

# Your BUSINESS

Fall/Winter 2017 • New Jersey



16 West Elizabeth Avenue ♦ PO Box 1100 ♦ Linden, NJ 07036  
(908) 862-4047p ♦ (908) 862-0308f

## What is COBRA?

The Consolidated Omnibus Budget Reconciliation Act, or COBRA, requires group health plans to offer continuation coverage to covered employees, former employees, spouses, former spouses and dependent children when group health coverage would otherwise be lost due to certain specific events. COBRA sets rules for how, and when, continuation coverage must be offered and provided; how employees and their families may elect continuation coverage; and what circumstances justify terminating continuation coverage.

The federal COBRA program applies to all group health plans that provide medical; dental; vision; or prescription drug coverages. COBRA affects employers with 20 or more employees (including part- and full-time employees, regardless of whether they participate in the health plan). “Employees” can include self-employed individuals, partners and independent contractors, if they are eligible to participate in the group health plan.

When an employer provides group health coverage to an employee and his or

her dependents, the group health plan is required to provide a general notice within 90 days describing COBRA rights. When certain qualifying events occur, the employer is required to notify the group health plan within 30 days and provide a notice of continuation of coverage within 14 days to the employee or beneficiary.

The employee or qualified beneficiaries are required to notify the group health plan when the following qualifying events occur: divorce, legal separation or a child's loss of dependent status under the plan. COBRA requires continuation of coverage to be provided from the date of the qualifying event for a period of 18-36 months for the covered employee and/or qualifying beneficiaries. The period of continuation is determined based on the type of qualifying event. Employees terminated for gross misconduct are not eligible for continuation of coverage. Group health plans can provide the continuation of coverage at a reduced or no cost to the qualifying beneficiary and the maximum amount that can be charged is 102 percent of the premium.

## Index

Workers working from home.....	2
DOL overtime rule.....	3
WC is not just for compliance.....	4
News from our agency.....	4

New Jersey continuation coverage applies to employers with two-19 employees. It allows an employee to continue coverage up to 18 months when terminated; their hours of employment have been reduced to less than 25 hours per week; and a spouse and/or dependent child may continue coverage up to 36 months due to the death of the employee, divorce or a child ceasing to be an eligible dependent. An employee determined to be disabled in the Social Security Act is eligible to continue coverage for up to 29 months. The employee must elect continuation of coverage in writing within 30 days of the qualifying event and may pay up to 102 percent of the premium for the period.



## Workers working from home

Twenty four percent of U.S. workers did some or all of their work from home in 2015, according to the U.S. Department of Labor's Bureau of Labor Statistics. While you may have considered the savings for your business if you switch some of your workforce to telecommuters or offer them flexible hours, have you considered the insurance implications if you have staff working from home?

It's important to check with your at-home workers to ensure they have the proper insurance coverages on their renters or homeowners insurance policies. Many homeowners policies provide only a limited amount of coverage for business-related exposures. A homeowners policy may cover a maximum of \$2,500 for business equipment in the home and \$500 for equipment away from the premises. A stolen business credit

card, a power surge that causes the loss of important computer data and a lawsuit over a business-related matter are not covered. You need to make sure your business insurance policies will cover the costs if your worker has a loss in his or her home.

Remote locations increase the chance of your business being hit by a cyberattack. Make sure your at-home workers are updating their computers with all your company's software updates, are using strong passwords and are following your company's rules for protecting any personal information your business may have on file. And, consider purchasing a cybersecurity insurance policy that also covers employees working off-site.

Are your at-home workers meeting with clients in their homes rather than in the office? You may want to reconsider this practice. When company business is held on personal property, you open

your company up to a number of possible liability lawsuits (e.g., dog bites, falls and other injuries).

To decrease the likelihood of a workers' compensation claim caused by a "workplace" injury in a worker's home, it might be beneficial for your office to supply your at-home personnel with proper office equipment (e.g., desk, chair and computer). Ergonomic equipment is less likely to cause back, neck and eye strain.

If you have at-home or flex-hour employees, let our agency know. We can review all your business-insurance policies to make sure all your employees are covered (not just the ones working in your building). We also can help you identify potential coverage gaps between your coverages and those of your employees to help you close the disparities.





## DOL overtime rule

In 2016 the Department of Labor finalized a regulation that would have updated the Fair Labor Standards Act's overtime standard by raising the salary threshold under which an employee would be entitled to overtime to \$47,476 from the current level of \$23,660.

The regulation was supposed to go into effect on Dec. 1, 2016. However, prior to the effective date, a U.S. District Judge issued a nationwide preliminary injunction to prevent the DOL from implementing or enforcing the changes to the overtime regulation until the court issued a final ruling on the case. A final ruling has since been issued by the court holding that the DOL overstepped its authority with the proposed regulation. Of course, many businesses had already complied with the proposed regulation and were left without guidance as to how to proceed.

The DOL is now attempting to provide that guidance. In July of this year, the DOL formally abandoned its proposed regulation and instead published a Request for Information (RFI). This RFI allows the DOL to ask

**“So, it appears that while the DOL is committed to proposing a new regulation, the salary threshold figures will be lower than that proposed in 2016.”**

the public to comment on a number of questions that would help the DOL revise the regulation. In the RFI, the DOL acknowledges that many stakeholders felt the standard salary level

of \$46,476 was too high. So, it appears that while the DOL is committed to proposing a new regulation, the salary threshold figures will be lower than that proposed in 2016. In the meantime, the current overtime salary threshold will remain at \$23,660 for the foreseeable future.

What does this all mean for you, as a business owner? It means that while the DOL is committed to proposing a new regulation, the salary threshold figures will be lower than that proposed in 2016 or perhaps even removed altogether. In the meantime, the current overtime salary threshold will remain at \$23,660.





## WC is not just for compliance

As an employer, you know that a workers' compensation policy is a necessity to comply with the law. Severe penalties—\$5,000 for every 10 days—can accrue if your business is found to be unlawfully uninsured. However, the benefits of being insured do not stop with compliance.

A prime benefit is the welfare of your valuable employees. Next comes the predictability of premiums vs. the vulnerability of prohibitive medical expenses. And, because the state workers' compensation law makes the employer's (i.e., the insurer's) payment of benefits the exclusive remedy for an injured employee, the employee is barred from suing the employer who is negligent in causing the injury.

An employer can benefit from the rating of the workers' compensation policy because it includes what is called an "experience modification factor."

A classification rate is an average rate for all employers who hire employees to perform the same type of work (e.g., office work).

The Experience Rating Plan adjusts the average rate (up or down) going forward using actual experience from a particular employer's past. The average rate is now adjusted to better fit the individual employer's risk level. A factor of 1.0 would indicate the employer has average experience. A factor above 1.0 indicates the employer has worse-than-average experience and a factor below 1.0 indicates the experience is better than average. This gives an employer an opportunity to see how one's own record of injuries compares to others in the industry. Armed with this information, the employer can move toward a safer workplace.

If you have questions about the benefits of workers' compensation, give our agency a call.

## News from our agency

### Is your business truly protected?

You've worked hard to build your business. And, while the day-to-day operations may keep you up at night, wondering whether or not you have the correct insurance coverages and limits shouldn't add to your stress level.

We are here to help. Insurance for your business is our business. You may require unique insurance policies beyond those that are normally purchased to make sure your business can continue to run smoothly at all times. We can help you examine your particular business risks and suggest insurance coverages you might not have considered. Give us a call, we're here for you.