

M&G | exposure

ANDRE, MORRIS, & BUTTERY BUSINESS SYMPOSIUM



This past month, we had the honor of being a sponsor of Andre, Morris, & Buttery’s 9th Annual Business Symposium. “An opportunity for local leaders to gather and explore new ideas for improving our businesses and our community” - we are proud to support this event year after year.

This year’s speakers focused on a topic that all businesses can relate to— how can we manage change? We were offered three perspectives from three engaging presenters. HR expert Sharon Jordan-Evans concentrated on the challenges of maintaining great talent on your team, while Stanley Fields discussed the ever-increasing confusion that can come with “fake news,” and Cal Poly Baseball alum Matt Imhof taught us that sometimes the biggest change has to start within ourselves.

One of the key features of Sharon’s presentation was the importance of having a “stay interview” with your top performing employees. The basis of this concept is simple: ask your employees how they like their jobs and what can be done to improve their work experience. We all know that good employees are hard to find, and losing one can be even harder.

Trust and honesty are two of the most important elements in any relationship, particularly a business relationship. At M&G we stand by that so strongly that it is the beginning of our mission statement: “To be trusted advisors...” Stanley Fields stressed the importance of differentiating between real news from “fake news” and to ensure that the information you are receiving, and passing along, always comes from a trusted source. In the world of insurance, we deal with changing laws and regulations on a regular basis. We make it our responsibility to gather accurate information from knowledgeable sources so that we can relay the proper facts back to you, our clients.

If you don’t know already, it should be noted that I am a huge fan of baseball, making Matt Imhof’s story that much more compelling to me. Love of the game aside, it was Matt’s courage and tenacity that drew my interest as a business owner and employer. An up-and-coming pitcher drafted by the Philadelphia Phillies, Matt lost his right eye in a freak accident while working with an exercise band. While the injury ended his chance to play in the Major Leagues, it provided Matt with an alternative career path – one that he has tackled with the same strength and determination that he dedicated to baseball. Not one of us hasn’t been thrown a curve ball at some point in life or in business, and for those of us responsible for the careers and livelihood of our employees, how we handle that challenge affects more than just ourselves. But, with the right attitude and a lot of hard work, any struggle can be turned into an opportunity. And if we can think beyond our immediate future and instead focus on the possibilities, we may come out better than before.

If you were in attendance at this year’s Symposium, I hope you came away with some of the same insights and knowledge that we experienced. I encourage you to pass what you learned onto your team and to continue the conversation. Remember, the only thing that is constant is change.

Blenda

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SPECIAL POINTS OF INTEREST

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- New Form I-9 Available
- Is Health Care Reform DOA?
- Changing Safety Behavior
- M&G 4th Annual Office Olympics!



BARBERING & COSMETOLOGY POSTING REQUIREMENT UPDATES

Contributed by: Louise Matheny, Human Resources Consultant

As of July 1, 2017, all businesses licensed by the Board of Barbering and Cosmetology (BBC), such as hair salons, nail salons, and estheticians, are required to post a new notice in their place of work.

In order to address workplace violations, two legislative bills were passed intended to educate both business owners and workers about current labor laws that they may be unknowingly violating. It was found that confusion about workplace law could be attributed to language and cultural barriers. According to one analysis, an estimated 80 percent of nail salon owners and employees in the state of California are Vietnamese immigrant women who often have limited English proficiency.

The notice (AB 2437) regarding workplace rights and wage-and-hour laws must be posted in clear view of employees and in four languages: English, Spanish, Korean, and Vietnamese. Failure to post the notice will result in a fine. You can find the three-page poster, in all four languages, on the Labor Commissioner's [publications website](#).

The poster provides information about the protections for workers by California's labor laws, regardless of where the worker was born or if they have proper papers to work. Workers are able to bring claims to the Labor Commissioner regardless of their immigration status.

The second legislative bill passed requires the BBC to provide basic labor law education as part of the health and safety curriculum at its schools (AB 2025). Additionally, anyone applying for or renewing an establishment license must sign an acknowledgement stating that they are responsible for compliance with the California labor laws and understand the information that they have been provided.



TIME TO UPDATE YOUR HANDBOOK AGAIN!

Contributed by: Louise Matheny, Human Resources Consultant

Due to amendments to California Fair Employment and Housing Act regulations relating to gender identity and gender expression that are effective July 1, 2017, handbook updates are required. Updates are recommended for two policies:

- Harassment, Discrimination and Retaliation Prevention
- Dress Code and Other Personal Standards

We highly recommend that you update your handbooks with [these changes](#) at your earliest convenience.

