NEWS YOU CAN USE
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HUMAN RESOURCES

Top 10 Laws, Regulations and Trends for 2018

IN THIS article, we focus on the top 10 laws, regulations and developments in 2018 that employers need to be aware of.

1. New Parent Leave Act

Effective Jan. 1, employers in California with 20 or more workers are required to provide eligible employees with 12 weeks of unpaid, job-protected leave to bond with a new child.

This builds on a 20-year-old law that required employers with 50 or more staff to provide employees with time off for child bonding. Like the current law, the New Parent Leave Act applies to newborns or a child placed with the employee for adoption or foster care.

To be eligible, an employee must:

- Have worked for the employer for at least 12 months;
- Have worked at least 1,250 hours in the 12 months before taking leave; and
- Work at a worksite that has at least 20 employees within a 75-mile radius.

While the leave is unpaid, employees are allowed to use accrued vacation pay, paid sick time off or other accrued paid time off.

2. Wage increases

With the economy humming along at a decent pace of growth and unemployment at record lows, employers should expect competition for talent to increase.

Quality personnel is scarce, and economists predict that will lead to wage inflation.

The Society for Human Resources Management predicts that companies should expect to pay about 3% more in wages across all sectors. In high-demand fields like health care, elderly care, engineering, hi-tech and construction, they may pay more than that to retain and attract talent.

3. Anti-harassment training

Current law requires firms with 50 or more staff to hold two hours of anti-sexual harassment training for supervisors every two years.

A new law, SB 396, expands the subjects of that training to also include harassment based on gender identity, gender expression and sexual orientation.

The training must include specific examples of such harassment. This portion of the training must be presented by trainers with knowledge and expertise in these areas.

4. ACA compliance

The IRS has stepped up enforcement of Affordable Care Act form-filing compliance.

Besides being able to fine your organization for not complying with the law, it will also be fining employers that fail to file the forms or make mistakes in filing them.

Under the ACA, an employer can be fined $250 for each form that it fails to file or files late, as well as for forms with missing or incorrect information like names, birthdates or Social Security numbers. The maximum fine for these filing errors is $3 million per organization.

5. Salary history off limits

Starting in 2018, AB 168 restricts the types of salary questions that employers in California can ask job applicants. In particular, employers may not ask prospective employees about their prior salaries at other employers.

The new law also bars employers from relying on prior salary history when deciding whether to hire someone and how much to pay them.

See 'Liability' on page 2

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Sexual Harassment at the Forefront of Liability Issues

6. Silica rules

Cal/OSHA began enforcing its new silica rules on Sept. 23, 2017 for the construction industry, and now the rules are in full effect.

Under the new silica standard, the permissible exposure limit is 50 micrograms per cubic meter of air, compared to the old standard of 100.

All construction employers covered by the standard are required to:

- Establish a written exposure control plan that identifies tasks that involve exposure and methods used to protect workers.
- Designate a competent person to implement the written exposure control plan.
- Restrict housekeeping practices that expose workers to silica where feasible alternatives are available.

7. Sexual harassment trends and EPLI

With the wave of sexual harassment allegations sweeping the country – taking down public figures in politics, entertainment, business and the media – you can expect the trend to filter down from the spotlight to employers in all industries.

Employers have been in the cross hairs for sexual harassment and discrimination for years, but with more stories and the #MeToo movement, there is likely to be an uptick in allegations against supervisors, managers and owners in businesses.

Now is the time to double down on anti-sexual harassment training, putting in place a robust reporting mechanism that shields the accused. If you don't already have it, now is also the time to seriously consider an employment practices liability insurance (EPLI) policy.

8. Worksite immigration enforcement

The Immigrant Worker Protection Act (AB 450) provides workers with protection from immigration enforcement while on the job and imposes fines varying from $2,000 to $10,000 on employers that violate the law's provisions.

This bill also makes it unlawful for employers to re-verify the employment eligibility of current employees in a time or manner not allowed by federal employment eligibility verification laws.

9. Heat safety for indoor workers

Start preparing in 2018 for indoor heat illness regulations that are slated to come on Cal/OSHA's books starting Jan. 1, 2019. A bill passed in 2016 requires that, by that date, the Division propose to the Occupational Safety and Health Standards Board for review and adoption, a heat illness and injury prevention standard applicable to people working in indoor places of employment.

California has had an active outdoor workplace heat illness standard since 2006. Moreover, in the past several years Cal/OSHA and other agencies have initiated either training or enforcement to protect workers against indoor heat illness.

If you have vulnerable workers, you can use 2018 as the year to put safeguards in place for employees that work in high-heat indoor conditions.

The regulations will apply to:

- Indoor workplaces where the dry bulb temperature exceeds 90 degrees, or
- Where employees perform moderate, heavy or very heavy work and the dry bulb temperature exceeds 80 degrees.

10. Criminal background checks

Starting in 2018, employers with five or more workers may not conduct a criminal background check prior to the offer of employment to an applicant.

If an employer does conduct a criminal check after an offer, it must make an individualized assessment whether a particular conviction has a direct and adverse relationship to the specific duties of the job that justifies denying the applicant the position.

