October Newsletter

Employee Benefits

Medicare Part D Notice Due Before Oct. 15

In preparation for the Medicare fall open enrollment period, employers sponsoring **group health plans that include prescription drug coverage** are required to notify all Medicare-eligible individuals whether such coverage is "creditable" (i.e., that the coverage is expected to pay, on average, as much as the standard Medicare prescription drug coverage).

Written Disclosure Requirement
A written disclosure notice must be provided annually, **prior to October 15**, and at various other times as required under the law, to the following individuals:

- Medicare-eligible active working individuals and their dependents;
- Medicare-eligible COBRA individuals and their dependents;
- Medicare-eligible disabled individuals covered under an employer's prescription drug plan; and
- Any retirees and their dependents.

Model notices are available from the Centers for Medicare & Medicaid Services (CMS).

Online Disclosure Requirement
Additionally, employers are required to complete an online disclosure to CMS to report the creditable coverage status of their prescription drug plans. This disclosure is also required annually, **no later than 60 days from the beginning of a plan year**, and at certain other times.

Visit our section on Medicare for more information about how the law affects employer-provided group health plans.

*Source: **HR360**

USCIS Releases New For'Pay or Play' Coverage Penalties Remain in Effect

Despite recent attempts in Congress to "repeal and replace" the Affordable Care Act (ACA) and President Trump's executive order calling for executive agencies to minimize the ACA's regulatory burden, **penalties for failing to comply with the ACA's employer shared responsibility ("pay or play") provisions remain in effect**.

In general, an applicable large employer (ALE)—generally one with **at least 50 full-time employees**, including full-time equivalent employees (FTEs)—will owe a "pay or play" coverage penalty for calendar year 2017 under either of these scenarios:

- The ALE **does not** offer coverage to **at least 95% of its full-time employees (and their dependents)**, and at least one full-time employee receives a premium tax credit to purchase individual coverage through the Health Insurance Marketplace. Under this scenario, the ALE will generally owe a penalty of **$2,260 per full-time employee**.

The ALE **offers** coverage to **at least 95% of its full-time employees (and their dependents)**, but at least one full-time employee receives a premium tax credit to purchase individual coverage through the Health Insurance Marketplace because he or she was not offered coverage that was affordable or provided minimum value, as defined by federal regulations. Under this scenario, the ALE will generally owe a penalty of **$3,390 for each full-time employee that received a premium tax credit**.

Employers seeking more information on "pay or play" compliance should read the Internal Revenue Service's recently updated Q&As.

For more information on ACA compliance, check out our Health Care Reform section.

*Source: **HR360**

IRS Warns of New Phishing Scam

The IRS has issued an urgent warning about a new email phishing scam that uses **IRS and FBI emblems** to entice users into clicking a link to download a fake FBI questionnaire. The link downloads ransomware, which prevents users from accessing data from their devices unless they pay the scammers.

The IRS advises victims of the scheme **not to pay the ransom**, as hackers often fail to provide access to the data that is held "hostage" even after being paid. According to the agency, people with a tax issue will not get their first contact from the IRS with a threatening email or phone call, nor does the IRS use email, text messages, or social media to discuss personal tax issues.

The IRS advises victims to immediately report any ransomware attempt or attack to the FBI at the Internet Crime Complaint Center, IC3.gov, and forward any IRS-themed scams to phishing@irs.gov.

To read the IRS warning in its entirety, and to see a sample phishing email, click here.

Check out our Employee Records and Files section for more on how to protect confidential employee information.

*Source: **HR360**

Upcoming EEO-1 Report Will Not Require Pay Data Collection

The U.S. Equal Employment Opportunity Commission (EEOC) has announced that the upcoming EEO-1 reporting form **will not** contain pay data collection information.

EEO-1 Report Change Halted
In July of 2016, the EEOC changed the EEO-1 reporting form requirements, so that private employers with **100 or more employees** and certain federal contractors would have been required to report **aggregate W-2 income** by sex, race, ethnicity, and job group. On August 29, 2017, this change was halted by the U.S. Office of Management and Budget (OMB). Instead, **employers should plan to comply with the March 2018 EEO-1 reporting deadline by using the previously approved EEO-1 form**.

Background
The EEO-1 report is a compliance survey report mandated by federal law. It generally must be filed by:

- Private employers with **100 or more employees** (or fewer than 100 employees if the company is owned by or corporately affiliated with another company and the entire enterprise employs a total of 100 or more employees); and
  Federal contractors (private employers) subject to Executive Order 11246 who have **50 or more employees** and:
- Are prime contractors or first-tier subcontractors, and have a contract, subcontract, or purchase order amounting to $50,000 or more; or
- Serve as a depository of government funds in any amount; or
- Are a financial institution which is an issuing and paying agent for U.S. Savings Bonds and Notes.

