



# Curry Insurance Agency

## WORKERS' COMPENSATION

# Non-compliance with Exclusion Rules May Cost You

**I**N THE last quarter of 2016 you should have received correspondence both from us and your insurance carrier if you have claimed any owners or officers as exempt from workers' compensation coverage on your policy.

The notification was in response to Assembly Bill 2883, which amended rules 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 under a workers' compensation policy.

Starting Jan. 1, 2017 only officers or directors who own 15% or more of the stock of the corporation may be excluded from coverage.

Based on this wording, only six individuals can be excluded on any one policy.

Also, AB 2883 changes the method by which individuals may be excluded.

Individuals eligible for exclusion were required to have submitted no later than Dec. 31, 2016 a written waiver of workers' compensation benefits under penalty of perjury certifying that they are a qualifying officer, director, general part-

ner or managing member of an LLC.

If you claimed an exclusion, you would have received correspondence asking that you submit the required documentation by Jan. 1.

If you failed to comply, you will have rendered your exclusions invalid under the law and your policy will be subject to additional premium.

This rule applies to all in-force policies, even those that do not incept on Jan. 1.

Insurance companies are still working on how and when they will charge the premium for individuals who no longer qualify to be excluded (those who own less than 15% of the organization).

They will use the typical factors in determining the premium, like job duties, class code and salary.

Inclusion will be effective from Jan. 1, 2017 until the expiration of your policy.

If you have questions or concerns about these changes, do not hesitate to call us. We are always here to help. ❖

### 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.

CONTACT US



Curry Insurance Agency

If you have any questions regarding any of these articles or have a coverage question, please call us at:

#### ISU Curry Insurance Agency

489 E. Colorado Boulevard

Pasadena, CA 91101

Phone: 626-449-3870

Fax: 626 449-5268

License No. : 0588757

## EEOC LAWSUITS

# Employers Sued for Actions vs. Prescription Drug Users

**B**Y NOW YOU will be aware of the scourge of opioid abuse that's swept the country over the past decade and the damage it is doing to individuals and families.

Overdoses from legal prescription drugs – mostly opioids and other strong pain relievers – last year surpassed overdoses from street drugs like heroin for the first time.

However, some employers are going too far in trying to prevent employees from taking certain medications while on the job and have as a result run afoul of the Equal Employment Opportunity Commission.

As you would enter an interactive process when trying to make accommodations for an employee's disability, you must do the same if you have concerns about a worker taking prescription drugs for a medical condition.

Two recent lawsuits illustrate the issues that could spark action by the EEOC.



## WHAT YOU CAN DO

- If you suspect someone is taking prescription narcotics that are affecting their performance, you can have a talk with them. If they have a prescription, you may need to enter into an interactive process with them to try to find ways to accommodate them under the ADA.
- If they are taking pharmaceuticals for which they do not have a prescription, that is illegal drug use and you can impose discipline for violating your policy against illegal drug use.
- You can still conduct pre-employment drug tests legally and regulate abuse of drugs in the workplace. But make sure that you account for the need to engage in an interactive process with individuals taking prescription medications and, if necessary, provide reasonable accommodations.
  - Avoid taking adverse actions when you have not gathered all of the facts.
  - You cannot have a policy that requires all employees to divulge the prescription medications they are taking. However, there are exceptions when public safety and the safety of other employees is concerned.



SOURCE: Littler Mendelson

### Refusing to hire after drug test

One case, filed in September 2016, concerns a woman who had her job offer by a casino rescinded after she had failed a pre-employment drug test.

But the applicant was taking prescription medication for a back and neck impairment, which caused her to fail the test, the EEOC alleges.

Despite the applicant's explanations and even offering to provide documentation, the casino still refused to hire her, according to the agency.

The EEOC alleges that the company violated the Americans with Disabilities Act (ADA) when refusing to hire the applicant, because she was taking lawful prescription drugs due to a disability.

The lawsuit also challenges the casino's blanket policy requiring all employees, regardless of whether they work in safety-sensitive positions, to disclose their prescription or non-prescription drug use.

### Fired for prescription drug use

The EEOC sued a medical center in Georgia for firing one of its doctors after learning that he was taking prescription narcotics to treat chronic pain for which he was undergoing treatment.

He was terminated despite offering to provide a letter from his own doctor explaining why he was taking the medication and receiving spinal injections. The medical center said he would be unable to perform his duties while taking the medications.

The EEOC alleges that the physician could have performed his job safely and competently, and that the medical center failed to enter into a dialogue with him, in violation of the ADA. ❖

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## MANAGING YOUR RISKS

# Think Like a Risk Manager to Reduce Your Insurance Costs

**A**LL LARGE corporations have someone in charge of risk management, if not a whole department. But hiring a risk specialist or dedicating staff to that kind of work is usually too expensive for small and mid-sized companies.

One way that you can reduce the risk to your finances is to purchase appropriate insurance coverage. But you can't rely on insurance alone and there are a number of areas you can focus on to manage your risks. Insurance companies like policyholders that do this and they reward them by reducing their premiums.

