



EMPLOYEE BENEFITS

CURRENT VERSION OF EMPLOYER CHIP NOTICE SET TO EXPIRE ON OCTOBER 31

With preparations for open enrollment underway, please be advised that the current version of the Employer Children's Health Insurance Program (CHIP) Notice is set to expire on October 31, 2016.

Annual Notice Requirement

Employers that provide coverage in states with premium assistance through Medicaid or CHIP must inform employees of potential opportunities for assistance in obtaining health coverage annually before the start of each plan year. An employer may provide the notice applicable to the state in which an employee resides concurrent with the furnishing of:

- Materials notifying the employee of health plan eligibility;
Materials provided to the employee in connection with an open season or election process conducted under the plan; or
The summary plan description (SPD)

Current Model Notice Set to Expire on October 31

The current version of the Employer CHIP Notice is set to expire on October 31, 2016. A news alert will be sent out as soon as the new Employer CHIP Notice is available.

Our section on CHIPRA (the Children's Health Insurance Program Reauthorization Act) contains additional information on employer responsibilities related to CHIP.

*Source: HR360

MAXIMUM INDIVIDUAL MANDATE PAYMENT AMOUNT FOR 2016 RELEASED

The Affordable Care Act's "individual mandate" provision requires every individual to have minimum essential health coverage for each month, qualify for an exemption, or make a penalty payment when filing his or her federal income tax return. Recently, the Internal Revenue Service (IRS) issued Revenue Procedure 2016-43, which provides information needed to determine the maximum penalty that may be due for 2016.

Calculating the Payment

For tax year 2016, individuals will generally pay whichever of the following penalty amounts is higher:

- 2.5% of the individual's yearly household income above his or her applicable filing threshold; or
\$695 per person for the year (\$347.50 per child under age 18)

The maximum penalty is capped at the cost of the national average premium for a bronze-level health plan available through a Health Insurance Marketplace in 2016. According to the IRS, the monthly national average premium for qualified health plans that have a bronze level of coverage and are offered through a Health Insurance Marketplace in 2016 is:

- \$223 per individual; and
\$1,115 for a family with five or more members.

Our section on the Individual Mandate (Individual Shared Responsibility) provides information on the statutory exemptions from the individual mandate requirement.

*Source: HR360

DOL ISSUES GUIDANCE FOR PRIVATE EMPLOYERS ON FINAL OVERTIME RULE

The U.S. Department of Labor (DOL) has issued new guidance on its final overtime rule to help private sector employers evaluate current practices and transition to the rule's requirements.

Final Overtime Rule

The DOL's final overtime rule, effective December 1, 2016, updates the salary and compensation levels required for executive, administrative, and professional workers to be exempt from the minimum wage and overtime pay protections of the federal Fair Labor Standards Act (FLSA). In particular, the final rule:

- Raises the salary threshold from \$455 a week to \$913 per week (or \$47,476 annually) for a full-year worker;
Sets the highly-compensated employee (HCE) total annual compensation level equal to \$134,004 annually; and
Amends the regulations to allow employers to use nondiscretionary bonuses, incentives, and commissions to satisfy up to 10% of the new standard salary level, so long as employers pay those amounts on a quarterly or more frequent basis.

Note: When both the FLSA and a state law apply, the employee is entitled to the most favorable provisions of each law.

New DOL Guidance

Among other things, the DOL's new guidance details some of the options employers may exercise in determining how to comply with the final rule. Employers have certain options for responding to the changes to the salary level, and the DOL does not dictate or recommend any method. Such options include:

- Providing pay raises that increase workers' salaries to the new threshold;
Spreading employment by reducing or eliminating work hours of individual employees working over 40 hours per week for which no overtime is being paid; or
Paying overtime.

Note: The rule does not require employers to convert a salaried worker making less than the new salary threshold to hourly status; employers can pay non-exempt employees on a salary basis and pay overtime for hours worked beyond 40 in a week.

Our section on the Fair Labor Standards Act features additional information on DOL's final overtime rule.

