is made. Once the employer makes a conditional offer to an applicant, the employer may then ask about criminal history, or obtain the applicant’s authorization to conduct a criminal background check.

The definition of “conviction” is from Labor Code section 432.7(a)(1)(3): “a plea, verdict, or finding of guilt regardless of whether sentence is imposed by the court.” The term “conviction history” is somewhat broader, and can include certain arrests.

Because of this new law, employers are only allowed to ask applicants for a copy of their MVR **after** a conditional offer of employment is made. It is always advisable to delay the employee’s start date until receipt of this report, just like you would with pre-employment drug testing and criminal background checks.

The law also sets up a pre-adverse and adverse action process that is similar to the process required by the Fair Credit Reporting Act (FCRA) and Title VII of the Civil Rights Act.

AB 1008 does not apply to employers with fewer than five employees.

If you have any questions, please feel free to reach out to our office.

NOTICE TO EMPLOYEE FOR FORM I-9 INSPECTIONS

Contributed by: Louise Matheny, Human Resources Consultant

California's Immigrant Worker Protection Act (AB 450), effective January 1, 2018, protects California workers from immigration enforcement while on the job.

Notice to Employees

It is required that employers provide notice to all current employees when a federal immigration agency plans to inspect their company's Forms I-9 or other employment records. When an employer receives a Notice of Inspection from a federal immigration agency, the employer must post a notice to employees in the workplace within 72 hours.

The notice, and any accompanying documents, must be posted in the primary language used to communicate with employees. Additionally, employers must provide the notice to any employees' collective bargaining representative(s).

The Labor Commissioner has released an official notice in both [English](#) and [Spanish](#).

Additional Notice Requirements

Once the inspection is completed, employers have another notice obligation. After receiving the inspection results, they have 72 hours to provide each "affected employee" with a copy of the results and a written notice of the obligations arising from the inspection for both the employer and employee.

An "affected employee" is someone identified by the inspection as potentially lacking proper work authorization or having document deficiencies. The written notice must be specific to each employee – there is no template.

Being Prepared

Due to the short timeframes, being prepared is essential for meeting the notice requirements. Employers should create a process to respond to Notices of Inspection that identifies those in their organization who would likely receive an inspection and ensure that person knows how to respond.

THIS YEAR'S FLU HITS BABY BOOMERS HARD

Contributed by: Celia Silacci, Employee Benefits Department Manager

In a typical flu season, the most affected age groups are the elderly and the infants. However, this year people between the ages of 50 and 64 have seen an alarming rate of hospitalization.

As we age, our bodies are exposed to a barrage of viruses. While getting sick is not enjoyable, this process builds our immunity and makes us more resistant to future infections. So why now are the baby boomers having such a hard time fending off this flu virus?

"Imprinting" occurs when a person is first exposed to a flu virus, either from a shot or illness. This teaches the body's immune system how to fight off that particular strain of flu. While flu strains can mutate and evolve over time, thus the need for fresh flu shots each year, that initial exposure will determine which strain you are most protected against.

This is a great safeguard if you are exposed to another flu virus that is just like the imprinted strain. However, if you happen to catch a different strain, your immune system may not be up for the fight. This is what is thought to be happening with older adults who were born before the H3N2 strain, strongly circulating this year, even existed.

