

EMPLOYEE BENEFITS

ACA Spurs Benefits Rethink among Employers

WHILE THE Affordable Care Act has added to confusion among US employees, it is also changing their mindsets regarding other benefits, such as 401(k) plans, group disability insurance and other voluntary benefits.

A new survey, the "Guardian Workplace Benefits Study," finds that employers are increasingly understanding this as well, but employees are still feeling like they are unprepared for financial security.

The results illustrate the need for employers to better communicate with their employees about the benefits they offer.

Yet, three in 10 workers surveyed said they felt financially secure. What little security they feel hinges, says Guardian, on their workplace insurance benefits. In fact, 42% of employees surveyed indicated that they rely on their benefits for all or most of their financial preparedness.

Whose responsibility is it?

Only 16% of employers in the insurer's study "strongly believed" that they have a responsibility to ensure their employees' financial preparedness.

Forty-six percent of large employers (those with at least 100 benefits-eligible employees) felt they had "some responsibility" in helping their employees with financial preparedness (such as retirement, disability and life insurance). But only 29% of smaller firms felt the same.

In contrast, nearly two in three workers believed that employers have a responsibility to offer them insurance and retirement benefits.

One area employers can assist is by expanding their offers of voluntary benefits. You can talk to us for the full spectrum of packages that you can offer your staff at little or no cost to you.

Workers sound off

While many workers who were surveyed said they felt their benefits met their personal needs and their financial health, those with lower incomes (\$25,000 to \$49,000) were less likely to think that their benefits met their needs, were affordable, or improved their health or financial security.

Workers expressed more satisfaction with the effectiveness of their benefits communication. Those who had more help and communication from their employers also place more value on their benefits.

Other coverage

Although most employees have access to some kind of health insurance for themselves and their families, one in three has no disability insurance, one in four has no life insurance, and one in five has no retirement savings plan.

Furthermore, even when employees are offered these benefits, they often do not take advantage of them due to either poor decision-making or ineffective communication, according to the survey. ❖



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WORKERS' COMPENSATION

Changes to Dual-wage Construction Classes

THE WORKERS' Compensation Insurance Rating Bureau of California has recommended increases to four dual-wage class codes for the construction industry.

The increases will boost costs for some employers, that will either have to pay workers more to remain in the high wage classification – with lower rates – or pay more for workers' comp coverage.

Dual-wage thresholds divide high- and low-wage classifications in various construction industry sectors that have different pay structures for workers and which have proven to have different workers' comp injury rates and costs.

Statistically, higher-paid workers in a high-wage classification are less likely to suffer an on-the-job injury, which in turn means that their employers will pay a lower rate.

On the other hand, the low-wage/high workplace injury rate tier of employee in the dual-wage classification means higher workers' comp premium rates.

The recommendation was made to the insurance commissioner in July when the Rating Bureau filed its overall workers' comp rate recommendation for 2016.

The commissioner typically approves changes to the dual-wage class codes. ❖

Dual-wage Classes and Low/High Wage Thresholds

The following dual-wage classification codes will remain the same:

Masonry (5027/5028)	\$27
Electrical wiring (5140/5190)	\$30
Plumbing (5183/5187)	\$26
Sprinkler installation (5185/5186)	\$27
Concrete/cement work(5201/5205)	\$24
Painting (5474/5482)	\$24
Plaster, stucco work (5484/5485)	\$27
Sheet metal work (5538/5542)	\$27
Roofing (5552/5553)	\$23
Excavation (6218/6220)	\$30
Sewer construction (6307/6308)	\$30
Gas mains (6315/6316)	\$30



UNDER CONSTRUCTION

DUAL-WAGE CLASSES SET TO CHANGE

The Rating Bureau has proposed the following changes:

Class	Current Threshold	Proposed Threshold
Wallboard application (Classes 5446/5447)	\$31/hour	\$33/hour
Glaziers (Classes 5467/5470)	\$29/hour	\$31/hour
Steel framing (Classes 5632/5633)	\$29/hour	\$30/hour
Carpentry (Classes 5403/5432)	\$29/hour	\$30/hour



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PROTECTING YOUR BUSINESS

Don't Get Caught without a Succession Plan

MANY BUSINESS owners may be good at running their companies, but the majority of them are failing to address essential long-term planning that is critical to sustaining their businesses.

The one area that the majority of business owners often neglect is planning for business continuity if they die or become disabled, according to the "2015 MassMutual Business Owner Perspectives Study."

While the question of your death or disablement is not one that's fun to ponder, it makes good sense for business owners to put plans in place in case the worst happens. One of the key ways to ensure that is to have in place a buy-sell agreement, which would essentially sell your company in the event that you are unable to run it any longer.