The key for you is thinking like a risk manager. How far you want to go depends on how much time you want to spend honing your skills. The more you learn, the better you will have a broad perspective of the various risks that your organization faces.

To start with, organize your risks into categories:

### Human resources

Employees are your biggest asset, but they can also be a liability. Businesses are sued by their employees and job applicants for a number of alleged transgressions: discrimination, retaliation and hostile work environments. Some people are serial lawsuit filers.

Screen job applicants and document everything, including candidate searches, interviews, reviews, complaints and behavior or performance issues, especially if you have to terminate someone. Promote a culture of safety with regular training, and strive to keep workers happy, motivated and feeling like they have are vested in your firm.

### Property and assets

Fire and theft devastate thousands of American businesses every year. Protect your property with fire and burglar alarms, and take precautions against damage from severe weather. Don't store flammable items near sources that can start fires.

Keep your firm's data safe (especially personally identifiable information on your staff and customers, and credit card information).

Erect firewalls, install virus and malware protection and store vital company data on- and offsite. Develop an emergency response plan in case your data is compromised or if your network fails.

### Income

This includes any risks that affect your company's finances and income stream. Keep thorough records and meticulously quantify your costs of goods sold, gross and net income.

Monitor your accounting and ensure that a chosen few of your staff have access to your accounts and check books.

Have a preplanned connection with back up suppliers in case one of your current suppliers is suddenly unable to meet your needs..

Have a contingency management plan in place to keep your business operating if disruptions occur due to equipment failure, a breakdown in transportation networks or natural disaster.

### Liability

Every year there seems to be a new and novel lawsuit threat that companies never knew existed.

Make sure that you do all you can to reduce the potential of liabilities to third parties, including vendors and customers and the public at large.

Identify any hazards on your premises, and train your employees to drive carefully and not endanger your customers or the public.

Keep your workplace safe, as well.

Engage in proactive safety training and a program to identify potential hazards to your staff. Having a safe work environment improves employee morale and reduces the risk of injuries which can lead to a reduction in your workers compensation premium..

Have a social media policy with clear do's and don'ts.

While there is much more that you can do, these tips are a good place to start in thinking like a risk manager and reducing the chances of your firm having to pay more than it should, or being sued.

Always speak to your insurance agent who can help you identify the biggest risks that your organization faces and what you can do to reduce those risks to a comfortable level.

While insurance is there to pay for many of these issues, to keep your rates as low as possible and prevent potential lawsuits, put on your risk management cap and get to work! ❖



## BUSINESS CONTINUITY

### A Strong Crisis Management Plan Can Save Your Firm

**Y**OU SHOULD hope it never happens to your organization, but unfortunately, a crisis can strike any company at any time. If your business suddenly became embroiled in a crisis, would you be prepared to handle it? If you were putting out fires, or a major conflagration, and you didn't have a crisis management plan in place, how would you respond?

Crises can take many forms, like the death of an owner, one of your products causing death or injury, or if historic flooding suddenly inundates your town, forcing you to cease operations.

To prepare and ensure resiliency, you should think about how a disaster would affect your operations, clients, suppliers, employees and the value and goodwill you've built up over the years. And you need to put together a plan for communications during this time.

#### Do it now

You should create your crisis management plan when your business is running smoothly and you have time to devote to thinking out a successful strategy.

This also gives you a chance to involve key employees in the process and open it up for brainstorming on how you would handle different crises.

You may want to include in this process advice and input from:

- Members of your leadership team
- Employees
- Customers
- Communications experts
- Lawyers ❖

## CRUCIAL STEPS

1. **Have a plan** – Put in place clear objectives that you would want to pursue during a crisis. Objectives should include protecting human life, ensuring that the organization survives and that your stakeholders (clients, suppliers, employees, the public) are kept informed. Include specific actions that you would take in a crisis.
2. **Different responses to different crises** – Have plans in place for various crises that could strike your organization. If it's the sudden loss of a key employee or owner, you should prearrange a succession plan and transfers of responsibility. If it's a natural disaster that disrupts operations, have plans in place to ensure that you can continue operating, such as arranging for alternate suppliers, or for an alternative location if you are unable to function in your current facilities.
3. **Be transparent** – Being as open and transparent as possible can help stop rumors and head off any negative fallout among the public and media. You can do this by reaching out to the media with press releases and interviews, as well as on social media.
4. **Keep employees informed** – It's extremely important that you keep your employees informed, to keep morale up and so that they can help you keep your operations afloat. This also stops the rumor mill from circulating out of control.
5. **Reach out to clients and suppliers** – Head off any misunderstandings by communicating with your customers and suppliers before they learn it from another source. Keep them informed of what's happened, how it has affected your operations and how it might affect them during this period.
6. **Update early and often** – Thanks to smartphones and the Internet, we now live in a 24-hour news cycle. That means you should make updates regularly and as needed, in order to keep all stakeholders informed.

