

M&G|exposure

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NOW OPEN! MORRIS & GARRITANO IN SANTA MARIA

We are proud to announce the opening of our second office, located in Santa Maria!

As a means to better serve the needs of our clients and to support the communities in which we live, our Santa Maria office will provide an added convenience for the businesses and individuals of Northern Santa Barbara County and surrounding areas. With a strong commitment to our mission and values, you can be certain that our focus will remain on improving our clients' overall experience by providing the same high-quality service that you have come to know.

Our Santa Maria staff is a mix of new talent and veteran employees who are eager to share their knowledge and expertise with a growing community. Just like our home office in San Luis Obispo, our Santa Maria team is able to provide a full range of client services including employee benefits, commercial insurance, and personal insurance.

We hope you will join us in celebrating this major milestone, as it provides a tremendously exciting opportunity for our clients and our employees. We look forward to exceeding your expectations from San Luis Obispo, Santa Maria, and for generations to come.

If you have any questions or concerns, please do not hesitate to contact your Account Manager.

Office Address

2721 Santa Maria Way
Santa Maria, CA 93455

Phone Number

805-361-1750

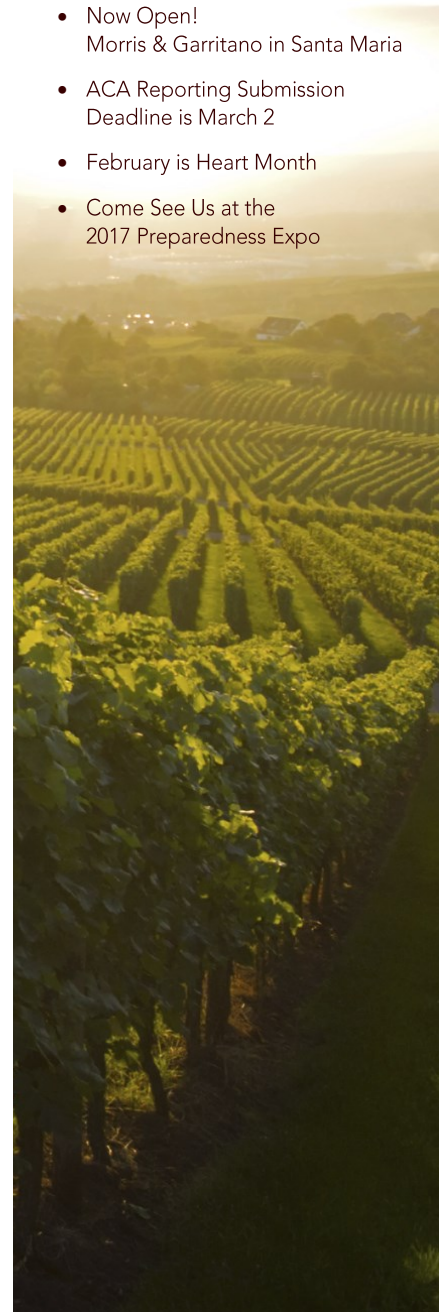
Fax Number

805-361-1750



SPECIAL POINTS OF INTEREST

- Now Open!
Morris & Garritano in Santa Maria
- ACA Reporting Submission
Deadline is March 2
- February is Heart Month
- Come See Us at the
2017 Preparedness Expo



ONE LESS FORM!

Contributed by: Louise Matheny, Human Resources Consultant

For once, employers have some good news!

There is now one less form you have to provide to employees. Located on the front page of the new EDD 2017 California Employer's Guide, http://www.edd.ca.gov/pdf_pub_ctr/de44.pdf, you will find a notice that the form Notice to Employees (DE 35) has been made obsolete. Until now, employers were required to provide this form to the employee at the time of discharge, layoff, leave of absence, or change in employment status.

If you have any questions, or would like more information, please contact Louise Matheny.

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

NEW NOTICE FOR CALIFORNIA EARNED INCOME TAX CREDIT

Contributed by: Louise Matheny, Human Resources Consultant

Effective January 1, 2017, AB 1847 requires that employers who provide unemployment insurance must also notify their employees that they are eligible for the federal Earned Income Tax Credit (EITC) and could also be eligible for the California EITC.

The notice must be given to employees one week before, one week after, or at the same time that they are provided an annual wage summary. This would include, but is not limited to, a Form W-2 or a Form 1099. The EITC notice to employees can be as simple as the sample below.

