NEWS YOU CAN USE
VITAS INSURANCE AGENCY

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WORKERS' COMPENSATION

Exemption for Officers, Owners Has Changed

WE HAVE recently been made aware of Assembly Bill 2883 (AB 2883) and would like to inform you of the changes in California's Workers' Compensation law that will take effect on Jan. 1, 2017.

AB 2883 amends the requirements related to the exclusion of officers and members of boards of directors of private or quasi-public corporations, general partners of a partnership and managing members of a Limited Liability Company (LLC) under a workers' compensation policy.

Beginning Jan. 1, 2017, only officers or directors owning 15% or more of the stock of the corporation, general partners or managing members may be excluded from coverage.

In addition, AB 2883 changes the method by which individuals may be excluded. Beginning Jan. 1, 2017, individuals eligible for exclusion must sign a written waiver of workers' compensation benefits under penalty of perjury certifying that he or she is a qualifying officer, director, general partner or managing member of an LLC.

The forms must be signed by the individual to be excluded and not an employer or employer representative. The exclusion will be effective as Jan.1, 2017 or the date your carrier receives and accepts the properly completed and signed waiver forms.

To maintain existing exclusions of these individuals under your policy without interruption, each individual who is eligible for exclusion must complete and sign the waiver/exclusion.

You will receive the form from your insurance carrier within the next few weeks. Each individual must sign a separate form. You will need to collect these forms and return them to your insurance carrier as soon as possible but no later than December 31, 2016. Failure to do so will render the current exclusions invalid by operation of law and your policy will be subject to additional premium.

For individuals who no longer qualify to be excluded, the carriers are still working on how and when a premium charge will be generated.

Factors in determining the premium charge will include job duties, class code rate and payroll. Inclusion will be effective January 1, 2017 to the expiration of your policy.

See page 2 for specific details and deadlines

If you have any questions or concerns with regard to this change, please do not hesitate to contact our office. We are here to assist in any way possible to help guide you through this change.

Thank you for your continued business. ❖

CONTACT US

VITAS INSURANCE AGENCY

If you have a question about any of the articles in this newsletter or coverage questions, contact your broker at one of our offices.

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THE KEY POINTS OF AB 2883: WHAT YOU NEED TO KNOW

THESE SWEEPING CHANGES ARE EFFECTIVE JAN. 1, 2017 FOR ALL POLICYHOLDERS

Who Can And Can't Claim Exemption from Coverage

Eligible individuals

Corporations – Officers, directors (i.e. members of board of directors) must own 15% or more of the stock of the corporation.
Partnerships – Only general partners.
LLCs – Only managing members.

Ineligible individuals

Any individuals in the organization that are not included in the above requirements.
Individuals will be endorsed to the policy as of Jan. 1, 2017 and subject to officer minimum/maximum payrolls.

Important deadlines

Dec. 31

If the completed signed waiver/exclusion form is received on or before Dec., 31, 2016, the exclusion will continue uninterrupted.

If the completed signed waiver/exclusion form is NOT received on or before Dec. 31, 2016, individuals will be included for coverage effective January 1, 2017 and subject to officer minimum/maximum payrolls.

Jan. 1

Completed signed waiver/exclusion forms received for eligible individuals after Jan. 1, 2017 will be excluded when the carrier receives the form.

Remember

- *A separate signed waiver/exclusion form will be required for each eligible individual.*
- *Forms cannot be signed by an employer or employer representative.*
- *Properly completed and signed waiver/exclusion forms must be returned to your carrier no later than Dec. 31, 2016*
- *Retroactively excluding officers can no longer be allowed by any insurance carriers*

Minimum/Maximum Payrolls for 2017

- *Minimum officer payroll $48,100*
- *Maximum officer payroll $122,200*
- *Payrolls will be prorated from 01/01/17 to expiration of policy*

Premium determination for individuals no longer eligible for exclusion

- *Will be based on job duties, class code rates, and payroll*
- *Premium collected will vary by carrier and policyholder*

MOONLIGHTING RISK

Want to Drive for Uber? Better Check Your Coverage

TO MAKE ends meet, or to build up their nest eggs, many people have turned to moonlighting as Uber or Lyft drivers.

However, if you are planning to make some spending money, you need to understand that doing so could invalidate your personal auto policy.

Uber and Lyft are so-called "ride-hailing" mobile apps that connect passengers to drivers. With the phone app, passengers can hail a driver to their exact location, track the driver using their phone's GPS and pay for the ride with a credit card. Drivers keep the app on when they are waiting for customers or driving to fetch a passenger.