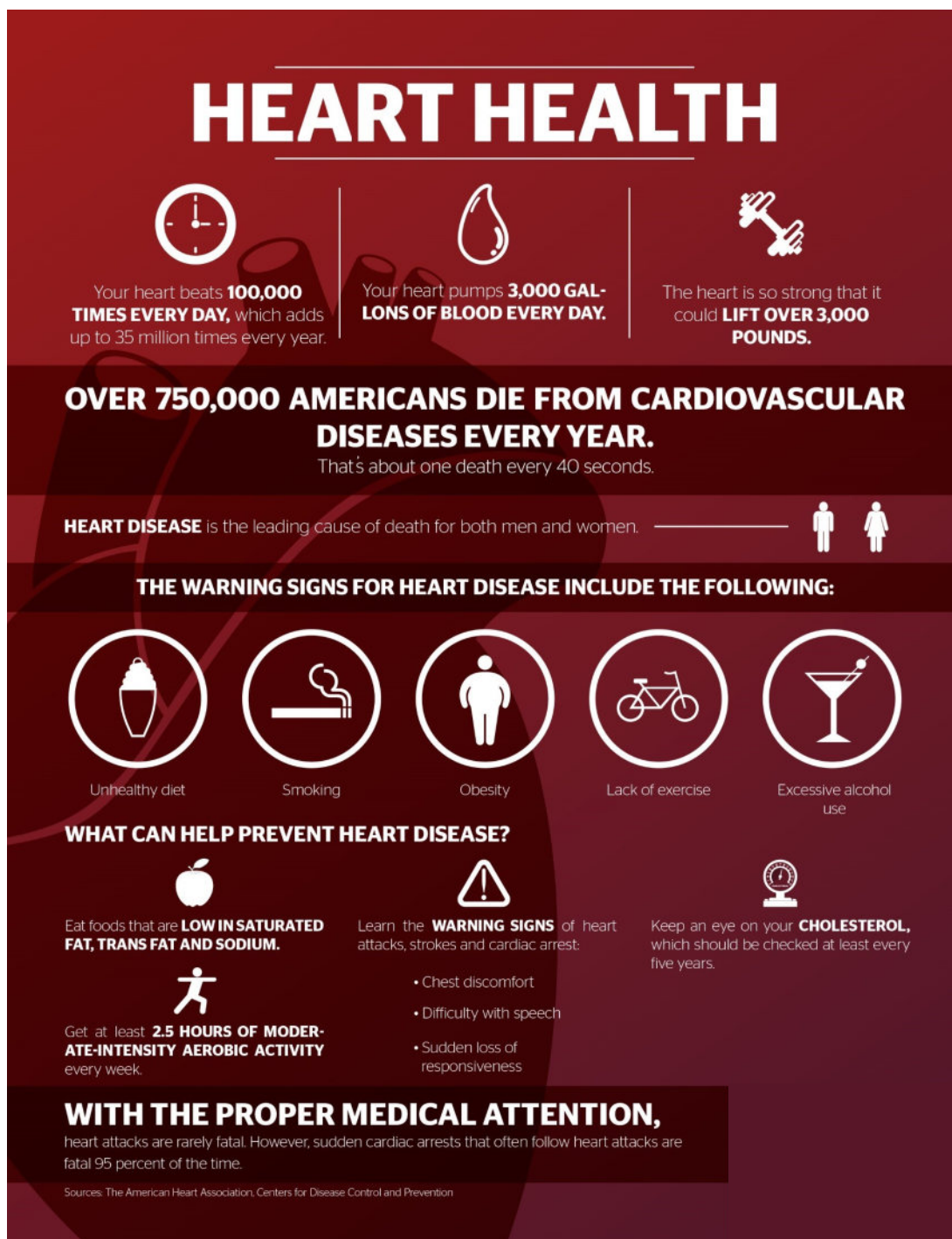
The H3N2 flu first appeared during the 1968 flu pandemic. By that time, adult baby boomers would have likely already been exposed and imprinted with a different H2N2 virus, leaving them vulnerable to the H3N2 strain that has now resurfaced. Today, most children likely get their first flu exposure through a flu vaccine once they reach six months old. These vaccines generally contain elements from multiple flu strains. For example, this year's flu shot had portions of H3N2, H1N1, and influenza B.

While this year's flu may seem particularly harsh, it is by no means at a pandemic level. Michael Osterholm, director at The Center for Infectious Disease Research and Policy, says that this year's flu is "simply showing us how ill prepared we are for even 'ordinary' flu, because we don't have a universal flu vaccine that would protect us from the viruses for life."



FEBRUARY IS AMERICAN HEART MONTH!