Earned Income Tax Credit – Employer Required Notification (EXAMPLE)

BASED ON YOUR ANNUAL EARNINGS, YOU MAY BE ELIGIBLE TO RECEIVE THE EARNED INCOME TAX CREDIT FROM THE FEDERAL GOVERNMENT (FEDERAL EITC). THE FEDERAL EITC IS A REFUNDABLE FEDERAL INCOME TAX CREDIT FOR LOW-INCOME WORKING INDIVIDUALS AND FAMILIES. THE FEDERAL EITC HAS NO EFFECT ON CERTAIN WELFARE BENEFITS. IN MOST CASES, FEDERAL EITC PAYMENTS WILL NOT BE USED TO DETERMINE ELIGIBILITY FOR MEDICAID/MEDI-CAL, SUPPLEMENTAL SECURITY INCOME, FOODSTAMPS, LOW-INCOME HOUSING OR MOST TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) PAYMENTS.

EVEN IF YOU DO NOT OWE FEDERAL TAXES, YOU MUST FILE A FEDERAL TAX RETURN TO RECEIVE THE FEDERAL EITC. BE SURE TO FILL OUT THE FEDERAL EITC FORM IN THE FEDERAL INCOME TAX RETURN BOOKLET. FOR INFORMATION REGARDING YOUR ELIGIBILITY TO RECEIVE THE FEDERAL EITC, INCLUDING INFORMATION ON HOW TO OBTAIN THE INTERNAL REVENUE SERVICE (IRS) NOTICE 797 OR ANY OTHER NECESSARY FORMS AND INSTRUCTIONS, CONTACT THE IRS BY CALLING 1-800-829-3676 OR THROUGH ITS WEB SITE AT **WWW.IRS.GOV**. YOU ALSO MAY BE ELIGIBLE TO RECEIVE THE CALIFORNIA EARNED INCOME TAX CREDIT (CALIFORNIA EITC) STARTING WITH THE CALENDAR YEAR 2015 TAX YEAR.

THE CALIFORNIA EITC IS A REFUNDABLE STATE INCOME TAX CREDIT FOR LOW-INCOME WORKING INDIVIDUALS AND FAMILIES. THE CALIFORNIA EITC IS TREATED IN THE SAME MANNER AS THE FEDERAL EITC AND GENERALLY WILL NOT BE USED TO DETERMINE ELIGIBILITY FOR WELFARE BENEFITS UNDER CALIFORNIA LAW. TO CLAIM THE CALIFORNIA EITC, EVEN IF YOU DO NOT OWE CALIFORNIA TAXES, YOU MUST FILE A CALIFORNIA INCOME TAX RETURN AND COMPLETE AND ATTACH THE CALIFORNIA EITC FORM (FTB 3514). FOR MORE INFORMATION ON THE AVAILABILITY OF THE CREDIT, ELIGIBILITY REQUIREMENTS AND HOW TO OBTAIN THE NECESSARY CALIFORNIA FORMS AND GET HELP FILING, CONTACT THE FRANCHISE TAX BOARD AT 1-800-852-5711 OR THROUGH ITS WEBSITE AT **WWW.FTB.CA.GOV**.

FREE QUIT TOBACCO CLASS SCHEDULE

Contributed by: Louise Matheny, Human Resources Consultant

Did you know that the County of SLO Public Health Department offers *free* classes to help you quit tobacco products? You can call 805-781-5564 or drop in to one of the classes listed below to get started.

San Luis Obispo

Public Health Department
WIC Lobby
2180 Johnson Ave.—Annex

Tuesdays 1pm—2pm

Paso Robles

723 Walnut Drive

Wednesdays 5pm—6pm

Atascadero

Behavioral Health Department
5575 Hospital Drive

Wednesdays 3:30pm—4:30pm

Grover Beach

Public Health Department
286 South 16th Street, Bldg. B

Thursdays 4:30pm—5:30pm

ACA REPORTING SUBMISSION DEADLINE IS MARCH 2

Contributed by: Keith Dunlop, Director of Compliance

Section 6056 requires that all Applicable Large Employers (ALEs) provide Form 1095-C to full time employees and file Form 1094-C (along with all Forms 1095-C) to the IRS on or before the following deadlines:

- March 2 – Forms 1095-C to employees
- February 28 – Form 1094-C (if filing by paper)*
- March 31 – Form 1094-C (electronic transmitters)

**This means employers need to have
Forms 1095-C completed before March 2!*

By March 2, all ALEs should have distributed Forms 1095-C to all current and former employees who were full-time benefit eligible during any point during 2016. Transmittal of Forms 1095-C to the IRS is performed with Form 1094-C according to the deadlines listed above.