Business owners in the survey identified these concerns:

- The effect on the business of the death or disability of the owner or key employee (55%).
- Protecting the business from disability and death of an owner or key employee had the second and third highest levels of importance (44% versus 42%, respectively). However, these two pillars were not very top of respondents' minds, with 55% saying they rarely or never think about the effect of disability and 59% saying they rarely or never think about the effect of death.
- Of those with a buy-sell agreement in place, just over half said it was funded with life insurance, but only 5% said it was funded with disability buy-out insurance. The rest were either funded with cash flow from the business or not funded at all.

What's a buy-sell agreement?

A buy-sell agreement, also known as a buy-out agreement, is a legally binding agreement between co-owners of a business that governs the situation if a co-owner dies or is otherwise forced to leave the business, or chooses to leave the business. If the business has just one owner, then the agreement should specify who would be

buying the company and continuing its operation.

A buy-sell agreement should be designed to protect the business from the five D's – death, disability, divorce, departure and disqualification.

When properly executed, a buy-sell agreement can help ensure the continuity of the business when ownership needs to change hands for any reason.

It is a legally binding agreement that requires one party to sell and another party to buy ownership interest in a business when a triggering event occurs, such as the death, disability or retirement of an owner.

This agreement structures the method and manner in which the business will continue in the event of the owner's death.

In a 2003 article for *Franchising World* magazine, Patrick Ole-arcek explains: "The proprietor and one or more key employees [or partners] enter into an agreement which provides that the proprietor's estate will sell the business to the employee at death."

By agreeing to buy the company, the key partner, employee or associate relieves the owner's family of the responsibility, and instead provides them with a lump-sum payment. A key employee, as opposed to the owner's family, is in a much better position to continue the business operations properly.

Funding the agreement

The majority of buy-sell agreements are funded with life insurance. In the case of a sole proprietorship, a policy covering the life of the owner is typically bought and paid for by the key employee who has agreed to purchase the business.

The employee is also the beneficiary of the policy, which has a death benefit equal to the pre-determined purchase price of the business.

Upon the death of the owner, the employee would receive the proceeds of the life insurance policy, then transfer that money to the owner's heirs in exchange for all interest in and assets of the business. ❖



Treating Injured Workers

Medical Marijuana Complicating Workers' Comp

WHILE INSURERS and employers have expressed concern over the rise of medical marijuana in the context of workers' compensation, some experts and new research suggest it could reduce the use of controversial and highly addictive opioids to treat pain.

There is a growing consensus in the workers' comp community that any treatment that can reduce the use of opioids is worth considering. Several studies have found that long-term use of opioids to treat pain often ends up increasing the cost of claims, as well as keeping many workers off the job longer than usual.

But there are also concerns about using marijuana to treat injured workers: It's still illegal under federal law, and it may be detrimental to a worker's efforts to return to work after the injury has healed.

The U.S. Food and Drug Administration has not approved marijuana for treating any medical condition. Also, there have been few studies looking at the efficacy of marijuana in treating pain.

Scientists have confirmed that the cannabis plant contains active ingredients with therapeutic potential for relieving pain, controlling nausea and stimulating appetite, and in the workers' comp arena, chronic – and especially neuropathic – pain stands out as an issue that insurers must address.

So far now, state courts seem to be the battleground over the use of medical marijuana to treat injured workers.

In New Mexico, the state Court of Appeals has ruled three times since 2014 that medical marijuana is “reasonable and necessary” for injured workers, and that it should be covered under workers' comp.

Must insurers pay for pot?

It has yet to be determined whether the answer is affected by state or federal regulations. Even in states in which marijuana use is legal for medical purposes, laws may not require insurers to pay for it.

In a situation in which the employer or insurance provider is located in a state that does not allow for medical marijuana and chooses to pay for its use for an employee in a state in which it is allowed, the employer may find themselves in violation of their own state's laws, as well as federal law.



In the states where the law permits the use of marijuana for medical purposes, legal protection is afforded to patients diagnosed with a variety of illnesses. Generally, these include pain relief, particularly of neuropathic pain, nausea, spasticity, glaucoma, and movement disorders.

Legislation varies widely, and can be as vague as that in California, which reads, “Any debilitating illness where the medical use of marijuana has been ‘deemed appropriate and has been recommended by a physician.’”

On the other hand, “Marijuana has the potential to cause or exacerbate problems in daily life, including increased absences, tardiness, accidents, workers' compensation claims and job turnover,” according to the National Institute on Drug Abuse.

Marijuana is classified as a Schedule I drug, meaning it has a high potential for abuse and no currently accepted medical use in treatment in the United States.

What employers can do

- All employers should have a drug policy in place, which must be re-evaluated on a consistent basis to ensure compliance with state and federal laws.
- Paying for medical marijuana under workers' compensation is a gray area and could have repercussions. Until the laws are clarified, payment should be under the direction of the state board. In addition, each case must be reviewed individually.
- When an employee returns to work after being treated with marijuana, keeping them and other employees safe should be the primary concern.

Although this should also be considered when an employee is treated with any medication, extra caution is needed due to the fact that marijuana use is still illegal under federal law.

- Employers should review their workplace and employment policies to incorporate changes as they occur. ❖