There are typically two levels of insurance involved in these ride-hailing arrangements. The driver carries their own vehicular insurance, while the ride-hailing company also has its own liability policy in place. Here's what you need to know:

Your policy bans commercial driving

Your personal auto insurance policy may not provide coverage if you are involved in an accident while driving for Uber.

Personal auto policies have an exclusion for "driving-for-hire" – or commercial driving.

This exclusion means that a driver's standard personal auto insurance would not likely cover them while the ride-hailing application is turned on, regardless of if they haven't accepted a ride request and have no passengers in the vehicle.

Check your policy or call us and we can find out the extent of any exclusions in your coverage.

The coverage gap

Some states require ride-hailing companies to carry at least $1 million per incident excess liability coverage. The policies are designed to deal with liability claims that a driver's insurance doesn't cover.

Ride-hailing companies' insurance only covers third parties (injuries to others that an Uber or Lyft driver may hit and any property damage the third party sustained).

However, physical damage to your car or injuries you sustain would have to be borne by you if you only have a personal auto policy, since the ride-hailing company's policy would not cover you.

There is another risk in the coverage gap: The ride-hailing operator's insurance policy will not cover you if are you hit by an insured driver. Again, you would have to pay for that out of pocket if all you have is a personal auto policy. ❖

How the insurance works

- When the Uber app is off, you are covered by your own personal policy.
- When you have the Uber app turned on, a low level of liability insurance becomes active.
- When a trip is accepted, a higher level of coverage takes effect and remains active until the passenger exits the vehicle.

Tip: Questions to ask Uber*

- How much liability insurance does Uber provide while I'm transporting a passenger? Do I need more?
- Will I be charged a deductible and, if so, what is it?
- Is the commercial liability insurance coverage my main source of coverage, or is it contingent on denial by my personal auto policy?
- How do I report a claim?
- At what times am I covered by Uber's policy?

* Source: The National Association of Insurance Commissioners

What you can do

Insurers have responded to the ride-hailing trend.

There are two ways you can go to ensure coverage for yourself and your vehicle:

1. Buy a commercial auto policy that is valid at all times.
2. Buy a policy that specifically covers you and your vehicle when the ride-hailing app is on.

Ask us about your options!

HEALTH INSURANCE

More Small Firms Offer Benefits Again

MANY SMALL employers that dropped health coverage for their employees after the Affordable Care Act took effect are reinstating the benefits as competition for talent increases.

Companies with fewer than 50 employees are not required to provide health insurance benefits to their workers under the ACA, and after the law took effect, many dropped coverage and let their workers instead buy coverage on public exchanges.

Most small businesses also made the change because many workers were eligible for significant government subsidies.

But since the exchanges began operating in 2014, the labor market has changed and competition for good employees is increasing, according to news reports.

And in many places around the country, the options for coverage on public exchanges can be meager, often with shrinking plan choices and plans with narrow networks, placing a higher burden on individuals who buy coverage through exchanges.

The Wall Street Journal interviewed several small business owners – most with fewer than 20 employees – that had ditched group coverage in 2014 due to the cost and complexities of picking the right plan for their workers.

One small business owner in Missouri dropped coverage and gave her employees a raise so they could buy it on their own.

The owner is now looking at group health insurance again, particularly after her job offers were turned down by some prospects who cited the lack of group health benefits for their decision.

About 54% of firms with three to 49 workers offered health benefits last year, according to the Kaiser Family Foundation.

Those companies paid an average of $15,602 annually for each worker who elects family coverage, according to Kaiser, up from an average of $12,809 in 2010.

Brokers around the country are seeing small businesses that dropped coverage looking to restart it for 2017, according to *The Wall Street Journal*.

A growing economy and an uptick in competition for workers is the driving force behind the renewed interest.

And employers that dropped group coverage also felt the effects from staff who believed they were missing out on a benefit that is standard at many other companies.

The effects of dropped coverage on employee morale cannot be overestimated when those workers had to sit down, do homework, fill out applications on exchange websites and start paying their own health premiums out of pocket.

Also, employees who have been shunted into exchanges are seeing coverage that is growing less attractive as insurers shrink their networks of doctors and hospitals and reduce the number and types of medication they will pay for.

Employers are recognizing the hardships that their employees have encountered as a result of using exchange-purchased coverage.

Some are reinstating health benefits out of a sense of duty, *The Wall Street Journal* reported. ❖