IS HEALTH CARE REFORM DOA?

Contributed by: Steve Gray, Employee Benefits Advisor and Keith Dunlop, Director of Compliance

On June 22, 2017, Republicans in the U.S. Senate released a draft of their proposal to repeal and replace the Affordable Care Act (ACA), called the Better Care Reconciliation Act (BCRA). The Senate bill closely mirrors the proposal passed in the House of Representatives—the American Health Care Act (AHCA)—with some differences. For example, unlike the AHCA, the BCRA:

- Would enhance the ACA’s Section 1332 State Innovation Waiver program; and
- Would not allow issuers to impose a surcharge for individuals who do not maintain continuous coverage.

Legislative Process

The Senate has not voted on any ACA repeal or replacement proposal at this time. The proposal would need a simple majority vote in the Senate to pass. However, amendments may be made before a Senate vote is taken. Republicans were pushing for a vote prior to the Senate’s July 4 recess, but it was decided that they needed more time. If the BCRA passes the Senate, it would need to go back to the House for approval before being signed into law by President Donald Trump.

Both the House and Senate’s proposed ACA repeal and replacement legislation are budget reconciliation bills, which mean that they can only address ACA provisions that directly relate to budgetary issues—specifically, federal spending and taxation. As a result, these proposals cannot fully repeal the ACA.

ACA Provisions Not Impacted

Like the AHCA, the BCRA would not affect the majority of the ACA. For example, the following key ACA provisions would remain in place:

- Cost-sharing limits on essential health benefits (EHBs) for non-grandfathered plans (currently \$7,150 for self-only coverage and \$14,300 for family coverage)
- Prohibition on lifetime and annual limits for EHBs
- Requirements to cover pre-existing conditions
- Coverage for adult children up to age 26
- Guaranteed availability and renewability of coverage
- Nondiscrimination rules (on the basis of race, nationality, disability, age or sex)
- Prohibition on health status underwriting

Repealing the Employer and Individual Mandates

The ACA imposes both an employer and individual mandate. Like the AHCA, the BCRA would reduce the penalties imposed under these provisions to zero, effectively repealing both mandates (although they would technically still exist). These changes would apply retroactively for months beginning after Dec. 31, 2015.

Replacing Health Insurance Subsidies with Tax Credits

The ACA currently offers federal subsidies in the form of premium tax credits and cost-sharing reductions to certain low-income individuals who purchase coverage through the Exchanges. Like the AHCA, the BCRA would repeal the cost-sharing reductions, effective in 2020. The BCRA would, however, technically leave the premium tax credit provision in place, with heavy amendments taking effect in 2020. These amendments would essentially replace the ACA’s premium tax credits with a portable, monthly tax credit to all individuals that can be used to purchase individual health insurance coverage. The BCRA would:

- Restrict individual eligibility for premium tax credits to those with incomes not exceeding 350 percent of the federal poverty level (reduced from the current eligibility limit of 400 percent);
- Eliminate the cap on repaying Exchange subsidy overpayments; and
- Amend the “applicable percentage” schedule for determining the amount of premium tax credits an individual is eligible for, so that younger individuals would be eligible for higher tax credits.

The BCRA (like the AHCA) would also repeal the ACA’s small business tax credit, beginning in 2020. In addition, between 2018 and 2020, the small business tax credit generally would not be available with respect to a qualified health plan that provides coverage relating to elective abortions.

Continued on page 5

IS HEALTH CARE REFORM DOA? (CONT'D)

Enhancements to Health Savings Accounts (HSAs)

HSAs are tax-advantaged savings accounts that are tied to a high deductible health plan (HDHP), which can be used to pay for certain medical expenses. To incentivize use of HSAs, the BCRA (like the AHCA) would:

- Increase the maximum HSA contribution limit
- Allow both spouses to make catch-up contributions to the same HSA
- Address expenses incurred prior to establishment of an HSA

Relief from ACA Tax Changes

Like the AHCA, the BCRA would provide relief from many of the ACA's tax provisions. The affected tax provisions include the following:

Cadillac tax: The ACA imposes a 40 percent excise tax on high cost employer-sponsored health coverage, effective in 2020. Like the AHCA, the BCRA would delay the effective date of the Cadillac tax to 2026.