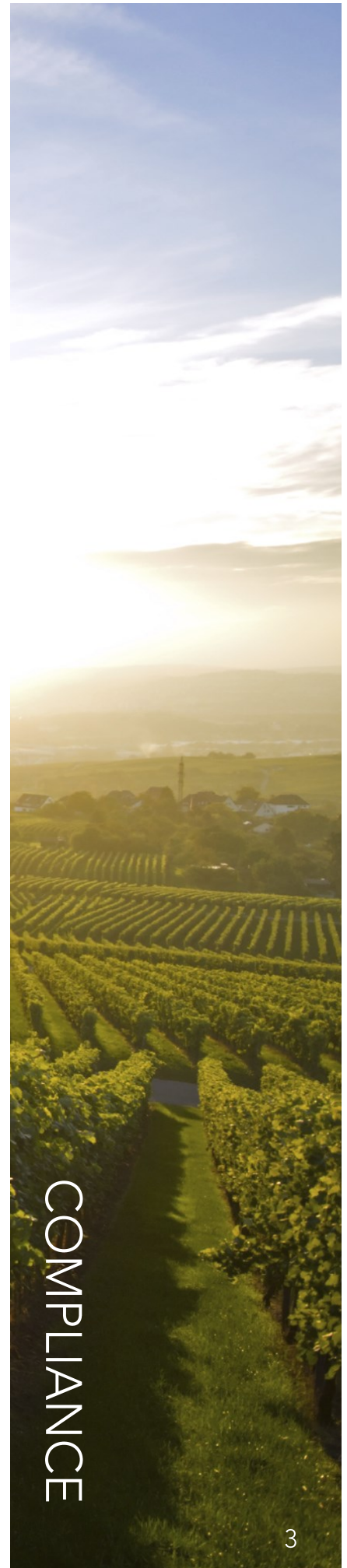
NO ADDITIONAL FILING EXTENSIONS HAVE BEEN GRANTED

ALEs who intentionally fail to file information returns face a penalty of no less than \$500.00 per employee – maximum annual fines for general violations can reach \$3 million!

Now is the time to insure that your filing is in order and that the following issues are noted:

- Insure that all Forms 1095-C, included corrected forms, have been distributed to employees who were full time in 2016.
- Make sure that employee identification data matches Social Security records precisely.
- Mail paper Form 1094-C to the IRS on or before February 28 along with all Forms 1095-C distributed to employees.
- Electronic filers have until March 31.
- File one 1094-C for each EIN.
- Control group rules apply to entities related by common ownership.

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.



TRUMP SIGNS EXECUTIVE ORDER ON THE ACA

Contributed by: Steve Gray, Employee Benefits Risk Advisor

On Jan. 20, 2017, President Donald Trump signed an executive order addressing the Affordable Care Act (ACA), as his first act as president. The order states that it is intended to “to minimize the unwarranted economic and regulatory burdens” of the ACA until the law can be repealed and eventually replaced.

The executive order broadly directs the Department of Health and Human Services (HHS) and other federal agencies to waive, delay, or grant exemptions from ACA requirements that may impose a financial burden.

An executive order is a broad policy directive that is used to establish how laws will be enforced by the administration. It does not include specific guidance regarding any particular ACA requirement or provision, and does not change any existing regulations.

As a result, the executive order’s specific impact will remain largely unclear until the new administration is fully in place and can begin implementing these changes.

Overview

Pending the repeal efforts—which are already underway in Congress—the executive order is intended to:

- Minimize the ACA’s unwarranted economic and regulatory burdens; and
- Prepare to afford states more flexibility and control to create a free and open health care market.

Specifically, the executive order directs HHS and other federal agencies responsible for administering the ACA to “exercise all authority and discretion available to them to:

- Waive, defer, grant exemptions from, or delay implementation of any ACA provision or requirement that would impose a fiscal burden on any state or a cost, fee, tax, penalty or regulatory burden on individuals, families, health care providers, health insurers, patients, recipients of health care services, purchasers of health insurance, or makers of medical devices, products or medications;
- Provide greater flexibility to states and cooperate with them in implementing health care programs; and
- Encourage the development of a free and open market in interstate commerce for the offering of health care services and health insurance, with the goal of achieving and preserving maximum options for patients and consumers.”

The executive order specifically states that it does not, itself, make changes to any existing regulations. To the extent that the executive order’s directives would require revision of regulations, that will be done by federal agencies through the normal regulatory process.

Impact on ACA Provisions

The executive order is very broad, and does not include any detailed guidance as to how it should be carried out. Instead, it gives federal agencies broad authority to eliminate or fail to enforce any number of ACA requirements, as permitted by law. As a result, until the new heads of federal agencies are in place, it is difficult to know how the ACA will be specifically impacted.