Also, if an employer decides not to hire someone based on information from a criminal check, it must notify the applicant of the decision in writing, and provide at least five business days to respond. The employer must then consider the applicant's response before making a final decision.❖

WORKERS' COMP

Law Reduces Ownership Requirement for Exemption

A NEW STATE law (SB 189) introduces amendments to an existing law (AB 2883) that defines what constitutes an owner or officer who is exempt from having to carry workers' comp coverage.

The legislation amends the current law (AB 2883) that became effective on January 1, 2017, which limits the ownership percentage of individuals in an organization who could claim an exemption from workers' comp coverage, including:

- An officer or member of the board of directors of a quasi-public or private corporation who owns at least 15% of the issued and outstanding stock and who waives their rights under workers' comp laws, and
- An individual who is a general partner of a partnership or a managing member of a limited liability company who waives their rights under workers' comp laws.

If one or more of your officers and owners are claiming an exemption, you should expect to receive correspondence from your insurance company notifying you of the changes.

The new law takes effect in two stages during 2018:

Effective Jan. 1, 2018

The first part of the new law (SB 189) addresses waivers executed by officers and/or directors prior to Jan. 1, 2017 and accepted by the carrier before the end of 2017.

Prior to the amendment SB 189 these waivers, which allows officers and/or directors to claim an exemption from workers' comp coverage, would be accepted effective the date received by the carrier.

The amendment SB 189 allows the carriers to backdate any waiver that was received prior to December 31st, 2017, making the exclusions effective January 1st, 2017.

Effective July 1, 2018

The minimum ownership percentage is reduced from the current 15% to 10% for the purposes of qualifying for a workers' comp waiver.

Under the new law, an officer or member of the board of directors may elect to waive coverage if either:

1. He or she owns at least 10% of the issued and outstanding stock, or
2. He or she owns at least 1% of the issued and outstanding stock of the corporation if his or her parent, grandparent, sibling, spouse or child owns at least 10% of the issued and outstanding stock and is covered by a health insurance policy or health care service plan.

Under the new law, the waiver must be signed by the person requesting to be excluded from coverage.

Sole shareholders of a private corporation

Sole shareholders of private corporations can waive coverage.

General partners or LLC managing members

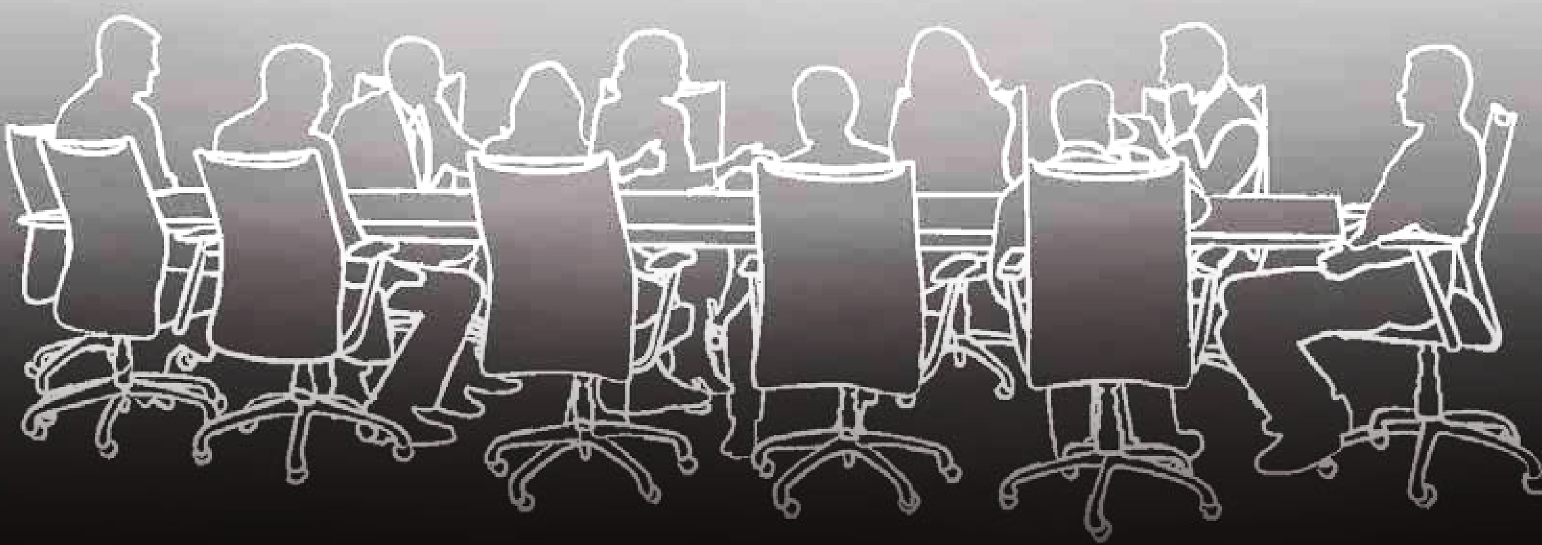
A general partner of a partnership or a managing member of a limited liability company can waive coverage.