Restrictions on using HSAs for over-the-counter (OTC) medications: The ACA prohibits taxpayers from using certain tax-advantaged HSAs to help pay for OTC medications. Like the AHCA, the BCRA would allow these accounts to be used for OTC purchases, beginning in 2017.

Increased tax on withdrawals from HSAs: Distributions from an HSA (or Archer medical savings account) that are not used for qualified medical expenses are includible in income and are generally subject to an additional tax. The ACA increased the tax rate on these distributions to 20 percent. Like the AHCA, the BCRA would lower the rate to pre-ACA percentages, beginning with distributions in 2017.

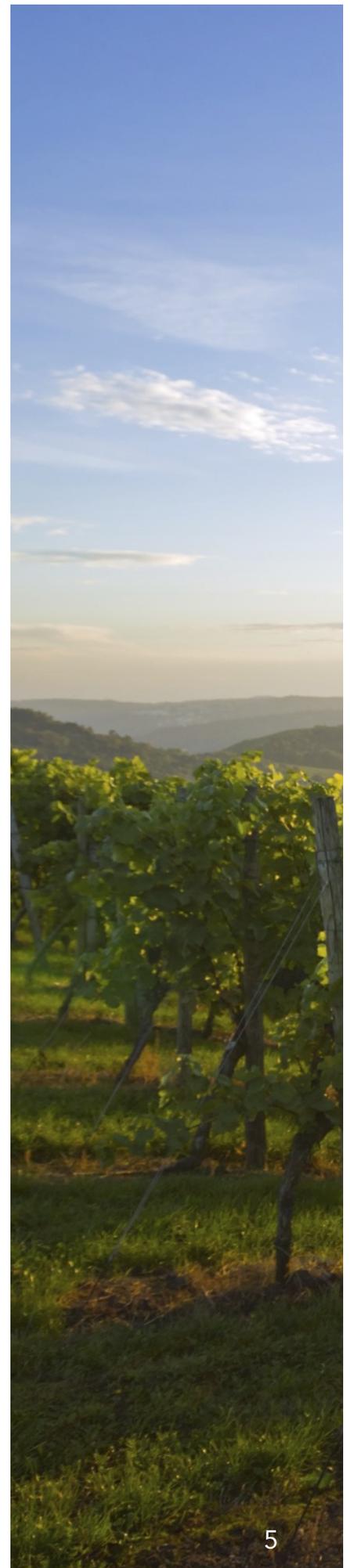
Health flexible spending account (FSA) limit: The ACA limits the amount an individual may contribute to a health FSA to \$2,500 (as adjusted each year). Like the AHCA, the BCRA would repeal the limitation on health FSA contributions for taxable years beginning in 2018.

Additional Medicare tax: The ACA increased the Medicare tax rate for high-income individuals, requiring an additional 0.9 percent of wages, compensation, and self-employment income over certain thresholds to be withheld. Like the AHCA, the BCRA would repeal this additional Medicare tax beginning in 2023.

Deduction limitation for Medicare Part D subsidy: The ACA eliminated the ability for employers receiving the retiree drug subsidy to take a tax deduction on the value of this subsidy. Like the AHCA, the BCRA would repeal this ACA change and reinstate the business-expense deduction for retiree prescription drug costs without reduction by the amount of any federal subsidy, effective in 2017.

UPDATE – On July 13, 2017 the Senate released an update to their healthcare reform legislation, referred to as the Better Care Reconciliation Act (BCRA). Changes to the BCRA include; more money allocated to the State Stability Fund, the ability of people to use their HSA accounts to pay for premiums, tax credit eligibility for catastrophic plans, more resources to combat the opioid crisis, reinstatement of the investment income and other taxes related in the first version of the bill, and the option of states to receive block grant Medicaid payment rather than per-capita based payments.

These changes were intended to attract the votes of Republican senators who had expressed concern about the initial version of the bill. However, as of this writing, some of those senators have indicated they will not support the legislation. What happens next with healthcare reform is unclear – Republicans remain deeply divided over how to proceed, and there are other pressing matters looming on the agenda.



MEDICAL COVERAGE WHILE TRAVELING ABROAD

Contributed by: Luzette Graves, Medical Case Manager



Did you know that Anthem Blue Cross of CA and Blue Shield of CA employer group plans offer limited coverage for international services? This benefit is accessed through the Blue Card portion of your coverage and is referred to as Blue Card Worldwide or BlueCross BlueShield Global Core.

How to Use the Program

Most overseas providers are out-of-network, which means you will need to pay for any services up front and then file an international claim to request reimbursement.