*Source: HR360

TOP 5 TIPS ON ADOPTING AND ENFORCING A TIME-OFF POLICY

Whether paid or unpaid, time-off is an important respite that allows employees to take vacations, attend to personal or family business, or simply rest and recharge. However, managers and employees alike must recognize that not every request for time off can be approved. The following are the top 5 tips on adopting and enforcing a time-off policy:

- 1. Adopt a Written Policy: Employers should adopt a written time-off policy, detailing the amount of sick, personal, and vacation time allotted to employees and procedures for taking that time off. This policy should clarify how far in advance employees must notify their supervisors of their intention to take time off, and whether those requests will be approved based on corporate or departmental needs.
2. Communicate the Time-off Policy to Employees: Communicate this time-off policy in both the employee handbook as well as on the company's internal web site, or intranet, if one exists. Employers should also communicate in writing any variances to the time-off policy that apply to specific departments or positions. When hired, an employee should sign a written acknowledgement that he or she has received and read the handbook. This acknowledgement should be placed in the employee's personnel file.
3. Comply with Applicable Law: When considering whether to grant an employee's time-off request, it is necessary to comply with applicable federal, state, and local laws regarding time off and nondiscrimination. For example, employers covered by the federal Family and Medical Leave Act (FMLA) must provide eligible employees with leave for specified family or medical reasons. In addition, many laws contain specific procedures and notice requirements for both employers and employees regarding requests for time off.
4. Consider Flexible Work Options: In managing employees' requests for time off, an employer should also consider whether a flexible work option is a good fit for their company. Flexible work hours can minimize inconvenient time-off requests and help managers plan for extra coverage during busy times.
5. Be Fair: Time-off requests must still on occasion be denied. Remember to follow all applicable laws, and apply those laws and company policies consistently and fairly among all employees. If appropriate, the employer should explain why the request was denied and attempt to find a resolution that works for both the employee and the company.

Our Federal Laws section details the federal laws which regulate employee leave.

*Source: HR360

SOCIAL SECURITY REQUIREMENTS FOR EMPLOYEE NAME CHANGES

With the summer wedding season now over, it is critical for employers to ensure that each employee's name and Social Security Number (SSN)—as shown on his or her Social Security card—matches the employer's payroll records and year-end Forms W-2.

Employers

If an employee legally changes his or her name because of marriage, employers should continue to use the old name and tell the employee to contact Social Security to obtain an updated card. Employers should change their payroll records only after the employee obtains an updated Social Security card with the new name. Using a new name before the employee updates Social Security's records may prevent the posting of earnings to the employee's Social Security earnings history.

Employers can use Social Security's free Social Security Number Verification Service (SSNVS) to match employees' names and SSNs at the time they are hired, or before the employer prepares and submits employees' Forms W-2.

Employees

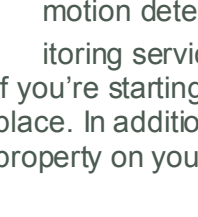
Employees must take the following three steps in order to obtain a corrected Social Security card:

- 1. Show the required documents, including proof of identity. See Learn What Documents You Need for more information. (Under the heading "Type of Card," select "Corrected" for a list of the documents needed);
2. Fill out and print an Application for a Social Security Card; and
3. Take or mail the application and documents to a local Social Security office.

There is no charge for a Social Security card—this service is free. For complete instructions, please click here.

Our section on Social Security includes helpful information regarding Social Security benefits.

*Source: HR360



BUSINESS INSURANCE

CYBER CLAIMS COSTLY TO BUSINESSES LARGE AND SMALL

Data breaches can be costly, no matter how large or small an organization may be.

That's a key takeaway of the latest NetDiligence study on cyber claims costs that analyzed 176 data breach claims submitted by insurers.

While the average claim for a large organization—at \$6 million—was 10 times the average claim for a small organization, some of the largest claims in this year's study came from smaller organizations with revenues of \$2 billion or less.

This year's dataset included 21 claims in excess of \$1 million (12 percent) of which 81 percent (17 out of 21) involved nano-, micro- and small-revenue organizations that were victims either of hackers or malware.