There is some indication that the executive order is partially aimed at eliminating or providing exemptions from the ACA’s individual and employer mandates, since those requirements impose tax penalties that may impose a “fiscal burden” on individuals and employers. In addition, it is clear that the executive order is intended to help accomplish an idea that has been long supported by President Trump, which is to allow health insurers to sell policies across state lines in an effort to increase free market competition.

However, the immediate impact of the executive order will likely be small, since it will take time to implement policies, regulations and other subregulatory guidance to carry out the directives. In addition, health insurance policies for 2017 are already in place, and state law, in many cases, prohibits significant changes from being made midyear.

No ACA provisions or requirements have been eliminated or delayed at this time as a result of President Trump’s actions. Therefore, employers should continue to prepare for upcoming requirements and deadlines to ensure full compliance.

FEBRUARY IS AMERICAN HEART MONTH!

Contributed by: Celia Silacci, Employee Benefits Department Manager

Heart disease is the leading cause of death for both women and men in the United States, causing about 610,000 deaths annually. Heart disease is also an extremely expensive disease—costing the United States about \$207 billion annually in the cost of health care, medications, and lost productivity.

Fortunately, heart disease can often be prevented by living a healthy lifestyle and properly managing health conditions. American Heart Month, organized by the American Heart Association (AHA), is designed to raise awareness about heart disease and how people can prevent it. Some simple self-care and prevention strategies include the following:

- Visit your primary care physician regularly.
- Refrain from smoking.
- Maintain a healthy weight.
- Limit your sodium intake.
- Eat a well-balanced, healthy diet.
- Exercise regularly.
- Manage your stress levels.
- Limit your alcohol intake.

The AHA's [website](#) provides a detailed list of risk factors and common symptoms of heart disease. If you are concerned about your risk of developing heart disease or would like to find out more information about the condition, visit the AHA's site and contact your primary physician.

REVIEW YOUR REST BREAK POLICY

Contributed by: Gordon E. Bosserman, Attorney at Andre, Morris & Buttery

Right before Christmas (12-22-16), the California Supreme Court gave an early Christmas present to attorneys who represent employees by issuing a decision that will make it easier to bring claims for missed rest breaks. Up until now, attorneys representing employees have focused on meal breaks, because rest breaks are taken on the clock so employers have been able to adopt policies that presume someone has taken a rest break since it is not recorded in their time records. As a result of this new Supreme Court ruling though, employers are going to have to take additional steps to make sure employees are actually being relieved of all duties during rest breaks.

The case involved a security guard company where the guards were required to keep their walkie-talkies on during their breaks because they might have to interrupt their break to stop a theft or break-in. The Supreme Court ruled that requiring the security guards carry walkie-talkies and remain on-call meant they were not relieved of all duties because they remained under the control of the employer in that they could be called to work at any time during their rest breaks.

While this ruling may make sense in the context of security guards who are required to be on-call, the complication comes in applying the rule to other work environments. For example, what about the receptionist who does not leave the office to take a rest break? Will this be considered a deficient rest break if the receptionist can later show that he or she occasionally answered calls or greeted someone during a rest break? What about a clerical employee who works for an ambulance company and takes his or her rest breaks at her desk? If he or she is back up to the dispatcher, does this mean he or she is technically being denied a rest break because the person may have to cover during an emergency? This new Supreme Court decision suggests that these two scenarios would be considered non-compliant rest breaks, triggering the penalty of one hour of straight time pay for each day a break is missed.

As you look over your list of New Year resolutions, add reviewing your rest break policy to the list to avoid a claim for missed rest breaks.

FROM OUR FRIENDS AT
ANDRE, MORRIS & BUTTERY



SURETY BONDS 101

Contributed by: Jamie Montoya, Bonds & Surety Account Manager

What is a surety bond?

Surety bonds are part of a specialized line of insurance that is meant to protect consumers and government entities from fraud and malpractice during the performance of an obligation. It is a written contract between three parties:

1. The Principal – the party that undertakes the obligation
2. The Surety Company – the party that guarantees the obligation will be performed
3. The Obligor – the party who is requiring the bond and receives the benefit of work being done

Who needs a surety bond?

The construction industry makes up a large portion of the surety market. If you are a contractor bidding on a job, you may be asked to obtain a Bid Bond which will ensure that you are able to enter into a contract with the owner and perform the necessary duties within the project scope. In order to quickly and efficiently qualify for a Bid Bond, it is helpful to have an established relationship with a reputable surety company. Not only can they provide your Bid Bonds, but they will also be able to issue the Performance and Payments bonds required on projects. The stronger the relationship you have with a surety company, the greater the ability to strengthen your bonding capacity and grow your business.