It is important to note that out-of-network benefits are quite limited on this plan. Your insurance will only cover a portion of the charges, called the **allowed amount**. Any amount above and beyond the **allowed amount**, which can be as much as 60% of billed charges, will be your responsibility to pay and does NOT count towards your out-of-pocket maximum.

You can learn more details [here](#) as well as visiting <https://bcbsglobalcore.com/> to find providers in the countries or cities that you will be traveling.

Important Notes

When receiving medical care abroad, make certain to obtain medical records and itemized bills at the time of service as it can be extremely difficult to obtain this information after the fact.

Air Ambulance transportation and Medical Repatriation services are NOT covered under this benefit.

Travel Insurance

If you plan on being abroad for an extended period of time or intend to engage in risky sporting activities that could result in the need for Air Ambulance Transportation or Medical Evacuation back to the United States, you may want to consider purchasing travel insurance.

Blue Cross Blue Shield offers a selection of plans you can choose from. For this purpose, please visit their website at <https://www.geobluetravelinsurance.com/>

AUTO ACCIDENTS WHILE ON THE CLOCK

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

My employee was in an auto accident while working. Why would I file a WC claim if it was the other party's fault?

The rule of thumb - **ANY** time an employee is injured while working and they require medical treatment, you are required to file a claim with your Workers' Compensation carrier. It doesn't matter if the injury occurred while the employee was driving their own vehicle or if they were using a company vehicle.

The damage to the vehicle should be filed against the appropriate auto policy and the employee injury will be filed through the WC carrier. Additionally, be sure to let your claims examiner know if a police report was filed. If the other party is found at fault, the WC carrier will subrogate back for reimbursement on the claim.

If you qualify for an experience modification and the subrogation credit has been received by the WC carrier, we will make certain the claim is corrected to reflect the reimbursement.

If you have any questions, please do not hesitate to contact our office.



NETWORK SECURITY & CYBER PRIVACY

Contributed by: Justin Maire, Commercial Lines Risk Advisor

Different industries require different insurance, but there is one type of insurance coverage that is becoming more common across the board – Network Security and Privacy Liability.

There are several ways that a cyber incident can affect your business. For example, your internal network could be subject to cyber threats through viruses or spyware that is unintentionally downloaded by employees. Or the theft of a laptop could put your customers, employees, or a third party's information at risk.

When something like this happens, the costs associated with notification and the resulting damage can be astronomical. Target recently settled a data breach case for \$18.5 million due to a cyber attack that allowed a third party to access their customers' personal and credit card information.

Cyber policies can cover your loss of income resulting from a cyber attack. For many online retailers this is a key coverage as it can indemnify them if they are unable to make transactions for a period of time. Adding to the damage, it's possible that your business could lose some of your largest clients because of the breach.

As many contracts require proof of coverage and additional insured endorsements, cyber liability is becoming a common requirement as well, especially if your company is working with larger retailers.

There are many types of cyber coverages that can be included – and should be looked at – as a supplemental coverage to your insurance portfolio. Cyber coverages are still very affordable and some cyber insurance carriers can even provide counseling and proactive security assessments to help beef up your security to fend off an attack before one happens.

You can call Morris & Garritano to learn more about Cyber and Security coverages and the options available for your business.

CHANGING SAFETY BEHAVIOR

Contributed by: Michael Schedler, Loss Control Consultant

Have you ever noticed that you are more likely to follow through with a social commitment if a friend is expecting you to show up? Having another person depending on you affects your decision-making process. Now consider how this same scenario could play out in the work place with regards to safety. How do you ensure that the decisions you are making on the job are safe? Asking for help could be the most powerful way to change your behavior.

Working Well Together

Various research and data reinforces the idea that humans are social beings and it can be surmised that the way our brains function socially can factor into making safe decisions on the job. Whether it is how we perceive the loss or gain of a social connection, or that we are able to build and maintain teams – often leading to greater achievements – our brains are meant to connect with others. It is important, however, to be leery of falling into a groupthink phenomenon where too much dependency on each other creates a breakdown of efficiency and judgement.

The question is – how can your safety decision-making benefit from working together without falling victim to the groupthink roadblocks?