The largest legal costs (defense and settlements) in this year's study were from two micro-organizations (revenues of \$50 million to \$300 million). One lost valuable trade secrets to a hacker, while the other exposed protected health information due to a lost laptop.

The combined legal costs for these two organizations ranged from \$1.5 million to more than \$4.5 million, NetDiligence said.

Interestingly, the average claim payout across the dataset was \$495,000, while the median claim payout was \$49,000

The highest average claim payout—\$1.3 million—was in the financial services sector.

The majority of claims (87 percent) submitted for analysis in this year's study came from smaller organizations with revenues of \$2 billion or less.

NetDiligence said this is in line with previous findings that smaller organizations experience most of the incidents. This is likely due to the fact that there are simply more small organizations, than large ones.

Other contributing factors may be that smaller organizations are less aware of their exposure or they have fewer resources to provide appropriate data protection and/or security awareness training for employees, NetDiligence said.

A point that underscores the growing need for smaller companies to purchase cyber insurance.

While many leading cyber liability insurers are participating in the study, NetDiligence noted that there are many insurers that have not yet processed enough cyber claims to be able to participate.

*Source: Insurance Information Institute, Inc.

STEPS TO REDUCE YOUR VULNERABILITY TO THEFT

Businesses of all sizes face potential losses due to criminal activity. Depending on the nature, size and location of your business, your company may be vulnerable to various types of crime—from burglary to employee theft to fraud.

In addition to purchasing specialized crime (or "fidelity") insurance, you will want to consider taking steps that prevent crimes from happening.

Preventing Theft by Outsiders

Taking precautions can deter criminals from targeting your business for burglary. Consider installing and maintaining:

- Strong Locks and Doors—External and security doors should have deadbolts and steel frames.
Suitable Lighting—Bright internal and external lights can deter would-be burglars. It's especially important to provide strong lighting near doors and windows.
An Alarm System—This might include sensors at doors, windows and other places of entry, as well as motion detectors. Determine local regulations concerning alarms and options for a system tied to a monitoring service.
If you're starting a business or relocating, seek out a property that already has theft-prevention features in place. In addition—especially if your business is located in a high-crime area or you keep highly valuable property on your premises—you may want to consider additional protections, such as:

- Barred windows
Burglar-resistant glass
Security cameras
Private security patrols
Burglary and theft are crimes against property, but robbery involves taking property from a person via force or threat. Train employees how to respond to robberies, and minimize losses by limiting how much cash is easily accessible.

Preventing Insider Crimes

Insider crimes committed by employees can be highly damaging to a business. As many as 20 percent of business failures may be a result of employee dishonesty, including theft, according to the American Management Association. The Association of Certified Fraud Examiners (ACFE) estimates that businesses annually lose on average 6 percent of their revenues due to employee crime. You can help prevent insider crimes by taking the following steps:

Increase Opportunities to Uncover Employee Theft—Implement tight accounting controls that include frequent audits and take steps to ensure employees are aware of these practices. In addition, establish a policy that enables employees to report thefts and other crimes committed by co-workers without fear of exposure or reprisal.

Model and Reward Positive Behavior—Emphasize the values of your business—and practice those values in how you treat customers and employees. Establish performance standards, reward loyalty and acknowledge hard work.

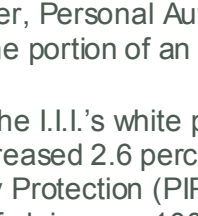
Increasing Your Protection with Commercial Crime Insurance

Your commercial property insurance—either as an endorsement or as a component of a package policy—may provide some coverage against robbery and burglary. Crime insurance also covers two important types of property excluded by standard commercial insurance: money and securities—including destruction or disappearance as well as theft.

Standard commercial property insurance also does not cover a range of business crimes, such as fraud or embezzlement. To extend your coverage against business or "white collar" crimes, you might want to consider purchasing crime insurance. This specialized insurance includes coverage for losses resulting from:

- Employee theft
Forgery and counterfeiting
Embezzlement
Computer fraud
Wire transfer fraud
Safe burglary

*Source: Insurance Information Institute, Inc.