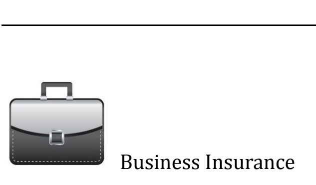
Check out our EEO-1 Annual Reporting section for more information on the EEO-1 Report.

*Source: **HR360**

How to Deny a Time-Off Request

Whether paid or unpaid, time off is an important respite that allows your 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. Learn how to handle situations in which you must deny an employee's time-off request in the video below.

Check out our section on the federal Family and Medical Leave Act (FMLA) to learn more about federal leave requirements.



*Source: HR360

Business Insurance

Cybersecurity And Identity Theft Coverage: The State of the Industry

Insurers Report Cyber Insurance Data To NAIC

Overview
Annual information about the U.S. cyber insurance market has been hard to come by until now, but new reporting requirements developed by the National Association of Insurance Commissioners (NAIC) now enable insurers to better track cyber insurance policies issued in the marketplace.

This preliminary analysis of the data, as reported on the Cybersecurity and Identity Theft Coverage Supplement for insurer financial statements, gives us an understanding of the size and shape of a rapidly growing market.

For the year ended December 31, 2015, direct written premiums in the U.S. cyber insurance market totaled $1.2 billion, based on data reported to the NAIC as of April 25, 2016, and sourced from S&P Global Market Intelligence.

Two types of coverage are included in the supplement: cybersecurity and identity theft, so totals are for the combined market. Cyber policies generally cover commercial risks. Identity theft is a personal lines coverage that addresses the risk that an individual's identity is stolen.

The data was gathered from U.S. property/casualty insurers writing cyber liability coverage nationwide only. Since a significant amount of cybersecurity insurance is written via Lloyd's and other international insurance markets, it is likely that actual U.S. premiums are considerably higher than $1.2 billion.

Both stand-alone coverage and packaged policies are included in the data request. Packaged policies are cybersecurity and ID theft policies that may be included as part of a commercial multi-peril package; stand-alone policies offer specialized cyber risk coverage that is tailored to the individual needs of a company.

The types of losses and liabilities that cyber risk policies may cover include: damage to, and/or destruction of, valuable information assets due to viruses, malicious code; expenses and legal liability resulting from a data breach including defense costs, settlements and judgments; regulatory investigations, fines and penalties; business interruption resulting from an attack that disables company operations; losses arising from an extortion threat against a company's network; and expenses incurred as a result of an identity theft, such as providing access to identity theft call centers.

Cyber Insurance Market: 2015
Of the total $1.2 billion in direct written premiums in the U.S. cyber market (cybersecurity and ID theft) in 2015, packaged policies accounted for $733.3 million, or 59 percent, making up slightly more of the combined market. Stand-alone coverage accounted for $501.9 million, or 41 percent.

The total number of policies in force in the U.S. cyber insurance market amounted to 18.5 million in 2015.

Packaged policies made up the majority of total combined policies in force, accounting for 97 percent (almost 18 million policies), while just 3 percent (561,182) were stand-alone policies.

If the U.S. cybersecurity business being written via international markets were included in this data, the number of stand-alone policies for cyber risks would probably account for a greater proportion of the overall market.

By type of coverage, cybersecurity insurance accounted for 81 percent of the combined cyber/ID theft market with $995.8 million in direct premiums written in 2015. Packaged cybersecurity policies accounted for $515.1 million, or 42 percent, of the combined market, while standalone cybersecurity policies accounted for $480.7 million, or 39 percent.

In contrast, ID theft accounted for 19 percent of the combined market, with $239.4 million in direct premiums written in 2015. Packaged ID theft policies accounted for $218.2 million in direct premiums written in 2015, or 17 percent of the combined market, while standalone ID theft policies accounted for $21.2 million, or 2 percent.

However, by far the majority of combined policies in force were ID theft coverage, reflecting the greater volume of policies issued in this line of business.

Some 17 million ID theft policies were in force in 2015, accounting for 92 percent of the combined market, while the number of in-force cybersecurity policies totaled 1.5 million, making up just 8 percent of the market.

While cybersecurity business accounts for a small slice of the combined market based on the number of in-force policies, it represents four times the value of the ID theft market ($995.8 million vs. $239.4 million) by direct premiums written in 2015.

This is a reflection of the higher values at stake in cybersecurity insurance policies, which are more frequently purchased by medium- to large-sized corporations with cyber risk needs that require tailored solutions. By contrast, ID theft is a high volume, small premium business.

Both lines seem likely to grow as the world becomes more interconnected via the Internet.