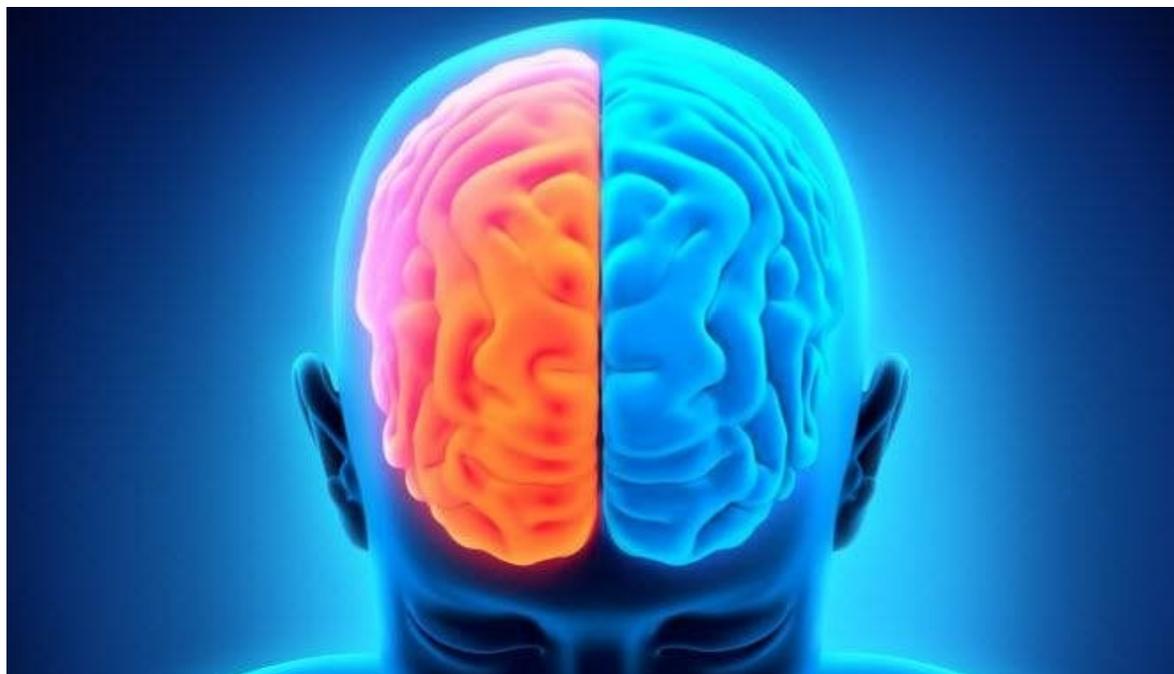
How the Brain Affects Your Decision

When we make a decision, there are two parts of the brain that are triggered: an interlimbic pathway and a cognitive part. The former deals with “fast brain” processing and includes instinctual or habitual actions regardless of the consequences. Alternatively, the cognitive parts of our brain use “slow brain” processing and assess the best course of action.

It is important to utilize “slow brain” processing when considering safety in the workplace, so as to eliminate any potential issues that can arise when our brains take shortcuts to assist us throughout the day. To help with this process, the safety experts at Dekra Insights have developed the “Making Safe Decisions” approach. By focusing on three main areas of the decision making process, we can “trick” our brain into being more aware of possible outcomes:

- Recognizing – Observing the situation
- Thinking – Reasoning through the decision-making process with self-analysis questions
- Executing – Continuously verifying your performance through cross-checking and vocalization

By matching these steps with the teaming element to enlist the help of others, you can move towards making safe decisions in any scenario.



4TH ANNUAL M&G OFFICE OLYMPICS

Contributed by: Sara Holloway, Marketing Coordinator

A little bit of competition is healthy, right? Well, at M&G we take our competitions very seriously...even if it does involve a hula-hoop.

July brings about the 4th Annual Office Olympics. As a company we put a strong focus on health and wellness year-round as we encourage our employees to take care of their bodies, their minds, and their well-being. The Office Olympics are a fun way to get everyone involved!

Throughout the month we host a series of events that focus on challenging the body and the mind. Points are awarded based on performance, the numbers are tallied, and winners are announced at the annual closing ceremonies.

As the events have been taking place over the month, we have been posting photos to our Facebook and Instagram pages. Be sure to check it out!

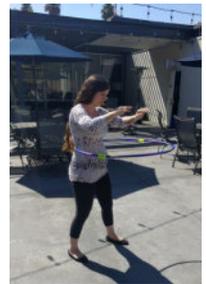
July 7th—Plank



July 11th—Memory



July 13th—Hula Hoop



July 18th—Ping Pong



July 20th—Wall Sit



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, 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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