PERSONAL INSURANCE

RIISING AUTO CLAIMS COSTS PUT UPWARD PRESSURE ON PRICE OF INSURANCE

Over the past two years, U.S. auto insurance companies have seen private-passenger loss costs rise sharply as insurers receive more, and costlier, claims, according to the Insurance Information Institute (I.I.I.)

"There has been an alarming increase in crashes and claims reported. This, combined with the cost of the claims themselves, has led to a dramatic rise in the overall loss cost," states a just-released I.I.I. white paper, Personal Automobile Insurance: More Accidents, Larger Claims Drive Costs Higher. The loss cost is the portion of an insurance policy's price that is used to cover the cost of paying and adjusting claims.

The I.I.I.'s white paper notes that, between the first quarters of 2014 and 2016, collision claim frequency increased 2.6 percent while collision claim severity rose 8.2 percent. Other coverages, such as Personal Injury Protection (PIP), showed comparable claim frequency and severity increases. Frequency is the number of claims per 100 vehicles insured for a year; severity is the size of the average claim.

An improving economy, put more cars on U.S. roadways as a growing number of Americans found employment, the I.I.I. found, citing federal data showing the miles driven annually grew in recent years for the typical driver.

Fatal crashes in the United States are also increasing. In fact, 35,092 people died in crashes in 2015, a 7.2 percent increase in deaths from 2014 according to the National Highway Traffic Safety Administration (NHTSA). The last single-year increase of this magnitude occurred in 1966, when highway fatalities nationally rose 8.1 percent as compared to 1965. U.S. highway deaths have continued to rise in 2016, with fatalities up 10.4 percent in the first six months of 2016 as compared to the first-half of 2015, according to preliminary data from NHTSA.

"Until the past couple of years, the frequency of U.S. crashes had generally been dropping for many years. That while severity—the cost of paying these crash claims—was generally rising. Now they are both rising. That means private-passenger auto insurers are seeing more and costlier crashes, and that is why auto insurance costs are rising in many U.S. states," said James Lynch, the I.I.I.'s chief actuary, who wrote the paper along with Dr. Steven Weisbart, the organization's chief economist, and Dr. Robert Hartwig, special consultant to the I.I.I.

*Source: Insurance Information Institute, Inc.

TREES AND INSURANCE: ARE YOU COVERED FOR FALLEN TREES?

If a tree falls and hits your house, are you covered? The short answer is, yes. The coverage is quite straightforward: if a tree hits a home or other insured structure, such as a detached garage, standard homeowners insurance policies provide coverage for the damage the tree does to the structure and the contents in it. This includes trees felled by wind, lightning or hail.

It does not matter whether or not you own the tree; if it lands on your home, you can file a claim with your insurance company. After a hurricane or windstorm, trees, shrubs and branches can become projectiles capable of traveling significant distances and can cause considerable damage to property. In most cases, an insurance company is not going to spend time trying to figure out where a tree or other item originally came from.

In some situations where the felled tree was located on a neighbor's property, the policyholder's insurance company may try to collect from the neighbor's insurance company in a process called subrogation. This sometimes occurs if the tree was in poor health or not properly maintained. If the insurer is successful, you may be reimbursed for the deductible.

If a tree hits an insured structure, such as your house or garage, there is also coverage for the cost of removing the tree, generally up to about \$500 to \$1,000, depending on the insurer and the type of policy purchased. If the fallen tree did not hit an insured structure, there is generally no coverage for debris removal. However, some insurance companies may pay for the cost of removing the felled tree if it is blocking a driveway or a ramp designed to assist the handicapped.

Standard home insurance policies also provide coverage for damage to trees and shrubs due to fire, lightning, explosion, theft, aircraft, vehicles not owned by the resident, vandalism and malicious mischief. Coverage for these disasters is generally limited to up to 5 percent of the amount of insurance on the structure of the house. Generally, most insurers will limit the coverage to about \$500 for any one tree, shrub or plant. Trees and plants grown for business purposes require a separate business insurance policy.

*Source: Insurance Information Institute, Inc.