*Source: **Insurance Information Institute, Inc.**

Filing a Business Insurance Claim

- It's tough to face a situation that sets back your business. Imagine if:
- An electrical fire damages your offices, equipment or inventory—and temporarily shuts down your business.
- A burglary results in stolen merchandise or specialized equipment. A customer is injured on your business property.
- You are denied access to your property due to a hurricane, wildfire, flood or other catastrophe.

Fortunately, if you're adequately insured, you can recover from these events and keep your business operating. Once you've responded to any immediate onsite emergency, follow the steps below to file your claim so you can get your business back on track quickly.

Contact Your Insurance Professional and Insurer as Soon as Possible—Your insurer or insurance professional will provide assistance with responding to your loss and filing your claim. If damage is extensive, your insurer may send an adjuster to inspect the property.
Contact the Police if Necessary—If your business loss is due to a crime, you'll want to contact the police and obtain a copy of the police report.
Review Your Insurance Policy—Your policy may specify steps that you need to take when an insurable loss occurs.
Prepare an Inventory—To substantiate your loss, prepare an inventory of damaged or destroyed items and give a copy to your insurance company and/or adjuster along with copies of any receipts.
Provide Proof of Loss—You'll be asked to send a signed, sworn proof of loss containing the information requested to investigate the claim. This must be done within 60 days after the initial insurer request.
Be Ready for the Adjuster—If your insurer sends an adjuster, be prepared to have him or her inspect the property and examine books and records.
Document Damage to Your Property—Identify damage to your building and other structures and make a list of everything you want to show the adjuster, for example, cracks in the walls or missing roof tiles. You may want to consider taking photos or video of the damage.
Make Temporary Repairs if Needed—Take reasonable steps to protect your property from further damage—provided the area is safe to access. For instance, if your roof is damaged, placing a tarp over the exposed area will provide a short-term patch to prevent further wind or water losses. If immediate repairs to equipment are necessary, save the damaged parts in case the claims adjuster is interested in examining them. Save receipts for what you spend so you can submit them to your insurance company for reimbursement—and remember that payments for temporary repairs are part of the total settlement.
Get at Least Two Bids for Repairs—Repairs or replacements should be bid competitively in order to provide options and hold down costs.
Stay Organized—Keep copies of all the documents you submit to your insurance company, as well as any paperwork your insurance company provides you. And record the names and phone numbers of everyone you are in contact with during the claims filing process.

Additional Steps for Business Income and Extra Expense Claims
If your business is forced to close temporarily or relocate, you will want to file a business income and extra expense claim, if you carry this type of coverage. To receive a business income settlement, you must be able to show your business's net income and continuing normal operating expenses incurred, including payroll, both before and after the event that disrupted your business. Your insurer may also look at your financial records over several years to determine income. In addition to locating and organizing records from before the event, keep detailed records of:

- Ongoing business activity and transactions, if any, while you recover from the event.
- Expenses associated with operating in a temporary location.
- Ongoing expenses that you must pay even if your business is closed, such as utility or advertising costs.

Filing Civil Authority Claims
If government action—e.g., closure of an area for inspection following a hurricane—prevents you from accessing your company's premises and running your business, you can receive insurance reimbursement for expenses and lost business income, provided you have appropriate coverage. Your Business Owners Policy (BOP) or Commercial Package Policy (CPP) may include coverage for this type of business interruption.

Civil authority coverage for business income usually begins 72 hours after government action first prohibits access to your premises; this coverage then lasts for up to four weeks. Coverage for related expenses will start immediately when civil action is taken and generally lasts up to four weeks.

Civil authority coverage is triggered only if all of the following elements are met:

- Government authority prohibits access to the insured property.
- The prohibition is issued as a result of physical loss or damage caused to property within a one-mile radius of the insured property.
- The time element deductible ("waiting period") is met.

Troubleshooting an Inadequate Settlement
If you're unhappy with the handling of your claim or the amount of the settlement, take the following steps to try to win an adjustment:

- Talk to your insurance professional or claims manager to explain your point of view.
- Contact the claims manager at your insurance company and share your story and why you think you deserve a larger settlement. Provide a written explanation of your problem with copies of supporting documentation.

Contact your state department of insurance about your problem.

*Source: **Insurance Information Institute, Inc.**

Personal Insurance

Eight Auto Insurance Myths

When purchasing car insurance, it's important to understand the factors that affect your car insurance premium rates and coverage. But how do you differentiate between truth and fiction? A good place to start is by puncturing some common myths about auto insurance:

Myth 1 – Color determines the price of auto insurance

"Arrest-Me Red"? "Hide-in-Plain-Sight-White"? It doesn't matter. What does matter is the type of car you select. What you pay for insurance is based on make, model, body type, engine size, the age of the vehicle and the age, driving record and credit history of the driver. Premiums are also based, in part, on the car's sticker price, the cost to repair it, its overall safety record, and the likelihood of theft. For more: What Determines the Price of My Auto Insurance?