Certain licenses and permits also require a surety bond, most commonly government-funded agencies. For example, the California Contractors License Board requires a \$15,000 bond in order to obtain a license; this bond protects the CSLB from complaints filed against license-holders. Other agencies, such as the Alcohol and Tobacco Tax and Trade Bureau, require Tax Excise bonds for wineries and state-to-state shipping for wine clubs. Permit and License bonds tend to be affordable and are easily written.

If you are not sure what kind of surety bond you need, you can ask the entity requiring the bond (the Obligor) and they will communicate the type of bond and the bond amount needed.

How can I get a surety bond?

Whether you are a contractor looking for a complex Bid Bond or a business owner in need of a simple Permit and License bond, Morris & Garritano can help! We only work with the most reputable and trustworthy surety companies offering competitive market rates. If you find yourself in need of a bond, do not hesitate to contact our Bonds & Surety department. We have knowledgeable advisors ready to help and answer any questions you may have.

HANDS ON THE WHEEL, NOT ON YOUR PHONE

Contributed by: Michael Schedler, Loss Control Consultant

On January 1, 2017, AB 1785 went into effect, prohibiting California drivers from holding their cell phones while driving. While previous laws addressed restrictions to talking or texting while driving, this new law bans holding a cell phone for any purpose – changing music, checking maps, etc.

To be able to use your cell phone and still be in accordance with the law, your phone must be mounted to your dash and be set up with voice activation or hands-free use. Phone systems that are manufacturer-installed and embedded in the vehicle are exempt from the law. Emergency personnel using their cell phones while driving an emergency vehicle are also exempt.

The first-offense fine is \$20 with increased fines for subsequent violations.

The intent for this law is to reduce the risk of accidents due to distracted driving. While restrictions have been in place since 2006, the advancements of technology allowing people to access the internet or perform other tasks with their cell phone necessitates the need for broader restrictions.

New laws and threats of fines can only do so much. It is also the responsibility of each driver to make the conscious decision to focus on their most important task – to drive safely.



WHAT WC MATERIAL SHOULD I HAVE IN MY NEW HIRE PACKETS?

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

It is required that you provide the Time Of Hire Pamphlet or a Facts About Worker's Compensation Tri-Fold (Blue) Pamphlet in your New Hire Packets. In the pamphlet, it describes what workers' compensation is and how it is used. The pamphlet also includes Predesignation of Personal Physician and Predesignation of Personal Chiropractor or Personal Acupuncturist forms. In regards to these forms, you are only required to distribute them, not monitor the receipt of returned forms. It should be noted that the predesignation form needs to be completed *before* a work related injury occurs.

If an employee does predesignate a physician, it is best to place the form in their employee file in the event of an injury. It is recommended that for treatment of an injury, you refer the injured employee to your designated MPN Urgent Care for the initial assessment. By doing so, the employee's injury will be attended to more quickly than if they were to wait for an appointment with their selected physician. The employee will then be eligible to transfer their care to their previously selected predesignated provider.

Be sure to complete the Employer Sections in the Time Of Hire Pamphlet with your updated WC policy information. You can find this information on your current WC Poster (DWC-7). Please note that your WC carrier may change at renewal, which will change the WC Poster information.

COME SEE US AT THE 2017 PREPAREDNESS EXPO

Contributed by: Marie Bloomstine, Personal Lines Department Manager

Are you prepared for a natural disaster? Do you know what damages your homeowners' policy covers? Are you protected if there is an earthquake or a flood?

If the answer is no, or if you are interested in learning more, come visit the Morris & Garritano booth at the 6th Annual Preparedness Expo on March 11th! This free event brings together vendors, demonstrations, and seminars to help you and your family prepare for the worst.

Our Personal Risk Advisors —Matt, Mike, Victoria, and Paul—will be there to discuss your options when it comes to homeowners, flood, earthquake, and other important insurance policies.

Don't be left high-and-dry or wet-and-muddy; come talk with us and get entered to win an M&G prize!

**The 6th Annual
Preparedness Expo**
Saturday, March 11, 2017 at 10am
The Alex Madonna Expo Center



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

Phone: 805-543-6887

Fax: 805-543-3064

Santa Maria
2721 Santa Maria Way
Santa Maria, CA 93455

Phone: 805-361-1750

Fax: 805-361-1728

E-mail:
info@morrisgarritano.com

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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 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.