While February may be an entire month dedicated to heart health, we really should be dedicating our whole lives to keeping our heart healthy. The below infographic examines the dangers of heart disease and a few ways that we can improve the health of our hearts.



Navigating Auto Claims

A series by Heather Ross, Claims Advocate

VEHICLE THEFT

Last month, we talked about the settlement process for total loss vehicles. Although the settlement process for vehicle thefts is similar, there are some additional considerations to bear in mind as you go through the claims process.

It is important to report an auto theft right away, even if you don't carry comprehensive coverage on the stolen vehicle. The reason for this is simple: you don't want to be held liable if the thief causes damage to other people or their property while driving around in your car!

Report the theft to the police first, and then put your auto insurance carrier on notice. If the vehicle is recovered without any damage, you can always request that the claim be withdrawn.

If your stolen vehicle is financed or leased, you'll want to advise your lienholder of the theft as well. The claim may move more quickly if you authorize your finance or leasing company to discuss the case directly with your insurance company.

Coverage for any business property or tools stolen with the vehicle will most likely require that you file a second claim with the company that insures those items. Although some auto policies do include limited coverage for "personal effects," the list of covered items is rather restrictive, and coverage is usually limited to a few hundred dollars.

Even if you don't have rental reimbursement coverage on your policy, your policy may provide for "transportation expenses" in the event of a total theft of a covered vehicle. Please contact our office if you're not sure whether your policy includes this coverage.

Stolen vehicles are handled much like a total loss. Since it's harder to determine the condition of a vehicle that can't be inspected, the total loss adjuster may rely more heavily on purchase agreements and maintenance records to determine the vehicle's value.

Some carriers have a minimum waiting period before settling an auto theft claim to allow time for the vehicle to be recovered.

Many stolen vehicles are eventually recovered. If your vehicle is recovered, notify your adjuster right away. If your vehicle is recovered before the total loss is finalized, your insurance company will pay to have the vehicle returned, and for the repairs to bring it back to pre-theft condition (less your deductible, of course).

If the cost of repairs exceeds the vehicle's actual cash value (ACV), the vehicle will be reassigned to a total loss adjuster to continue the settlement process.

If your stolen vehicle is recovered after you've already settled the total loss, you may be able to work with the insurance company to buy your vehicle back.

Next month, we'll conclude this series with a discussion of auto-related bodily injury claims.

UNDERSTANDING EMPLOYMENT PRACTICES LIABILITY (EPL)

Contributed by: Weston DeFrisco, Commercial Lines Account Executive

Employment practices liability (EPL) insurance provides coverage to employers against claims made by employees alleging wrongful termination, discrimination (based on sex, race, age or disability), harassment, or various other employment-related issues, such as failure to promote.

Larger corporations usually have EPL coverage in place and are prepared for potential employment lawsuits. It is the small or new businesses that are most often vulnerable to employment claims. These smaller companies generally lack a legal department or their employee handbook, should they have one, may be missing some key details on policies and procedures around hiring, disciplining, or terminating employees.

The risk of an employment claim starts the moment you interview a prospective employee. If you choose not to hire the interviewee, they could attempt to claim discrimination. Or, if you do hire the interviewee, but later fire them based on poor attendance, they might claim wrongful termination at that point.

It is best to follow a few guidelines to help significantly lower your employment practices liability risk:

- Review potential loss exposures with your risk advisor and purchase adequate EPL limits.
- Create an employee handbook that details your company's workplace policies and procedures. Be sure to include items such as attendance, discipline, and filing complaints. The employee handbook should also contain an equal employment opportunity statement and an at-will statement, meaning an employee can be terminated at any time – for any reason – with or without notice.
- Ensure each position has a job description that clearly defines the skills and performance expectations.
- Periodically conduct performance reviews for each employee. Carefully note the discussion and any outcomes in the employee's file.
- Weed out unsuitable candidates on paper before interviewing them in person by utilizing a screening and hiring program.
- Institute and enforce a zero-tolerance policy regarding discrimination, substance abuse, and harassment. Provide an "open door" policy in which employees can report issues without fear of retribution.
- Keep accurate records of employee issues or complaints and what the company did to rectify the situation.