Myth 2 – It costs more to insure your car when you get older

Quite the opposite—many drivers over 55 years of age can, in fact, qualify for a reduction in auto insurance rates if they successfully complete an accident prevention course (available through local and state agencies as well as through the AAA and AARP). Insurance companies will usually provide up to a 10 percent discount on car insurance, but check with your provider before you sign on. If you are retired or are not employed full time—therefore driving less—you may also be eligible for a discount of up to 5 percent off your car insurance. Age requirements for this type of discount vary by state and insurance carrier.

Myth 3 – Your credit has no effect on your insurance rate

Your credit-based insurance score does matter. Why? An insurance score is a measure of how well you manage your financial affairs, not your financial assets. Many insurance companies take your insurance score into consideration when you want to purchase, change or renew your auto insurance coverage. Because the majority of people have good credit, and insurance scores are derived from a person's credit history, most people end up paying less for insurance when insurance scores are factored into the pricing equation.

Myth 4 –Your insurance will cover you if your car is stolen, vandalized or damaged by falling tree limbs, hail, flood or fire

Here's where you're in control—by opting for comprehensive and collision coverage along with your standard liability policy. Lenders frequently require drivers to buy comprehensive and collision coverage as a condition of a car loan agreement. If a car is worth less than $1,000 or less than 10 times the insurance premium, purchasing the optional coverages may not be cost effective. But bear in mind that you need to purchase both collision and comprehensive coverage in order to fully protect your vehicle from all types of damage.

Myth 5 –You only need the minimum amount of auto liability insurance required by law

Almost every state requires you to buy a minimum amount of auto liability coverage. Chances are that you will need more liability insurance than the state requires because accidents often cost more than the minimum limits. Buying only the minimum amount of liability means you are likely to pay more out-of-pocket for losses incurred after an accident—and those costs may be steep. The insurance industry and consumer groups generally recommend a minimum of $100,000 of bodily injury protection per person and $300,000 per accident.

Myth 6 – If other people drive your car, their auto insurance will cover them in the event of an accident

In most states, the auto insurance policy covering the vehicle is considered the primary insurance, which means that the owner's insurance company must pay for damages caused by an accident, regardless of who is driving. Policies and laws differ by state, so make sure you understand the rules before allowing another person to drive your car.

Myth 7 –Soldiers pay more for insurance than civilians

If you are in the military—regardless of which branch—you actually qualify for a discount on auto insurance. In some situations, you might be able to have your commanding officer make a phone call on your behalf, but for most auto insurance companies, you will need to supply documentation that lists your name, rank and the time that you will be enlisted in the service. This allows insurance companies to determine how long you will be eligible to receive a military discount. Shop around to find auto insurance companies that provide discounts for former members of the military as well as their families.

Myth 8 –Personal auto insurance covers both personal and business use of your car

If you are self-employed and use your vehicle for business purposes, personal auto insurance may not protect you. While commercial auto insurance can be more costly than a personal policy, one of the best ways to keep your auto rates down in any situation is by having a good driving record. If there are others, such as employees, using your car check regularly to make sure they also have good driving records.

*Source: **Insurance Information Institute, Inc.**

Remodeling Your Home

If you plan to remodel your home, make sure that the house, the contractor and the subcontractors have adequate insurance coverage.

Don't make the mistake of waiting until an addition or extra room is completed to increase the insurance coverage on the structure of your home. If the new addition is destroyed or damaged before insurance coverage has been increased, you may be responsible for the cost of repairing or rebuilding the addition.

Contact your insurance agent or representative before—or shortly after—construction begins in order to increase the insurance coverage on your house to an amount that reflects the higher value of the rebuilt structure.

When hiring a general contractor, find out if the contractor has workers compensation and ask to see a copy of the policy. Workers compensation pays for medical and rehabilitation expenses and covers lost wages if the workers sustain injuries on the job. Injured workers may sue you if the contractor does not have proper insurance.

In most home improvement projects, the contractor subcontracts the builders, electricians and plumbers. The workers hired may not be full-time employees of the contractor and therefore not covered under the contractor's workers compensation policy. While some independent builders, electricians and plumbers may carry their own workers compensation coverage, others may not.

You should verify the insurance coverage of the contractor and the subcontractors. If the coverage is insufficient, you may need to fill in the gaps by extending the limits of the liability portion of your homeowners policy.

If you purchase additional items, such as furniture, exercise equipment or electronics, you may need to increase the amount of insurance you have on your personal possessions. Keep receipts and add them to your home inventory.

*Source: **Insurance Information Institute, Inc.**