Professional corporations

An owner of a professional corporation who is a practitioner rendering professional services for which the professional corporation is organized, may waive coverage.

Cooperative corporations

Officers and board members of cooperative corporations can opt out of coverage by signing a waiver. They must have health care coverage and a disability insurance policy. ❖



THE RIGHT START

This New Year Resolve to Review Your Insurance

WHILE YOU may have made some good New Year's resolutions, to make sure that you are not leaving anything to chance you should also revisit your insurance policies.

By taking a little time, you can ensure you're adequately protected and that you won't have any unpleasant surprises if you have to file a claim. We recommend you do the following:

Talk to us

Call us or schedule an appointment to discuss your current coverages. We know the right questions to ask to see if anything has changed that may affect your liability risk, or if you may be under- or over-insured.

Going through this with us can help identify new risks and find out if you may have any impending changes that will affect your insurance needs during the rest of the year.

Revisit your policies

Yes, reading policies isn't much fun, but unfortunately most people don't go through them until they actually need to file a claim. Re-familiarizing yourself with the details can save you from headaches later.

Here are some items you may want to check for:

- The size of your deductibles. Perhaps you feel you need to save money on your monthly premiums, which can be done by increasing the size of your deductible. Or you may want to have a lower deductible in exchange for a higher premium.
- Does your auto policy include towing or the cost of a loaned car if your vehicle needs repairs after an accident? If your policy is lacking these and you feel you need this coverage, you can talk to us about adding it.
- Does your policy pay the actual cash value (what property is worth after depreciation) or actual replacement cost for property damaged by a fire or other covered event?

UPGRADED DIGS: ***If you did any home renovations or bought expensive new gadgets for your home, you'll want to talk to us about checking your homeowner's insurance limits.***

Note high-value purchases

You may not have contacted us after buying pricy jewelry, antique furniture, or a gigantic flat-screen TV, but it's worth the call.

This could also be a good time to consider updating your home inventory so you have accurate coverage for your belongings and an accurate list of items like works of art, collectibles (stamps, automobiles, firearms, paintings, etc.), jewelry and antiques.

Take photos of your valuables in each room and save them to your cloud for easy access in case of a loss.

Although your homeowner's or renter's policy protects valuables against a covered loss or theft, coverage is only provided up to a certain limit.

When you make a substantial purchase, it's important to review your policy and possibly increase your limits and coverage.

Also, if you got a new pet for Christmas, that could affect your coverage, so it's important to speak to us and make any adjustments necessary to keep your policy up to date.

And if you did any home remodeling or added a deck or a pool or other item, the value of your home may have increased. That means you'll need to make sure your policy covers the added value.

You may also qualify for homeowner's insurance discounts. Even small things, like adding a burglar alarm or a sprinkler system, could earn you a discount. ❖

VOLUNTARY BENEFITS

Group Life Insurance a Smart Move for Your Staff

GROUP LIFE insurance is among the most popular offerings in the employee benefit market today. Furthermore, millions of American families rely on it to provide desperately needed protection against the devastating risk of the unexpected death of a family breadwinner. The overwhelming majority of workers typically sign on to the program, when offered.

Group life represents about 41% of all life insurance policies in force, according to the American Council of Life Insurers, and provides an estimated $8.2 trillion of protection.

Employees need the coverage

The average American family is woefully underinsured. Most families say they want or need enough life insurance to get them through 14 years of living expenses in the event of the death of a family member.

One-third of adults have no life insurance in place at all, including two-thirds of American males aged 18 to 24, according to the Life Insurance Marketing Research Institute.

Also, 43% say they would experience severe financial problems within six months of the death of a family member.

How group life works

The employer works with us to select a carrier and limit of coverage under the plan, as well as define who exactly qualifies as a member of the group eligible for coverage.

Employers pay some or all of the premiums on employees' behalf. Generally, the premiums necessary to provide up to $50,000 in death benefits to each employee are tax deductible to the employer. Many employers choose to make additional coverage available, however – often on a voluntary basis.

Additional premium is deducted from employees' paychecks and sent to the insurance company via your normal payroll operation. If employees choose to participate via a Section 125 plan, or 'cafeteria' voluntary benefits plan, their premiums are generally paid with pre-tax dollars.

Some employers offer the same coverage to everyone. Others elect to offer a multiple of income – usually one or two times the workers' annual income, but sometimes more. This amount is usually paid for by the employer, but individual workers can choose to buy additional coverage on a voluntary basis.

Guaranteed approval

Approval is generally guaranteed, provided the employer offers the coverage to all eligible employees. This is a valuable feature for many employees, because prior medical issues may make it difficult or impossible for them to qualify for health insurance on their own.

Advantages of group life

For the employer, group life insurance is an important part of your company's overall benefits package. Employees value robust benefits packages, and life insurance provides an essential protection that many of them could not get at all outside of a group plan. More than seven out of every 10 workers offered group life insurance via their employer take it.

To set up a group life insurance plan for your employees and help protect their families, call us today. ❖