The cost of EPL coverage will depend on a variety of factors, such as number of employees, claims history, turnover percentage, and if you have established rules and practices in place. That being said, EPL is proving to be one of the most valuable lines of coverage to carry given the increasing number of claims being seen throughout the industry.

Reach out to M&G today for more information or a quote!

TITLE 8 VIOLATION PENALTY INCREASES

Contributed by: Michael Schedler, Loss Control Consultant

Only a few months after an increase mandated by the U.S. Congress, the Department of Industrial Relations and Cal/OSHA have raised the minimum and maximum penalties for particular Title 8 violations. These increases are for regulatory, general repeat, and willful violations.

The increases went into effect on January 8, 2018 and total 2.04113% - the percentage increase in the Consumer Price Index for All Urban Consumers from October 2016 to October 2017.

- Maximum penalty for regulatory and general violations has increased from \$12,471 to \$12,726.
- Minimum penalty for willful violations has increased from \$8,908 to \$9,090.
- Maximum penalty for willful and repeat violations has increased from \$124,709 to \$127,254.

In 2016, when Congress mandated the penalty increase for OSHA violations, the bill allowed for annual increases to adjust for inflation, prompting this latest move.



UNDERSTANDING THE QUALIFIED MEDICAL EVALUATOR PROCESS

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

What is a Qualified Medical Evaluator?

Qualified medical evaluators (QMEs) are qualified physicians who are certified by the Division of Workers' Compensation - Medical Unit to examine injured workers to evaluate disability and write medical-legal reports. The reports are used to determine an injured worker's eligibility for workers' compensation benefits. QMEs include:

- medical doctors
- optometrists
- dentists
- doctors of osteopathy
- podiatrists
- acupuncturists
- doctors of chiropractic
- psychologists

When would you have the need to use a PQME?

If the carrier is in dispute of the current medical treatment of an employee, they can request a Panel Qualified Medical Evaluator (PQME) from the Department of Insurance. The PQME is a randomly generated list of three QMEs in a specific field from which another physician may be selected. Medical disputes could be due to excessive treatment, not following the CA WC guidelines, or a Non MPN (medical provider network) provider treating the employee.

Both the insurance carrier and the employee can dispute a final medical discharge report and request a PQME. In this case the PQME report will be used to negotiate a final WC claim settlement.

If you have any questions regarding this process, please contact our office.

NATIONAL LOVE YOUR PET DAY!

Contributed by: Marie Bloomstine, Personal Lines Department Manager

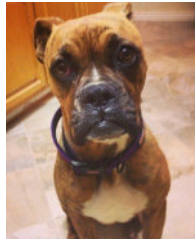


It's not like you *need* an excuse to love your pet, but just in case, February 20th was National Love Your Pet Day - and we're just going to extend it for the whole month!

Take some time to give your furry, scaly, or feathery friend a little extra attention in the next couple of weeks; take them for a walk, give them an extra scoop of food, or take them to the groomer.

Now, while it may not be as exciting as a new chew toy, you can also show your cat or dog how much you love them by protecting them with Safeco pet insurance. A pet injury or illness is never planned, but at least you can be prepared.

If you are interested in a quote, please contact our Personal Lines Department.



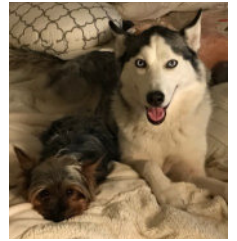
Reba

Paul Scorsone, PL Risk Advisor



Skipper & Isabelle

Marie Bloomstine, PL Dept. Manager



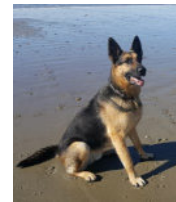
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MORRIS & GARRITANO INSURANCE

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

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

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

